SANTANDER CONSUMER USA HOLDINGS INC.

Fourth Quarter and Full Year 2017

01.31.2018

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Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions, or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as anticipates, believes, can, could, may, predicts, potential, should, will, estimates, plans, projects, continuing, ongoing, expects, intends, and similar words or phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements are not guarantees of future performance and involve risks and uncertainties that are subject to change based on various important factors, some of which are beyond our control. For additional discussion of these risks, refer to the section entitled Risk Factors and elsewhere in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q filed by us with the U.S. Securities and Exchange Commission (SEC). Among the factors that could cause the forward-looking statements in this presentation and/or our financial performance to differ materially from that suggested by the forward-looking statements are (a) the inherent limitations in internal controls over financial reporting; (b) our ability to remediate any material weaknesses in internal controls over financial reporting completely and in a timely manner; (c) continually changing federal, state, and local laws and regulations could materially adversely affect our business; (d) adverse economic conditions in the United States and worldwide may negatively impact our results; (e) our business could suffer if our access to funding is reduced; (f) significant risks we face implementing our growth strategy, some of which are outside our control; (g) unexpected costs and delays in connection with exiting our personal lending business; (h) our agreement with Fiat Chrysler Automobiles US LLC may not result in currently anticipated levels of growth and is subject to certain performance conditions that could result in termination of the agreement; (i) our business could suffer if we are unsuccessful in developing and maintaining relationships with automobile dealerships; (j) our financial condition, liquidity, and results of operations depend on the credit performance of our loans; (k) loss of our key management or other personnel, or an inability to attract such management and personnel; (l) certain regulations, including but not limited to oversight by the Office of the Comptroller of the Currency, the Consumer Financial Protection Bureau, the European Central Bank, and the Federal Reserve, whose oversight and regulation may limit certain of our activities, including the timing and amount of dividends and other limitations on our business; and (m) future changes in our relationship with Banco Santander which could adversely affect our operations. If one or more of the factors affecting our forward-looking information and statements proves incorrect, our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking information and statements. Therefore, we caution the reader not to place undue reliance on any forward-looking information or statements. The effect of these factors is difficult to predict. Factors other than these also could adversely affect our results, and the reader should not consider these factors to be a complete set of all potential risks or uncertainties. Any forward-looking statements only speak as of the date of this document, and we undertake no obligation to update any forward-looking information or statements, whether written or oral, to reflect any change, except as required by law. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

FY 2017 HIGHLIGHTS

- Net income for the full year 2017 was $1.2 billion, or $3.30 per diluted common share. Net income, excluding the impact of significant items including tax reform and other tax related items, legal reserves, and a settlement with the former CEO (“Adjusted[1]”) was $627 million, or $1.74 per diluted common share.

- The Federal Reserve Bank of Boston (“Federal Reserve”) terminated the 2014 Written Agreement with SC's majority owner, Santander Holdings USA, Inc. (“SHUSA”), following its non-objection to SHUSA's Comprehensive Capital Analysis and Review submission. SHUSA and SC now operate within a normal capital cycle and SC completed its first cash dividend payment to shareholders since 2014.

- SHUSA and Banco Santander (“Santander”) reaffirmed their commitment to SC by increasing their total ownership in SC to approximately 68.1%, following Santander's acquisition from SC's former CEO of 9.6% of SC's outstanding shares, which it transferred to SHUSA.

- Launched flow program with Santander allowing SC to execute prime auto loan sales of $2.6 billion, and through Santander Bank N.A., increased FCA dealer receivables (“floorplan”) 14% YoY, to $2.0 billion.

- Leading auto loan ABS issuer with $7.9 billion in ABS offered and sold, including SC's inaugural lease securitization, Santander Retail Auto Lease Trust (“SRT”) and SC's first public DRIVE securitization.

- RIC gross charge-off ratio of 17.9%, up 60 basis points YoY, stabilizing compared to a 230 basis point increase from 2015 to 2016 and RIC net charge-off ratio of 8.9%, up 60 basis points YoY, compared to a 140 basis point increase from 2015 to 2016.

- ROA of 3.0% and Adjusted ROA of 1.6%, down from 2.0% in FY 2016.

[1] Please refer to the appendix for a reconciliation of these significant items to GAAP. Amounts excluding significant items are non-GAAP financial measures that management believes will assist users of SC's financial information by excluding items that management does not believe reflect SC's fundamental business performance or results of operations.

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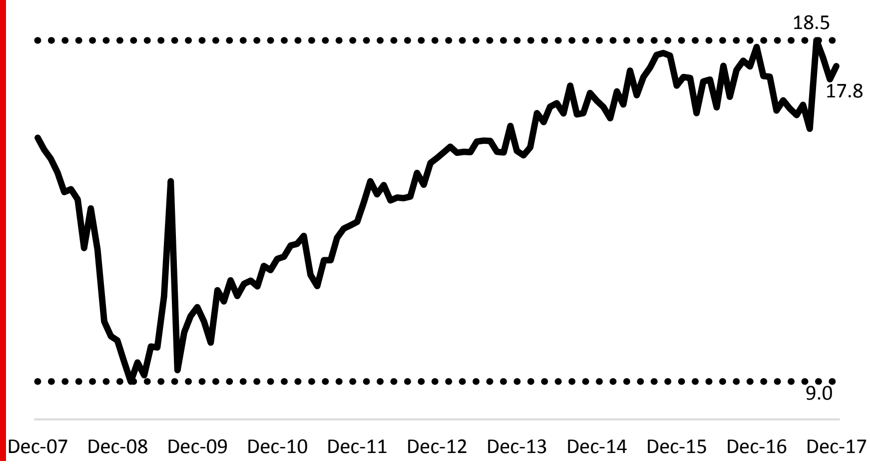
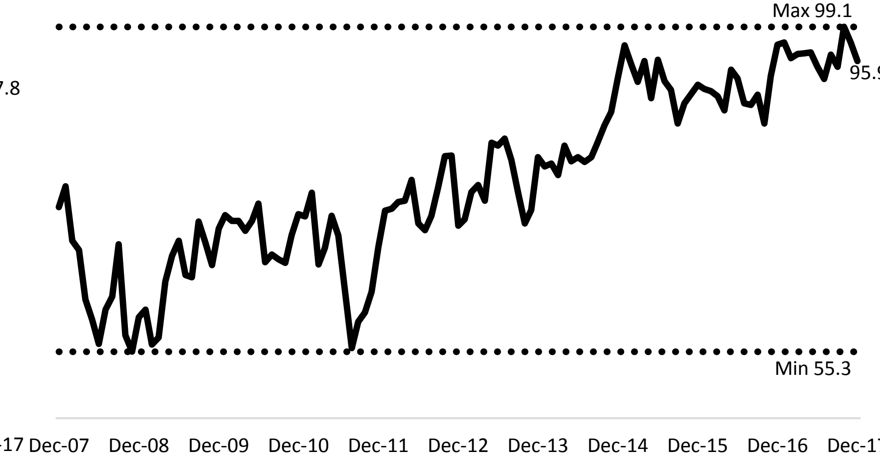
ECONOMIC INDICATORS

