Santander Consumer USA Holdings Inc.
Form S-1/A
November 22, 2013
Table of Contents

As filed with the Securities and Exchange Commission on November 22, 2013

Registration No. 333-189807

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SANTANDER CONSUMER USA HOLDINGS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**6141**	**32-0414408**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

8585 North Stemmons Freeway Suite 1100-N

Dallas, Texas 75247

(214) 634-1110

(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

Jason Kulas

President and Chief Financial Officer

8585 North Stemmons Freeway, Suite 1100-N

Dallas, Texas 75247

(214) 634-1110

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Richard K. Kim, Esq.	**Jeffrey D. Karpf, Esq.**
Benjamin M. Roth, Esq.	**Cleary Gottlieb Steen & Hamilton LLP**
Mark F. Veblen, Esq.	**One Liberty Plaza**
Wachtell, Lipton, Rosen & Katz	**New York, New York 10006**
51 West 52nd Street	**Telephone: (212) 225-2000**
New York, New York 10019	**Facsimile: (212) 225-3999**
Telephone: (212) 403-1000	
Facsimile: (212) 403-2000	

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

The Registrant hereby amends this Registration Statement on such date as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated November 22, 2013.

PROSPECTUS

Shares

Santander Consumer USA Holdings Inc.

Common Stock

This is the initial public offering of our common stock. We are selling shares of our common stock and the selling stockholders named in this prospectus are selling shares. We will not receive any proceeds from the sale of the shares by the selling stockholders. We currently expect the initial public offering price to be between $ and $ per share of common stock.

We and some of the selling stockholders have granted the underwriters an option to purchase up to additional shares of common stock.

We have applied to have the common stock listed on the New York Stock Exchange under the symbol .

Investing in our common stock involves risks. See Risk Factors beginning on page 12.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price		
Underwriting discounts		
Proceeds, to us (before expenses)		
Proceeds, to the selling stockholders (before expenses)		

The underwriters expect to deliver the shares to purchasers on or about , 2013 through the book-entry facilities of The Depository Trust Company, New York.

Global Coordinators and Joint Book-Running Managers

Citigroup **J.P. Morgan**

Joint Book-Running Manager

Santander

Prospectus dated , 2013

Table of Contents

We are responsible for the information contained in this prospectus and in any free writing prospectus we prepare or authorize. We have not authorized anyone to provide you with different information, and we take no responsibility for any other information others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than its date.

TABLE OF CONTENTS

Unless otherwise indicated, the information presented in this prospectus assumes (i) an initial public offering price of $ per share, which represents the midpoint of the range set forth on the cover page of this prospectus, and (ii) that the underwriters over-allotment option is not exercised.

Santander Consumer USA Holdings Inc. is a newly-formed Delaware corporation that has not, to date, conducted any activities other than those incident to its formation and the preparation of this registration statement. Unless we state otherwise or the context otherwise requires, references in this prospectus to SCUSA, we, our, us, and the Company for all periods after the reorganization transactions described in the section entit Reorganization (which will be completed in connection with this offering) refer to Santander Consumer USA Holdings Inc. and its consolidated subsidiaries after giving effect to such reorganization transactions. For all periods before the completion of such reorganization transactions, these terms refer to Santander Consumer USA Inc., an Illinois corporation, and its predecessors and their respective consolidated subsidiaries.

Table of Contents

About this Prospectus

Market Data

Market data used in this prospectus has been obtained from independent industry sources and publications, such as the Federal Reserve Bank of New York; the Federal Reserve Bank of Philadelphia; the Board of Governors of the Federal Reserve System; The Conference Board; the Consumer Financial Protection Bureau; Equifax Inc.; Experian Automotive; Chrysler Group LLC; Fair Isaac Corporation; FICO® Banking Analytics Blog; Polk Automotive; the United States Department of Commerce: Bureau of Economic Analysis; and Ward s Automotive Reports. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this prospectus.

For purposes of this prospectus, we categorize the prime segment as borrowers with FICO® scores of 660 and above, the super prime segment as a portion of borrowers within the prime segment with FICO® scores of 720 and above, and the nonprime segment as borrowers with FICO® scores below 660. FICO® is a registered trademark of Fair Isaac Corporation. FICO® scores are provided by Fair Isaac Corporation and are designed to measure the likelihood that a consumer will pay his or her credit obligations as agreed.

Glossary of Selected Terms

Below is a list of additional terms and their respective meanings which we use throughout this prospectus.

Advance Rate

The maximum percentage of the value of collateral that a lender is willing to extend for a loan. The advance rate helps a borrower determine what kind of collateral to provide in order to secure the desired loan amount, and helps minimize a lender s loss exposure when accepting collateral that can fluctuate in value.

Clean-Up Call

The action of an issuer of a debt instrument (such as a bond) requiring early redemption of the instrument before it is fully amortized.

Credit/Warehouse Facility (Line of Credit)

Any credit source extended to a business by a bank or other financial institution. A line of credit is effectively a source of funds that can readily be tapped at the borrower s discretion. Interest is paid only on money actually withdrawn. However, the borrower may be required to pay an unused line fee, often an annualized percentage fee on the money not withdrawn. Lines of credit can be secured by collateral, or may be unsecured.

Credit Enhancement

Through credit enhancement, the lender is provided with reassurance that the borrower will honor the obligation through additional collateral, insurance, or a third-party guarantee. Credit enhancement reduces credit/default risk of a debt, thereby increasing the overall credit rating and lowering interest rates.

Dealer Loans

Floorplan lines of credit, real estate loans, and working capital loans to automotive dealers.

Table of Contents

Derivative Instrument

A security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Most derivatives are characterized by high leverage.

FICO®

A type of credit score that makes up a substantial portion of the credit report that lenders use to assess an applicant s credit risk and whether to extend a loan.

FICO is an acronym for the Fair Isaac Corporation, the creator of the FICO score.

Using mathematical models, the FICO score takes into account various factors in each of these five areas to determine credit risk: payment history, current level of indebtedness, types of credit used, length of credit history, and new credit. A person s FICO score will range between 300 and 850.

Financial Leverage

The amount of debt used to finance a firm s assets. A firm with significantly more debt than equity is considered to be highly leveraged.

Floorplan Lines of Credit

A revolving line of credit that allows the borrower to obtain financing for retail goods. These loans are made against a specific piece of collateral (e.g., auto, RV, manufactured home). When each piece of collateral is sold by the dealer, the loan advance against that piece of collateral is repaid.

Impairment Reserves

Loan loss reserves recorded on a portfolio of loans acquired with credit deterioration to cover losses incremental to those expected at the time of acquisition.

Loans

Credit exposure to third parties.

Loan Origination

The process by which a borrower applies for a new loan, and a lender processes that application. Origination generally includes all the steps from taking a loan application up to disbursal of funds (or declining the application).

Loan Portfolio

The loans that a lender (or a buyer of loans) is owed. The loan portfolio is listed as an asset on the lender s or investor s balance sheet. The value of a loan portfolio principally depends on both the principal and interest owed and the average creditworthiness of the loans.

Loan Servicing

The process by which a company collects the timely and delinquent payment of interest and principal from borrowers.

Loans That We Acquired and/or Convert

Loans that are included in pools of loans that we acquired as a portfolio from a third party.

Table of Contents

Loans That We Originate

(i) Loans that we originate directly, (ii) individual retail installment contracts that we acquire from dealers immediately after origination by a dealer, and (iii) unsecured consumer loans, which includes point-of-sale financing, personal loans, and private label credit cards.

Nonaccretable Difference

The difference between the undiscounted contractual cash flows and the undiscounted expected cash. The nonaccretable difference represents an estimate of the credit risk in the loan portfolio at the acquisition date.

Non-captive Vehicle Lender

A lender that is not owned by a vehicle manufacturing company.

OEM

Original equipment manufacturer, such as Chrysler and Ford.

Off-Lease

A vehicle which was once leased, but now has been returned to the lessor due to contractual or early lease termination.

Origination Channels

The specific business relationship or channel through which a loan is made to a customer.

Overcollateralization

The process of posting more collateral than is needed to obtain or secure financing. Overcollateralization is often used as a method of credit enhancement by lowering the creditor s exposure to default risk.

Perfected Security Interest

Security interest in an asset protected from claims by other parties. A lien is perfected by registering it with appropriate statutory authority so that it is made legally enforceable and any subsequent claim on that asset is given a junior status. Also called a perfected lien.

Private-Label Loans/Leases

Financings branded in the name of the product manufacturer rather than in the name of the finance company.

Remarketing

Vehicle remarketing is the controlled disposal of fleet and leasing vehicles that have reached the end of their fixed term or the process to resell repossessed vehicles.

Residual Values

Residual value describes the future value of a good at the end of the lease term based upon the percentage of depreciation of its initial value.

Table of Contents

Subordinate Financing

Debt financing that is ranked behind that held by secured lenders in terms of the order in which the debt is repaid.

Subvention Program

Reimbursement to the finance company by a manufacturer for the difference between a market loan or lease rate and the below-market rate granted to the customer.

Table of Contents

SUMMARY

The following is a summary of selected information contained elsewhere in this prospectus. It does not contain all of the information that you should consider before deciding to purchase shares of common stock. You should read this entire prospectus carefully, particularly the section entitled Risk Factors immediately following this summary, the historical financial statements, and the related notes thereto and management s discussion and analysis thereof included elsewhere in this prospectus, before making an investment decision to purchase our common stock.

Background

Overview

We are a full-service, technology-driven consumer finance company focused on vehicle finance and unsecured consumer lending products. We believe that, since our founding in 1995, we have developed into a market share leader in the nonprime vehicle finance space and have recently increased our presence in the prime space. We leverage our knowledge of consumer behavior via our sophisticated, proprietary software, which allows us to effectively price, manage, and monitor risk. As a result of our deep understanding of the market, we have consistently produced controlled growth and robust profitability in both economic expansions and downturns.

We believe our extensive data and advanced analytics tools enhance our proprietary loan origination, servicing and risk management platforms. We believe that these platforms are technologically sophisticated, readily expandable, and easily adaptable to a diverse set of consumer finance products. Led by our experienced and disciplined management team, we have rapidly grown our asset base since 2008 through originations and acquisitions without having to significantly invest in new infrastructure or compromise our credit performance. Our originations are sourced through many different channels, and we continue to grow our network of relationships in order to maximize our opportunities for growth. Our technologically-driven platform has enabled us to add over $34 billion of assets to our lending platform since 2008, and we continue to evaluate opportunities for additional acquisitions. Moreover, we service loans for others, which provides us with an additional and stable fee income stream.

Historically, we have originated loans primarily through franchised automotive dealers for manufacturers such as Chrysler, Ford, General Motors, and Toyota in connection with the sale of new and used vehicles to retail consumers. We currently have active relationships with over 14,000 such dealers throughout the United States. In February 2013, we entered into a ten-year agreement with Chrysler Group LLC (Chrysler) whereby we originate private-label loans and leases under the Chrysler Capital brand (Chrysler Capital) to facilitate Chrysler vehicle retail sales. We also originate loans through selected independent automobile dealers, such as CarMax, through national and regional banks as well as through relationships with other OEMs. Additionally, we directly originate and refinance vehicle loans via our branded online platform, Roadloans.com, which is available through major online affiliates including Cars.com, AutoTrader.com, Kelley Blue Book, and eBay Motors. Moreover, we periodically purchase retail vehicle loan portfolios from other lenders.

We also provide unsecured consumer loans. Recently, we have entered into relationships with Bluestem Brands (Bluestem), a retailer, and LendingClub Corporation (LendingClub), a peer-to-peer lending platform, to acquire and, in certain circumstances, service unsecured consumer loans. In addition, we are utilizing our deep understanding of consumer finance to expand into private label credit cards and other unsecured consumer finance products.

We derive significant benefits from our relationship with Banco Santander, S.A. (Santander), a leader in the banking and consumer finance industries and, as of September 30, 2013, the largest bank in the Eurozone by market capitalization. Santander has demonstrated its continuing commitment to us by extending $4.5 billion in credit facilities with terms of three and five years, and annual renewal mechanisms, as well as a $0.5 billion letter of credit facility. Santander also provided us with financing to opportunistically acquire and/or convert several

Table of Contents

large portfolios of loans and certain operations from CitiFinancial Auto, Triad Financial, HSBC Auto, and GE Capital (recreational vehicle/marine portfolio), among others.

We have significant access to the capital markets: we have issued over $25 billion in securitization transactions since 2010, obtained approximately $13.7 billion in committed credit lines and privately issued amortizing notes from large commercial banks, and entered into material flow agreements with large commercial banks. In 2011, funds managed by three of the world s leading private equity investment firms, Centerbridge Partners, L.P., Kohlberg Kravis Roberts & Co. L.P., and Warburg Pincus LLC, purchased $1.0 billion of newly issued common stock.

Our Markets

The consumer finance industry in the United States has approximately $2.5 trillion of outstanding borrowings and includes vehicle loans and leases, credit cards, home equity lines of credit, private student loans, and personal loans. As economic conditions continue to recover from the 2008-2009 downturn, there has been significant demand from consumers for loans and leases, particularly to finance the purchase of vehicles.

Our primary focus is the vehicle finance segment of the U.S. consumer finance industry. Vehicle finance includes loans and leases taken out by consumers to fund the purchase of new and used automobiles, motorcycles, recreational vehicles (RVs), and watercraft. The automobile finance segment comprises the significant majority of the vehicle finance market in the United States. As of September 30, 2013, there were approximately $850 billion of such loans and leases outstanding. Most new and used car purchases in the U.S. are financed with either loans or leases. Historically, used car financing has made up a majority of our business. Most loans in the used car space, which is substantially fragmented, are made to nonprime borrowers and we believe we are a leader in nonprime auto loan originations. We compete with large national and regional banks, which are the biggest lenders in the used car finance space. Through Chrysler Capital and other relationships, we have been increasing, and expect to continue to increase, the proportion of loans and leases that we originate to finance consumer purchases of new automobiles and, by extension, to prime consumers.

We also participate in the unsecured consumer lending market, which includes credit cards, private student loans, point-of-sale financing, and personal loans. This market continues to represent an attractive opportunity for us. Consumers have faced declining access to traditional sources of consumer credit such as credit cards and home equity lines of credit over the past several years, while improving economic conditions have increased consumer demand for access to new sources of financing. We have recently entered into several agreements with other participants in the unsecured consumer lending space to originate point-of-sale financing and personal loans.

In both the vehicle finance and unsecured consumer lending markets, we generate originations indirectly and directly. The indirect model requires relationships with third parties who are generally active in the market, are looking for an additional source of financing for their customers, and agree to direct certain customers to SCUSA. The direct model requires an internally managed platform through which consumers are able to make requests for credit directly to SCUSA. While we have historically focused on the indirect model, we are broadening our presence in the direct vehicle finance market through our Roadloans.com platform and we are currently building out our direct unsecured consumer lending platform. Additionally, we continue to develop new relationships with third parties to further broaden our origination channels within these markets.

Our Strengths

Technology-Driven Platforms Drive Superior Credit and Operational Performance. We have internally developed proprietary software applications that we believe are highly effective and leverage nearly 20 years of consumer behavior across the full credit spectrum. These systems enable us to effectively monitor, price and manage risk on a real-time basis and at a highly granular level, including by vintage, origination channel, brand, and location where the loan or lease was originated. This technology also allows us to expand our existing relationships and explore new relationships at a low marginal cost. Our internally generated data, acquired historical credit data, and extensive third-party data are utilized to continuously adapt our origination and servicing operations to evolving consumer behavior and product performance. The strength of our platforms is demonstrated by our proactive decision to tighten credit standards prior to the recent economic downturn and by our successful acquisition and/or conversion of over $34 billion of assets onto our platform since 2008. Another benefit of our technology-driven platform is that it allows us to move quickly. For example, in 2010 we onboarded a portfolio of $14.4 billion in assets in just four months.

Growth-Oriented Business Model. We have demonstrated the ability to grow and diversify within the consumer finance industry. We have successfully built mutually beneficial relationships with Chrysler, CarMax, other national automotive dealer groups, national and regional banks, and others. With Chrysler Capital, we expect to significantly grow our vehicle finance portfolio, which we believe will more than offset the run-off of previously acquired portfolios, diversify our vehicle finance products, and continue to increase the volume of new vehicle financings. As of the month ended September 30, 2013, new vehicle financings as a percentage of our originations increased from approximately 10%-20% historically to over 40%. Additionally, our wide range of origination channels complements our granular risk management, allowing us to reduce growth in channels with pricing or risk concerns and supplement that volume with more attractive channels at that time. We have also entered into committed flow agreements with leading commercial banks under which we retain certain servicing rights that will provide us with additional and stable fee income. We believe we can quickly and efficiently provide similar or expanded offerings for others, including OEMs and consumer lenders, and we are actively developing these offerings. Further, our platforms will continue to facilitate our expansion into unsecured consumer lending and servicing.

Robust Financial Performance. We have been profitable every year for the last ten years, including throughout the most recent economic downturn. We believe this consistent profitability can be attributed to our credit analysis, pricing discipline, and efficient low-cost structure. In addition, while portions of our nonprime customer base produce relatively high losses, we structure and apply risk-adjusted pricing to these loans to produce attractive risk-adjusted yields that result in a consistent return on capital. As evidence of this, we delivered an average return on assets of 3.9% from 2009 to 2012 and a return on total common equity of more than 30% in each of those years and have continued to deliver similar levels of return on assets and equity year-to-date in 2013, which we believe provides us with the ability to support our growth organically and return capital to our shareholders.

Deep Access to Committed Funding. We have access to diverse and stable financing sources, including in the broader capital markets. We have issued over $25 billion of asset-backed securities (ABS) since 2010, were the largest U.S. issuer of retail auto ABS in 2011 and 2012, and we are the largest issuer year-to-date in 2013. We have significant bank funding relationships, with third-party banks and Santander currently providing approximately $13.7 billion and $4.5 billion, respectively, in committed financing. We also have a $17 billion retail flow agreement in place with Bank of America and a dealer lending flow agreement in place with Santander Bank N.A. (SBNA, formerly Sovereign Bank), which is wholly owned by Santander. We provide servicing, for a fee, on all loans originated under these arrangements. Further, we have been able to attract a substantial amount of third-party capital from our private equity sponsors.

Strong Relationship with Santander. Santander, operating through Santander Consumer Finance s pan-European platform, is one of the top three consumer lending companies and is a leading non-captive vehicle lender in twelve European countries. Santander Consumer Finance s eleven global OEM relationships and large vehicle loan portfolio provide future opportunities for us. Santander, a deposit-funded lender, also has provided us with significant funding support, both through existing committed liquidity and opportunistic extensions of credit. Because of our relationship with Santander, we are subject to the regulatory oversight of the Federal Reserve System (the Federal Reserve). This oversight has led us to develop and maintain extensive risk management and reporting procedures and has helped us to continually adapt to the evolving regulatory requirements for consumer finance in the United States.

Experienced Management Team. Our management team has ably steered the company through economic expansions as well as downturns, as evidenced by our strong financial performance in 2008 and 2009. Thomas G. Dundon, our Chief Executive Officer and one of our founders, has approximately twenty years of experience in the consumer finance industry. In addition, Jason Kulas, our President and Chief Financial Officer, has approximately eighteen years of experience in the financial services industry and seven years of experience as our Chief Financial Officer. Further, our senior management team has an average of over 16 years of experience across the financial services and consumer industries. Our management will also hold meaningful stakes in the company after giving effect to the offering. Mr. Dundon will own approximately % of our outstanding common stock as well as options to purchase an additional %, and the remainder of our senior management team in aggregate will own approximately % of our common stock and options to purchase an additional %.

Our Business Strategy

Our primary goal is to create stockholder value by leveraging our systems, data, liquidity and management. Our growth strategy is to increase market penetration in the consumer finance industry either by increasing share in existing channels or by broadening the number of origination channels while deploying our capital and funding efficiently.

Expand Our Vehicle Finance Franchise

Organic Growth in Indirect Auto Finance. We have a deep knowledge of consumer behavior across the full credit spectrum and are a key player in the U.S. vehicle finance market. We have the ability to continue to increase our market penetration in the vehicle finance market, subject to attractive market conditions, via the number and depth of our relationships. We plan to achieve this in part through rolling out alliance programs with national vehicle dealer groups and financial institutions, including banks, credit unions, and other lenders, in both the prime and nonprime vehicle finance markets. Our technology-based platform enables us to integrate seamlessly with other originators and thereby benefit from their channels and brands.

Strategic Alliances with OEMs. We plan to expand our existing OEM relationships and develop future relationships with other OEMs to drive incremental origination volume. The loans and leases originated through Chrysler Capital should provide us with the majority of our near-term expected growth. In addition, the experience gained in lease and dealer financing can be applied to improve origination volume through the rest of our dealer base. Our relationship with Chrysler has accelerated our transformation into a full-service vehicle finance company that provides financial products and services to consumers and automotive dealers.

Growth in Direct-to-Consumer Exposure. We are working to further diversify our vehicle finance product offerings by expanding our web-based, direct-to-consumer offerings. Our RoadLoans.com program is a preferred finance resource for many major vehicle shopping websites, including Cars.com, AutoTrader.com, Kelley Blue Book, and eBay Motors. In addition, we are working to integrate our direct-to-consumer offerings with many of the major vehicle brands in the United States, including Chrysler, Jeep, Dodge, Ram, and Fiat. We will continue to focus on securing relationships with additional vehicle-related websites.

Expansion of Fee-Based Income Opportunities. We seek out opportunities to leverage our sophisticated and adaptable servicing platform for both prime and nonprime loans, as well as other vehicle finance and unsecured consumer lending products. We collect fees to originate and service loan portfolios for third parties, and we handle both secured and unsecured loan products across the full credit spectrum. Loans sold to or sourced to third-party banks through flow agreements also provide additional opportunities to service large vehicle loan pools. We believe our loan servicing business is scalable and provides an attractive return on equity, and we intend to continue to develop new third-party relationships to increase its size. In 2013, as of September 30, we have added over $1 billion of assets to our portfolio of assets serviced for others.