ORIGINATIONS

U.S. Auto Sales[1]
Units in Millions

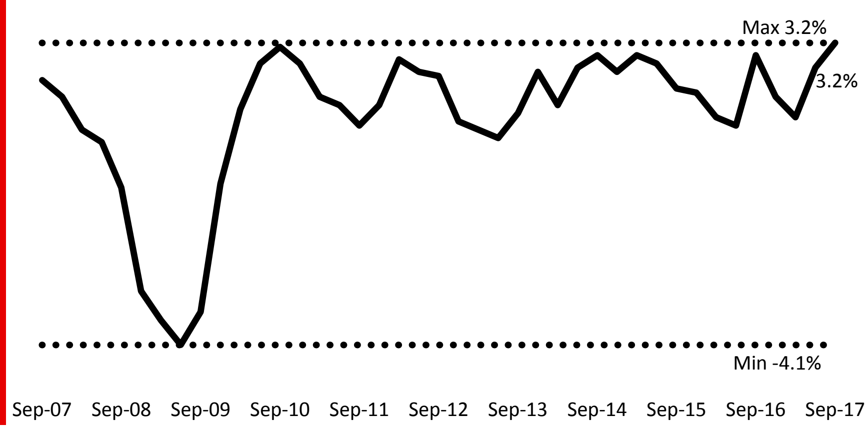


Consumer Confidence[2]
Index Q1 1966=100

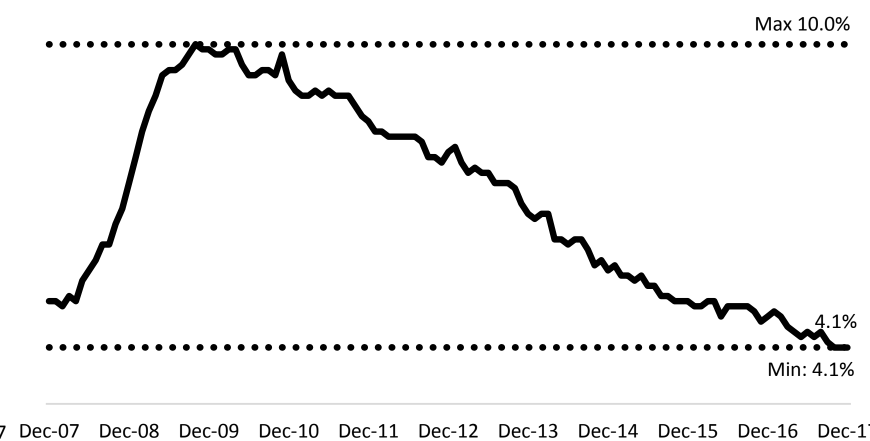


CREDIT

U.S. GDP[1]
%



U.S. Unemployment Rate[3]
%



[1] Bloomberg
[2] University of Michigan
[3] U.S. Bureau of Labor Statistics

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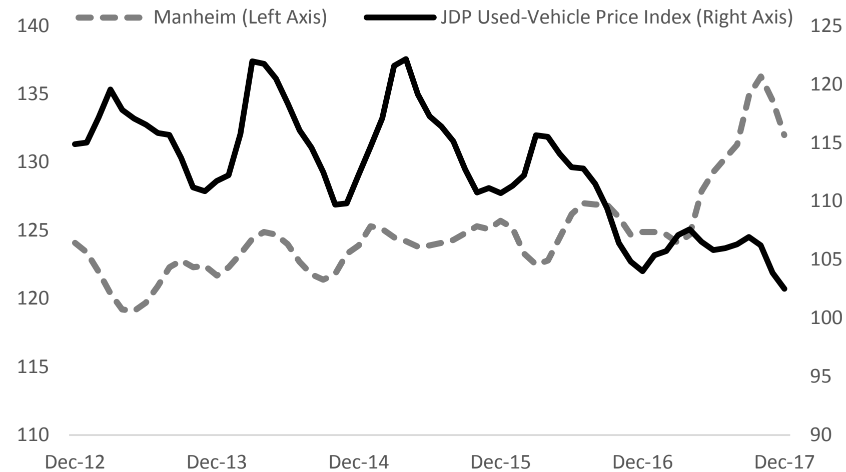
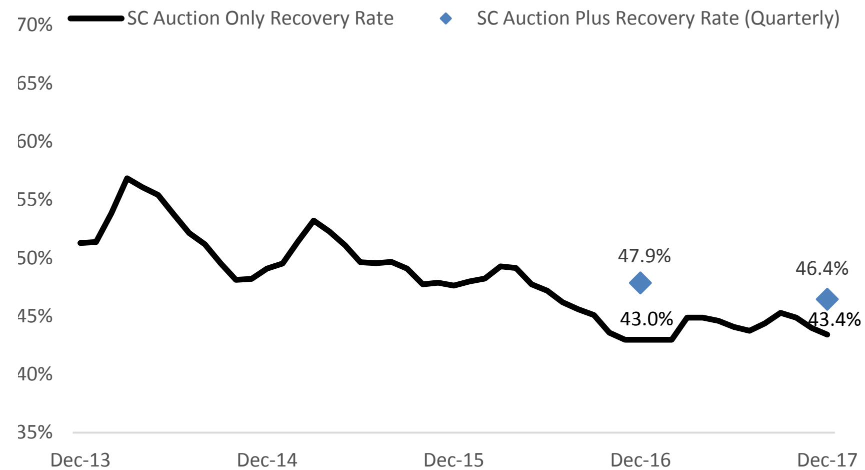
SEVERITY

Used Vehicle Indices[1]

Manheim: Seasonally Adjusted JD Power: Not Seasonally Adjusted



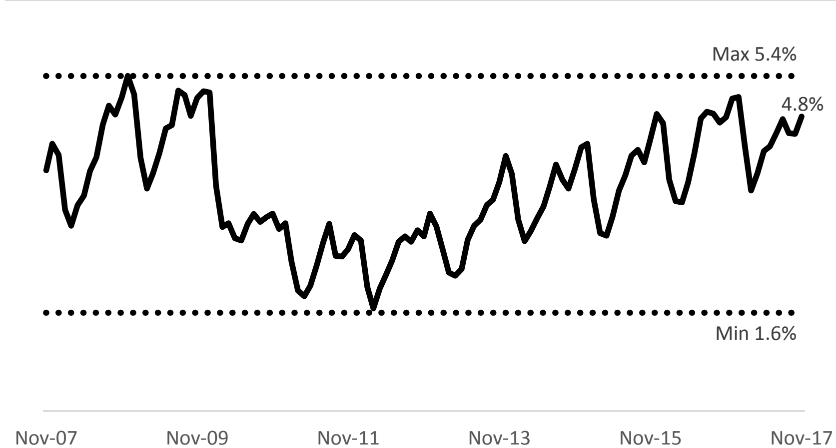
SC Recovery Rates[2]



CREDIT

Industry Net Loss Rates[3]

Industry 60+ Day Delinquency Rates[3]



[1] Manheim, Inc.; Indexed to a basis of 100 at 1995 levels; JD Power Used-Vehicle Price Index (not seasonally adjusted)
[2] Auction Only - includes all auto-related recoveries including inorganic/purchased receivables from auction lanes only
[2] Auction Plus – Per the financial statements includes insurance proceeds, bankruptcy/deficiency sales, and timing impacts
[3] Standard & Poor's Rating Services (ABS Auto Trust Data – two-month lag on data, as of November 31, 2017)

DISCIPLINED LOAN UNDERWRITING CONTINUES IN 4Q17

YoY auto origination decreases driven by disciplined underwriting in a competitive market

	Quarterly Originations		Full Year Originations		% Variance	
$ in millions	Q4 2016	Q4 2017	2016	2017	Quarterly YoY	FYoFY
Total Core Retail Auto	**$ 2,010**	**$ 1,469**	**$ 8,702**	**$ 7,470**	(27%)	(14%)
Chrysler Capital Loans (<640)[1]	768	741	3,829	3,372	(4%)	(12%)
Chrysler Capital Loans (≥640)[1]	775	804	4,202	3,341	4%	(20%)
Total Chrysler Capital Retail	**1,543**	**1,545**	**8,031**	**6,713**	0%	(16%)
Total Leases[2]	**973**	**1,299**	**5,159**	**5,997**	34%	16%
Total Auto Originations	**4,526**	**4,313**	**21,892**	**20,180**	(5%)	(8%)
Total Personal Lending	**571**	**529**	**1,556**	**1,477**	(7%)	(5%)
Total Originations	**$ 5,097**	**$ 4,842**	**$ 23,441**	**$ 21,658**	(5%)	(8%)
	Balances		Balances			
Asset Sales	**1,381**	**-**	**4,563**	**2,979**	N/A	(35%)
Serviced for Others Portfolio	**11,945**	**8,643**	**11,945**	**8,643**	(28%)	(28%)
Average Managed Assets	**52,039**	**48,972**	**52,731**	**50,111**	(6%)	(5%)

[1] Approximate FICO score
[2] Includes some capital lease originations

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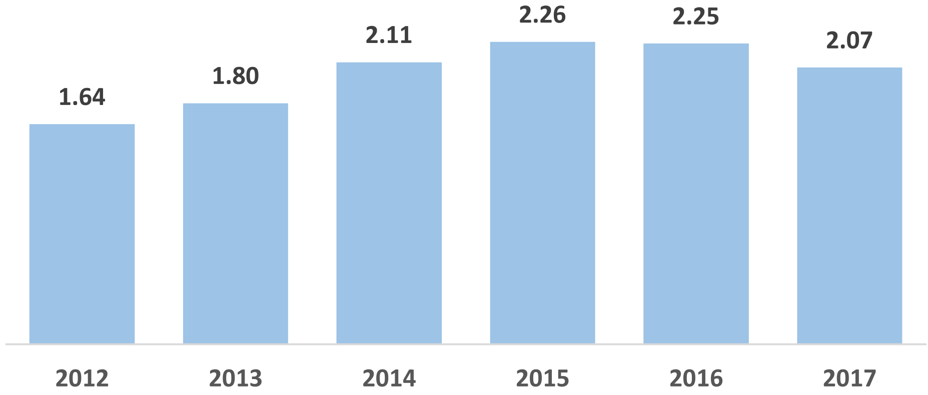
CHRYSLER CAPITAL

SC continues to collaborate with FCA to further strengthen the relationship and create value within the Chrysler Capital program