Table of Contents

Continue to Grow Our Unsecured Consumer Lending Platform

We are further diversifying our business through our strategic relationships in the unsecured consumer lending space, which is a rapidly growing segment of the consumer finance market in the United States. Our ability to offer these products is derived from our expertise in originating nonprime vehicle retail loans, our data on consumers across the credit spectrum, and Santander s expertise in the unsecured consumer lending industry. One of our principal strategic consumer finance relationships is with Bluestem. Bluestem s customers rely on Bluestem proprietary credit products at point of sale to make purchases, and we have the option to purchase certain loans through April 2020. We also have a strategic relationship with LendingClub, pursuant to which we invest in or purchase personal loans. Furthermore, we have a pipeline of private label credit card initiatives we expect to pursue, including several through our relationship with a point-of-sale lending technology company.

Reorganization

In June 2013, Santander Consumer USA Inc., an Illinois corporation (SCUSA Illinois), formed Santander Consumer USA Holdings Inc., a Delaware corporation (SCUSA Delaware), and SCUSA Merger Sub Inc., an Illinois corporation and a wholly owned subsidiary of SCUSA Delaware (SCUSA Merger Sub). Both SCUSA Delaware and SCUSA Merger Sub were formed solely for the purpose of effecting this offering. Neither SCUSA Delaware nor SCUSA Merger Sub has engaged in any business or other activities except in connection with their respective formations and effecting this offering, and, except for SCUSA Delaware holding the stock of SCUSA Merger Sub, neither holds any assets and, except for SCUSA Merger Sub being a wholly owned subsidiary of SCUSA Delaware, neither has any subsidiaries. Prior to the consummation of this offering, SCUSA Merger Sub will merge with and into SCUSA Illinois, with SCUSA Illinois surviving the merger as a wholly owned subsidiary of SCUSA Delaware, the registrant. In the merger, all of the outstanding shares of common stock of SCUSA Illinois will be converted into shares of SCUSA Delaware common stock on a for basis. We refer to these transactions as the Reorganization.

Principal Stockholders

The majority of our common stock is held collectively by (1) Santander Holdings USA, Inc. (SHUSA), a wholly owned subsidiary of Santander; (2) Sponsor Auto Finance Holdings Series LP (Auto Finance Holdings), an investment vehicle owned by (i) funds managed by Centerbridge Partners, L.P., Kohlberg Kravis Roberts & Co. L.P., and Warburg Pincus LLC; (ii) DFS Sponsor Investments LLC, an entity affiliated with Mr. Dundon; and (iii) our President and Chief Financial Officer; and (3) DDFS LLC, an entity owned by Mr. Dundon. We refer to these three stockholders, collectively, as our Principal Stockholders.

SHUSA is a bank holding company with total assets of $77 billion as of September 30, 2013. SHUSA s primary assets include our common stock and all of the stock of SBNA, whose primary business consists of attracting deposits from its network of over 700 retail branches and originating small business loans, middle market commercial loans, multi-family loans, residential mortgage loans, home equity loans and lines of credit, and vehicle and other consumer loans in the communities served by its branches.

Centerbridge Partners, L.P. is a private investment firm based in New York City and has approximately $20 billion in capital under management as of September 2013. The firm focuses on private equity and credit investments. The firm is dedicated to partnering with world-class management teams across targeted industry sectors to help companies achieve their operating and financial objectives.

Kohlberg Kravis Roberts & Co. L.P., together with its affiliates (KKR), is a leading global investment firm with approximately $83 billion in assets under management as of September 30, 2013. KKR offers a broad range of investment management services to fund investors and provides capital markets services for the firm, its portfolio companies, and third parties. KKR has over 80 portfolio companies in its private equity funds.

Table of Contents

Warburg Pincus is a leading global private equity firm focused on growth investing. Founded more than 40 years ago, the firm has remained true to a unique and enduring strategy of investing in growth businesses in partnership with entrepreneurs and superior management teams. As of September 30, 2013, the firm has more than $35 billion of assets under management and an active private equity portfolio of more than 125 companies globally.

Our management will also hold meaningful stakes in the company after giving effect to the offering. Mr. Dundon will own approximately % of our common stock as well as options to purchase an additional %, and the remainder of our senior management team in aggregate will own approximately % of our common stock and options to purchase an additional %. See Certain Relationships and Related Party Transactions and Security Ownership of Certain Beneficial Owners, Management and Selling Stockholders and the documents referred to herein for more information with respect to our relationship with our Principal Stockholders.

The December 2011 equity transaction whereby Auto Finance Holdings became a stockholder in SCUSA is referred to in this document as the Equity Transaction.

Risks Associated with Our Business and Growth Strategy

Participating in this offering involves substantial risk. Although we have set forth our competitive strengths and growth strategy above, our ability to execute our strategy and grow our business is subject to certain challenges and risks. The vehicle finance industry is a competitive and highly fragmented industry, with no individual lender capturing more than 10% of the market. We may be at a competitive disadvantage with regard to certain of our competitors who are able to provide financing on more favorable terms or who have more beneficial relationships with automobile manufacturers and dealerships. This competition could reduce our market share or cause us to be unable to successfully execute all or part of our strategy. Some of the more significant challenges and risks include the following:

- adverse economic conditions in the United States and worldwide may negatively impact our results;
- our business could suffer if our access to funding is reduced;
- we face significant risks implementing our growth strategy, some of which are outside our control;
- our recent agreement with Chrysler may not result in currently anticipated levels of growth and is subject to certain performance conditions that could result in termination of the agreement;
- our business could suffer if we are unsuccessful in developing and maintaining relationships with automobile dealerships;
- our financial condition, liquidity and results of operations depend on the credit performance of our loans;
- loss of our key management or other personnel, or an inability to attract such management and personnel, could negatively impact our business;
- future changes in our relationship with Santander could adversely affect our operations; and
- we operate in a highly regulated industry and continually changing federal, state, and local laws and regulations could materially adversely affect our business.

The above list is not exhaustive, and we face additional challenges and risks. Before you participate in this offering, you should carefully consider all of the information in this prospectus, including matters set forth under the section entitled Risk Factors.

Additional Information

Our principal executive offices are located at 8585 North Stemmons Freeway, Suite 1100-N, Dallas, Texas 75247, and our telephone number is (214) 634-1110. Our Internet address is www.santanderconsumerusa.com. Information on, or accessible through, our website is not part of this prospectus.

Table of Contents

The Offering

Issuer	Santander Consumer USA Holdings Inc.
Common stock offered by us	shares of common stock.
Common stock offered by the selling stockholders	shares of common stock.
Underwriters over-allotment option to purchase additional shares	shares of common stock from us; and shares of common stock from the selling stockholders.
Common stock to be outstanding immediately after this offering	shares of common stock.(1)
Use of proceeds	Assuming an initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering will be $ (or $ if the underwriters exercise in full their option to purchase additional shares of common stock from us), after deducting estimated underwriting discounts and commissions and estimated offering expenses.
	We will not receive any proceeds from the sale of shares of common stock by the selling stockholders. We intend to use our net proceeds from this offering for general corporate purposes. See Use of Proceeds.
Voting rights	One vote per share.
Dividend policy	It has been our policy to pay a dividend to all common stockholders. Following the completion of this offering, we currently intend to pay dividends on a quarterly basis. Our board of directors may also change or eliminate the payment of future dividends at its discretion, without prior notice to our stockholders, and our dividend policy and practice may change at any time and from time to time in the future. Any future determination to pay dividends to our stockholders will be dependent upon our financial condition, results of operations, capital

(1) Based on shares of common stock issued and outstanding as of . As of , there were holders of our common stock. Unless otherwise indicated, information contained in this prospectus regarding the number of shares of our common stock outstanding does not include an aggregate of up to shares of common stock comprised of:

- up to shares of common stock which may be issued by us upon exercise in full of the underwriters option to purchase additional shares of our common stock;

shares of common stock issuable upon exercise of outstanding stock options with a weighted average exercise price of $ per share, of which shares were vested as of ; and

shares of common stock reserved for issuance under our 2011 Management Equity Plan.

Table of Contents

	requirements, government regulations, and any other factors that our board of directors may deem relevant at such time and from time to time. For information regarding our recent dividends, see Dividend Policy.
Listing	We have applied to list our common stock on the New York Stock Exchange (which we refer to as NYSE) under the trading symbol .
Risk factors	Please read the section entitled Risk Factors beginning on page 12 for a discussion of some of the factors you should consider before buying our common stock.

Table of Contents

Summary Historical Consolidated Financial Data

The following summary consolidated financial data should be read in conjunction with, and are qualified by reference to, Selected Historical Consolidated Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and notes thereto included elsewhere in this prospectus. The summary consolidated statement of income data for the years ended December 31, 2012, 2011, and 2010 and the summary consolidated balance sheet data at December 31, 2012 and 2011 has been derived from, and is qualified by reference to, our audited consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those consolidated financial statements and notes thereto. The summary consolidated statement of income data for the years ended December 31, 2009 and 2008 and the summary consolidated balance sheet data at December 31, 2010, 2009, and 2008 has been derived from audited consolidated financial statements that are not included in this prospectus. The summary consolidated statement of income data for the quarterly and year-to-date periods ended September 30, 2013 and 2012 and the summary consolidated balance sheet data at September 30, 2013 are derived from, and qualified by reference to, our unaudited interim consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those consolidated financial statements and notes thereto.

Santander Consumer USA Holdings Inc. has not engaged in any operations or conducted any activities other than those incidental to its formation and to preparations for the Reorganization and this offering. It will have only nominal assets and no liabilities prior to the consummation of the Reorganization and this offering. Upon closing, its assets will include shares in Santander Consumer USA Inc., its wholly owned subsidiary and operating company, and the cash proceeds of this offering. See Reorganization. Accordingly, this prospectus includes, and the discussion below is based solely on, the historical financial statements of Santander Consumer USA Inc.

	Three Months Ended		Nine Months Ended		Year Ended				
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
Income Statement Data									
Income from individually acquired retail installment contracts	$ 879,628	$ 580,360	$ 2,333,857	$ 1,600,054	$ 2,223,833	$ 1,695,538	$ 1,682,492	$ 1,281,515	$ 1,396,610
Income from purchased receivables portfolios	87,237	161,753	327,712	545,819	704,770	870,257	360,287	218,240	105,229
Other financing income	44,627	2,845	62,205	7,416	19,899	28,718	33,799	10,485	5,333
Interest and fees on finance receivables and loans	1,011,492	744,958	2,723,774	2,153,289	2,948,502	2,594,513	2,076,578	1,510,240	1,507,172
Interest expense	120,589	98,774	291,062	293,238	374,027	418,526	316,486	235,031	256,356
Net other finance and interest income	9,643	2,950	17,486	9,423					
Net interest margin	900,546	649,134	2,450,198	1,869,474	2,574,475	2,175,987	1,760,092	1,275,209	1,250,816
Provision for loan losses on individually acquired retail installment contracts	447,565	243,698	1,074,487	683,000	1,119,074	741,559	750,625	720,938	823,024
Incremental increase (decrease) in allowance related to purchased receivables	93,718	(57,823)	51,654	(22,798)	3,378	77,662	137,600		

portfolios									
Other provisions for loan losses	56,918		97,664						
Provision for loan losses	598,201	185,875	1,223,805	660,202	1,122,452	819,221	888,225	720,938	823,024
Profit sharing	27,238		34,802						
Other income	78,340	74,291	208,878	238,890	295,689	452,529	249,028	48,096	43,120
Costs and expenses	176,140	183,730	496,312	464,192	559,163	557,083	404,840	249,012	209,315
Income tax expense	65,486	141,261	322,413	372,266	453,615	464,034	277,944	143,834	87,472
Net income	111,821	212,559	581,744	611,704	734,934	788,178	438,111	209,521	174,125
Net income attributable to Santander Consumer USA Inc shareholders	111,245	168,467	583,565	595,846	715,003	768,197	438,111	209,521	174,125
Share Data									
Weighted-average common shares outstanding									
Basic	129,822,780	129,819,883	129,821,712	129,819,883	129,819,883	92,277,053	92,173,913	92,173,913	92,173,913
Diluted	129,822,780	129,819,883	129,821,712	129,819,883	129,819,883	92,277,053	92,173,913	92,173,913	92,173,913
Earnings per share attributable to Santander Consumer USA Inc shareholders									
Basic	$ 0.86	$ 1.30	$ 4.50	$ 4.59	$ 5.51	$ 8.32	$ 4.75	$ 2.27	$ 1.89
Diluted	$ 0.86	$ 1.30	$ 4.50	$ 4.59	$ 5.51	$ 8.32	$ 4.75	$ 2.27	$ 1.89

Table of Contents

	Three Months Ended		Nine Months Ended		Year Ended				
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
Net tangible book value per common share at period end									
Excluding other comprehensive income (loss)	$ 18.85		$ 18.85		$ 16.04	$ 16.20	$ 6.95	$ 6.37	$ 4.49
Including other comprehensive income (loss)	$ 18.80		$ 18.80		$ 15.97	$ 16.11	$ 6.95	$ 6.24	$ 4.06
Dividends declared per share of common stock									
Basic	$	$ 1.12	$ 2.24	$ 3.67	$ 5.66	$ 5.05	$ 4.34		
Diluted	$	$ 1.12	$ 2.24	$ 3.67	$ 5.66	$ 5.05	$ 4.34		
Balance Sheet Data (1)									
Finance receivables and loans	$ 21,238,684		$ 21,238,684		$ 16,265,820	$ 16,715,703	$ 15,032,046	$ 7,466,267	$ 5,600,102
Goodwill and intangible assets	128,573		128,573		126,700	125,427	126,767	142,198	105,643
Total assets	25,608,280		25,608,280		18,741,644	19,404,371	16,773,021	8,556,177	6,044,454
Total borrowings	22,683,397		22,683,397		16,227,995	16,790,518	15,065,635	7,525,930	5,432,338
Total liabilities	23,039,122		23,039,122		16,502,178	17,167,686	16,005,404	7,838,862	5,564,986
Total equity	2,569,158		2,569,158		2,239,466	2,236,685	767,617	717,315	479,468
Allowance for loan losses	2,355,087		2,355,087		1,774,002	1,208,475	840,599	384,396	347,302
Other Information									
Charge-offs, net of recoveries	$ 371,396	$ 272,692	$ 772,187	$ 710,002	$ 1,008,454	$ 1,025,133	$ 709,367	$ 683,844	$ 679,172
End of period Delinquent principal over 60 days	945,766		945,766		865,917	767,838	579,627	502,254	477,141
End of period Gross finance receivables and loans	24,201,063		24,201,063		18,655,497	18,754,938	16,843,774	8,309,153	6,360,982
Average gross individually acquired retail installment contracts	19,790,033	12,704,563	17,180,908	11,527,698	12,082,026	8,843,036	6,631,231	5,690,833	5,396,355
Average gross purchased receivables portfolios	2,676,906	5,706,495	3,325,260	6,798,200	6,309,497	7,270,080	4,978,727	975,080	320,903
Average Gross finance receivables and loans	23,246,772	18,539,064	21,396,754	18,454,847	18,501,710	16,282,215	12,111,969	7,266,079	5,728,599
Average Total assets	24,352,346	18,530,771	21,514,270	18,300,123	18,411,012	16,067,623	11,984,997	6,930,260	5,520,652
Average Debt	21,451,420	15,781,659	18,681,703	15,528,709	15,677,522	14,557,370	10,672,331	6,083,953	4,989,280
Average Total equity	2,525,997	2,365,722	2,453,782	2,334,008	2,312,781	916,219	850,219	594,097	406,680
Ratios (2)									

Yield on individually acquired retail installment contracts	17.8%	18.3%	18.1%	18.5%	18.4%	19.2%	25.4%	22.5%	25.9%
Yield on purchased receivables portfolios	13.0	11.3	13.1	10.7	11.2	12.0	7.2	22.4	32.8
Yield on interest-earning assets	17.4	16.1	17.0	15.6	15.9	15.9	17.1	20.8	26.3
Cost of interest-bearing liabilities	2.2	2.5	2.1	2.5	2.4	2.9	3.0	3.9	5.1
Efficiency ratio	18.0	25.4	18.7	22.0	19.5	21.2	20.2	18.8	16.2
Return on average assets	1.8	4.6	3.6	4.5	4.0	4.9	3.7	3.0	3.2
Return on average equity	17.7	35.9	31.6	34.9	31.8	86.0	51.5	35.3	42.8
Net chargeoff ratio	6.4	5.9	4.6	5.1	5.5	6.3	5.9	9.4	11.9
Delinquency ratio	3.9		3.9		4.6	4.1	3.4	6.0	7.5
Tangible common equity to tangible assets	9.6		9.6		11.3	11.0	3.8	6.8	6.3
Common stock dividend payout ratio	0.0%	86.3	49.8	80.0	102.8	60.6	91.3	0.0	0.0

Table of Contents

(1) Balance sheet data as of September 30, 2012 has been excluded.
(2) Yield on interest-earning assets is defined as the ratio of Interest and fees on finance receivables and loans to Average gross finance receivables and loans.

Cost of interest-bearing liabilities is defined as the ratio of Interest expense to Average debt during the period.

Efficiency ratio is defined as the ratio of Costs and expenses to the sum of Net interest margin and Other income.

Return on average assets is defined as the ratio of Net income to Average total assets.

Return on average equity is defined as the ratio of Net income to Average total equity.

Net charge-off ratio is defined as the ratio of Charge offs, net of recoveries, to Average gross finance receivables and loans.

Delinquency ratio is defined as the ratio of Delinquent principal over 60 days, end of period to Gross finance receivables and loans, end of period.

Tangible common equity to total tangible assets ratio is defined as the ratio of Total equity, excluding Goodwill and intangible assets, to Total assets excluding Goodwill and intangible assets.

Common stock dividend ratio is defined as the ratio of Dividends declared per share of common stock during the period to Net income attributable to Santander Consumer USA Inc. shareholders.

Activity-based ratios for the periods ending September 30, 2013 and 2012 are presented on an annualized basis.

Table of Contents

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as all of the other information contained in this prospectus including our consolidated financial statements, and the related notes thereto, before deciding to invest in our common stock. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations, and cash flow. In such case, the trading price of our common stock could decline and you could lose all or part of your investment.

Risks Relating to Our Business

Adverse economic conditions in the United States and worldwide may negatively impact our results.

We are subject to changes in general economic conditions that are beyond our control. During periods of economic slowdown such as the recent economic downturn, delinquencies, defaults, repossessions, and losses generally increase while proceeds from auction sales decrease. These periods may also be accompanied by increased unemployment rates, decreased consumer demand for automobiles and other consumer products, and declining values of automobiles and other consumer products securing outstanding accounts, which weaken collateral coverage and increase the amount of a loss in the event of default. Additionally, higher gasoline prices, unstable real estate values, reset of adjustable rate mortgages to higher interest rates, general availability of consumer credit, or other factors that impact consumer confidence or disposable income could increase loss frequency and decrease consumer demand for automobiles and other consumer products as well as weaken collateral values on certain types of automobiles and other consumer products. Because our historical focus has been predominantly on nonprime consumers, the actual rates of delinquencies, defaults, repossessions, and losses on these loans could be more dramatically affected by a general economic downturn. In addition, during an economic slowdown or recession, our servicing costs may increase without a corresponding increase in our finance charge income. Furthermore, our business is significantly affected by monetary and regulatory policies of the U.S. federal government and its agencies. Changes in any of these policies are influenced by macroeconomic conditions and other factors that are beyond our control and could have a material adverse effect on us through interest rate changes, costs of compliance with increased regulation, and other factors.

Although market conditions have improved, unemployment in the United States continues to remain at elevated levels, and conditions remain challenging for financial institutions. Furthermore, certain Eurozone member countries have fiscal outlays that exceed their fiscal revenue, which has raised concerns about such countries abilities to continue to service their debt and foster economic growth. A weakened European economy could undermine investor confidence in European financial institutions and the stability of European member economies. Notwithstanding its geographic diversification, this could adversely impact Santander, with whom we have a significant relationship. Such events could also negatively affect U.S.-based financial institutions, counterparties with which we do business, and the stability of the global financial markets. Disruptions in the global financial markets have also adversely affected the corporate bond markets, debt and equity underwriting, and other elements of the financial markets. In recent years, downgrades of the sovereign debt of some European countries have resulted in increased volatility in capital markets and have caused some lenders and institutional investors to reduce and, in some cases, cease to provide funding to certain borrowers, including other financial institutions. The impact on available credit, increased volatility in the financial markets, and reduced business activity has adversely affected, and may continue to adversely affect, our businesses, capital, liquidity, or other financial conditions and results of operations, and access to credit.

The process we use to estimate losses inherent in our credit exposure requires complex judgments, including forecasts of economic conditions and how those economic conditions might impair the ability of our borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of our estimates, which may, in turn, impact the reliability of the process and the quality of our assets.

Table of Contents

Our business could be negatively impacted if our access to funding is reduced.

We rely upon our ability to sell securities in the ABS market and upon our ability to access various credit facilities to fund our operations. The ABS market, along with credit markets in general, experienced unprecedented disruptions during the recent economic downturn. Although market conditions have improved since 2009, for a number of years following the economic downturn, certain issuers experienced increased risk premiums while there was a relatively lower level of investor demand for certain ABS (particularly those securities backed by nonprime collateral). In addition, the risk of volatility surrounding the global economic system and uncertainty surrounding regulatory reforms such as the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) continue to create uncertainty around access to the capital markets. As a result, there can be no assurance that we will continue to be successful in selling securities in the ABS market. Adverse changes in our ABS program or in the ABS market generally could materially adversely affect our ability to securitize loans on a timely basis or upon terms acceptable to us. This could increase our cost of funding, reduce our margins or cause us to hold assets until investor demand improves.

We also depend on various credit facilities and flow agreements to fund our future liquidity needs. We cannot guarantee that these financing sources will continue to be available beyond the current maturity dates, on reasonable terms, or at all. As our volume of loan acquisitions and originations increases, especially due to our recent relationship with Chrysler, we will require the expansion of our borrowing capacity on our existing credit facilities and flow agreements or the addition of new credit facilities and flow agreements. The availability of these financing sources depends, in part, on factors outside of our control, including regulatory capital treatment for unfunded bank lines of credit, the financial strength and strategic objectives of Santander and the other banks that participate in our credit facilities and flow agreements, and the availability of bank liquidity in general. We may also experience the occurrence of events of default or breach of financial covenants, which could reduce our access to bank funding. In the event of a sudden or unexpected shortage of funds in the banking system, we cannot be sure that we will be able to maintain necessary levels of funding without incurring high funding costs, a reduction in the term of funding instruments, or the liquidation of certain assets.

We have not experienced a significant increase in risk premiums or cost of funding to date, but we are not isolated from general market conditions that may affect issuers of ABS and other borrowers and we could experience increased risk premiums or funding costs in the future. In addition, if the sources of funding described above are not available to us on a regular basis for any reason, we may have to curtail or suspend our loan acquisition and origination activities. Downsizing the scale of our business would have a material adverse effect on our financial position, liquidity, and results of operations.

We face significant risks in implementing our growth strategy, some of which are outside our control.

We intend to continue our growth strategy to (i) expand our vehicle finance franchise by increasing market penetration via the number and depth of our relationships in the vehicle finance market, pursuing additional relationships with OEMs, and expanding our direct-to-consumer footprint and (ii) grow our unsecured consumer lending platform. Our ability to execute this growth strategy is subject to significant risks, some of which are beyond our control, including:

- the inherent uncertainty regarding general economic conditions;
- our ability to obtain adequate financing for our expansion plans;
- the prevailing laws and regulatory environment of each state in which we operate or seek to operate, and, to the extent applicable, federal laws and regulations, which are subject to change at any time;
- the degree of competition in new markets and its effect on our ability to attract new customers;
- our ability to recruit qualified personnel, in particular in areas where we face a great deal of competition; and

our ability to obtain and maintain any regulatory approvals, government permits, or licenses that may be required on a timely basis.

Our recent agreement with Chrysler may not result in currently anticipated levels of growth and is subject to certain performance conditions that could result in termination of the agreement.

In February 2013, we entered into a ten-year Master Private Label Financing Agreement (the Chrysler Agreement) with Chrysler whereby we launched the Chrysler Capital brand, which originates private-label loans and leases to facilitate the purchase of Chrysler vehicles by consumers and Chrysler-franchised automotive dealers. The financing services that we provide under the Chrysler Agreement, which launched May 1, 2013, include credit lines to finance Chrysler-franchised dealers acquisitions of vehicles and other products that Chrysler sells or distributes, automotive loans and leases to finance consumer acquisitions of new and used vehicles at Chrysler-franchised dealerships, financing for commercial and fleet customers, and ancillary services. In addition, we will offer dealers dealer loan financing, construction loans, real estate loans, working capital loans, and revolving lines of credit. In accordance with the terms of the Chrysler Agreement, in May 2013 we paid Chrysler a $150 million upfront, nonrefundable payment, which will be amortized over ten years but would be recognized as expense immediately if the Chrysler Agreement is terminated in accordance with its terms.

As part of the Chrysler Agreement, we received limited exclusivity rights to participate in specified minimum percentages of certain of Chrysler s financing incentive programs, which include loan rate subvention and automotive lease residual support subvention. We have committed to certain revenue sharing arrangements, as well as to considering future revenue sharing opportunities. We will bear the risk of loss on loans originated pursuant to the Chrysler Agreement, but Chrysler will share in any residual gains and losses in respect of automotive leases, subject to specific provisions in the Chrysler Agreement, including limitations on our participation in gains and losses. In addition, under the Chrysler Agreement, Chrysler has the option to acquire, for fair market value, an equity participation in an operating entity through which the financial services contemplated by the Chrysler Agreement are offered and provided, through either an equity interest in the new entity or participation in a joint venture or other similar business relationship or structure. There is no maximum limit on the size of Chrysler s potential equity participation. Although the Chrysler Agreement contains provisions that are designed to address a situation in which the parties disagree on the fair market value of the equity participation interest, there is a risk that we ultimately receive less than what we believe to be the fair market value for such interest.

Under the Chrysler Agreement, we have agreed to specific transition milestones, including market penetration rates, approval rates, and staffing and service milestones for the initial year following launch. If the transition milestones are not met in the first year, the agreement will terminate and we will lose the ability to operate as Chrysler Capital. If the transition milestones are met, the Chrysler Agreement will have a ten-year term, subject to early termination in certain circumstances, including the failure by either party to comply with certain of their ongoing obligations under the Chrysler Agreement. In addition, Chrysler may also terminate the agreement, among other circumstances, if (i) we fail to meet certain performance metrics, including certain penetration and approval rate targets, during the term of the agreement, (ii) a person other than Santander and its affiliates or our other stockholders owns 20% or more of our common stock and Santander and its affiliates own fewer shares of common stock than such person, (iii) we become, control, or become controlled by, an OEM that competes with Chrysler or (iv) if certain of our credit facilities become impaired. The loans and leases originated through Chrysler Capital are expected to provide us with the majority of our projected growth over the next several years. If we are unable to realize the expected benefits of our relationship with Chrysler, or if the Chrysler Agreement were to terminate, our ability to generate or grow revenues could be reduced, and we may not be able to implement our business strategy, which would negatively impact our future growth.

Our business could be negatively impacted if we are unsuccessful in developing and maintaining relationships with automobile dealerships.

Our ability to acquire loans and automotive leases is reliant on our relationships with automotive dealers. In particular, our automotive finance operations depend in large part upon our ability to establish and maintain relationships with reputable automotive dealers that direct customers to our offices or originate loans at the point-of-sale, which we subsequently purchase. Although we have relationships with certain automotive dealers, none of our relationships are exclusive and some of them are newly established and they may be terminated at any time. As a result of the recent economic downturn and contraction of credit to both dealers and their customers, there was an increase in dealership closures and our existing dealer base experienced decreased sales and loan volume in the past and may experience decreased sales and loan volume in the future, which may have an adverse effect on our business, results of operations, and financial condition.

A reduction in demand for our products and failure by us to adapt to such reduction could adversely affect our business, results of operations, and financial condition.

The demand for the products we offer may be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences or financial conditions, regulatory restrictions that decrease customer access to particular products, or the availability of competing products. Should we fail to adapt to significant changes in our customers demand for, or access to, our products, our revenues could decrease significantly and our operations could be harmed. Even if we do make changes to existing products or introduce new products to fulfill customer demand, customers may resist such changes or may reject such products. Moreover, the effect of any product change on the results of our business may not be fully ascertainable until the change has been in effect for some time, and, by that time, it may be too late to make further modifications to such product without causing further harm to our business, results of operations, and financial condition.

Our financial condition, liquidity, and results of operations depend on the credit performance of our loans.

As of September 30, 2013, over 80% of our consumer loans are nonprime receivables with obligors who do not qualify for conventional automotive finance products as a result of, among other things, a lack of or adverse credit history, low income levels, and/or the inability to provide adequate down payments. While underwriting guidelines were designed to establish that, notwithstanding such factors, the obligor would be a reasonable credit risk, the receivables nonetheless will experience higher default rates than a portfolio of obligations of prime obligors. In the event of such a default on an auto loan, generally the most practical alternative is repossession of the financed vehicle, although the collateral value of the vehicle usually does not cover the outstanding account balance and costs of recovery. Repossessions and foreclosure sales that do not yield sufficient proceeds to repay the receivables in full could result in losses on those receivables. We repossessed 175,665 vehicles, incurring $1.0 billion in net losses, during the year ended December 31, 2012, of which 164,625 repossessions and $946 million of net losses were on nonprime receivables. We experienced a default rate of 5.62% for nonprime receivables and 2.68% for prime receivables during the year ended December 31, 2012.

From time to time we are the subject of unfavorable news or editorial coverage and we, like many peer companies, are the subject of various complaint websites in connection with our repossession and collection activities. Regardless of merit, this type of negative publicity could damage our reputation and lead consumers to choose other consumer finance companies. This could, in turn, lead to decreased business which could have a material adverse impact on our financial position. We do not believe we have experienced any such impact as our lending is primarily indirect, with the end consumer interacting directly with a dealer rather than the finance company.

In addition, our prime portfolio is rapidly growing. While prime portfolios typically have lower default rates than nonprime portfolios, we have less ability to make risk adjustments to the pricing of prime loans compared to nonprime loans. As a result, a larger proportion of our business will consist of loans with respect to which we have less flexibility to adjust pricing to absorb losses. As a result of these factors, we may sustain higher losses than anticipated in our prime portfolio.

We depend on the accuracy and completeness of information about borrowers and counterparties and any misrepresented information could adversely affect our business, results of operations, and financial condition.

In deciding whether to approve loans or to enter into other transactions with borrowers and counterparties in our retail lending and commercial lending businesses, we may rely on information furnished to us by or on behalf of borrowers and counterparties, including financial statements and other financial information. We also may rely on representations of borrowers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. If any of this information is intentionally or negligently misrepresented and such misrepresentation is not detected prior to loan funding, the value of the loan may be significantly lower than expected. Whether a misrepresentation is made by the loan applicant, another third party, or one of our employees, we generally bear the risk of loss associated with the misrepresentation. Our controls and processes may not have detected or may not detect all misrepresented information in our loan originations or from our business clients. Any such misrepresented information could adversely affect our business, financial condition, and results of operations.

Loss of our key management or other personnel, or an inability to attract such management and other personnel, could negatively impact our business.

The successful implementation of our growth strategy depends in part on our ability to retain our experienced management team and key employees and on our ability to attract appropriately qualified new personnel as well as have an effective succession planning framework in place. For instance, our Chief Executive Officer is one of the founders of SCUSA and has extensive experience in the vehicle finance industry. He has a proven track record of successfully operating our business, including by leading us through the recent economic downturn. The loss of any key member of our management team or other key employees could hinder or delay our ability to implement our growth strategy effectively. Further, if we are unable to attract appropriately qualified new personnel as we expand, we may not be successful in implementing our growth strategy. In either instance, our profitability and financial performance could be adversely affected. See Management for more detail on our executive officers.

Future changes in our relationship with Santander may adversely affect our operations.

Santander, through SHUSA, owns 84,339,130.70 shares (approximately 65%) of our common stock. We rely on our relationship with Santander, through SHUSA, for several competitive advantages including relationships with OEMs and regulatory best practices. Santander also provides us with significant funding support, through both committed liquidity and opportunistic extensions of credit. During the recent financial downturn, Santander and its affiliates provided us with over $6 billion in financing that enabled us to pursue several acquisitions and/or conversions of vehicle loan portfolios at a time when most major banks were curtailing or eliminating their commercial lending activities. If, after this offering, Santander or SHUSA elects not to provide such support or provide it to the same degree, we may not be able to replace such support ourselves or to obtain substitute arrangements with third parties. We may be unable to obtain such support because of financial or other constraints or be unable to implement substitute arrangements on a timely basis on terms that are comparable, or at all, which could adversely affect our operations.

Furthermore, subject to certain limitations in a shareholders agreement to be entered into among SCUSA, the Principal Stockholders, and Mr. Dundon in connection with consummation of this offering (the Shareholders Agreement), which will replace the existing shareholders agreement among these parties, Santander is permitted to sell its interest in us. If Santander reduces its equity interest in us, it may be less willing to provide us with the support it has provided in the past. In addition, our right to use the Santander name is on the basis of a non-exclusive, royalty-free, and non-transferable license from Santander, and further only extends to uses in connection with our current and future operations within the United States. Santander may terminate such license at any time Santander ceases to own, directly or indirectly, 50% or more of our common stock. If we were required to change our name, we would incur the administrative costs and time associated with revising legal documents and marketing materials, and also may experience loss of brand and loss of business or loss of funding due to consumers and banks relative lack of familiarity with our new name. Additionally, Chrysler may terminate the Chrysler Agreement if a person other than Santander and its affiliates or our other stockholders owns 20% or more of our common stock and Santander and its affiliates own fewer shares of common stock than such person.

Santander has provided guarantees on the covenants, agreements, and our obligations under the governing documents of our warehouse facilities and privately issued amortizing notes. These guarantees are limited to our obligations as servicer.

Some terms of our credit agreements are influenced by, among other things, the credit ratings of Santander. If Santander were to suffer credit ratings downgrades or other adverse financial developments, we could be negatively impacted, either directly or indirectly. Santander s 2012 credit ratings downgrades did not directly impact our cost of funds, but did result in the loss of our ability to commingle funds, indirectly raising our cost of funds by increasing the amount of borrowed funds. In addition, because of the methodologies applied by credit ratings agencies, our securitization ratings in our ABS offerings are indirectly tied to Santander s credit ratings.

Santander applies certain standardized banking policies, procedures and standards across its affiliated entities, including with respect to internal audit credit approval, governance risk management, and compensation practices. We currently follow certain of these Santander policies and may in the future become subject to additional Santander policies, procedures and standards, which could result in changes to our practices.

It is also possible that our continuing relationship with Santander or SHUSA after the consummation of this offering could reduce the willingness of other banks to develop relationships with us due to general competitive dynamics among such banks.

Negative changes in the business of the OEMs with which we have strategic relationships, including Chrysler, could adversely affect our business.

A significant adverse change in Chrysler s or other automotive manufacturers business, including (i) significant adverse changes in their respective liquidity position and access to the capital markets, (ii) the production or sale of Chrysler or other automotive manufacturers vehicles (including the effects of any product recalls), (iii) the quality or resale value of Chrysler or other vehicles, (iv) the use of marketing incentives, (v) Chrysler s or other automotive manufacturers relationships with their key suppliers, or (vi) Chrysler s or other automotive manufacturers respective relationships with the United Auto Workers and other labor unions and other factors impacting automotive manufacturers or their employees could have a material adverse effect on our profitability and financial condition.

Under the Chrysler Agreement, we originate private-label loans and leases to facilitate the purchase of Chrysler vehicles by consumers and Chrysler-franchised automotive dealers. In the future, it is possible that Chrysler or other automotive manufacturers with whom we have relationships could utilize other companies to support their financing needs, including offering products or terms that we would not or could not offer, which could have a material adverse impact on our business and operations. Furthermore, Chrysler or other automotive manufacturers could expand or establish or acquire captive finance companies to support their financing needs thus reducing their need for our services.

There is no assurance that the global automotive market, or Chrysler s or our other OEM partners share of that market, will not suffer downturns in the future, and any negative impact could in turn have a material adverse effect on our business, results of operations, and financial position.

Our information technology may not support our future volumes and business strategies.

We rely on our proprietary origination and servicing platforms that utilize database-driven software applications, including fifteen years of internal historical credit data and extensive third-party data, to continuously adapt our origination and servicing operations to evolving consumer behavior and to new vehicle finance and consumer loan products. We employ an extensive team of engineers, information technology analysts, and website designers to ensure that our information technology systems remain on the cutting edge. However, due to the continued rapid changes in technology, there can be no assurance that our information technology solutions will continue to be adequate for the business or to provide a competitive advantage.

Table of Contents

Our network and information systems are important to our operating activities and any network and information system shutdowns could disrupt our ability to process loan applications, originate loans, or service our existing loan portfolios, which could have a material adverse impact on our operating activities. Shutdowns may be caused by unforeseen catastrophic events, including natural disasters, terrorist attacks, large-scale power outages, software or hardware defects, computer viruses, cyber attacks, external or internal security breaches, acts of vandalism, misplaced or lost data, programming or human errors, difficulties in migrating technology facilities from one location to another, or other similar events. Although we maintain, and regularly assess the adequacy of, a disaster recovery plan designed to effectively manage the effects of such unforeseen events, we cannot be certain that such plan will function as intended, or otherwise resolve or compensate for such effects. Such a failure of our disaster recovery plan, if and when experienced, may have a material adverse effect on our revenue and ability to support and service our customer base.

We are required to make significant estimates and assumptions in the preparation of our financial statements and our estimates and assumptions may not be accurate.

The preparation of our consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP) requires our management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expense during the reporting periods. We also use estimates and assumptions in determining the residual values of leased vehicles. Critical estimates are made by management in determining, among other things, the allowance for loan losses, amounts of impairment, and valuation of income taxes. If our underlying estimates and assumptions prove to be incorrect, our financial condition and results of operations may be materially adversely affected.

Our allowance for loan losses and impairments may prove to be insufficient to absorb probable losses inherent in our loan portfolio.

We maintain an allowance for loan losses, a reserve established through a provision for loan losses charged to expense, that we believe is appropriate to provide for probable losses inherent in our originated loan portfolio. For receivables portfolios purchased from other lenders at a discount to the aggregate principal balance of the receivables, the portion of the discount that was attributable to credit deterioration since origination of the loans is recorded as a nonaccretable difference. Any deterioration in the performance of the purchased portfolios after acquisition results in incremental impairment reserves. Our allowance for loan losses has increased from $347 million, or 5.5% of outstanding principal balance, at December 31, 2008, to $2.4 billion, or 9.7% of outstanding principal balance, at September 30, 2013. The determination of the appropriate level of the allowance for loan losses, impairment reserves, and nonaccretable difference inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks and future trends, all of which are subject to change. Changes in economic conditions affecting borrowers, new information regarding our loans, and other factors, both within and outside of our control, may require an increase in the allowance for loan losses. Furthermore, growth in our loan portfolio generally would lead to an increase in the provision for loan losses. Some of our planned growth is in lending areas other than vehicle loans, and we are not experienced in estimating loan and credit losses in those other areas. In addition, if net charge-offs in future periods exceed the allowance for loan losses, we will need to make additional provisions to increase the allowance for loan losses. There is no accurate method for predicting loan and credit losses, and we cannot assure you that our loan loss reserves will be sufficient to cover actual losses. Any increases in the allowance for loan losses will result in a decrease in net income and capital and may have a material adverse effect on us.

Table of Contents

Our profitability and financial condition could be materially adversely affected if the value of used cars declines, resulting in lower residual values of our vehicle leases and lower recoveries in sales of repossessed vehicles.

General economic conditions, the supply of off-lease and other used vehicles to be sold, new vehicle market prices and marketing programs, vehicle brand image and strength, perceived vehicle quality, general consumer preference and confidence levels, overall price, and volatility of gasoline or diesel fuel, among other factors, heavily influence used vehicle prices and thus the residual value of our leased vehicles and the amount we recover in remarketing repossessed vehicles. We expect our financial results to be more sensitive to used auto prices as leases become a larger part of our business.

Our expectation of the residual value of a leased vehicle is a critical input in determining the amount of the lease payments at the inception of a lease contract. Our lease customers are responsible only for any deviation from expected residual value that is caused by excess mileage or excess wear and tear, while we retain the obligation to absorb any general market changes in the value of the vehicle. Therefore, our operating lease expense is increased when we have to take an impairment on our residual values or when the realized residual value of a vehicle at lease termination is less than the expected residual value for the vehicle at lease inception. In addition, the timeliness, effectiveness, and quality of our remarketing of off-lease vehicles affects the net proceeds realized from the vehicle sales. While we have elected not to purchase residual value insurance, our exposure is somewhat lessened by Chrysler s residual subvention programs and the sharing of losses over a specified threshold. However, we take the first portion of loss on any vehicle, and such losses could have a negative impact on our profitability and financial condition.

Lower used vehicle prices also reduce the amount we can recover when remarketing repossessed vehicles that serve as collateral underlying loans. As a result, declines in used vehicle prices could have a negative impact on our profitability and financial condition.

Poor portfolio performance may trigger credit enhancement provisions in our revolving credit facilities or secured structured financings.

Our revolving credit facilities generally have net spread, delinquency, and net loss ratio limits on the receivables pledged to each facility that, if exceeded, would increase the level of credit enhancement requirements for that facility and redirect all excess cash to the credit providers. Generally, these limits are calculated based on the portfolio collateralizing the respective credit line; however, for two of our warehouse lines, delinquency and net loss ratios are calculated with respect to our serviced portfolio as a whole. Our facility used to finance vehicle lease originations also has a residual loss ratio limit calculated with respect to our serviced lease portfolio as a whole.

The documents that govern our secured structured financings also contain cumulative net loss ratio limits on the receivables included in each securitization trust. If, at any measurement date, a cumulative net loss trigger with respect to any financing were to exceed the specified limits, provisions of the financing agreements would increase the level of credit enhancement requirements for that financing and redirect all excess cash to the holders of the ABS. During this period, excess cash flow, if any, from the facility would be used to fund the increased credit enhancement levels rather than being distributed to us. Once an impacted trust reaches the new requirement, we would return to receiving a residual distribution from the trust.

Future significant loan, lease, or unsecured consumer loan repurchase requirements could harm our profitability and financial condition.

We have repurchase obligations in our capacity as servicer in securitizations and whole-loan sales. If a servicer breaches a representation, warranty, or servicing covenant with respect to the loans sold, the servicer may be required by the servicing provisions to repurchase that asset from the purchaser or otherwise compensate one or more classes of investors for losses caused by the breach. If significant repurchases of assets or other payments are required under our responsibility as servicer, it could have a material adverse effect on our financial condition, liquidity, and results of operations.

Table of Contents

We apply financial leverage to our operations, which may materially adversely affect our business, results of operations, and financial condition.

We currently apply financial leverage, pledging most of our assets to credit facilities and securitization trusts, and we intend to continue to apply financial leverage in our retail lending operations. Our debt-to-assets ratio is 89% as of September 30, 2013. Unlike banks, we are not subject to regulatory restrictions on the amount of our leverage. Our total borrowings are only restricted by covenants in our credit facilities and market conditions, and our board of directors may change our target borrowing levels at any time without the approval of our stockholders. Incurring substantial debt subjects us to the risk that our cash flow from operations may be insufficient to service our outstanding debt.

Our indebtedness and other obligations are significant and impose restrictions on our business.

We have a significant amount of indebtedness. At September 30, 2013 and December 31, 2012, we had approximately $22.7 billion and $16.2 billion, respectively, in principal amount of indebtedness outstanding (including approximately $22.0 billion and $15.9 billion, respectively, in secured indebtedness). Interest expense on our indebtedness constituted approximately 12% and 11%, respectively, of our total financing revenue and other interest income for the three and nine months ended September 30, 2013.