FCA Sales[1]
(units in millions)



- Q4 2017 quarterly penetration rate of 18% vs. 21% in Q3 2017
- Completed national roll out of Chrysler Capital VIP program in Q2 2017 with more than 2,500 dealerships participating
- Through Santander Bank N.A., increased FCA dealer receivables ("floorplan") 14% year-over-year, to $2.0 billion

[1] FCA filings; sales as reported on 01/01/2018

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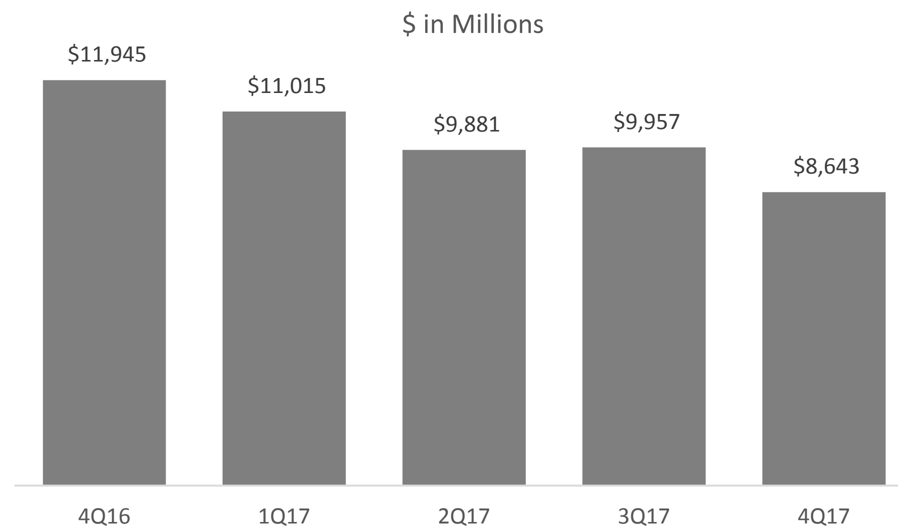
SERVICED FOR OTHERS (SFO) PLATFORM

- Santander flow program totaling $2.6 billion in 2017
- Recent trend in total balance related to lower prime originations and timing of asset sales to Santander
- Growth in SFO remains dependent upon Chrysler Capital penetration, FCA prime originations and timing of sales in the Santander flow program

Serviced for Others Balances (End of Period)

Composition at 12/31/2017

RIC	88%
Leases	4%
RV/Marine	8%
Total	100%



Flow Programs	477	931	566	1,347	
CCART	904				
Other sales				135	

**Sales with retained servicing during period, also include non-Santander sales.*

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Q4 2017 HIGHLIGHTS AND SUBSEQUENT EVENT

- Net income for the fourth quarter of 2017 was $580 million, or $1.61 per diluted common share. Adjusted net income totaled $98 million, or $0.27 per diluted common share
- Total auto originations of $4.6 billion, down 6%, YoY
  - Core retail auto originations of $1.5 billion, down 27% YoY
  - Chrysler Capital loan originations of $1.5 billion, flat YoY
  - Chrysler Capital lease originations of $1.3 billion, up 31% YoY
- Net finance and other interest income of $1.0 billion, down 11% YoY
- Return on average assets ("ROA") of 6.0% and Adjusted ROA of 1.0%, up from 0.6% in Q4 2016
- CET1 ratio of 16.3%
- $2.2 billion in ABS offered and sold, including SDART, DRIVE and inaugural lease ABS transaction (SRT)
- In January 2018, SC partnered with Santander InnoVentures, a corporate venture fund, to become a lending choice on AutoFi's online finance platform to streamline and simplify the car buying process for consumers, while providing dealers a robust digital sales channel

*Adjusted net income and ROA are non-GAAP financial measures. For a reconciliation of non-GAAP financial measures to GAAP, see accompanying Appendix.

Q4 2017 FINANCIAL RESULTS

	Three Months Ended (Unaudited, Dollars in Thousands, except per share)			% Variance	
	December 31, 2017	September 30, 2017	December 31, 2016	QoQ	YoY
Interest on finance receivables and loans	$ 1,129,181	$ 1,185,059	$ 1,222,468	(5%)	(8%)
Net leased vehicle income	112,491	118,351	122,791	(5%)	(8%)
Other finance and interest income	4,470	6,385	3,695	(30%)	21%
Interest expense	236,600	250,674	216,980	(6%)	9%
Net finance and other interest income	$ 1,009,542	$ 1,059,121	$ 1,131,974	(5%)	(11%)
Provision for credit losses	562,346	536,447	685,711	5%	(18%)
Profit sharing	7,235	5,945	12,176	22%	(41%)
Total other income	(37,716)	58,947	(47,996)	(164%)	(21%)
Total operating expenses	426,040	297,903	295,905	43%	44%
Income before tax	$ (23,795)	$ 277,773	$ 90,186	(109%)	(126%)
Income tax expense	(603,911)	78,385	28,911	N/A	N/A
Net income	$ 580,116	$ 199,388	$ 61,275	191%	847%
Diluted EPS ($)	$ 1.61	$ 0.55	$ 0.17	193%	848%
Average total assets	$ 38,992,937	$ 39,496,278	$ 38,513,454	(1%)	1%
Average managed assets	$ 48,971,677	$ 49,998,111	$ 52,038,692	(2%)	(6%)

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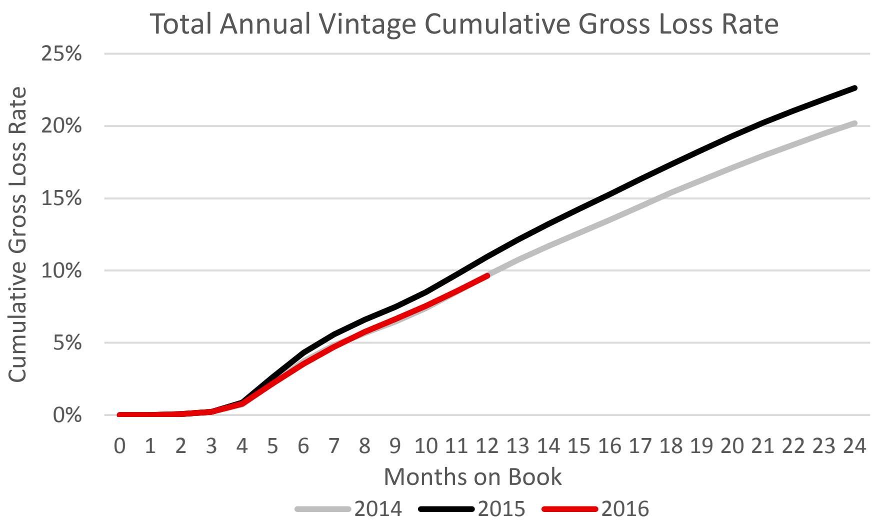
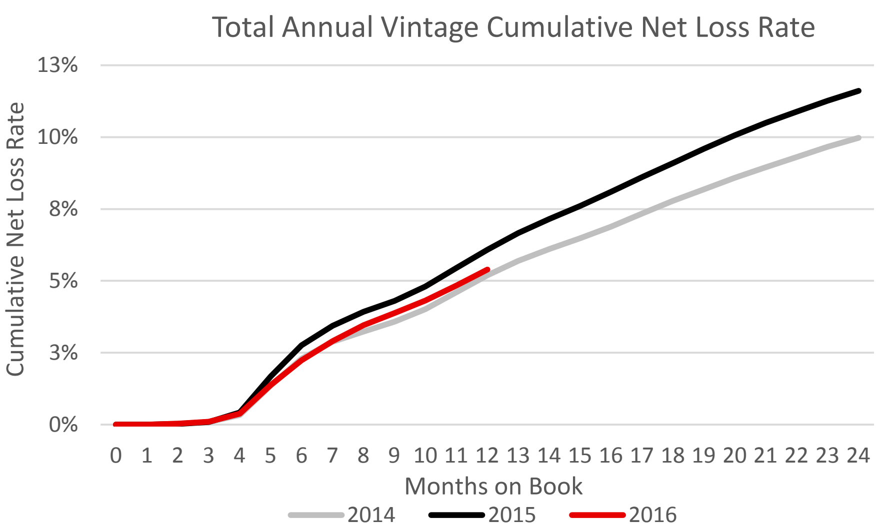
CREDIT QUALITY: VINTAGE LOSS PERFORMANCE

2016 vintage continues to outperform the 2015 vintage on a gross and net loss basis

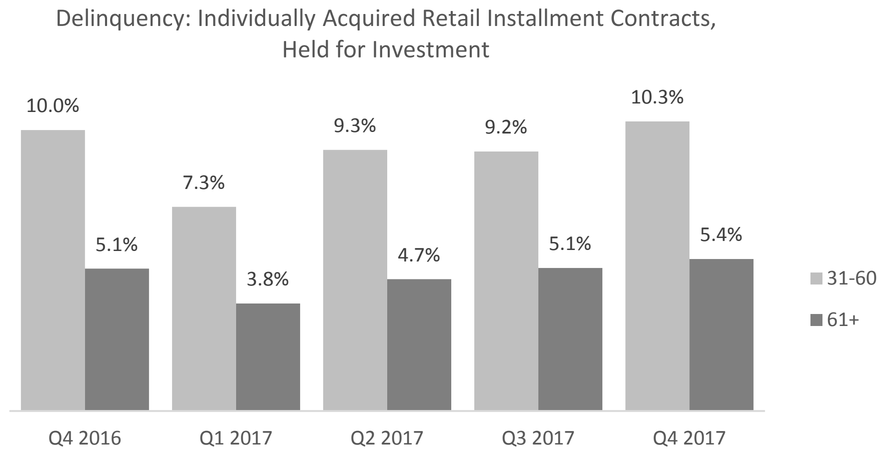




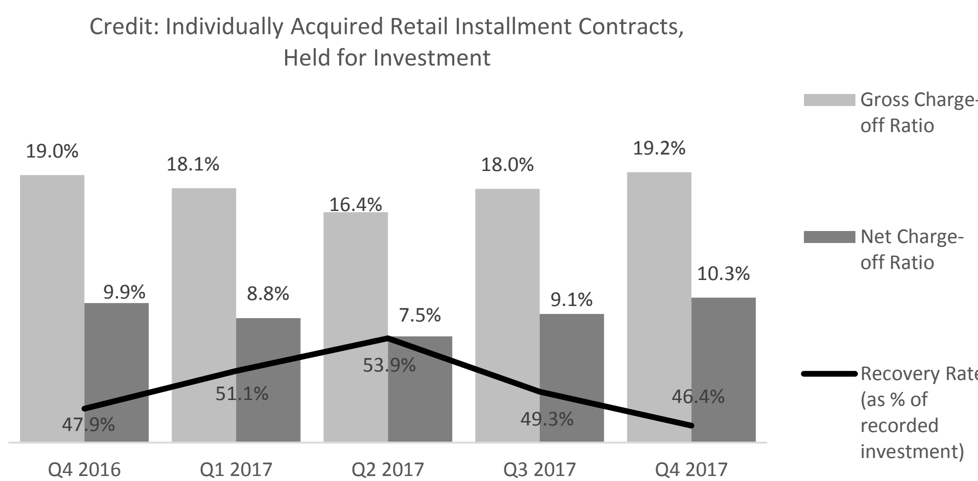
*Retained originations only

DELINQUENCY AND LOSS

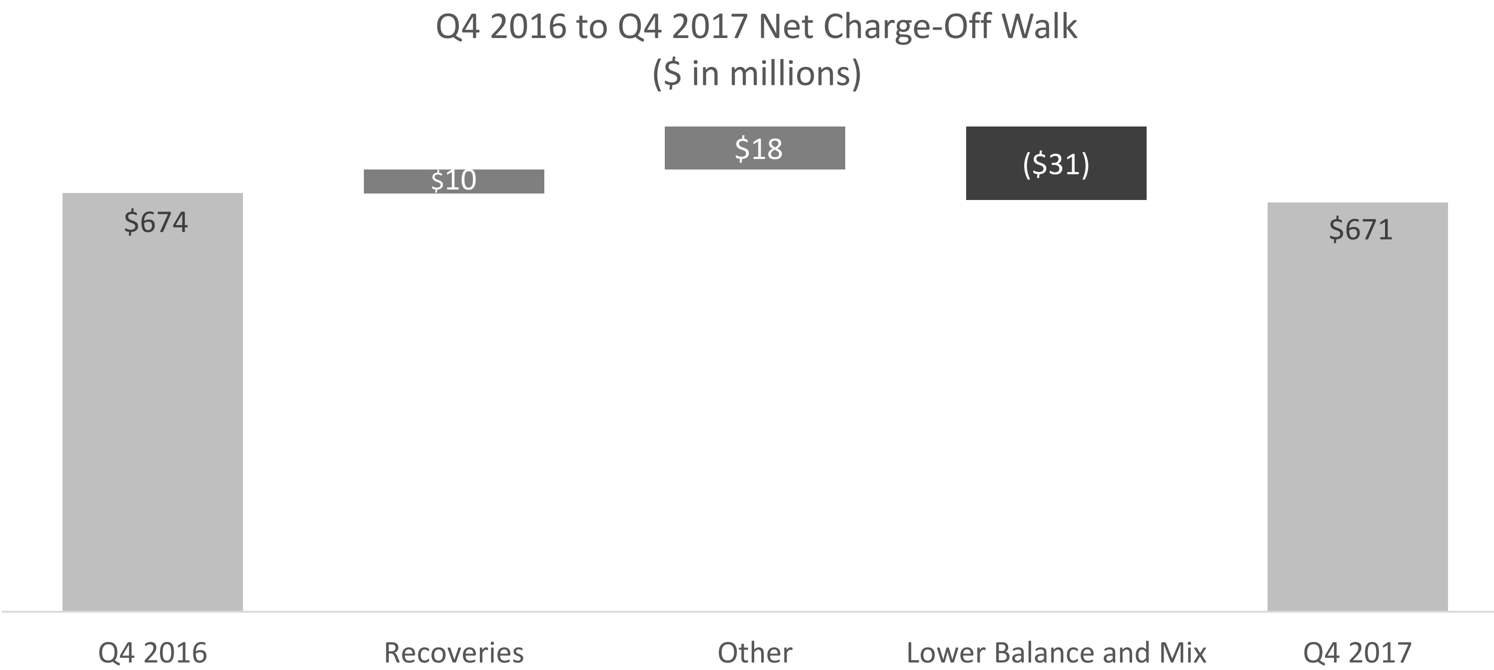
- YoY delinquency increased for each delinquency bucket primarily driven by a lower portfolio balance



- YoY gross charge-off ratio increased 20 basis points
- YoY net charge-off ratio increased 40 basis points



CREDIT QUALITY: LOSS DETAIL



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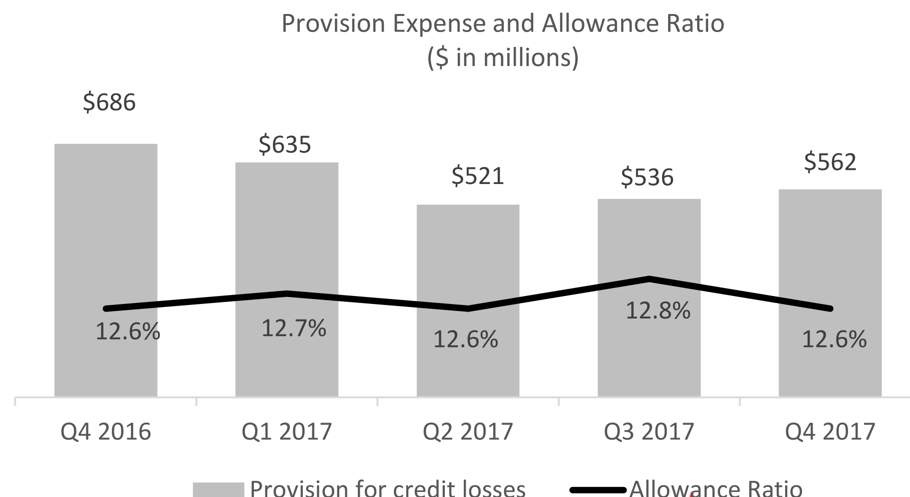
PROVISION AND RESERVES

- QoQ allowance decreased $111 million
  - New volume and TDR migration[1] were offset by performance adjustment and liquidations and other
- QoQ outstanding TDR balance relatively flat

- Allowance to loans ratio decreased 20 bps to 12.6% QoQ
- Provision for credit losses decreased $124 million YoY