Our debt reduces operational flexibility and creates default risks. Our revolving credit facilities contain a borrowing base or advance rate formula which requires us to pledge finance contracts in excess of the amounts which we can borrow under the facilities. We are also required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities. In addition, certain facilities require the replacement of delinquent or defaulted collateral, and the finance contracts pledged as collateral in securitizations must be less than 31 days delinquent at the time the securitization is issued. Accordingly, increases in delinquencies or defaults resulting from weakened economic conditions would require us to pledge additional finance contracts to support the same borrowing levels and may cause us to be unable to securitize loans to the extent we desire. These outcomes would adversely impact our financial position, liquidity, and results of operations.

Additionally, the credit facilities generally contain various covenants requiring in certain cases minimum financial ratios, asset quality, and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferral levels. Generally, these limits are calculated based on the portfolio collateralizing the respective line; however, for certain of our third-party credit facilities, delinquency and net loss ratios are calculated with respect to our serviced portfolio as a whole. Covenants on our debts also limit our ability to:

- incur or guarantee additional indebtedness;
- purchase large loan portfolios in bulk;
- pay dividends or make distributions on our capital stock or make certain other restricted payments;
- sell assets, including our loan portfolio or the capital stock of our subsidiaries;
- enter into transactions without affiliates;
- create or incur liens; and
- consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets.

Additionally, one of our private ABS facilities contains a minimum tangible net worth requirement, and two of our revolving credit facilities contain key man provisions.

Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements, restrict our ability to obtain additional borrowings under these agreements and/or remove us as servicer.

We currently have the ability to pledge retained residuals and create additional unsecured indebtedness on our credit facilities provided by Santander. After this offering, Santander may elect not to renew these facilities, causing us to have to find other funding sources prior to the maturity of the Santander Credit Facilities.

If our debt service obligations increase, whether due to the increased cost of existing indebtedness or the incurrence of additional indebtedness, we may be required to dedicate a significant portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, which would reduce the funds available for other purposes. Our indebtedness also could limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing business and economic conditions.

In addition, certain of our funding arrangements may require us to make payments to third parties if losses exceed certain thresholds, including, for example, our flow agreements with Bank of America and SBNA and arrangements with certain third-party loan originators of loans that we purchase on a periodic basis.

Competition with other lenders could adversely affect us.

The vehicle finance market is served by a variety of entities, including the captive finance affiliates of major automotive manufacturers, banks, savings and loan associations, credit unions, and independent finance companies. The market is highly fragmented, with no individual lender capturing more than 10% of the market. Our competitors often provide financing on terms more favorable to automobile purchasers or dealers than we offer. Many of these competitors also have long-standing relationships with automobile dealerships and may offer dealerships or their customers other forms of financing that we do not offer.

We anticipate that we will encounter greater competition as we expand our operations and as the economy continues to emerge from recession. In addition, certain of our competitors are not subject to the same regulatory regimes that we are. As a result, these competitors may have advantages in conducting certain businesses and providing certain services, and may be more aggressive in their loan origination activities. Increasing competition could also require us to lower the rates we charge on loans in order to maintain loan origination volume, which could also have a material adverse effect on our business, including our profitability.

Changes in interest rates may adversely impact our profitability and risk profile.

Our profitability may be directly affected by interest rate levels and fluctuations in interest rates. As interest rates change, our gross interest rate spread on new originations either increases or decreases because the rates charged on the contracts originated or purchased from dealers are limited by market and competitive conditions, restricting our ability to pass on increased interest costs to the consumer. Additionally, although the majority of our borrowers are nonprime and are not highly sensitive to interest rate movement, increases in interest rates may reduce the volume of loans we originate. While we monitor the interest rate environment and employ hedging strategies designed to mitigate the impact of increased interest rates, we cannot provide assurance that hedging strategies will fully mitigate the impact of changes in interest rates.

We are subject to market, operational, and other related risks associated with our derivative transactions that could have a material adverse effect on us.

We enter into derivative transactions for economic hedging purposes. We are subject to market and operational risks associated with these transactions, including basis risk, the risk of loss associated with variations in the spread between the asset yield and the funding and/or hedge cost, credit or default risk, the risk of insolvency, or other inability of the counterparty to a particular transaction to perform its obligations thereunder, including providing sufficient collateral. Additionally, certain of our derivative agreements require us to post collateral when the fair value of the derivative is negative. Our ability to adequately monitor, analyze, and report derivative transactions continues to depend, to a great extent, on our information technology systems. This factor further increases the risks associated with these transactions and could have a material adverse effect on us.

Table of Contents

Adverse outcomes to current and future litigation against us may negatively impact our financial position, liquidity, and results of operations.

As a consumer finance company, we are subject to various consumer claims and litigation seeking damages and statutory penalties. Some litigation against us could take the form of class action complaints by consumers. As the assignee of loans originated by automotive dealers, we also may be named as a co-defendant in lawsuits filed by consumers principally against automotive dealers.

We are party to various litigation claims and legal proceedings. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our current assessments and estimates and any adverse resolution of litigation pending or threatened against us could negatively impact our financial position, liquidity, and results of operations.

A security breach or a cyber attack could adversely affect our business.

In the normal course of business, we collect, process and retain sensitive and confidential consumer information and may, subject to applicable law, share that information with our third-party service providers. Despite the security measures we have in place, our facilities and systems, and those of third-party service providers, could be vulnerable to external or internal security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, or other similar events. A security breach or cyber attack of our computer systems could interrupt or damage our operations or harm our reputation. If third parties or our employees are able to penetrate our network security or otherwise misappropriate our customers personal information or contract information, or if we give third parties or our employees improper access to consumers personal information or contract information, we could be subject to liability. This liability could include investigations, fines, or penalties imposed by state or federal regulatory agencies, including the loss of necessary permits or licenses. This liability could also include identity theft or other similar fraud-related claims, claims for other misuses, or losses of personal information, including for unauthorized marketing purposes or claims alleging misrepresentation of our privacy and data security practices.

We rely on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effect secure online transmission of confidential consumer information. Advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments may result in a compromise or breach of the algorithms that we use to protect sensitive consumer transaction data. A party who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. We may be required to expend capital and other resources to protect against such security breaches or cyber attacks or to alleviate problems caused by such breaches or attacks. Our security measures are designed to protect against security breaches and cyber attacks, but our failure to prevent such security breaches and cyber attacks, whether due to an external cyber-security incident, a programming error, or other cause, could damage our reputation, expose us to mitigation costs and the risks of private litigation and government enforcement, disrupt our business, or otherwise have a material adverse effect on our sales and results of operations.

We partially rely on third parties to deliver services, and failure by those parties to provide these services or meet contractual requirements could have a material adverse effect on our business.

We depend on third-party service providers for many aspects of our business operations. For example, we depend on third parties like Experian to obtain data related to our market that we use in our origination and servicing platforms. In addition, we rely on third-party servicing centers for a portion of our servicing activities and on third-party repossession agents. If a service provider fails to provide the services that we require or expect, or fails to meet contractual requirements, such as service levels or compliance with applicable laws, the

Table of Contents

failure could negatively impact our business by adversely affecting our ability to process customers transactions in a timely and accurate manner, otherwise hampering our ability to service our customers, or subjecting us to litigation or regulatory risk for poor vendor oversight. Such a failure could adversely affect the perception of the reliability of our networks and services, and the quality of our brands, and could have a material and adverse effect on our financial condition and results of operations.

Catastrophic events may negatively affect our business, financial condition, and results of operations.

Natural disasters, acts of war, terrorist attacks, and the escalation of military activity in response to these attacks or otherwise may have negative and significant effects, such as imposition of increased security measures, changes in applicable laws, market disruptions, and job losses. These events may have an adverse effect on the economy in general. Moreover, the potential for future terrorist attacks and the national and international responses to these threats could affect our business in ways that cannot be predicted. The effect of any of these events or threats could have a material adverse effect on our business, results of operations, and financial condition.

The obligations associated with being a public company will require significant resources and management attention, which will increase our costs of operations and may divert focus from our business operations.

We have not been required in the past to comply with Securities and Exchange Commission (SEC) requirements to file periodic reports with the SEC. As a publicly traded company following completion of this offering, we will be required to file periodic reports containing our consolidated financial statements with the SEC within a specified time following the completion of quarterly and annual periods. As a public company, we will also incur significant legal, accounting, insurance, and other expenses. Compliance with these reporting requirements and other rules of the SEC and the rules of the NYSE will increase our legal and financial compliance costs and make some activities more time consuming and costly. Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert management s attention from implementing our growth strategy, which could prevent us from successfully implementing our strategic initiatives and improving our business, results of operations, and financial condition. Among other things, we will be required to: prepare and distribute periodic reports and other stockholder communications in compliance with our obligations under the federal securities laws and applicable stock exchange rules; appoint new independent members to our board of directors and committees; create or expand the roles and duties of our board of directors and committees of the board; institute more comprehensive compliance and internal audit functions; evaluate and maintain our system of internal control over financial reporting, and report on management s assessment thereof, in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board; involve and retain outside legal counsel and accountants in connection with the activities listed above; enhance our investor relations function; and maintain internal policies, including those relating to disclosure controls and procedures. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, we cannot predict or estimate the amount of additional costs we may incur in order to comply with these requirements. We anticipate that these costs will materially increase our total costs and expenses.

Internal controls over financial reporting may not prevent or detect all errors or acts of fraud.

We maintain disclosure controls and procedures designed to ensure that we timely report information as specified in the rules and regulations of the SEC. We also maintain a system of internal control over financial reporting. However, these controls may not achieve their intended objectives. Control processes that involve human diligence and compliance, such as our disclosure controls and procedures and internal control over financial reporting, are subject to lapses in judgment and breakdowns resulting from human failures. Controls can also be circumvented by collusion or improper management override. Because of such limitations, there are risks that material misstatements due to error or fraud may not be prevented or detected and that information may not be reported on a timely basis. If our controls are not effective, it could have a material adverse effect on our financial condition, results of operations, and market for our common stock, and could subject us to regulatory scrutiny.

Table of Contents

Regulatory Risks

In addition to the Risk Factors below, please also refer to the section of this prospectus entitled Business Supervision and Regulation for more information on the regulatory regimes to which we are subject.

We operate in a highly regulated industry and continually changing federal, state, and local laws and regulations could materially adversely affect our business.

Due to the highly regulated nature of the consumer finance industry, we are required to comply with a wide array of federal, state, and local laws and regulations that regulate, among other things, the manner in which we conduct our origination and servicing operations. These regulations directly impact our business and require constant compliance, monitoring, and internal and external audits. Although we have an extensive enterprise-wide compliance framework structured to continuously monitor our activities, compliance with applicable law is costly, and may create operational constraints.

These laws and their implementing regulations include, among others, usury laws, Anti-Money Laundering requirements (Bank Secrecy Act and USA PATRIOT Act), Equal Credit Opportunity Act (ECOA), Fair Debt Collection Practices Act, Fair Credit Reporting Act, Privacy Regulations (Gramm-Leach Bliley Act and Right to Financial Privacy Act), Electronic Funds Transfer Act, Servicemembers Civil Relief Act, Telephone Consumer Protection Act, Truth in Lending Act, and requirements related to unfair, deceptive, or abusive acts or practices.

Many states and local jurisdictions have consumer protection laws analogous to, or in addition to, those listed above. These federal, state, and local laws regulate the manner in which financial institutions deal with customers when making loans or conducting other types of financial transactions.

New legislation and regulation may include changes with respect to consumer financial protection measures and systematic risk oversight authority. Such changes present the risk of financial loss due to regulatory fines or penalties, restrictions or suspensions of business, or costs associated with mandatory corrective action as a result of failure to adhere to applicable laws, regulations, and supervisory guidance. Failure to comply with these laws and regulations could also give rise to regulatory sanctions, customer rescission rights, action by state and local attorneys general, civil or criminal liability, or damage to our reputation, which could materially and adversely affect our business, financial condition, and results of operations.

In connection with the SEC s review of the Annual Reports on Form 10-K filed by Santander Drive Auto Receivables Trust 2010-1 and Santander Drive Auto Receivables Trust 2010-2 (together, the 2010 Trusts) for the fiscal year ended December 31, 2012, the 2010 Trusts received a comment from the SEC regarding the applicability to SCUSA, as the servicer of the 2010 Trusts, of certain servicing criteria set forth in Regulation AB relating to the safeguarding of pool assets and related documentation of the 2010 Trusts. We completed our final response to this comment letter, including amendments to the Form 10-K filings by the 2010 Trusts, in September 2013 and believe there has been no adverse impact on our business.

The Dodd-Frank Act and the creation of the CFPB in addition to recently issued rules and guidance will likely increase our regulatory compliance burden and associated costs.

The Dodd-Frank Act introduced a substantial number of reforms that continue to reshape the structure of the regulation of the financial services industry. In particular, the Dodd-Frank Act includes, among other things, the creation of the Consumer Financial Protection Bureau (CFPB), which is authorized to promulgate and enforce consumer protection regulations relating to financial products and services.

In March 2013, the CFPB issued a bulletin recommending that indirect vehicle lenders, a class that includes us, take steps to monitor and impose controls over dealer markup policies where dealers charge consumers higher interest rates, with the markup shared between the dealer and the lender.

Table of Contents

The CFPB is also conducting supervisory audits of large vehicle lenders and has indicated it intends to study and take action with respect to possible ECOA disparate impact credit discrimination in indirect vehicle finance. If the CFPB enters into a consent decree with one or more lenders on disparate impact claims, it could negatively impact the business of the affected lenders, and potentially the business of dealers and other lenders in the vehicle finance market. This impact on dealers and lenders could increase our regulatory compliance requirements and associated costs.

Unlike competitors that are banks, we are subject to the licensing and operational requirements of states and other jurisdictions and our business would be adversely affected if we lost our licenses.

Because we are not a depository institution, we do not benefit from exemptions to state loan servicing or debt collection licensing and regulatory requirements. To the extent that they exist, we must comply with state licensing and various operational compliance requirements in all 50 states and the District of Columbia. These include, among others, form and content of contracts, other documentation, collection practices and disclosures, and record keeping requirements. We are sensitive to regulatory changes that may increase our costs through stricter licensing laws, disclosure laws, or increased fees. Currently, we have all required licenses as applicable to do business in all 50 states and the District of Columbia.

In addition, we are subject to periodic examinations by state and other regulators. The states that currently do not provide extensive regulation of our business may later choose to do so. The failure to comply with licensing or permit requirements and other local regulatory requirements could result in significant statutory civil and criminal penalties, monetary damages, attorneys fees and costs, possible review of licenses, and damage to reputation, brand, and valued customer relationships.

We may be subject to certain banking regulations that may limit our business activities.

Because our largest shareholder is a bank holding company and because we provide third-party services to banks, we are subject to certain banking regulations, including oversight by the Federal Reserve, the Office of the Comptroller of the Currency, and the Bank of Spain. Such banking regulations could limit the activities and the types of businesses that we may conduct. The Federal Reserve has broad enforcement authority over bank holding companies and their subsidiaries. The Federal Reserve could exercise its power to restrict SHUSA from having a non-bank subsidiary that is engaged in any activity that, in the Federal Reserve s opinion, is unauthorized or constitutes an unsafe or unsound business practice, and could exercise its power to restrict us from engaging in any such activity. The Federal Reserve may also impose substantial fines and other penalties for violations that we may commit. Additionally, the Federal Reserve has the authority to approve or disallow acquisitions we may contemplate, which may limit our future growth plans. To the extent that we are subject to banking regulation, we could be at a competitive disadvantage because some of our competitors are not subject to these limitations.

Risks Related to Our Common Stock

You will incur immediate dilution as a result of this offering.

If you purchase our common stock in this offering, you will pay more for your shares than the pro forma net tangible book value of your shares. As a result, you will incur immediate dilution of $ per share assuming an initial offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses, representing the difference between such assumed offering price and our estimated pro forma net tangible book value per pro forma share as of September 30, 2013, of $. Accordingly, if we are liquidated at our book value, you would not receive the full amount of your investment. If Chrysler elects to exercise its option to purchase an equity participation in the Chrysler Capital portion of our business through an equity interest directly in SCUSA, its new interest could dilute the interests of the then-existing shareholders. See Dilution and Business Our Relationship with Chrysler.

Table of Contents

There is currently no market for our common stock and a market for our common stock may not develop, which could adversely affect the liquidity and price of our common stock.

Before this offering, there has been no established public market for our common stock. An active, liquid trading market for our common stock may not develop or be sustained following this offering. If an active trading market does not develop, you may have difficulty selling your shares of common stock at an attractive price, or at all. An inactive market may also impair our ability to raise capital by selling our common stock and may impair our ability to acquire other companies, products or technologies by using our common stock as consideration. We have applied to have our common stock listed on the NYSE, but our application may not be approved. In addition, the liquidity of any market that may develop or the price that our stockholders may obtain for their shares of common stock cannot be predicted. The initial public offering price for our common stock will be determined by negotiations between us, the selling stockholders, and the representative of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. See Underwriting. Consequently, you may not be able to sell your common stock at or above the initial public offering price or at any other price or at the time that you would like to sell.

The market price of our common stock could decline due to the large number of outstanding shares of our common stock eligible for future sale.

Sales of substantial amounts of our common stock in the public market following this offering or in future offerings, or the perception that these sales could occur, could cause the market price of our common stock to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future, at a time and price that we deem appropriate.

Upon completion of this offering and the Reorganization, we will have shares of common stock. Of the outstanding shares of common stock, all of the shares sold in this offering, other than any shares that may be purchased in this offering by a holder that is subject to an agreement, will be freely tradable, except that any shares purchased by affiliates (as that term is defined in Rule 144 under the Securities Act of 1933, as amended (the Securities Act)), may only be sold in compliance with the limitations described in the section of this prospectus entitled Shares Eligible for Future Sale. Taking into consideration the effect of the lock-up agreements described below and the provisions of Rule 144 under the Securities Act, the remaining shares of our common stock may be eligible for resale in the public market under Rule 144 under the Securities Act subject to applicable restrictions under Rule 144.

We, our officers and directors, certain of our employees, the selling stockholders and our other stockholders have agreed to customary lock up agreements with the underwriters in connection with this offering. See Underwriting. Shareholder agreements that we have entered into with certain of our officers in connection with the Equity Transaction (Management Shareholder Agreements) also provide that these officers may not sell or otherwise dispose of our common stock for customary periods before and after an underwritten offering of shares of our common stock. See Certain Relationships and Related Party Transactions 2011 Investment. An aggregate of shares of our common stock are subject to these lock-up arrangements. In addition, the Management Shareholder Agreements provide for certain repurchase rights and restrictions, including that shares obtained through exercise of stock options may not be transferred until December 31, 2016.

In addition, we intend to file a registration statement on Form S-8 under the Securities Act to register an aggregate of approximately shares of common stock for issuance under our 2011 Management Equity Plan. Any shares issued in connection with acquisitions, the exercise of stock options, or otherwise would dilute the percentage ownership held by investors who purchase our shares in this offering. See Shares Eligible for Future Sale.

Substantially all of the shares of common stock existing prior to this offering are subject to registration rights pursuant to the Shareholders Agreement. In addition, we have granted certain of our officers piggyback registration rights in the Management Shareholder Agreements pursuant to which they may require us to include

Table of Contents

their shares in future offerings that involve, in whole or in part, a secondary offering of our shares, provided that Auto Finance Holdings is selling shares in such offering. See Certain Relationships and Related Party Transactions Shareholders Agreement Registration Rights and Certain Relationships and Related Party Transactions 2011 Investment.

The market price of our common stock may be volatile, which could cause the value of an investment in our common stock to decline.

The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including:

- general market conditions;
- domestic and international economic factors unrelated to our performance;
- actual or anticipated fluctuations in our quarterly operating results;
- changes in or failure to meet publicly disclosed expectations as to our future financial performance;
- downgrades in securities analysts estimates of our financial performance or lack of research and reports by industry analysts;
- changes in market valuations or earnings of similar companies;
- any future sales of our common stock or other securities; and
- additions or departures of key personnel.

The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. These types of broad market fluctuations may adversely affect the trading price of our common stock. In the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management s attention and resources, and harm our business or results of operations. For example, we are currently operating in, and have benefited from, a protracted period of historically low interest rates that will not be sustained indefinitely, and future fluctuations in interest rates could cause an increase in volatility of the market price of our common stock.

Certain provisions of our amended and restated certificate of incorporation may have anti-takeover effects, which could limit the price investors might be willing to pay in the future for our common stock. In addition, Delaware law may inhibit takeovers of us and could limit our ability to engage in certain strategic transactions our board of directors believes would be in the best interests of stockholders.

Certain provisions of our amended and restated certificate of incorporation and bylaws that will be effective upon completion of this offering could discourage unsolicited takeover proposals that stockholders might consider to be in their best interests. Among other things, our amended and restated certificate of incorporation and bylaws may include provisions that:

- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;

fix the number of directors and provide that the number of directors may only be changed by an amendment to our bylaws;

limit the ability of our stockholders to nominate candidates for election to our board of directors;

authorize the issuance of blank check preferred stock without any need for action by stockholders;

limit the ability of stockholders to call special meetings of stockholders; and

establish advance notice requirements for nominations for election to our board of directors or for proposing matters that may be acted on by stockholders at stockholder meetings.

Table of Contents

The foregoing factors, as well as the significant common stock ownership by our Principal Stockholders, could impede a merger, takeover, or other business combination or discourage a potential investor from making a tender offer for our common stock, which, under certain circumstances, could reduce the market value of our common stock. See Description of Capital Stock.

In addition, Section 203 of the Delaware General Corporation Law (the DGCL), generally affects the ability of an interested stockholder to engage in certain business combinations, including mergers, consolidations, or acquisitions of additional shares, for a period of three years following the time that the stockholder becomes an interested stockholder. An interested stockholder is defined to include persons owning directly or indirectly 15% or more of the outstanding voting stock of a corporation. We currently intend to elect in our amended and restated certificate of incorporation not to be subject to Section 203 of the DGCL. However, our amended and restated certificate of incorporation may contain provisions that have the same effect as Section 203, except that they provide that SHUSA and Auto Finance Holdings will not be deemed to be interested stockholders, regardless of the percentage of our voting stock owned by them and, accordingly, will not be subject to such restrictions.