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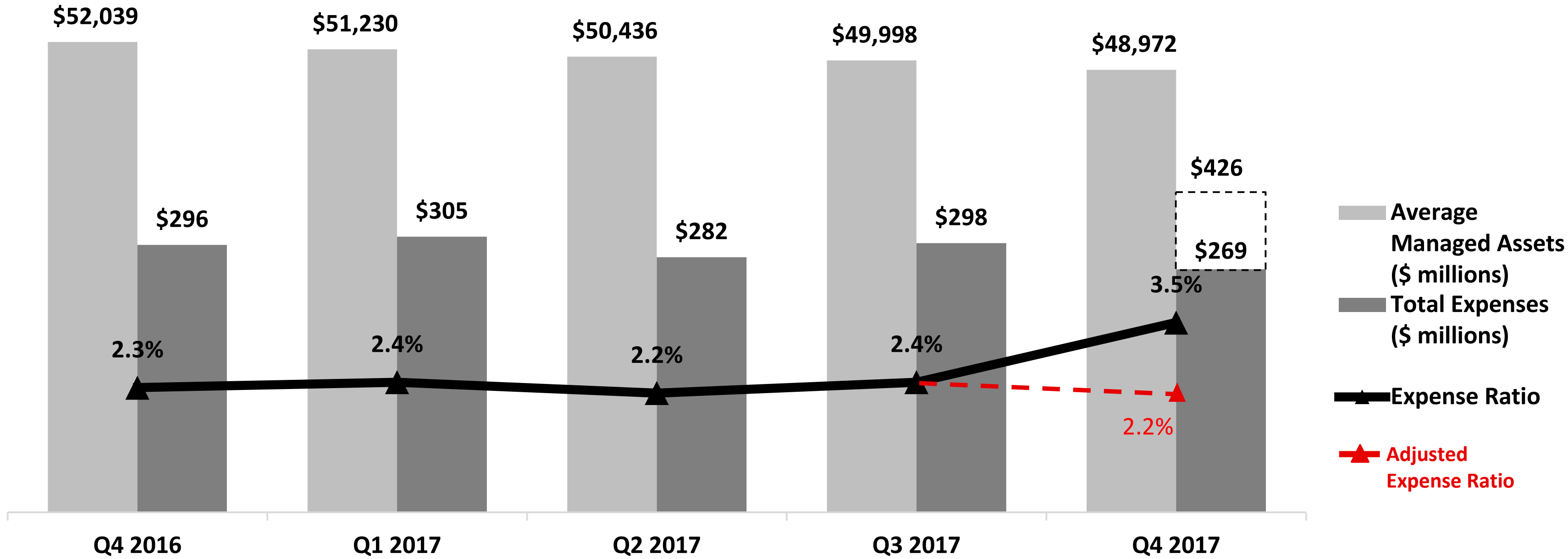
[1] TDR migration – the allowance for assets classified as TDRs or "troubled debt restructuring" takes into consideration expected lifetime losses, typically requiring additional coverage
[2] Explanation of quarter over quarter variance are estimates

EXPENSE MANAGEMENT

- Operating expenses totaled $426 million, an increase of 44% versus the same quarter last year
  - Adjusted operating expenses decreased $27 million, down 9% year-over-year

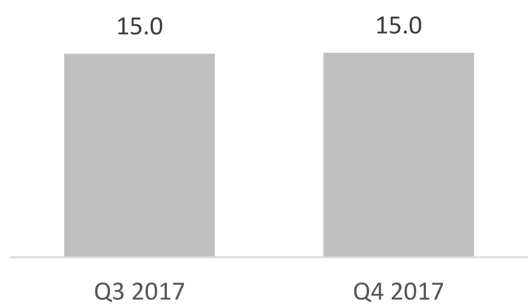


*Adjusted operating expense is a non-GAAP financial measure. For a reconciliation of non-GAAP financial measures to GAAP, see accompanying Appendix.

FUNDING AND LIQUIDITY

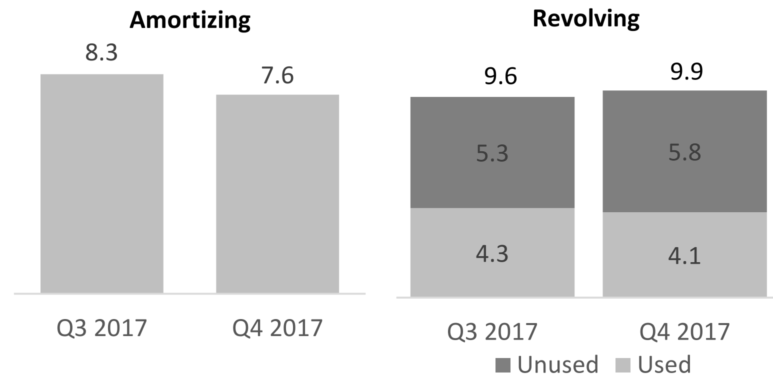
Total funding of $40.3 billion at the end Q4 2017, down 5% from $42.3 billion at the end of Q3 2017

Asset-Backed Securities
($ Billions)



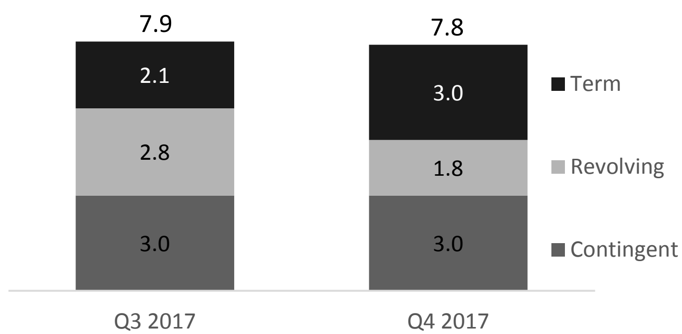
- Offered and sold $2.2 billion in asset-backed securities (ABS)
- Launched inaugural lease securitization (SRT)

Financings
($ Billions)



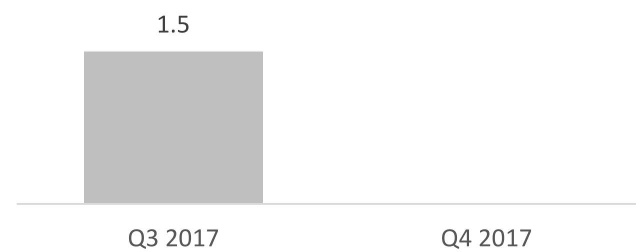
- $17.5 billion in commitments from 12 lenders[1]
- 59% unused capacity on revolving lines at Q4 2017

Santander & Subsidiaries
($ Billions)



- $7.8 billion in total commitments
- 52% unused revolving capacity at Q4 2017

Asset Sales
($ Billions)



- No asset sales in Q4 – expect to complete a sale during Q1 2018

[1] Does not include repo facilities

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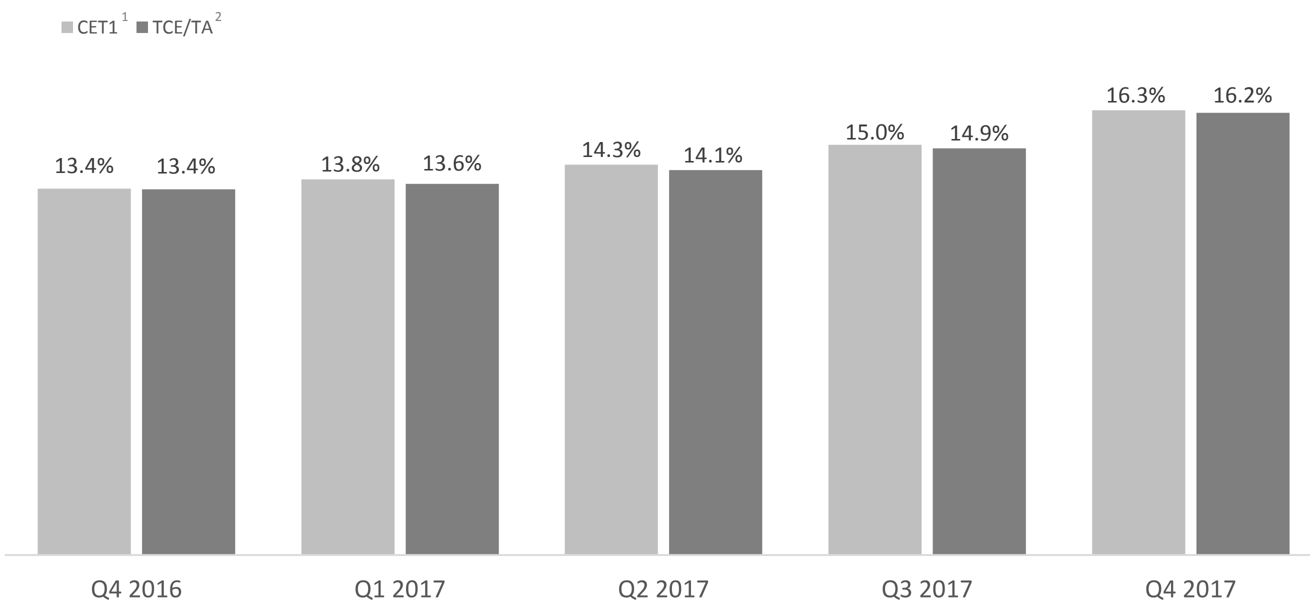
CONSISTENT CAPITAL GENERATION

SC has exhibited a strong ability to generate earnings and capital, while growing assets.