Our common stock is and will be subordinate to all of our existing and future indebtedness and any preferred stock, and effectively subordinated to all indebtedness and preferred equity claims against our subsidiaries.

Shares of our common stock are common equity interests in us and, as such, will rank junior to all of our existing and future indebtedness and other liabilities. Additionally, holders of our common stock may become subject to the prior dividend and liquidation rights of holders of any classes or series of preferred stock that our board of directors may designate and issue without any action on the part of the holders of our common stock. Furthermore, our right to participate in a distribution of assets upon any of our subsidiaries liquidation or reorganization is subject to the prior claims of that subsidiary s creditors and preferred stockholders.

Our Principal Stockholders will continue to have significant influence over us after this offering, including control over decisions that require the approval of stockholders, which could limit your ability to influence the outcome of key transactions, including a change of control.

Our Principal Stockholders exert, and after this offering will continue to exert, significant influence over us, including pursuant to the terms of the Shareholders Agreement. As set forth under Security Ownership of Certain Beneficial Owners, Management and Selling Stockholders, the Principal Stockholders will continue to own approximately % of our common stock after the completion of this offering, assuming the underwriters do not exercise any of their over-allotment option to purchase additional shares. If the underwriters exercise in full their option to purchase additional shares, the Principal Stockholders will own approximately % of our common stock. Pursuant to the Shareholders Agreement, the Principal Stockholders will have the right to nominate all of our directors from and after this offering, provided certain minimum share ownership thresholds are maintained. See Certain Relationships and Related Party Transactions Shareholders Agreement. Through our board of directors, our Principal Stockholders will control our policies and operations, including, among other things, the appointment of management, future issuances of our common stock or other securities, the payment of dividends, if any, on our common stock, the incurrence of debt by us, and the entering into of extraordinary transactions.

In addition, the Shareholders Agreement provides our Principal Stockholders with approval rights in their capacity as stockholders over certain specific actions taken by SCUSA, provided certain minimum share ownership thresholds are maintained. These actions include, among other things, mergers and sales of all or substantially all of our assets. The Principal Stockholders may have interests that do not align with the interests of our other stockholders, including with regard to pursuing acquisitions, divestitures, and other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to our other stockholders. For example, our Principal Stockholders could cause us to make acquisitions that increase our indebtedness or to sell revenue-generating assets. The Principal Stockholders will have effective control over our decisions to enter into such corporate transactions regardless of whether others believe that the transaction is in our best interests. Such control may have the effect of delaying, preventing, or deterring a change of control of SCUSA, could deprive stockholders of an opportunity to receive a premium for their common stock as part of a sale of SCUSA, and might ultimately affect the market price of our common stock. See Certain Relationships and Related Party Transactions Shareholders Agreement and Description of Capital Stock.

Certain of our Principal Stockholders or their respective investors are also in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Certain of our Principal Stockholders or their respective investors may also pursue acquisition opportunities that are complementary to our business and, as a result, those acquisition opportunities may not be available to us. None of our Principal Stockholders nor any of their affiliates will be obligated to present any particular investment or business opportunity to us, even if such opportunity is of a character that could be pursued by us, and may pursue it for their own account or recommend to any other person any such investment opportunity. See Description of our Capital Stock Renunciation of Corporate Opportunities.

We are a controlled company within the meaning of the NYSE rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

After completion of this offering, the Principal Stockholders will continue to own a majority of the voting power of our outstanding common stock. As a result, we are a controlled company within the meaning of the corporate governance standards. Under these rules, a company of which more than 50% of the voting power is held by an individual, group, or another company is a controlled company and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the board of directors consist of independent directors;
- the requirement that we have a separate nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities;
- the requirement that we have a separate compensation committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors and we will not have a nominating and corporate governance committee or a compensation committee. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the .

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. 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 anticipate, believes, can, could, may, predicts, potential, should, will, estimat continuing, ongoing, expects, intends, and similar words or phrases. Accordingly, these statements are only predictions and involve estimates, known and unknown risks, assumptions, and uncertainties that could cause actual results to differ materially from those expressed in them. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of several factors more fully described under the caption Risk Factors and elsewhere in this prospectus, including the exhibits hereto.

Any or all of our forward-looking statements in this prospectus may turn out to be inaccurate. The inclusion of this forward-looking information should not be regarded as a representation by us, the selling stockholders, the underwriters, or any other person that the future plans, estimates, or expectations contemplated by us will be achieved. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, and financial needs. There are important factors that could cause our actual results, level of activity, performance, or achievements to differ materially from the results, level of activity, performance, or achievements expressed or implied by the forward-looking statements, including, but not limited to, statements regarding (i) our asset growth and sources of funding; (ii) our expansion into different consumer segments; (iii) our financing plans; (iv) the impact of regulations on us; (v) our exposure to market risks, including interest rate risk and equity price risk; (vi) our exposure to credit risks, including credit default risk and settlement risk; (vii) our competition; (viii) our projected capital expenditures; (ix) our capitalization requirements and level of reserves; (x) our liquidity; (xi) trends affecting the economy generally; and (xii) trends affecting our financial condition and our results of operations. Examples of these important factors, in addition to those discussed elsewhere in this prospectus, that could cause our actual results to differ substantially from those anticipated in our forward-looking statements, include, among others:

- adverse economic conditions in the United States and worldwide may negatively impact our results;
- our business could suffer if our access to funding is reduced;
- we face significant risks implementing our growth strategy, some of which are outside our control;
- our recent agreement with Chrysler may not result in currently anticipated levels of growth and is subject to certain performance conditions that could result in termination of the agreement;
- our business could suffer if we are unsuccessful in developing and maintaining relationships with automobile dealerships;
- our financial condition, liquidity, and results of operations depend on the credit performance of our loans;
- loss of our key management or other personnel, or an inability to attract such management and personnel, could negatively impact our business;
- future changes in our relationship with Santander could adversely affect our operations; and
- we operate in a highly regulated industry and continually changing federal, state, and local laws and regulations could materially adversely affect our business.

All forward-looking statements are necessarily only estimates of future results, and actual results may differ materially from expectations. You are, therefore, cautioned not to place undue reliance on such statements which should be read in conjunction with the other cautionary statements that are included elsewhere in this prospectus. In particular, you should consider the numerous risks described in the Risk Factors section of this prospectus. Further, any forward-looking statement speaks only as of the date on which it is made and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

Table of Contents

USE OF PROCEEDS

Assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering will be approximately $ (or $ if the underwriters exercise in full their option to purchase additional shares of common stock from us), after deducting estimated underwriting discounts and commissions and estimated offering expenses. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share of common stock, the midpoint of the range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us of this offering by $, assuming that the number of shares offered by us, as set forth on the cover of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses. An increase (decrease) of one million shares in the number of shares offered by us would increase (decrease) net proceeds to us of this offering by $, assuming the public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses. If the underwriters exercise their over-allotment option to purchase additional shares in full, we estimate that the net proceeds to us from this offering will be approximately $ million.

Upon completion of this offering, we intend to use the net proceeds received by us for general corporate purposes.

We will not receive any proceeds from the sale of shares of common stock by our selling stockholders.

Table of Contents

REORGANIZATION

In June 2013, Santander Consumer USA Inc., an Illinois corporation (SCUSA Illinois), formed Santander Consumer USA Holdings Inc., a Delaware corporation (SCUSA Delaware), and SCUSA Merger Sub Inc., an Illinois corporation and a wholly owned subsidiary of SCUSA Delaware (SCUSA Merger Sub). SCUSA Delaware is the registrant in this offering. Both SCUSA Delaware and SCUSA Merger Sub were formed solely for the purpose of effecting this offering. Neither SCUSA Delaware nor SCUSA Merger Sub has engaged in any business or other activities except in connection with their respective formations and effecting this offering, and, except for SCUSA Delaware holding the stock of SCUSA Merger Sub, neither holds any assets and, except for SCUSA Merger Sub being a wholly owned subsidiary of SCUSA Delaware, neither has any subsidiaries. Immediately prior to the closing of this offering, SCUSA Merger Sub will merge with and into SCUSA Illinois, with SCUSA Illinois continuing as the surviving corporation and a wholly owned subsidiary of SCUSA Delaware, the registrant. In the merger, all of the outstanding shares of common stock of SCUSA Illinois will be converted into shares of SCUSA Delaware common stock on a for basis.

The Reorganization will not result in any change of the business, management, jobs, fiscal year, assets, liabilities, or location of the principal facilities of SCUSA Illinois.

Table of Contents

DIVIDEND POLICY

It has been our policy in recent years to pay a dividend to all common stockholders. Following the completion of this offering, we currently intend to pay dividends on a quarterly basis. Our board of directors may also change or eliminate the payment of future dividends at its discretion, without prior notice to our stockholders, and our dividend policy and practice may change at any time and from time to time in the future. Any future determination to pay dividends to our stockholders will be dependent upon our financial condition, results of operation, capital needs, government regulations, and any other factors that our board of directors may deem relevant at such time and from time to time.

Our recent dividends have been as follows:

			Outstanding Shares on Date of Record		Dividend per Share	
Dividend Declared	**Declared on Earnings for**	**Dividend Amount**	**Actual**	**(Adjusted for Stock Split)**	**Actual**	**(Adjusted for Stock Split)**
December 2010	2010	$ 400,000,000	92,173,913		$ 4.34	
March 2011	2010	247,632,000	92,173,913		2.69	
April 2011	2011	217,681,200	92,173,913		2.36	
April 2012	2011	243,643,727	129,819,883		1.88	
April 2012	2012	86,356,273	129,819,883		0.67	
September 2012	2012	145,000,000	129,819,883		1.12	
October 2012	2012	200,000,000	129,819,883		1.54	
December 2012	2012	60,000,000	129,819,883		0.46	
April 2013	2013	290,401,495	129,821,447		2.24	

33

Table of Contents

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2013 on an actual basis and on an as adjusted basis to give pro forma effect to the sale of shares of common stock by us at an assumed initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

Actual amounts included in this table are derived from unaudited financial statements included elsewhere in this registration statement. This table should be read in conjunction with Selected Historical Consolidated Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and the related notes thereto appearing elsewhere in this prospectus.

	At September 30, 2013	
	Actual	**As Adjusted (1)**
	(Dollars in thousands, except per share data)	
Cash and cash equivalents	$ 27,351	$
Liabilities:		
Notes payable credit facilities	7,407,526	
Notes payable secured structured financings	15,275,871	
Equity:		
Common stock, no par value: 250,000,000 shares authorized, 129,824,195 shares issued, 129,823,012 shares outstanding (actual); shares authorized, shares issued and outstanding (as adjusted) (2)	1,265,764	
Additional paid-in capital	147,161	
Accumulated other comprehensive loss	(6,595)	
Retained earnings	1,162,828	
Total equity	2,569,158	
Total capitalization	$ 25,252,555	$

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share of common stock, the midpoint of the range set forth on the cover page of this prospectus would increase (decrease) cash and cash equivalents, total shareholders equity and total capitalization by $, assuming that the number of shares offered by us, as set forth on the cover of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses.
An increase (decrease) of one million shares in the number of shares offered by us would increase (decrease) cash and cash equivalents, total shareholders equity and total capitalization by $, assuming the public offering price per share of common stock remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses.

(2) Excludes all shares reserved for issuance under our 2011 Management Equity Plan.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the net tangible book value per share of our common stock after this offering. Dilution results from the fact that the initial public offering price per share of common stock is substantially in excess of the net tangible book value per share of our common stock attributable to existing stockholders for our presently outstanding shares of common stock. As of September 30, 2013, net tangible book value attributable to our stockholders was $2,440,585,000, or $18.80 per share of common stock based on 129,823,012 shares of common stock issued and outstanding. Net tangible book value per share equals total consolidated tangible assets minus total consolidated liabilities divided by the number of outstanding shares of common stock.

Our net tangible book value as of September 30, 2013 would have been approximately $, or $ per share of common stock based on shares of common stock issued and outstanding after giving effect to the sale of shares of common stock by us at an assumed initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

This represents an immediate increase in the net tangible book value of $ per share to existing stockholders and an immediate dilution in the net tangible book value of $ per share to the investors who purchase our common stock in this offering. Sales of shares by our selling stockholders in this offering do not affect our net tangible book value.

The following table illustrates the per share dilution after giving pro forma effect to this offering:

Initial public offering price per share		$
Net tangible book value per share as of September 30, 2013	$ 18.80	
Increase in net tangible book value per share attributable to this offering	$	
Net tangible book value per share of common stock after the offering		$
Dilution per share to new investors		$

Each $1.00 increase (decrease) in the assumed initial offering price of $ per share of common stock would increase (decrease) the net tangible book value as of September 30, 2013 by approximately $, or approximately $ per share, and the dilution per share to new investors by approximately $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase of one million shares in the number of shares offered by us would result in net tangible book value as of September 30, 2013 of approximately $, or $ per share, and the dilution per share to investors in this offering would be $ per share, assuming the public offering price per share remains the same. Similarly, a decrease of one million shares in the number of shares of common stock offered by us would result in net tangible book value as of September 30, 2013 of approximately $, or $ per share, and the dilution per share to investors in this offering would be $ per share. The information discussed above is illustrative only and will adjust based on the actual public offering price and other terms of this offering determined at pricing, assuming the public offering price per share remains the same.

The following table summarizes, as of September 30, 2013 (giving pro forma effect to the sale by us of shares of common stock in this offering), the difference between existing stockholders and new investors with respect to the number of shares of common stock purchased from us, the total consideration paid to us for these shares, and the average price per share paid by our existing stockholders and to be paid by the new investors in this offering. The calculation below reflecting the effect of shares purchased by new investors is based on the initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					
Total		100.0		100.0	

The number of shares purchased is based on shares of common stock outstanding as of September 30, 2013. The discussion and table above exclude shares of common stock issuable upon exercise of outstanding options issued. If the underwriters were to fully exercise their option to purchase additional shares of our common stock, the percentage of shares of our common stock held by existing stockholders would be %, and the percentage of shares of our common stock held by new investors would be %. To the extent any outstanding options are exercised, new investors will experience further dilution. To the extent all outstanding options had been exercised as of September 30, 2013, the net tangible book value per share after this offering would be $ and total dilution per share to new investors would be $.

Table of Contents

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated financial data should be read in conjunction with, and are qualified by reference to, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto included elsewhere in this prospectus. The consolidated statement of income data for the years ended December 31, 2012, 2011, and 2010 and the consolidated balance sheet data at December 31, 2012 and 2011 has been derived from, and is qualified by reference to, our audited consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those consolidated financial statements and notes thereto. The consolidated statement of income data for the years ended December 31, 2009 and 2008 and the consolidated balance sheet data at December 31, 2010, 2009, and 2008 has been derived from audited consolidated financial statements that are not included in this prospectus. The consolidated statement of income data for the quarterly and year-to-date periods ended September 30, 2013 and 2012 and the consolidated balance sheet data at September 30, 2013 are derived from, and qualified by reference to, our unaudited interim consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those consolidated financial statements and notes thereto.

Santander Consumer USA Holdings Inc. has not engaged in any operations or conducted any activities other than those incidental to its formation and to preparations for the Reorganization and this offering. It will have only nominal assets and no liabilities prior to the consummation of the Reorganization and this offering. Upon closing, its assets will include shares in Santander Consumer USA Inc., its wholly owned subsidiary and operating company, and the cash proceeds of this offering. See Reorganization. Accordingly, this prospectus includes, and the discussion below is based solely on, the historical financial statements of Santander Consumer USA Inc.

	Three Months Ended		Nine Months Ended		Year Ended				
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
Income Statement Data									
Income from individually acquired retail installment contracts	$ 879,628	$ 580,360	$ 2,333,857	$ 1,600,054	$ 2,223,833	$ 1,695,538	$ 1,682,492	$ 1,281,515	$ 1,396,610
Income from purchased receivables portfolios	87,237	161,753	327,712	545,819	704,770	870,257	360,287	218,240	105,229
Other financing income	44,627	2,845	62,205	7,416	19,899	28,718	33,799	10,485	5,333
Interest and fees on finance receivables and loans	1,011,492	744,958	2,723,774	2,153,289	2,948,502	2,594,513	2,076,578	1,510,240	1,507,172
Interest expense	120,589	98,774	291,062	293,238	374,027	418,526	316,486	235,031	256,356
Net other finance and interest income	9,643	2,950	17,486	9,423					
Net interest margin	900,546	649,134	2,450,198	1,869,474	2,574,475	2,175,987	1,760,092	1,275,209	1,250,816
Provision for loan losses on individually acquired retail installment contracts	447,565	243,698	1,074,487	683,000	1,119,074	741,559	750,625	720,938	823,024
Incremental increase (decrease) in allowance related to purchased receivables	93,718	(57,823)	51,654	(22,798)	3,378	77,662	137,600		

portfolios									
Other provisions for loan losses	56,918		97,664						
Provision for loan losses	598,201	185,875	1,223,805	660,202	1,122,452	819,221	888,225	720,938	823,024
Profit sharing	27,238		34,802						
Other income	78,340	74,291	208,878	238,890	295,689	452,529	249,028	48,096	43,120
Costs and expenses	176,140	183,730	496,312	464,192	559,163	557,083	404,840	249,012	209,315
Income tax expense	65,486	141,261	322,413	372,266	453,615	464,034	277,944	143,834	87,472
Net income	111,821	212,559	581,744	611,704	734,934	788,178	438,111	209,521	174,125
Net income attributable to Santander Consumer USA Inc shareholders	111,245	168,467	583,565	595,846	715,003	768,197	438,111	209,521	174,125
Share Data									
Weighted-average common shares outstanding									
Basic	129,822,780	129,819,883	129,821,712	129,819,883	129,819,883	92,277,053	92,173,913	92,173,913	92,173,913
Diluted	129,822,780	129,819,883	129,821,712	129,819,883	129,819,883	92,277,053	92,173,913	92,173,913	92,173,913
Earnings per share attributable to Santander Consumer USA Inc shareholders									
Basic	$ 0.86	$ 1.30	$ 4.50	$ 4.59	$ 5.51	$ 8.32	$ 4.75	$ 2.27	$ 1.89
Diluted	$ 0.86	$ 1.30	$ 4.50	$ 4.59	$ 5.51	$ 8.32	$ 4.75	$ 2.27	$ 1.89

Table of Contents

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Net tangible book value per common share at period end									
Excluding other comprehensive income (loss)	$ 18.85		$ 18.85		$ 16.04	$ 16.20	$ 6.95	$ 6.37	$ 4.49
Including other comprehensive income (loss)	$ 18.80		$ 18.80		$ 15.97	$ 16.11	$ 6.95	$ 6.24	$ 4.06
Dividends declared per share of common stock									
Basic	$	$ 1.12	$ 2.24	$ 3.67	$ 5.66	$ 5.05	$ 4.34		
Diluted	$	$ 1.12	$ 2.24	$ 3.67	$ 5.66	$ 5.05	$ 4.34		
Balance Sheet Data (1)									
Finance receivables and loans	$ 21,238,684		$ 21,238,684		$ 16,265,820	$ 16,715,703	$ 15,032,046	$ 7,466,267	$ 5,600,102
Goodwill and intangible assets	128,573		128,573		126,700	125,427	126,767	142,198	105,643
Total assets	25,608,280		25,608,280		18,741,644	19,404,371	16,773,021	8,556,177	6,044,454
Total borrowings	22,683,397		22,683,397		16,227,995	16,790,518	15,065,635	7,525,930	5,432,338
Total liabilities	23,039,122		23,039,122		16,502,178	17,167,686	16,005,404	7,838,862	5,564,986
Total equity	2,569,158		2,569,158		2,239,466	2,236,685	767,617	717,315	479,468
Allowance for loan losses	2,355,087		2,355,087		1,774,002	1,208,475	840,599	384,396	347,302
Other Information									
Charge-offs, net of recoveries	$ 371,396	$ 272,692	$ 772,187	$ 710,002	$ 1,008,454	$ 1,025,133	$ 709,367	$ 683,844	$ 679,172
End of period Delinquent principal over 60 days	945,766		945,766		865,917	767,838	579,627	502,254	477,141
End of period Gross finance receivables and loans	24,201,063		24,201,063		18,655,497	18,754,938	16,843,774	8,309,153	6,360,982
Average gross individually acquired retail installment contracts	19,790,033	12,704,563	17,180,908	11,527,698	12,082,026	8,843,036	6,631,231	5,690,833	5,396,355
Average gross purchased receivables portfolios	2,676,906	5,706,495	3,325,260	6,798,200	6,309,497	7,270,080	4,978,727	975,080	320,903
Average Gross finance receivables and loans	23,246,772	18,539,064	21,396,754	18,454,847	18,501,710	16,282,215	12,111,969	7,266,079	5,728,599
Average Total assets	24,352,346	18,530,771	21,514,270	18,300,123	18,411,012	16,067,623	11,984,997	6,930,260	5,520,652
Average Debt	21,451,420	15,781,659	18,681,703	15,528,709	15,677,522	14,557,370	10,672,331	6,083,953	4,989,280
Average Total equity	2,525,997	2,365,722	2,453,782	2,334,008	2,312,781	916,219	850,219	594,097	406,680
Ratios (2)									

Yield on individually acquired retail installment contracts	17.8%	18.3%	18.1%	18.5%	18.4%	19.2%	25.4%	22.5%	25.9%
Yield on purchased receivables portfolios	13.0	11.3	13.1	10.7	11.2	12.0	7.2	22.4	32.8
Yield on interest-earning assets	17.4	16.1	17.0	15.6	15.9	15.9	17.1	20.8	26.3
Cost of interest-bearing liabilities	2.2	2.5	2.1	2.5	2.4	2.9	3.0	3.9	5.1
Efficiency ratio	18.0	25.4	18.7	22.0	19.5	21.2	20.2	18.8	16.2
Return on average assets	1.8	4.6	3.6	4.5	4.0	4.9	3.7	3.0	3.2
Return on average equity	17.7	35.9	31.6	34.9	31.8	86.0	51.5	35.3	42.8
Net chargeoff ratio	6.4	5.9	4.6	5.1	5.5	6.3	5.9	9.4	11.9
Delinquency ratio	3.9		3.9		4.6	4.1	3.4	6.0	7.5
Tangible common equity to tangible assets	9.6		9.6		11.3	11.0	3.8	6.8	6.3
Common stock dividend payout ratio	0.0	86.3	49.8	80.0	102.8	60.6	91.3	0.0	0.0

Table of Contents

(1) Balance sheet data as of September 30, 2012 has been excluded.
(2) Yield on interest-earning assets is defined as the ratio of Interest and fees on finance receivables and loans to Average gross finance receivables and loans.
Cost of interest-bearing liabilities is defined as the ratio of Interest expense to Average debt during the period.

Efficiency ratio is defined as the ratio of Costs and expenses to the sum of Net interest margin and Other income.

Return on average assets is defined as the ratio of Net income to Average total assets.

Return on average equity is defined as the ratio of Net income to Average total equity.

Net charge-off ratio is defined as the ratio of Charge-offs, net of recoveries, to Average finance receivables and loans.

Delinquency ratio is defined as the ratio of Delinquent principal over 60 days, end of period to Gross finance receivables and loans, end of period.

Tangible common equity to total tangible assets ratio is defined as the ratio of Total equity, excluding Goodwill and intangible assets, to Total assets excluding Goodwill and intangible assets.

Common stock dividend ratio is defined as the ratio of Dividends declared per share of common stock during the period to Net income attributable to Santander Consumer USA Inc. shareholders.

Activity-based ratios for the periods ending September 30, 2013 and 2012 are presented on an annualized basis.

Table of Contents

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A), as well as other portions of this prospectus, may contain certain statements that constitute forward-looking statements within the meaning of the federal securities laws. The words expect, anticipate, estimate, forecast, plan, project, outlook, intend, evaluate, pursue, seek, may, would, could, should, believe, potential, continue, or the negatives of any of these words or similar expressions are intended to identify forward-looking statements. All statements herein, other than statements of historical fact, including, without limitation, statements about future events and financial performance, are forward-looking statements that involve certain risks and uncertainties. You should not place undue reliance on any such forward-looking statement and should consider all uncertainties and risks discussed in this prospectus, including those under Risk Factors. Forward-looking statements apply only as of the date they are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances that arise after the date the forward-looking statement is made.

Background and Overview

We are a full-service, technology-driven consumer finance company focused on vehicle finance and unsecured consumer lending products. We believe that, since our founding in 1995, we have developed into a market share leader in the nonprime vehicle finance space. We mainly originate loans indirectly through manufacturer-franchised and selected independent automotive dealers, as well as through relationships with national and regional banks and OEMs. We also directly originate and refinance vehicle loans online. In February 2013, we entered into a ten-year agreement with Chrysler whereby we originate private-label loans and leases under the Chrysler Capital brand. With this agreement, we are now the preferred financing provider for all of Chrysler s retail consumers, including both prime and nonprime customers. From May 1, 2013, the effective date of the agreement, through September 30, 2013, 30% of our retail installment contract origination volume has been prime, as compared to only 14% in 2012, the last full year prior to our entry into the agreement. In addition, we have several relationships through which we provide unsecured consumer loans, and we have recently expanded into private label credit cards and other consumer finance products. We generate revenues and cash flows through interest and other finance charges on our loans and leases. We also earn servicing fee income on our serviced for others portfolios, which consist of loans that we service but do not own and do not report on our balance sheet.

We have demonstrated significant access to the capital markets by funding our operations through securitization transactions and committed credit lines. We have raised over $25 billion of ABS since 2010, we were the largest issuer of retail auto ABS in 2011 and 2012, and we are the largest issuer year-to-date in 2013. We have significant bank funding relationships, with third-party banks and Santander currently providing approximately $13.7 billion and $4.5 billion, respectively, in committed financing. In addition, we have flow agreements in place with Bank of America and SBNA to fund Chrysler Capital business. We have produced consistent, controlled growth and robust profitability in both growth periods and economic downturns. We have been profitable every year for the past ten years, we delivered an average return on assets of 3.9% from 2009 to 2012 and a return on total common equity of more than 30% in each of those years, and we have continued to deliver similar levels of return on assets and equity year-to-date in 2013.

How We Assess Our Business Performance

Net income attributable to our shareholders, and the associated return on equity, are the primary metrics by which we judge the performance of our business. Accordingly, we closely monitor the primary drivers of net income:

Net financing income We track the spread between the interest and finance charge income earned on our assets and the interest expense incurred on our liabilities, and continually monitor the components of our yield and our cost of funds. In addition, we monitor external rate trends, including the Treasury swap curve and spot and forward rates.

Table of Contents

Net credit losses Each of our loans and leases is priced using our risk-based proprietary models. The profitability of a loan is directly connected to whether or not the actual net credit losses are consistent with forecasted losses; therefore, we closely analyze credit performance. We perform this analysis at the vintage level for individually acquired retail installment contracts and at the pool level for purchased portfolios, enabling us to pinpoint drivers of any unusual or unexpected trends. We also monitor recovery rates, both industry-wide and our own, because of their contribution to the severity of our charge offs. Additionally, because delinquencies are an early indicator of future net credit losses, we analyze delinquency trends, adjusting for seasonality, to determine whether or not our loans are performing in line with our original estimation.

Costs and expenses We assess our operational efficiency using our cost-to-income ratio. We perform extensive analysis to determine whether observed fluctuations in cost and expense levels indicate a trend or are the nonrecurring impact of large projects. Our cost and expense analysis also includes a loan- and portfolio-level review of origination and servicing costs to assist us in assessing profitability by pool and vintage.

Because volume and portfolio size determine the magnitude of the impact of each of the above factors on our earnings, we also closely monitor new business volume along with annual percentage rate (APR) and discounts (including subvention and net of dealer participation).

Recent Developments and Other Factors Affecting Our Results of Operations

Chrysler Capital

Effective May 1, 2013, we became the preferred provider for Chrysler s consumer loans and leases and dealer loans under terms of a ten-year Master Private Label Financing Agreement (Chrysler Agreement). Business generated under terms of the Chrysler Agreement is branded as Chrysler Capital. In connection with entering into the Chrysler Agreement, we paid Chrysler a $150 million upfront, nonrefundable fee, which is being amortized over the ten-year term as an adjustment to finance and other interest income. We have also executed an Equity Option Agreement with Chrysler, whereby Chrysler may elect to purchase an equity participation of any percentage in the Chrysler Capital portion of our business at fair market value.

Under the Chrysler Agreement, we have agreed to specific transition milestones related to market penetration rates, approval rates, staffing, and service-level standards for the initial year following launch. If the transition milestones are not met in the first year, the agreement may terminate and we may lose the ability to operate as Chrysler Capital. Subsequent to the first year, we must continue to meet penetration and approval rate targets and maintain service-level standards or the agreement can be terminated. During the period from the May 1, 2013 launch of the Chrysler Capital business through September 30, 2013, we originated over $5 billion of Chrysler Capital retail installment contracts and over $1.4 billion of Chrysler Capital vehicle leases, and facilitated the origination of Chrysler Capital dealer loans with a balance of over $300 million as of September 30, 2013. We expect these volumes to continue and to remain well above the targets in the Chrysler Agreement. The Chrysler Agreement could also be terminated in the event of a change in control of SCUSA, which, as defined in the agreement, would occur if both a single shareholder acquired more than 20% of our outstanding shares of common stock and SHUSA owned fewer shares than that shareholder.

The Chrysler Agreement requires that we maintain $5.0 billion in funding available for certain dealer inventory financing. To meet this requirement, we are party to a flow agreement with SBNA whereby we provide SBNA with the first right to review and assess Chrysler dealer lending opportunities and, if SBNA elects, SBNA provides the proposed financing. We provide servicing on all loans originated under this arrangement.

The Chrysler Agreement also requires that we maintain at least $4.5 billion of retail financing capacity exclusively for our Chrysler Capital business. To meet this requirement, we maintain a credit facility with seven banks providing an aggregate commitment of $4.55 billion of retail funding exclusively for our Chrysler Capital business.

Table of Contents

We also have a committed forward flow agreement with Bank of America, pursuant to which we are committed to sell up to $300 million per month of the prime loans that Chrysler Capital originates through May 2018. We retain servicing on all loans sold under this agreement.

In addition, we may periodically provide certain automotive dealers, primarily Chrysler-franchised dealerships, with real estate loans and working capital revolving lines of credit. Generally, a dealer must have a floorplan loan with us in order to be eligible for real estate loans and working capital revolving lines of credit from us.

As of September 30, 2013, substantially all of the dealer floorplan loans originated under Chrysler Capital were held by our affiliate, SBNA, under the terms of either of two agreements, a flow agreement entered into in June 2013 and a sale agreement entered into in August 2013. In November 2013, we entered into an additional sale agreement to sell substantially all of the non-floorplan dealer loans to SBNA.

LendingClub

In March 2013, we entered into and began purchasing receivables under certain agreements with LendingClub, a peer-to-peer unsecured lending technology company. The agreements allow us to purchase up to 25% of LendingClub s total prime originations through March 2016.

In July 2013, we executed additional agreements with LendingClub whereby we are committed to purchase at least the lesser of $30 million per month or 75% of LendingClub s near-prime originations through July 2015, and the lesser of $30 million per month or 50% of the lending platform company s near-prime originations thereafter through July 2017.

LendingClub continues to service the receivables we purchase.

Bluestem

In April 2013, we entered into and began purchasing loans under certain agreements with Bluestem, a retailer that provides unsecured revolving financing to its customers through a relationship with a third party credit issuer. The terms of the agreements include a commitment by us to purchase certain new advances originated by Bluestem, along with existing balances on accounts with new advances, through April 2020. Bluestem continues to service the loans we purchase. We also are required to make a profit-sharing payment to Bluestem each month.

Lending Technology Company

In December 2012, we entered into an agreement with a point-of-sale lending technology company that enables us to review credit applications of certain retail store customers. We began originating unsecured consumer loans under this agreement in October 2013.

LLC Consolidation

Our consolidated financial statements include the results of two limited liability companies, Auto Loan Acquisition 2011-A and Auto Loan Acquisition 2011-B (collectively, the ALAs) formed to purchase two retail installment contract portfolios totaling $3.8 billion in the fourth quarter of 2011. Two of the investors in Auto Finance Holdings were the equity investors in the ALAs from the time of their formation until the investors abandoned their interests in the ALAs on August 30, 2013. The ALAs were determined to be variable interest entities (VIEs) of which we were the primary beneficiary due to our role as servicer of the portfolios and our potential to absorb losses due to our investment in bonds issued by the ALAs. Accordingly, we included the ALAs in our consolidated financial statements. However, as we had no equity interest in the ALAs prior to the abandonment, the entire comprehensive income and net assets of the ALAs were reported as noncontrolling interests. As a result of the abandonment, we have full ownership of the ALAs and continue to include them in our consolidated financial statements, but no longer report noncontrolling interests related to their activities.

Table of Contents

Stock Compensation

Beginning in 2012, we granted stock options to certain executives and other employees under the Santander Consumer USA Inc. 2011 Management Equity Plan (the Management Equity Plan). The Management Equity Plan is administered by our board of directors and enables us to make stock awards up to a total of approximately 11 million common shares, or 8.5% of our equity as of December 31, 2011. Stock options granted have an exercise price based on the estimated fair market value of our common stock on the grant date. The stock options expire after ten years and include both time vesting and performance vesting options. No shares obtained through exercise of stock options may be transferred until the later of December 31, 2016 or our completion of an initial public offering (IPO).

The fair value of the stock options is amortized into income over the vesting period as time and performance vesting conditions are met. Until the later of an IPO or December 31, 2016, if an employee leaves, we have the right to repurchase any or all of the stock obtained by the employee through option exercise. If the employee is terminated for cause or voluntarily leaves the Company without good reason, the repurchase price is the lower of the strike price or fair market value at the date of repurchase. If the employee is terminated without cause or voluntarily leaves the Company with good reason, the repurchase price is the fair market value at the date of repurchase. We believe that our repurchase right causes the IPO to constitute an implicit vesting condition and therefore have not recorded any stock compensation expense related to the Management Equity Plan. As of September 30, 2013, there was approximately $144 million of unrecognized compensation cost related to stock options granted but for which the IPO implicit vesting condition had not been met. We expect to recognize over half of this expense upon occurrence of an IPO, with the remainder to be recognized over a period beginning with the IPO and ending on December 31, 2016, if the IPO occurs before that date.

Our Reportable Segment

We have one reportable segment, Vehicle Finance. It includes our vehicle financial products and services, including retail installment contracts, vehicle leases, and dealer loans. We also include in this segment financial products and services related to motorcycles, RVs, and watercraft, as well as our unsecured personal loan and point-of-sale financing operations.

Originations and Acquisitions

Our volume of individually acquired loans and leases, including net balance increases on revolving loans, average APR and average discount during the three and nine months ended September 30, 2013 and 2012 have been as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Dollar amounts in thousands)			
Retail installment contracts	$ 5,130,372	$ 2,264,824	$ 12,539,393	$ 6,416,131
Average APR (%).	13.8%	16.8%	15.1%	17.3%
Average Discount (%).	1.9	4.0	2.8	4.2
Unsecured consumer loans	$ 276,265		$ 665,166	
Average APR (%)	23.5%		22.9%	
Average Discount (%)	8.3		9.0	
Receivables from dealers	$ 167,487	$ 8,080	$ 350,231	$ 8,080
Average APR (%)	3.3%	3.8%	3.2%	3.8%
Average Discount (%)				
Leases	$ 928,301		$ 1,419,605	

Table of Contents

We record interest income from individually acquired retail installment contracts, unsecured consumer loans and receivables from dealers in accordance with the terms of the loans, generally discontinuing and reversing accrued income once a loan becomes more than 60 days past due, except in the case of revolving unsecured loans, for which we continue to accrue interest until charge off at 180 days past due. Receivables from dealers and term unsecured consumer loans generally are not acquired at a discount. We amortize discounts, subvention payments from manufacturers, and origination costs as adjustments to income from individually acquired retail installment contracts using the effective yield method. We amortize the discount, if applicable, on revolving unsecured consumer loans straight-line over the estimated period over which the receivables are expected to be outstanding.

For individually acquired retail installment contracts, unsecured consumer loans and receivables from dealers, we also establish a loan loss allowance for the estimated losses inherent in the portfolio. We estimate probable losses based on contractual delinquency status, historical loss experience, expected recovery rates from sale of repossessed collateral, bankruptcy trends, and general economic conditions such as unemployment rates.

We classify our vehicle leases as operating leases. The net capitalized cost of each lease is recorded as an asset, which is depreciated straight-line over the contractual term of the lease to the expected residual value. Lease payments due from customers are recorded as income until and unless a customer becomes more than 60 days delinquent, at which time the accrual of revenue is discontinued and reversed. The accrual is resumed and reinstated if a delinquent account subsequently becomes 60 days or less past due. Subvention payments from the manufacturer, down payments from the customer, and initial direct costs incurred in connection with originating the lease are amortized straight-line over the contractual term of the lease.

Historically, our primary means of acquiring retail installment contracts was through individual acquisitions immediately after origination by a dealer. We also periodically purchase pools of receivables and had significant volumes of these purchases during the credit crisis. While we continue to pursue such opportunities when available, we did not purchase any material pools during the three and nine months ended September 30, 2013 and 2012. All of the retail installment contracts acquired during these periods were acquired individually. For our existing purchased receivables portfolios, which were acquired at a discount partially attributable to credit deterioration since origination, we estimate the expected yield on each portfolio at acquisition and record monthly accretion income based on this expectation. We periodically re-evaluate performance expectations and may increase the accretion rate if a pool is performing better than expected. If a pool is performing worse than expected, we are required to continue to record accretion income at the previously established rate and to record a loan loss provision to account for the worsening performance.

Results of Operations

This MD&A should be read in conjunction with the consolidated financial statements and the accompanying notes included elsewhere in this prospectus. Santander Consumer USA Holdings Inc. has not engaged in any operations or conducted any activities other than those incidental to its formation and to preparations for the Reorganization and this offering. It will have only nominal assets and no liabilities prior to the consummation of the Reorganization and this offering. Upon closing, its assets will include shares of Santander Consumer USA Inc., which will be its wholly owned subsidiary and operating company, and the cash proceeds of this offering. See Reorganization. Accordingly, this prospectus includes and the discussion below is based solely on the historical financial statements of Santander Consumer USA Inc.

The following table presents our results of operations for the three and nine months ended September 30, 2013 and 2012:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
	(Dollar amounts in thousands)			
Interest and fees on finance receivables and loans	$ 1,011,492	$ 744,958	$ 2,723,774	$ 2,153,289
Leased vehicle income	50,099		60,129	
Other finance and interest income	1,029	2,950	5,870	9,423
Total finance and other interest income	1,062,620	747,908	2,789,773	2,162,712
Interest expense	120,589	98,774	291,062	293,238
Leased vehicle expense	41,485		48,513	
Net interest margin	900,546	649,134	2,450,198	1,869,474
Provision for loan losses	598,201	185,875	1,223,805	660,202
Net interest margin after provision for loan losses	302,345	463,259	1,226,393	1,209,272
Profit sharing	27,238		34,802	
Net interest margin after provision for loan losses and profit sharing	275,107	463,259	1,191,591	1,209,272
Total other income	78,340	74,291	208,878	238,890
Total costs and expenses	176,140	183,730	496,312	464,192
Income before income taxes	177,307	353,820	904,157	983,970
Income tax expense	65,486	141,261	322,413	372,266
Net income	111,821	212,559	581,744	611,704
Noncontrolling interests	(576)	(44,092)	1,821	(15,858)
Net income attributable to Santander Consumer USA Inc shareholders	$ 111,245	$ 168,467	$ 583,565	$ 595,846
Net income	$ 111,821	$ 212,559	$ 581,744	$ 611,704
Change in unrealized gains (losses) on cash flow hedges, net of tax	986	1,330	5,821	3,718
Change in unrealized gains (losses) on investments available for sale, net of tax	(629)	(569)	(3,252)	(3,273)
Other comprehensive income, net	357	761	2,569	445
Comprehensive income	112,178	213,320	584,313	612,149
Comprehensive (income) loss attributable to noncontrolling interests	(624)	(44,359)	953	(17,369)
Comprehensive income attributable to Santander Consumer USA Inc. shareholders	$ 111,554	$ 168,961	$ 585,266	$ 594,780

Table of Contents

Three and Nine Months Ended September 30, 2013 Compared to Three and Nine Months Ended September 30, 2012

Interest and Fees on Finance Receivables and Loans

	Three Months Ended				Nine Months Ended			
	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent
	(Dollar amounts in thousands)				(Dollar amounts in thousands)			
Income from individually acquired retail installment contracts	$ 879,628	$ 580,360	$ 299,268	52%	$ 2,333,857	$ 1,600,054	$ 733,803	46%
Income from purchased receivables portfolios	87,237	161,753	(74,516)	(46%)	327,712	545,819	(218,107)	(40%)
Income from receivables from dealers	2,180	2,845	(665)	(23%)	4,915	7,416	(2,501)	(34%)
Income from unsecured consumer loans	42,447		42,447		57,290		57,290	
Total interest and fees on finance receivables and loans	$ 1,011,492	$ 744,958	$ 266,534	36%	$ 2,723,774	$ 2,153,289	$ 570,485	26%

Income from individually acquired retail installment contracts increased $299 million, or 52%, from the third quarter of 2012 to the third quarter of 2013, and $734 million, or 46%, from the nine months ended September 30, 2012 to the nine months ended September 30, 2013, slightly less than the growth in the average outstanding balance of our portfolio of these contracts by 56% and 49%, respectively, due to the larger proportion of lower-yielding prime assets in our portfolio in 2013.

Income from purchased receivables portfolios decreased $75 million, or 46%, from the third quarter of 2012 to the third quarter of 2013, and $218 million, or 40%, from the nine months ended September 30, 2012 to the nine months ended September 30, 2013, due to the continued runoff of the portfolios, as we have made no significant portfolio acquisitions since 2011. The average balance of the portfolios decreased from $5.7 billion and $6.8 billion, respectively, for the three and nine months ended September 30, 2012, to $2.7 billion and $3.3 billion, respectively, for the three and nine months ended September 30, 2013. The impact of the decrease in portfolio size was partially offset by increased accretion income due to improved performance on certain acquired pools.

Income from receivables from dealers decreased from prior year, despite the origination of Chrysler Capital dealer loans for the first time in 2013, due to the higher proportion in 2013 of collateralized loans, which bear a lower interest rate.

Income from unsecured consumer loans includes interest and fees earned on our unsecured revolving and term consumer loans, all of which were acquired in 2013. It also includes accretion of discount on our unsecured revolving consumer loans.

Table of Contents

Leased Vehicle Income and Expense

	Three Months Ended		Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Dollar amounts in thousands)			
Leased vehicle income	$ 50,099	$	$ 60,129	$
Leased vehicle expense	41,485		48,513	
	$ 8,614	$	$ 11,616	$

The Company began originating vehicle leases in 2013 due to the Chrysler Capital agreement. Leased vehicle revenue includes customer payments and the accretion of manufacturer incentive payments and discounts, net of amortization of initial direct costs incurred in connection with origination of the leases and amortization of dealer participation. Leased vehicle expense includes depreciation of the leased vehicle and gains and losses on sale of vehicle upon lease termination.

Interest Expense

	Three Months Ended				Nine Months Ended			
	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent
	(Dollar amounts in thousands)				(Dollar amounts in thousands)			
Interest expense on notes payable	$ 104,156	$ 83,172	$ 20,984	25%	$ 268,466	$ 236,225	$ 32,241	14%
Interest expense on derivatives	16,433	15,759	674	4%	22,596	56,002	(33,406)	(60%)
Other interest expense		(157)	157	(100%)		1,011	(1,011)	(100%)
Total interest expense	$ 120,589	$ 98,774	$ 21,815	22%	$ 291,062	$ 293,238	$ (2,176)	(1%)

Interest expense on notes payable increased $21 million, or 25%, from the third quarter of 2012 to the third quarter of 2013, and $32 million, or 14%, from the nine months ended September 30, 2012 to the nine months ended September 30, 2013, less than the growth in average debt outstanding of 36% and 20%, due to the more favorable interest rates on our most recent secured structured financings.