- The Company has declared a cash dividend of $0.05 per share, to be paid February 22, 2018 to shareholders of record as of the close of business on February 12, 2018
- CET1 impacted by net tax benefit due to re-measurement of all deferred tax assets (DTAs) and deferred tax liabilities (DTLs) at a federal tax rate of 21% (as compared to 35%). See accompanying appendix for additional details.



$ in millions

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Tangible Assets	**$38,432**	**$38,956**	**$39,401**	**$38,660**	**$39,319**
Tangible Common Equity	**$5,132**	**$5,313**	**$5,572**	**$5,780**	**$6,377**

[1] Net tax benefit due to re-measurement of all deferred tax assets (DTAs) and deferred tax liabilities (DTLs) at a federal tax rate of 21% (as compared to 35%).
[2] Common Equity Tier 1 (CET1) Capital Ratio is a non-GAAP financial measure that begins with stockholders' equity and then adjusts for AOCI, goodwill/intangibles, DTAs, cash flow hedges and other regulatory exclusions over risk-weighted assets. See appendix for further details.
[3] Tangible common equity to tangible assets is a non-GAAP financial measure defined as the ratio of Total equity, excluding Goodwill and intangible assets, to Total assets, excluding Goodwill and intangible assets

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APPENDIX

Overview

- Santander Consumer USA Holdings Inc. (NYSE:SC) ("SC") is approximately 68.1%[1] owned by Santander Holdings USA, Inc. ("SHUSA"), a wholly-owned subsidiary of Banco Santander, S.A. (NYSE:SAN)
- SC is a full-service, consumer finance company focused on vehicle finance, third-party servicing and providing superior customer service
  - Historically focused on nonprime markets; established presence in prime and lease
  - Approximately 5,100 full-time, 40 part-time and 1,500 vendor-based employees across multiple locations in the U.S. and the Caribbean

Strategy

- Our strategy is to leverage our scalable technology, data and risk infrastructure to underwrite, originate and service profitable assets while treating employees, dealers, and customers in a simple, personal and fair manner
  - Compliance and responsible practices focus
  - Strengthening our relationship with FCA and improving dealer experience
  - Continuous optimization of the mix of assets retained vs. assets sold and serviced for others
    - Retain core and Chrysler nonprime and lease assets, sell Chrysler prime assets via Santander flow agreement
  - Efficient funding through key third-party relationships, secondary markets and Santander

[1] As of December 31, 2017

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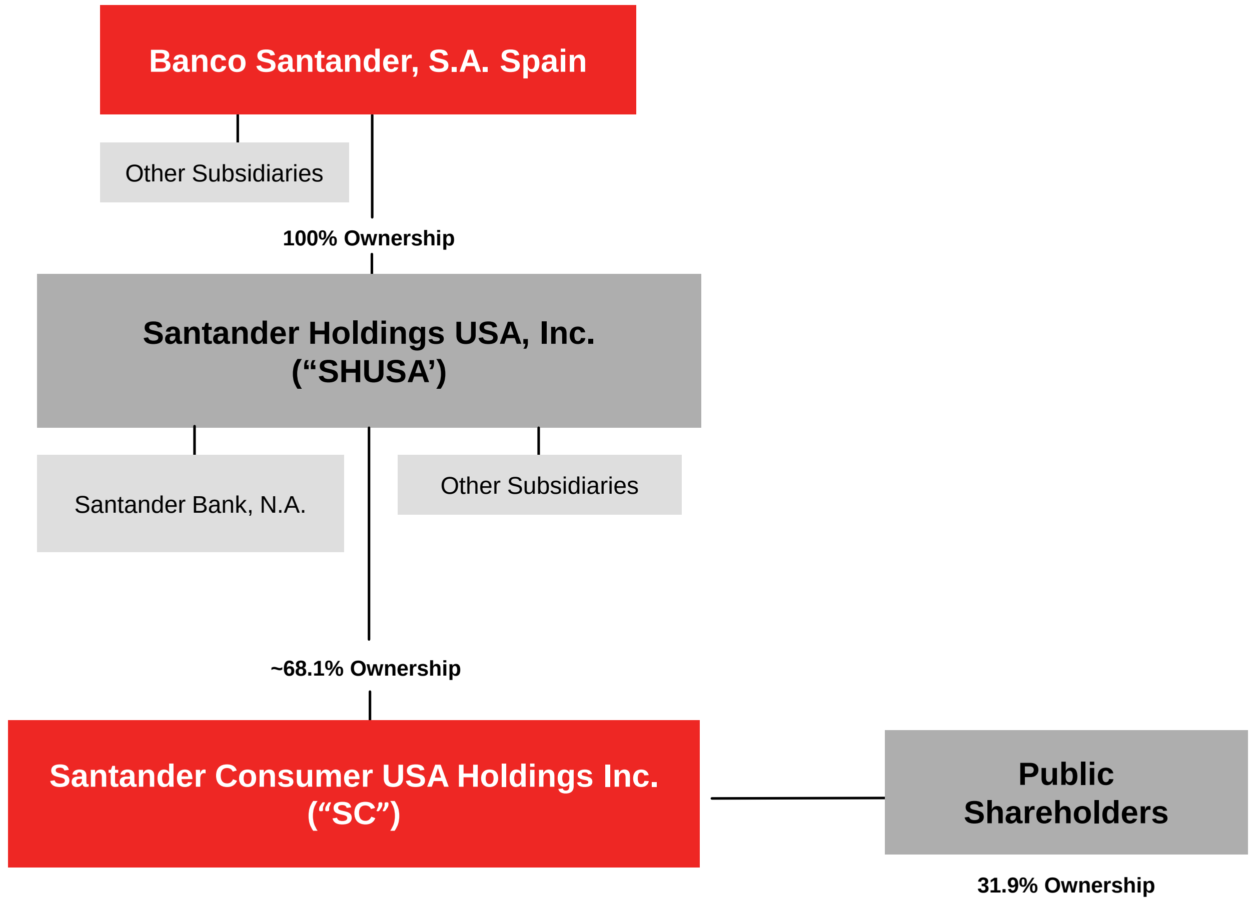
COMPANY ORGANIZATION



*Ownership percentages are approximates as of December 31, 2017

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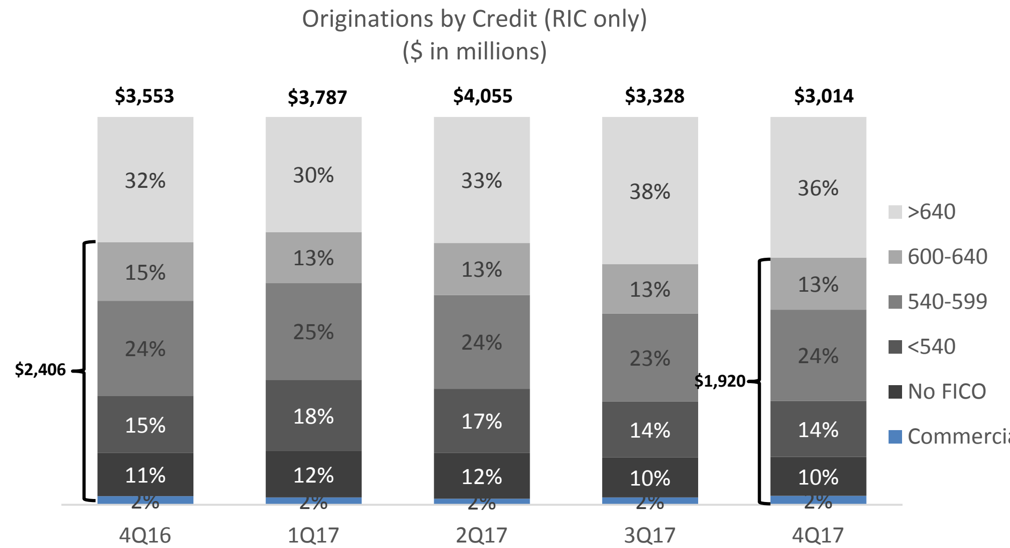
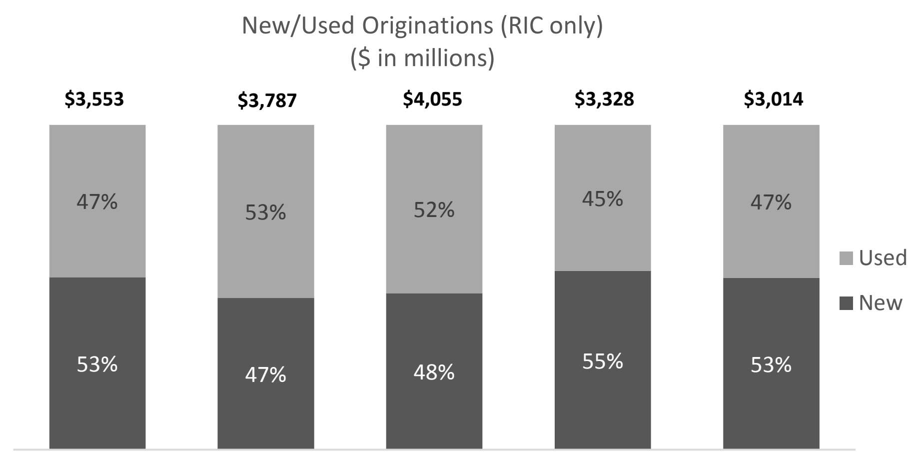
ORIGINATIONS EXHIBIT DISCIPLINED UNDERWRITING

- Originations < 640 were down $486 million YoY
- Stable mix



- Recent pickup in new vehicles, reflected in higher average loan balance in dollars

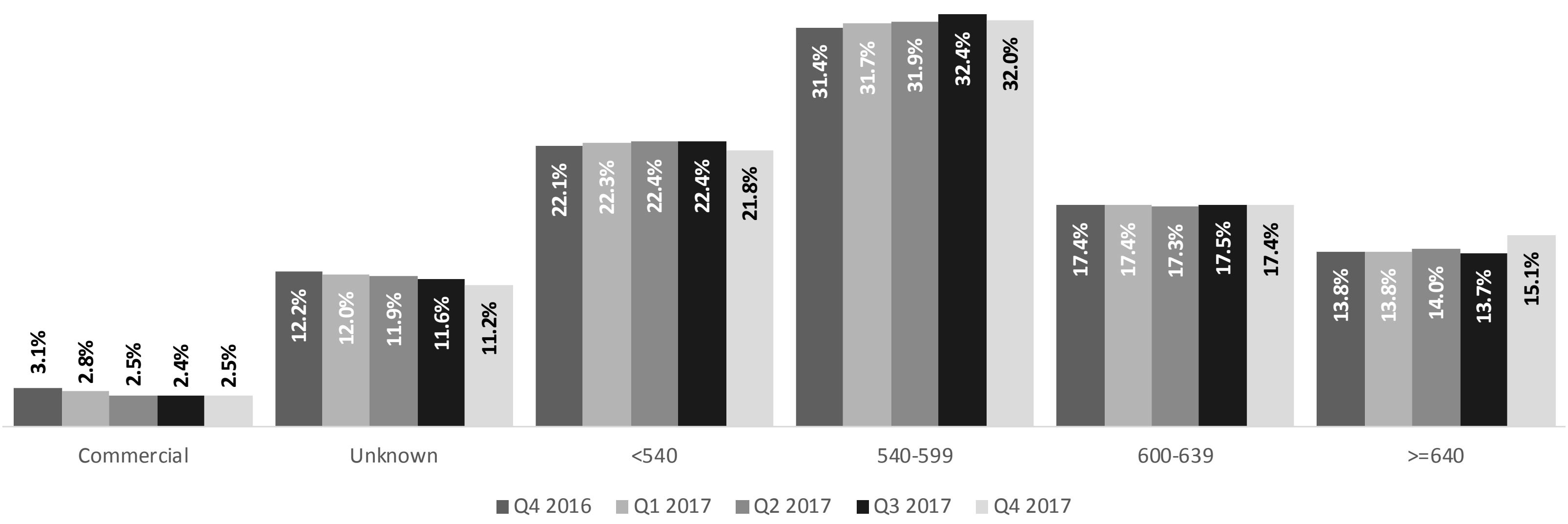


	4Q16	1Q17	2Q17	3Q17	4Q17
Average loan balance in dollars	$21,488	$20,193	$20,816	$21,825	$22,013

[1] Loans to commercial borrowers; no FICO score obtained

HELD FOR INVESTMENT CREDIT TRENDS

Retail Installment Contracts[1]



[1]Held for investment; excludes assets held for sale

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Q4 2017 EXCLUDING PERSONAL LENDING DETAIL

Quarterly Financial Details (Excluding Personal Lending)

As of and for the Three Months Ended

(Unaudited, Dollars in Thousands)

	December 31, 2017			September 30, 2017			December 31, 2016		
	Total	Personal Lending	Excluding Personal Lending	Total	Personal Lending	Excluding Personal Lending	Total	Personal Lending	Excluding Personal Lending
Interest on finance receivables and loans	$ 1,129,181	$ 83,080	$ 1,046,101	$ 1,185,059	$ 83,475	$ 1,101,584	$ 1,222,468	$ 80,292	$ 1,142,176
Net leased vehicle income	112,491	-	112,491	118,351	-	118,351	122,791	-	122,791
Other finance and interest income	4,470	-	4,470	6,385	-	6,385	3,695	-	3,695
Interest expense	236,600	13,998	222,602	250,674	12,015	238,659	216,980	10,721	206,259
Net finance and other interest income	$ 1,009,542	$ 69,082	$ 940,460	$ 1,059,121	$ 71,460	$ 987,661	$ 1,131,974	$ 69,571	$ 1,062,403
Provision for credit losses	562,347	415	561,932	536,447	564	535,883	685,711	-	685,711
Profit sharing	7,235	877	6,358	5,945	(143)	6,088	12,176	2,957	9,219
Investment Gains (losses), net	(137,926)	(136,393)	(1,533)	(52,592)	(83,700)	31,108	(168,344)	(145,730)	(22,614)
Servicing fee income	26,031	-	26,031	28,673	-	28,673	32,205	-	32,205
Fees, commissions and other	74,179	45,830	28,349	82,866	47,380	35,486	88,143	48,527	39,616
Total other income	$ (37,716)	$ (90,563)	$ 52,847	$ 58,947	$ (36,320)	$ 95,267	$ (47,996)	$ (97,203)	$ 49,207
Average gross individually acquired retail installment contracts	$ 27,098,976	-		$ 28,144,133	-		$ 28,604,117	-	
Average gross personal loans	-	$ 1,392,529		-	$ 1,367,445		-	$ 1,405,187	
Average gross operating leases	$ 11,088,361	-		$ 10,710,941	-		$ 9,586,090	-	

*The $136 million of investment losses related personal lending, comprised of $114 million in customer default activity and $23 million increase in market discount, consistent with typical seasonal patterns.

Santander CONSUMER USA

FY 2017 EXCLUDING PERSONAL LENDING DETAIL

	For the Year Ended ($ in Thousands)		
	December 31, 2017		
	As Reported	Personal Lending	Excluding Personal Lending
Interest on finance receivables and loans	$ 4,755,678	$ 347,873	$ 4,407,805
Net leased vehicle income	489,944	-	489,944
Other finance and interest income	19,885	-	19,885
Interest expense	947,734	50,320	897,414
Net finance and other interest income	4,317,773	297,553	4,020,220
Provision for credit losses	2,254,361	10,691	2,243,670
Profit sharing	29,568	635	28,933
Investment gains (losses), net	(366,439)	(374,360)	7,921
Servicing fee income	118,341	-	118,341
Fees, commissions and other	349,204	203,502	145,702
Total other income	$ 101,106	$ (170,858)	$ 271,964
Average gross individually acquired RICs	$ 27,926,229	-	
Average gross personal loans	-	$ 1,419,417	
Average gross operating leases	$ 10,456,121	-	

Santander CONSUMER USA

CONSOLIDATED BALANCE SHEETS

(Unaudited, dollars in thousands)	December 31, 2017	December 31, 2016
Assets		
Cash and cash equivalents	$ 527,805	$ 160,180
Finance receivables held for sale, net	2,210,421	2,123,415
Finance receivables held for investment, net	22,427,769	23,481,001
Restricted cash	2,553,902	2,757,299
Accrued interest receivable	326,640	373,274
Leased vehicles, net	10,160,327	8,564,628
Furniture and equipment, net	69,609	67,509
Federal, state and other income taxes receivable	95,060	87,352
Related party taxes receivable	467	1,087
Goodwill	74,056	74,056
Intangible assets, net	29,734	32,623
Due from affiliates	33,270	31,270
Other assets	913,244	785,410
Total assets	$ 39,422,304	$ 38,539,104
Liabilities and Equity		
Liabilities:		
Notes payable — credit facilities	$ 4,848,316	$ 6,739,817
Notes payable — secured structured financings	22,557,895	21,608,889
Notes payable — related party	3,754,223	2,975,000
Accrued interest payable	38,529	33,346
Accounts payable and accrued expenses	429,531	379,021
Deferred tax liabilities, net	897,121	1,278,064
Due to affiliates	82,382	50,620
Other liabilities	333,806	235,728
Total liabilities	$ 32,941,803	$ 33,300,485
Equity:		
Common stock, $0.01 par value	3,605	3,589
Additional paid-in capital	1,681,558	1,657,611
Accumulated other comprehensive income (loss), net	44,262	28,259
Retained earnings	4,751,076	3,549,160
Total stockholders' equity	$ 6,480,501	$ 5,238,619
Total liabilities and equity	$ 39,422,304	$ 38,539,104