Interest expense on derivatives decreased $33 million, or 60%, from the nine months ended September 30, 2012 to the nine months ended September 30, 2013, primarily due to the $16 million positive impact of mark-to-market adjustments on trading derivatives in the 2013 year-to-date period as compared to the $1 million negative impact in the 2012 year-to-date period, as interest rates moved more favorably on our positions. We also incurred approximately $16 million less interest expense on our derivatives, despite an increasing notional balance outstanding, due to the more favorable interest rate environment.

Table of Contents

Provision for Loan Losses

	Three Months Ended				Nine Months Ended			
	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent
	(Dollar amounts in thousands)				(Dollar amounts in thousands)			
Provision for loan losses on individually acquired retail installment contracts	$ 447,565	$ 243,698	$ 203,867	84%	$ 1,074,487	$ 683,000	$ 391,487	57%
Incremental increase (decrease) in allowance related to purchased receivable portfolios	93,718	(57,823)	151,541	(262%)	51,654	(22,798)	74,452	(327%)
Provision for loan losses on receivables from dealers	103		103		1,593		1,593	
Provision for loan losses on unsecured consumer loans	56,815		56,815		96,071		96,071	
Provision for loan losses	$ 598,201	$ 185,875	$ 412,326	222%	$ 1,223,805	$ 660,202	$ 563,603	85%

Provision for loan losses on our individually acquired retail installment contracts increased $204 million, or 84%, from the third quarter of 2012 to the third quarter of 2013, driven by the 48% faster portfolio growth, in addition to a 13% increase in the net charge off rate. Provision for loan losses on our individually acquired retail installment contracts increased $391 million, or 57%, from the nine months ended September 30, 2012 to the nine months ended September 30, 2013, driven by the 46% faster portfolio growth, in addition to a 12% increase in the net charge off rate. Our portfolio of individually acquired retail installment contracts grew by 14% and 47% for the three and nine months ended September 30, 2013, respectively, up from 9% and 32% for the three and nine months ended September 30, 2012, respectively, due to the higher current year origination volume, primarily driven by Chrysler Capital business. Our net charge off rate increased from prior year due to increased competition having made it more difficult for lenders, including us, to price for incremental risk.

The allowance on purchased receivables changed from a credit for the three and nine months ended September 30, 2012, to an expense for the three and nine months ended September 30, 2013, due to worsening performance in the current year as compared to overall improving performance in 2012.

We began recording provision on other loans and receivables in 2013 due to our entry into the Chrysler dealer loan business and the unsecured lending business.

Profit Sharing

	Three Months Ended		Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Dollar amounts in thousands)			
Profit sharing	$ 27,238	$	$ 34,802	$

Profit sharing includes revenue sharing payments due to Chrysler Group based on a portion of net interest income on consumer loans and leased vehicle income originated under the Chrysler Capital business since May 1, 2013. Payments are accrued as incurred and paid quarterly in arrears, beginning in July 2013. Profit sharing also includes profit sharing payments due to the originator and servicer of the Company s unsecured revolving loan portfolio. Payments are accrued as incurred and paid monthly in arrears, beginning in June 2013.

Table of Contents

Other Income

	Three Months Ended				Nine Months Ended			
	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent
	(Dollar amounts in thousands)				(Dollar amounts in thousands)			
Gain on sale of loans	$ 7,678	$	$ 7,678		$ 8,950	$	$ 8,950	
Servicing fee income	7,384	7,979	(595)	(7%)	21,010	26,843	(5,833)	(22%)
Fees, commissions and other	63,278	66,312	(3,034)	(5%)	178,918	212,047	(33,129)	(16%)
Total other income	$ 78,340	$ 74,291	$ 4,049	5%	$ 208,878	$ 238,890	$ (30,012)	(13%)
Average serviced for others portfolio	$ 2,576,706	$ 2,814,864	($ 238,158)	(8%)	$ 2,616,868	$ 3,102,469	$ 485,601	(16%)

Gain on sale of loans is primarily comprised of the gains on sales of loans to Bank of America under terms of a forward flow agreement. The Company sold $739 million and $897 million, respectively, of loans to Bank of America for the three and nine months ended September 30, 2013. Gain on sale of loans also includes an approximately $1 million gain on the non-recurring sale of approximately $205 million in dealer floorplan loans to SBNA in August 2013.

We record servicing fee income on loans that we service but do not own and do not report on our balance sheet. Servicing fee income for the three and nine months ended September 30, 2013 decreased 7% and 22%, respectively, as compared to the corresponding prior year periods, consistent with the decline in our average third-party serviced portfolio. Our serviced for others portfolios continued to run off as we entered into no new servicing contracts during 2012 and the new servicing contracts entered into in 2013 with Bank of America and SBNA did not begin to have volume until June and August, respectively.

Fees, commissions, and other decreased $3 million, or 5%, from the third quarter of 2012 to the third quarter of 2013, and $33 million, or 16%, from the nine months ended September 30, 2012 to the nine months ended September 30, 2013, despite the increase in total owned and serviced portfolio size. The decreases were driven by a decline in deficiency income (proceeds on loans that were charged off prior to our acquiring them) from $25 million and $83 million for the three and nine months ended September 30, 2012 to $7 million and $37 million for the three and nine months ended September 30, 2013.

Costs and Expenses

	Three Months Ended				Nine Months Ended			
	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent
	(Dollar amounts in thousands)				(Dollar amounts in thousands)			
Salary and benefits expense	$ 79,293	$ 55,402	$ 23,891	43%	$ 217,172	$ 164,701	$ 52,471	32%
Servicing and repossession expense	36,091	27,956	8,135	29%	103,231	101,329	1,902	2%
Other operating costs	60,756	100,372	(39,616)	(39%)	175,909	198,162	(22,253)	(11%)
Total costs and expenses	$ 176,140	$ 183,730	$ (7,590)	(4%)	$ 496,312	$ 464,192	$ 32,120	7%

Total costs and expenses declined slightly from the third quarter of 2012 to the third quarter of 2013, and increased 7% from the nine months ended September 30, 2012 to the nine months ended September 30, 2013, as

Table of Contents

the increases in headcount and incentive compensation and servicing and repossession expense driven by growth in our portfolio were offset by the impact of nonrecurring indemnification payments to two of the investors in Auto Finance Holdings in relation to tax payments resulting from their investments in the ALAs. Indemnification expense, all of which was recorded in the third quarter of 2012 and was based on actual and expected payments, totaled $49 million, substantially all of which was subsequently reversed in the fourth quarter of 2012 upon the investors declaration of worthlessness of their investments in the ALAs. Even excluding the impact of this nonrecurring item, our efficiency ratio improved from prior year as revenues from the new lines of business exceeded the increase in costs.

Income Tax Expense

	Three Months Ended				Nine Months Ended			
	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent
	(Dollar amounts in thousands)				(Dollar amounts in thousands)			
Income tax expense	$ 65,486	$ 141,261	$ (75,775)	(54%)	$ 322,413	$ 372,266	$ (49,853)	(13%)
Income before income taxes	177,307	353,820	(176,513)	(50%)	904,157	983,970	(79,813)	(8%)
Effective tax rate	36.9%	39.9%			35.7%	37.8%		

Our effective tax rate decreased from 39.9% and 37.8% for the three and nine months ended September 30, 2012 to 36.9% and 35.7% for the three and nine months ended September 30, 2013, primarily due to partial releases in 2013 of a valuation allowance established in 2012 for capital loss carryforwards for which we did not have a plan to recognize offsetting capital gains, enabling recognition of the losses before their expiration in 2017. Deficiency balance sales in 2013 resulted in the realization for tax purposes of capital gains that partially offset the capital losses carried forward from the prior year.

Other Comprehensive Income (Loss)

	Three Months Ended				Nine Months Ended			
	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent	September 30, 2013	September 30, 2012	Increase (Decrease) Amount	Percent
	(Dollar amounts in thousands)				(Dollar amounts in thousands)			
Change in unrealized gains (losses) on cash flow hedges, net of tax	$ 986	$ 1,330	$ (344)	(26%)	$ 5,821	$ 3,718	$ 2,103	57%
Change in unrealized gains (losses) on investments available for sale, net of tax	(629)	(569)	(60)	11%	(3,252)	(3,273)	21	(1%)
Other comprehensive income (loss), net	357	$ 761	$ (404)	(53%)	$ 2,569	$ 445	$ 2,124	477%

The positive changes in unrealized gain (loss) on cash flow hedges for the three and nine months ended September 30, 2013 and 2012 were driven by the maturity of hedges and the resulting recognition in income of losses previously accumulated in other comprehensive income (loss).

Table of Contents

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Finance and Other Interest Income

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	Percent
	(Dollar amounts in thousands)			
Income from individually acquired retail installment contracts	$ 2,223,833	$ 1,695,538	$ 528,295	31%
Income from purchased receivables portfolios	704,770	870,257	(165,487)	(19%)
Other financing income	19,899	28,718	(8,819)	(31%)
Total finance and other interest income	$ 2,948,502	$ 2,594,513	$ 353,989	14%

Income from individually acquired retail installment contracts increased by $528 million, or 31%, driven by the 37% increase in the average outstanding balance of our portfolio of individually acquired loans (from $8.8 billion in 2011 to $12.1 billion in 2012). This increase was in turn driven by strong origination volume, as originations increased from $5.7 billion in 2011 to $8.6 billion in 2012.

Income from purchased receivables portfolios decreased $165 million, or 19%, as a result of the 13% decrease in the average outstanding balance of our purchased receivables portfolios, from $7.3 billion in 2011 to $6.3 billion in 2012. This decrease was driven by the runoff of the purchased pools, most of which were purchased prior to 2011, with the exception of two pools totaling $3.8 billion that were previously serviced for a third party but were consolidated beginning in December 2011.

Other financing income includes income from receivables from dealers and interest on our available-for-sale investments. We had no unsecured consumer loans in 2012 or 2011.

Interest Expense

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	Percent
	(Dollar amounts in thousands)			
Interest expense on notes payable	$ 311,132	$ 289,513	$ 21,619	7%
Interest expense on derivatives	61,644	122,257	(60,613)	(50%)
Other interest expense	1,251	6,756	(5,505)	(81%)
Total interest expense	$ 374,027	$ 418,526	$ (44,499)	(11%)

Interest expense on notes payable increased 7.5%, due to the 7.7% increase in average debt outstanding.

Interest expense on derivatives decreased $60.6 million, primarily due to the $8.3 million positive impact of mark-to-market adjustments on trading derivatives in 2012 versus the $37.0 million negative impact of mark-to-market adjustments on these derivatives in 2011, as interest rates moved more favorably on our positions in 2012 versus 2011. We also incurred approximately $15.3 million less interest expense on our derivatives in 2012, despite maintaining a consistent notional balance outstanding, due to the more favorable interest rate environment.

Table of Contents

Provision for Loan Losses

	Year Ended December 31, 2012	Year Ended December 31, 2011	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Dollar amounts in thousands)			
Provision for loan losses on individually acquired retail installment contracts	$ 1,119,074	$ 741,559	$ 377,515	51%
Incremental increase in allowance related to purchased receivables portfolios	3,378	77,662	(74,284)	(96%)
Provision for loan losses on retail installment contracts	$ 1,122,452	$ 819,221	$ 303,231	37%

Total provision for loan losses on our individually acquired loans increased $378 million, or 51%, primarily as a result of the 37% increase in the average balance of our organic loan portfolio. We also increased loan loss reserve coverage from 9.9% at December 31, 2011 to 11.0% at December 31, 2012 as we observed an increase in the average time period between the first sign of events that may result in delinquency and actual charge off.

The allowance on purchased receivables increased $3.4 million in 2012 as compared to $77.7 million in 2011 due to the run off of the portfolios and overall less deterioration in performance.

We did not record a provision for loan losses on receivables from dealers in 2012 or 2011 due to the immateriality of projected losses. We had no unsecured consumer loans in 2012 or 2011.

Other Income

	Year Ended December 31, 2012	Year Ended December 31, 2011	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Dollar amounts in thousands)			
Servicing fee income	$ 34,135	$ 251,394	$ (217,259)	(86%)
Fees, commissions, and other	261,554	201,135	60,419	30%
Total other income	$ 295,689	$ 452,529	$ (156,840)	(35%)
Average serviced for others portfolio	$ 2,973,711	$ 7,833,390	$ (4,859,679)	(62%)

Servicing fee income decreased $217 million, or 86%, as compared to prior year, primarily reflecting the 62% decline in our average third-party serviced portfolio. In December 2011, the results of two LLCs formed to purchase two retail installment contract portfolios totaling $3.8 billion previously serviced by us under a third-party agreement were consolidated in our financial statements. As a result, we now earn finance and other income from this portfolio instead of servicing fee income. This portfolio had a higher average servicing fee than the remaining serviced portfolios due to servicer incentive payments earned, resulting in a larger percentage decline in servicing fee income than in average assets serviced. We remain the servicer of the portfolio but do not report the servicing fee as income as it is eliminated against servicing fee expense in consolidation. Serviced portfolios continue to run off and we entered into no new servicing contracts.

Fees, commissions, and other increased $60.4 million, or 30%, primarily attributable to higher customer fees on our owned portfolio, as well as a $15.0 million increase in income from purchased deficiencies.

Table of Contents

Costs and Expenses

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	Percent
	(Dollar amounts in thousands)			
Salary and benefits expense	$ 225,159	$ 213,688	$ 11,471	5%
Servicing and repossession expense	136,554	155,857	(19,303)	(12%)
Other operating expenses	197,450	187,538	9,912	5%
Total costs and expenses	$ 559,163	$ 557,083	$ 2,080	0%

Total costs and expenses remained flat to prior year, totaling $559 million in 2012 compared to $557 million in 2011. Salary and benefits expense growth reflects an increase in headcount and incentive compensation year-over-year to support our originations growth. Servicing and repossession expenses decreased due to lower repossession costs during 2012. Other operating expenses increased, reflecting additional investment in IT infrastructure. Our efficiency ratio decreased from 21.2% in 2011 to 19.5% in 2012, primarily due to the lower servicing expenses in 2012 as our cost structure permits us to increase our serviced portfolio without a directly corresponding increase in cost.

Income Tax Expense

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	Percent
	(Dollar amounts in thousands)			
Income tax expense	$ 453,615	$ 464,034	$ (10,419)	(2%)
Income before income taxes	1,188,549	1,252,212	(63,663)	(5%)
Effective tax rate	38.2%	37.1%		

Our effective tax rate increased from 37.1% for the year ended December 31, 2011 to 38.2% for the year ended December 31, 2012, primarily driven by a $22.4 million valuation allowance established in 2012 for capital loss carryforwards for which we did not have a plan to recognize offsetting capital gains enabling recognition of the losses before their expiration in 2017.

Other Comprehensive Income

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	Percent
	(Dollar amounts in thousands)			
Change in unrealized gains (losses) on cash flow hedges, net of tax	$ 7,271	$ (5,677)	$ 12,948	(228%)
Change in unrealized gains (losses) on investments available for sale, net of tax	(4,939)	(6,340)	1,401	(22%)
Other comprehensive income (loss), net	$ 2,332	$ (12,017)	$ 14,349	(119%)

Unrealized gains (losses) on cash flow hedges are affected by interest rate movements. The positive change in unrealized gains (losses) on cash flow hedges in 2012 as compared to the negative change in 2011 was driven by more favorable interest rate movements on our cash flow hedges, consistent with the trend in mark-to-market impact we experienced on our trading hedges as described in Interest Expense.

Table of Contents

The negative change in unrealized gains (losses) on investments available for sale in 2012 and 2011 represents the decline in gross unrealized gains on our investments in securitization bonds issued by an automobile retail company as the bonds are amortized. Additionally, the market price at December 31, 2012 was lower than the price at December 31, 2011. The bonds maintained a market price above par value throughout 2012 and 2011.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Finance and Other Interest Income

	Year Ended		Increase (Decrease)	
	December 31, 2011	December 31, 2010	Amount	Percent
	(Dollar amounts in thousands)			
Income from individually acquired retail installment contracts	$ 1,695,538	$ 1,308,728	$ 386,810	30%
Income from purchased receivables portfolios	870,257	734,634	135,623	18%
Other financing income	28,718	33,216	(4,498)	(14%)
Total finance and other interest income	$ 2,594,513	$ 2,076,578	$ 517,935	25%

Income from individually acquired retail installment contracts increased $387 million, or 30%, driven by the 33% increase in the average outstanding balance of our portfolio of individually acquired loans (from $6.6 billion in 2010 to $8.8 billion in 2011).

Income from purchased receivables portfolios increased $136 million, or 19%, driven by an increase in average earning assets due to our several large portfolio purchases in the second half of 2010. The average balance of purchased receivables for the years ended 2011 and 2010 was $7.3 billion and $5.0 billion, respectively. Portfolios purchased during 2010 reflect a full year of income in 2011 as compared to a partial year in 2010. In addition, during the fourth quarter of 2011, we consolidated two pools totaling $3.8 billion that previously had been serviced for a third party.

Other financing income includes income from receivables from dealers and interest on our available-for-sale investments. We had no unsecured consumer loans in 2011 or 2010.

Interest Expense

	Year Ended		Increase (Decrease)	
	December 31, 2011	December 31, 2010	Amount	Percent
	(Dollar amounts in thousands)			
Interest expense on notes payable	$ 289,513	$ 208,166	$ 81,347	39%
Interest expense on derivatives	122,257	98,295	23,962	24%
Other interest expense	6,756	10,025	(3,269)	(33%)
Total interest expense	$ 418,526	$ 316,486	$ 102,040	32%

Interest expense on notes payable increased 39% due to the 36% increase in average debt outstanding.

Interest expense on derivatives increased $24.0 million, primarily due to the disqualification of certain of our interest rate swap agreements from hedge accounting effective in 2011, in addition to our entry during 2011 into new hedges for which we did not apply hedge accounting and which declined in value during the year, resulting in negative mark-to-market adjustments recorded through earnings.

54

Table of Contents

Provision for Loan Losses

	Year Ended December 31, 2011	Year Ended December 31, 2010	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Dollar amounts in thousands)			
Provision for loan losses on individually acquired retail installment contracts	$ 741,559	$ 750,625	$ (9,066)	(1%)
Incremental increase in allowance related to purchased receivables portfolios	77,662	137,600	(59,938)	(44%)
Provision for loan losses on retail installment contracts	$ 819,221	$ 888,225	$ (69,004)	(8%)

Total provision for loan losses decreased from 2010 to 2011, primarily due to a lower provision related to purchased receivables portfolios. The higher impairment charges in 2010 were due to the actual and expected performance of certain portfolios worsening more in 2010 than in 2011.

We did not record a provision for loan losses on receivables from dealers in 2011 or 2010 due to the immateriality of projected losses. We had no unsecured consumer loans in 2011 and 2010.

Other Income

	Year Ended December 31, 2011	Year Ended December 31, 2010	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Dollar amounts in thousands)			
Servicing fee income	$ 251,394	$ 173,882	$ 77,512	45%
Fees, commissions, and other	201,135	75,146	125,989	168%
Total other income	$ 452,529	$ 249,028	$ 203,501	82%
Average serviced for others portfolio	$ 7,833,390	$ 6,480,801	$ 1,352,589	21%

Servicing fee income increased $77.5 million, or 45%, as compared to prior year, driven by the 21% increase in our average third-party serviced portfolio and the recording in 2011 of a full year of income from two large serviced portfolios that we began servicing in September 2010 and that had higher average servicing fees than our other serviced portfolios as a result of servicer incentive payments earned. In December 2011, two LLCs formed to purchase these portfolios were consolidated into our financial statements.

Fees, commissions, and other increased $126 million, including a $79 million increase in income from purchased deficiency balances as the result of our purchase of several large deficiency portfolios and a $53 million increase in customer fees related to the 39% increase in average loan portfolio balance.

Costs and Expenses

	Year Ended December 31, 2011	Year Ended December 31, 2010	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Dollar amounts in thousands)			
Salary and benefits expense	$ 213,688	$ 151,528	$ 62,160	41%
Servicing and repossession expense	155,857	98,275	57,582	59%
Other operating expenses	187,538	155,037	32,501	21%

Total costs and expenses	$ 557,083	$ 404,840	$ 152,243	38%

Table of Contents

Total costs and expenses increased $152 million year-over-year. Salary and benefits expense reflects an increase in headcount and overtime expenses related to two major purchased receivables portfolio acquisitions. Servicing and repossession expenses increased due to greater owned assets driven by the purchased portfolio acquisitions as well as organic growth. Other operating expenses increased, reflecting additional investment in IT infrastructure and overall cost increases to support the growth of the portfolio. These combined factors drove an increase in our efficiency ratio from 20.2% in 2010 to 21.2% in 2011.

Income Tax Expense

	Year Ended December 31, 2011	Year Ended December 31, 2010	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Dollar amounts in thousands)			
Income tax expense	$ 464,034	$ 277,944	$ 186,090	67%
Income before income taxes	1,252,212	716,055	536,157	75%
Effective tax rate	37.1%	38.8%		

Income tax expense increased $186.1 million as a result of increased income in 2012. Our effective tax rate decreased from 38.8% in 2010 to 37.1% in 2011, primarily due to higher expense related to reserves for unrecognized tax benefits in 2010.

Other Comprehensive Income

	Year Ended December 31, 2011	Year Ended December 31, 2010	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Dollar amounts in thousands)			
Change in unrealized gains (losses) on cash flow hedges, net of tax	$ (5,677)	$ 7,958	$ (13,635)	(171%)
Change in unrealized gains (losses) on investments available for sale, net of tax	(6,340)	4,233	(10,573)	(250%)
Other comprehensive income (loss), net	$ (12,017)	$ 12,191	$ (24,208)	(199%)

The negative change in unrealized gains (losses) on cash flow hedges in 2011 as compared to the positive change in 2010 was due to unfavorable interest rate movements on our cash flow hedges, consistent with the negative mark-to-market impact we experienced on our trading hedges as described in Interest Expense. The negative change in unrealized gains (losses) on investments available for sale was due to the amortization of bonds issued by an automobile retail company in 2011 as compared to a positive change in 2010, despite the amortization, due to interest rate movements. The bonds maintained a market price above par value throughout 2011 and 2010.