Santander CONSUMER USA

CONSOLIDATED FY INCOME STATEMENTS

(Unaudited, dollars in thousands, except per share amounts)	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
Interest on finance receivables and loans	$ 4,755,678	$ 5,026,790
Leased vehicle income	1,788,457	1,487,671
Other finance and interest income	19,885	15,135
Total finance and other interest income	6,564,020	6,529,596
Interest expense	947,734	807,484
Leased vehicle expense	1,298,513	995,459
Net finance and other interest income	4,317,773	4,726,653
Provision for credit losses	2,254,361	2,468,200
Net finance and other interest income after provision for credit losses	2,063,412	2,258,453
Profit sharing	29,568	47,816
Net finance and other interest income after provision for credit losses and profit sharing	2,033,844	2,210,637
Investment gains (losses), net	(366,439)	(444,759)
Servicing fee income	118,341	156,134
Fees, commissions, and other	349,204	382,171
Total other income	101,106	93,546
Compensation expense	581,017	498,224
Repossession expense	275,704	293,355
Other operating costs	454,715	351,893
Total operating expenses	1,311,436	1,143,472
Income before income taxes	823,514	1,160,711
Income tax expense	(364,092)	394,245
Net income	$ 1,187,606	$ 766,466
Net income per common share (basic)	$ 3.30	$ 2.14
Net income per common share (diluted)	$ 3.30	$ 2.13
Dividends declared per common share	$ 0.03	-
Weighted average common shares (basic)	359,613,714	358,280,814
Weighted average common shares (diluted)	360,292,330	359,078,337

Santander CONSUMER USA

CONSOLIDATED Q4 INCOME STATEMENTS

(Unaudited, dollars in thousands, except per share amounts)	For the Three Months Ended December 31, 2017	For the Three Months Ended December 31, 2016
Interest on finance receivables and loans	$ 1,129,181	$ 1,222,468
Leased vehicle income	483,028	401,020
Other finance and interest income	4,470	3,695
Total finance and other interest income	$ 1,616,679	$ 1,627,183
Interest expense	236,600	216,980
Leased vehicle expense	370,537	278,229
Net finance and other interest income	$ 1,009,542	$ 1,131,974
Provision for credit losses	562,346	685,711
Net finance and other interest income after provision for credit losses	$ 447,196	$ 446,263
Profit sharing	7,235	12,176
Net finance and other interest income after provision for credit losses and profit sharing	$ 439,961	$ 434,087
Investment (losses), net	(137,926)	(168,344)
Servicing fee income	26,031	32,205
Fees, commissions, and other	74,179	88,143
Total other income	$ (37,716)	$ (47,996)
Compensation expense	182,692	126,982
Repossession expense	70,259	75,539
Other operating costs	173,089	93,384
Total operating expenses	$ 426,040	$ 295,905
Income before income taxes	(23,795)	90,186
Income tax expense	(603,911)	28,911
Net income	$ 580,116	$ 61,275
Net income per common share (basic)	$ 1.61	$ 0.17
Net income per common share (diluted)	$ 1.61	$ 0.17
Dividends paid per common share	$ 0.03	-
Weighted average common shares (basic)	360,256,602	358,582,203
Weighted average common shares (diluted)	361,409,997	360,323,179

Santander CONSUMER USA

RECONCILIATION OF NON-GAAP MEASURES

	December 31, 2017	December 31, 2016
	(Unaudited, Dollar amounts in thousands)	
Total equity	$ 6,480,501	$ 5,238,619
Deduct: Goodwill, intangibles, and other assets, net of deferred tax liabilities	172,664	186,930
Deduct: Accumulated other comprehensive income (loss), net	44,262	28,259
Tier 1 common capital	$ 6,263,575	$ 5,023,430
Risk weighted assets (a)	$ 38,473,339	$ 37,432,700
Common Equity Tier 1 capital ratio (b)	16.3%	13.4%
Tier 1 common capital	$6,263,575	$5,023,430
Adjustments for significant items:		
Deduct: Tax Reform and other tax related items (c)	$ 652,366	—
Deduct: Gain on RV/Marine Portfolio (after tax) (d)	23,353	—
Add: Legal reserves (after tax) (e)	72,100	—
Add: Settlement with former CEO (after tax) (f)	42,975	—
Adjusted Tier 1 common capital	$ 5,702,931	$ 5,023,430
Risk weighted assets (a)	$ 38,473,339	$ 37,432,700
Adjusted Common Equity Tier 1 capital ratio	14.8%	13.4%

(a) Under the banking agencies' risk-based capital guidelines, assets and credit equivalent amounts of derivatives and off-balance sheet exposures are assigned to broad risk categories. The aggregate dollar amount in each risk category is multiplied by the associated risk weight of the category. The resulting weighted values are added together with the measure for market risk, resulting in the Company's total Risk weighted assets.
(b) CET1 is calculated under Basel III regulations required as of January 1, 2015. The fully phased-in capital ratios are non-GAAP financial measures.
(c) Net tax benefit due to re-measurement of all deferred tax assets (DTAs) and deferred tax liabilities (DTLs) at a federal tax rate of 21% (as compared to 35%)
(d) During the three months ended September 30, 2017, SC sold certain receivables previously acquired with deteriorated credit quality at a gain.
(e) During the three months ended December 31, 2017, the Company recorded accrual for legal reserves related to certain lawsuits, regulatory matters and other legal proceedings, based on availability of additional information and ability to reliably estimate the potential liability.
(f) On November 15, 2017, the Company entered into a Settlement Agreement with Thomas G. Dundon (former CEO), that, among other things, altered certain portions of the economic arrangements set forth in the Separation Agreement.

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RECONCILIATION OF NON-GAAP MEASURES

	Three Months Ended December 31, 2017	For the Year Ended December 31, 2017
	(Unaudited, Dollar amounts in thousands)	
GAAP Operating Expenses	$426,040	$1,311,436
Deduct: Legal Reserves	$91,000	$91,000
Deduct: Settlement with former CEO	$66,115	$66,115
Adjusted Operating Expenses, excluding significant items	$268,925	$1,154,321
GAAP Pre-Tax (Loss)/Income	(23,795)	823,514
Add: Legal Reserves	$91,000	$91,000
Add: Settlement with former CEO	$66,115	$66,115
Deduct: Gain on RV/Marine Portfolio	—	$35,927
Adjusted Pre-Tax Income, excluding significant items	$133,320	$944,702
GAAP Net Income	$580,116	$1,187,606
Adjustments for significant items:		
Deduct: Tax Reform and other tax related items (a)	596,705	652,366
Deduct: Gain on RV/Marine Portfolio (after tax)	—	$23,353
Add: Legal reserves (after tax)	$72,100	$72,100
Add: Settlement with former CEO (after tax)	$42,975	$42,975
Adjusted Net Income, excluding significant items	$98,486	$626,962
GAAP Diluted Earnings per common share (b)	$1.61	$3.30
Adjusted Diluted Earnings per common share, excluding significant items (b)	$0.27	$1.74
Adjusted Selected Ratios		
GAAP Return on Average Assets (b)	6.00%	3.00%
Adjusted Return on Average Assets, excluding significant items (b)	1.00%	1.60%
Average Assets	$38,992,937	$39,163,887
GAAP Return on Average Equity (b)	38.50%	21.00%
Adjusted Return on Average Equity, excluding significant items (b)	6.70%	11.10%
Average adjusted Equity excluding significant items	$5,901,536	$5,628,906
GAAP Expense Ratio (c)	3.50%	2.60%
Adjusted Expense Ratio, excluding significant items (c)	2.20%	2.30%
Average Managed Assets	$48,971,677	$50,110,765

(a) In addition to the tax adjustments noted under footnote c under Table 8, during the three months ended December 31, 2017, the Company changed the classification of earnings from its subsidiary, Santander Consumer International Puerto Rico, LLC, and no longer intends to permanently reinvest the earnings outside of the United States. As a result of this change, the Company recognized $55.7 million of additional income tax expense during the three months ended December 31, 2017 to record the applicable U.S. deferred income tax liability.
(b) These ratios correspond with the GAAP Net Income and Adjusted, Net Income (excluding significant items) shown above, divided by Average Assets, Average Equity and Weighted average number of common shares outstanding
(c) These ratios correspond with the GAAP Operating Expenses and Adjusted, Operating Expenses (excluding significant items) shown above, divided by Average Managed Assets.

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