Table of Contents

Credit Quality

Loans and Other Finance Receivables

Nonprime loans decreased from 86% of our held for investment retail installment contract portfolio as of December 31, 2012 to 83% of our portfolio as of September 30, 2013. We record an allowance for loan losses to cover expected losses on our individually acquired retail installment contracts and other loans and receivables. For retail installment contracts we acquired in pools subsequent to their origination, we anticipate the expected credit losses at purchase and record income thereafter based on the expected effective yield, recording a provision for loan losses only if performance is worse than expected at purchase.

	September 30, 2013				
	Retail Installment Contracts Held for Investment				
	Loans Acquired Individually	Purchased Receivable Portfolios	Total	Receivables from Dealers	Unsecured Consumer Loans
	(Dollar amounts in thousands)				
Unpaid principal balance	$ 20,897,405	$ 2,409,538	$ 23,306,943	$ 178,518	$ 715,602
Loan loss allowance	(1,987,950)	(270,294)	(2,258,244)	(1,593)	(95,250)
Discount	(527,254)	(136,869)	(664,123)		(50,853)
Capitalized origination costs	33,977		33,977		282
Net carrying balance	$ 18,416,178	$ 2,002,375	$ 20,418,553	$ 176,925	$ 569,781
Allowance and discount as a percentage of unpaid principal balance	12%	17%	13%	1%	20%

	December 31, 2012			
	Retail Installment Contracts Held for Investment			
	Loans Acquired Individually	Purchased Receivable Portfolios	Total	Receivables from Dealers
	(Dollar amounts in thousands)			
Unpaid principal balance	$ 14,186,712	$ 4,406,891	$ 18,593,603	$ 61,894
Loan loss allowance	(1,555,362)	(218,640)	(1,774,002)	
Discount	(348,571)	(293,097)	(641,668)	
Capitalized origination costs	25,993		25,993	
Net carrying balance	$ 12,308,772	$ 3,895,154	$ 16,203,926	$ 61,894
Allowance and discount as a percentage of unpaid principal balance	13%	12%	13%	0%

	December 31, 2011			
	Retail Installment Contracts Held for Investment			
	Loans Acquired Individually	Purchased Receivable Portfolios	Total	Receivables from Dealers
	(Dollar amounts in thousands)			
Unpaid principal balance	$ 10,007,312	$ 8,613,488	$ 18,620,800	$ 134,138
Loan loss allowance	(993,213)	(215,262)	(1,208,475)	
Discount	(439,217)	(415,701)	(854,918)	
Capitalized origination costs	24,158		24,158	
Net carrying balance	$ 8,599,040	$ 7,982,525	$ 16,581,565	$ 134,138

Allowance and discount as a percentage of unpaid principal balance	14%	7%	11%	0%

Table of Contents

Delinquency

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. Delinquencies may vary from period to period based upon the average age or seasoning of the portfolio, seasonality within the calendar year, and economic factors. Historically, our delinquencies have been highest in the period from November through January due to consumers holiday spending.

The following is a summary of retail installment contracts held for investment that are (i) 31-60 days delinquent, (ii) more than 60 days delinquent but not yet in repossession, and (iii) in repossession but not yet charged off in accordance with our charge off policy as described in Critical Accounting Policies and Significant Judgments and Estimates :

	September 30, 2013 Retail Installment Contracts Held for Investment		September 30, 2013 Unsecured Consumer Loans		December 31, 2012 Retail Installment Contracts Held for Investment	
	Dollars (in thousands)	Percent	Dollars (in thousands)	Percent	Dollars (in thousands)	Percent
Principal 31-60 days past due	$ 1,898,845	8.1%	$ 18,825	2.6%	$ 1,824,955	9.8%
Delinquent principal over 60 days	945,766	4.1%	24,120	3.4%	865,917	4.7%
In repossession	109,366	0.5%		0.0%	82,249	0.4%
Total delinquent contracts	$ 2,953,977	12.7%	$ 42,945	6.0%	$ 2,773,121	14.9%

All of our receivables from dealers and all of our retail installment contracts held for sale were current as of September 30, 2013.

Credit Loss Experience

The following is a summary of our net losses and repossession activity on our retail installment contracts for the three and nine months ended September 30, 2013 and 2012 and the years ended December 31, 2012, 2011, and 2010.

	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012	For the Year Ended December 31, 2012	For the Year Ended December 31, 2011	For the Year Ended December 31, 2010
	(Dollar amounts in thousands)				
Principal outstanding at period end	$ 23,306,943	$ 18,531,519	$ 18,593,603	$ 18,620,800	$ 16,613,774
Average principal outstanding during the period	$ 20,506,168	$ 18,325,898	$ 18,391,523	$ 16,113,117	$ 11,609,958
Number of receivables outstanding at period end	1,652,837	1,580,810	1,548,944	1,683,628	1,334,298
Average number of receivables outstanding during the period	1,580,233	1,618,617	1,605,211	1,333,231	843,292
Number of repossessions (1)	125,930	130,304	175,665	144,299	116,100
Number of repossessions as a percent of average number of receivables	10.63%	10.73%	10.94%	10.82%	13.77%
Net losses	$ 729,504	$ 710,002	$ 1,008,454	$ 1,025,133	$ 709,367
Net losses as a percent of average principal amount outstanding (2)	4.74%	5.17%	5.48%	6.36%	6.11%

(1) Repossessions are net of redemptions. The number of repossessions includes repossessions from the outstanding portfolio and from accounts already charged off.
(2) The percentages for the nine months ended September 30, 2013 and 2012 are annualized and are not necessarily indicative of a full year s actual results.

58

Table of Contents

Because all of our unsecured consumer loans were newly originated during 2013, there have been less than $1.0 million in chargeoffs in this portfolio as of September 30, 2013. We have had no charge offs on our receivables from dealers.

Deferrals and Troubled Debt Restructurings

In accordance with our policies and guidelines, we, at times, offer payment deferrals to borrowers on our retail installment contracts, whereby the consumer is allowed to move up to three delinquent payments to the end of the loan. Our policies and guidelines limit the number and frequency of deferrals that may be granted to one every six months and eight over the life of a loan. Additionally, we generally limit the granting of deferrals on new accounts until a requisite number of payments has been received. During the deferral period, we continue to accrue and collect interest on the loan in accordance with the terms of the deferral agreement.

At the time a deferral is granted, all delinquent amounts may be deferred or paid, resulting in the classification of the loan as current and therefore not considered a delinquent account. Thereafter, such account is aged based on the timely payment of future installments in the same manner as any other account.

The following is a summary of deferrals on our retail installment contracts held for investment as of the dates indicated:

	September 30, 2013		December 31, 2012		December 31, 2011	
	(Dollar amounts in thousands)					
Never deferred	$ 17,987,970	77.2%	$ 13,133,195	70.6%	$ 12,593,162	67.6%
Deferred once	2,585,152	11.1%	2,665,768	14.3%	3,376,506	18.1%
Deferred twice	1,372,943	5.9%	1,506,115	8.1%	1,789,918	9.6%
Deferred 3-4 times	1,304,659	5.6%	1,255,805	6.8%	848,128	4.6%
Deferred greater than 4 times	56,219	0.2%	32,720	0.2%	13,086	0.1%
Total	$ 23,306,943		$ 18,593,603		$ 18,620,800	

We evaluate the results of our deferral strategies based upon the amount of cash installments that are collected on accounts after they have been deferred versus the extent to which the collateral underlying the deferred accounts has depreciated over the same period of time. Based on this evaluation, we believe that payment deferrals granted according to our policies and guidelines are an effective portfolio management technique and result in higher ultimate cash collections from the portfolio.

Changes in deferral levels do not have a direct impact on the ultimate amount of consumer finance receivables charged off by us. However, the timing of a charge-off may be affected if the previously deferred account ultimately results in a charge-off. To the extent that deferrals impact the ultimate timing of when an account is charged off, historical charge-off ratios, loss confirmation periods, and cash flow forecasts for loans classified as troubled debt restructurings (TDRs) used in the determination of the adequacy of our allowance for loan losses are also impacted. Increased use of deferrals may result in a lengthening of the loss confirmation period, which would increase expectations of credit losses inherent in the portfolio and therefore increase the allowance for loan losses and related provision for loan losses. Changes in these ratios and periods are considered in determining the appropriate level of allowance for loan losses and related provision for loan losses.

Table of Contents

If a customer s financial difficulty is not temporary, we may agree, or be required by a bankruptcy court, to grant a modification involving one or a combination of the following: a reduction in interest rate, a reduction in loan principal balance, or an extension of the maturity date. The servicer also may grant concessions on our unsecured consumer loans in the form of principal or interest rate reductions or payment plans. The following is a summary of the principal balance as of September 30, 2013 and December 31, 2012 of loans that have received these modifications and concessions:

	September 30, 2013		December 31, 2012
	Retail Installment Contracts	Unsecured Consumer Loans	Retail Installment Contracts
	(Dollars amounts in thousands)		
Temporary reduction of monthly payment	$ 999,691	$	$ 895,557
Bankruptcy-related accounts	127,967	1,143	138,257
Extension of maturity date	107,707		38,520
Interest rate reduction	74,736	3,380	36,045
Other	51,372		69,750
Total modified loans	$ 1,361,473	$ 4,523	$ 1,178,129

As a result of our adoption on January 1, 2012 of the Financial Accounting Standards Board s (FASB) Accounting Standards Update (ASU) 2011-02, *Receivables (Topic 310): A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring* (ASU 2011-12), which clarified the FASB s guidance on a creditor s evaluation of whether it has granted a concession and of whether the borrower is experiencing financial difficulty, management changed its definition of TDRs to include all individually acquired retail installment contracts that have been modified at least once or deferred at least twice or for a period of 90 days or more. Additionally, management believes that releases of liability in a bankruptcy proceeding represent TDRs. Our purchased receivables portfolios are excluded from the scope of the applicable guidance.

In 2011 and 2010, we classified only certain loans that had been modified as TDRs, excluding certain other modifications and all deferrals. The disclosures of unpaid principal balance, recorded investment, number of contracts, and subsequent defaults as of and for the years ended December 31, 2011 and 2010, have not been retrospectively adjusted. Because our standard loan loss provision methodology results in an allowance not significantly different from the amount required for TDRs, the adoption of ASU 2011-02 did not have a material impact on the provision for credit losses or the allowance for loan losses.

A summary of our recorded investment in TDRs as of the dates indicated is as follows:

	September 30, 2013		December 31, 2012
	Retail Installment Contracts	Unsecured Consumer Loans	Retail Installment Contracts
	(Dollars amounts in thousands)		
Total TDR principal	$ 2,371,581	$ 4,136	$ 1,483,080
Accrued interest	64,289	387	43,813
Discount	(59,836)	(375)	(36,440)
Origination costs	3,856	2	2,717
Outstanding recorded investment	2,379,890	4,150	1,493,170
Allowance for loan losses	(469,311)	(1,396)	(251,187)
Outstanding recorded investment, net of allowance	$ 1,910,579	$ 2,754	$ 1,241,983

Table of Contents

A summary of the principal balance on our performing and nonperforming TDRs as of the dates indicated is as follows:

	September 30, 2013		December 31, 2012
	Retail Installment Contracts	Unsecured Consumer Loans	Retail Installment Contracts
	(Dollars amounts in thousands)		
Current	$ 1,554,056	$ 3,343	$ 860,385
31-60 days past due	499,206	345	383,255
Greater than 60 days past due (non-performing)	318,319	448	239,440
Total TDRs	$ 2,371,581	$ 4,136	$ 1,483,080

As of September 30, 2013 and December 31, 2012, we did not have any dealer loans classified as TDRs and had not granted deferrals or modifications on any of these loans.

Liquidity and Capital Resources

We require a significant amount of liquidity to originate and acquire loans and leases and to service debt. We fund our operations primarily through securitization in the ABS market and committed credit lines from third-party banks and Santander. In addition, we utilize large flow agreements. We seek to issue debt that appropriately matches the cash flows of the assets that we originate. We have over $2 billion of stockholders equity that supports our access to the securitization markets, credit facilities, and flow agreements.

In the second quarter of 2013, launches of our Chrysler Capital brand and our unsecured lending program drove a significant increase in origination volume to a company-record quarterly production of approximately $5.7 billion for the second quarter, followed by originations totaling approximately $6.7 billion for the third quarter. We are executing more frequent securitization transactions, as well as continuing to add additional credit facilities and flow agreements, to fund the increased origination volume from our Chrysler Capital and unsecured lending business.

As of September 30, 2013, our revolving credit facilities consisted of the following:

	September 30, 2013 (Dollar amounts in thousands)					
	Maturity Date(s)	Utilized Balance	Committed Amount	Effective Rate	Assets Pledged	Restricted Cash Pledged
Warehouse line	June 2014	$ 252,138	$ 500,000	1.07%	$ 382,864	$
Warehouse line	Various(a)		1,210,260	3.77%		
Warehouse line (b)	April 2015	1,059,700	4,550,000	1.48%	1,217,403	26,713
Warehouse line	June 2015	1,541,570	2,000,000	0.93%	1,895,659	39,674
Warehouse line	July 2015	302,486	500,000	0.94%	371,892	8,223
Warehouse line	September 2015	57,800	200,000	3.25%		240
Repurchase facility (c)	Various(c)	898,832	898,832	1.62%		
Total facilities with third parties		4,112,526	9,859,092		3,867,818	74,850
Lines of credit with Santander and related subsidiaries (d):						
Line of credit (e)	December 2015	500,000	500,000	2.48%	16,299	
Line of credit (e)	December 2017		500,000	3.10%		
Line of credit	December 2015	1,750,000	1,750,000	2.05%	1,570	
Line of credit	December 2017	1,045,000	1,750,000	2.55%	124,608	

Total facilities with Santander and related subsidiaries	3,295,000	4,500,000	142,477	
Total revolving credit facilities	$ 7,407,526	$ 14,359,092	$ 4,010,295	$ 74,850

Table of Contents

(a) One-fourth of any outstanding balance on this facility would mature in each of the following months: March 2014, November 2014, March 2015, and November 2015
(b) This line is held exclusively for Chrysler Capital retail loan and lease financing, with lease financing comprising no more than 50% of the outstanding balance upon advance.
(c) The repurchase facility is collateralized by securitization bonds and residuals retained by the Company. No portion of this facility is unsecured. This facility has rolling 30-day and 90-day maturities.
(d) As of September 30, 2013, $754,927 of the outstanding balances on credit facilities were unsecured.
(e) These lines are also collateralized by securitization notes payable and residuals retained by the Company

Our secured structured financings primarily consist of public, SEC-registered securitizations. We also execute private securitizations under Rule 144A of the Securities Act and privately issue amortizing notes. As of September 30, 2013, our secured structured financings consisted of the following:

	September 30, 2013 (amounts in thousands)						
	Original Estimated Maturity Date(s)		Balance	Initial Note Amounts Issued	Initial Weighted Average Interest Rate	Collateral	Restricted Cash
2010 Securitizations	October 2016	November 2017	$ 771,599	$ 4,671,749	1.04%-1.44%	$ 1,361,897	$ 213,458
2011 Securitizations	October 2015	September 2017	1,477,673	5,605,609	1.21%-2.80%	1,628,140	188,297
2012 Securitizations	November 2017	December 2018	4,623,776	8,023,840	0.92%-1.68%	5,656,807	402,113
2013 Securitizations	January 2019	January 2021	4,532,017	5,228,770	0.89%-1.59%	5,270,014	270,475
Public securitizations			11,405,065	23,529,968		13,916,858	1,074,343
2010 Private issuance	June 2011		240,385	516,000	1.29%	397,553	9,141
2011 Private issuances	December 2018		987,297	4,856,525	1.46%-1.80%	1,697,858	122,767
2012 Private issuance	May 2016		39,740	70,308	1.07%	46,047	3,635
2013 Private issuances	September 2018	September 2020	2,603,384	2,693,754	1.13%-1.38%	2,547,754	69,925
Privately issued amortizing notes			3,870,806	8,136,587		4,689,212	205,468
Total structured secured financings			$ 15,275,871	$ 31,666,555		$ 18,606,070	$ 1,279,811

In addition to our credit facilities and secured structured financings, we have flow agreements in place with Bank of America and SBNA.

Credit Facilities

Third-party Revolving Credit Facilities

Warehouse Lines

Warehouse lines are used to fund new originations. Each line specifies the required collateral characteristics, collateral concentrations, credit enhancement, and advance rates. Our warehouse lines generally are backed by auto retail installment contracts and, in the case of the Chrysler Capital dedicated facility described below, leases. These credit lines generally have one- or two-year commitments, staggered maturities and floating interest rates. We maintain daily funding forecasts for originations, acquisitions, and other large outflows such as tax payments in order to balance the desire to minimize funding costs with our liquidity needs.

Our warehouse lines generally have net spread, delinquency, and net loss ratio limits. Generally, these limits are calculated based on the portfolio collateralizing the respective line; however, for one of our warehouse lines, delinquency and net loss ratios are calculated with respect to our serviced portfolio as a whole. Failure to meet any of these covenants could trigger increased overcollateralization requirements or, in the case of limits calculated with respect to the specific portfolio underlying certain credit lines, result in an event of default under these agreements. If an event of default occurs under one of these agreements, the lenders could elect to declare all amounts outstanding under the impacted agreement to be immediately due and payable, enforce their interests against collateral pledged under the agreement, restrict our ability to obtain additional borrowings under the

agreement, and/or remove us as servicer. None of our warehouse lines currently have any ratios above their limits, and we have never had a warehouse line terminated due to failure to comply with any ratio or a failure to meet any covenant. A default under one of these agreements can be enforced only with respect to the impacted warehouse line.

In order to comply with the Chrysler Agreement s requirement that SCUSA maintain at least $4.5 billion of financing reserved for the exclusive use of providing short-term liquidity needs to support Chrysler retail financing, we entered into a credit facility on April 29, 2013 with seven banks providing an aggregate commitment of $4.55 billion. The facility has an initial term of two years and can be used for both loan and lease financing (with lease financing comprising no more than 50% of the outstanding balance upon advance). The facility requires reduced advance rates in the event of delinquency, net loss, or residual loss ratios exceeding specified thresholds.

Repurchase Facility

We also obtain financing through an investment management agreement whereby we pledge retained subordinate bonds on our own securitizations as collateral for repurchase agreements with various borrowers and at renewable terms ranging from 30 to 90 days. These repurchase agreements provide an aggregate commitment of approximately $1 billion.

Santander Credit Facilities

Santander historically has provided, and continues to provide our business with significant funding support in the form of committed credit facilities. Through its New York branch, Santander provides us with $4.5 billion of long-term committed revolving credit facilities (the Santander Credit Facilities).

The Santander Credit Facilities are structured as three and five year floating rate facilities, with current maturity dates of December 31, 2015 and 2017. Santander has the option to allow us to continue to renew the term of these facilities annually going forward, thereby maintaining the three and five year maturities. These facilities currently permit unsecured borrowing but generally are collateralized by retail installment contracts and retained residuals. Any secured balances outstanding under the Santander Credit Facilities at the time of the facilities maturity will amortize to match the maturities and expected cash flows of the corresponding collateral.

There was an average outstanding balance of approximately $2.4 billion, $1.2 billion, and $3.0 billion under the Santander Credit Facilities during the nine months ended September 30, 2013 and the years ended December 31, 2012 and 2011, respectively. The maximum outstanding balance during each period was $4.3 billion, $2.2 billion, and $4.9 billion, respectively.

Santander also has provided a $500 million letter of credit facility with a maturity date of December 31, 2014 that we can use as credit enhancement to support increased borrowings on certain third-party credit facilities. We have not used this facility since December 2012. Santander also serves as the counterparty for many of our derivative financial instruments.

Secured Structured Financings

We obtain long-term funding for our receivables through securitization in the ABS market. ABS provides an attractive source of funding due to the cost efficiency of the market, a large and deep investor base, and tenors that appropriately match the cash flows of the debt to the cash flows of the underlying assets. The term structure of a securitization locks in fixed rate funding for the life of the underlying fixed rate assets, and the matching amortization of the assets and liabilities provides committed funding for the collateralized loans throughout their terms. Because of prevailing market rates, we did not issue ABS transactions in 2008 and 2009, but we began issuing ABS again in 2010. We were the largest issuer of retail auto ABS in 2011 and 2012, and are the largest issuer year-to-date in 2013. Since 2010, SCUSA has issued over $25 billion in retail auto ABS.

Table of Contents

We execute each securitization transaction by selling receivables to securitization trusts (Trusts) that issue ABS to investors. In order to attain specified credit ratings for each class of bonds, these securitization transactions have credit enhancement requirements in the form of subordination, restricted cash accounts, excess cash flow, and overcollateralization, whereby more receivables are transferred to the Trusts than the amount of ABS issued by the Trusts.

Excess cash flows result from the difference between the finance and interest income received from the obligors on the receivables and the interest paid to the ABS investors, net of credit losses and expenses. Initially, excess cash flows generated by the Trusts are used to pay down outstanding debt in the Trusts, increasing over collateralization until the targeted percentage level of assets has been reached. Once the targeted percentage level of overcollateralization is reached and maintained, excess cash flows generated by the Trusts are released to us as distributions from the Trusts. We also receive monthly servicing fees as servicer for the Trusts. Our securitizations each require an increase in credit enhancement levels if Cumulative Net Losses, as defined in the documents underlying each ABS transaction, exceed a specified percentage of the pool balance. None of our securitizations have Cumulative Net Loss percentages above their limits.

Our securitization transactions utilize bankruptcy-remote special purpose entities which are also VIEs that meet the requirements to be consolidated in our financial statements. Following a securitization, the finance receivables and the notes payable related to the securitized retail installment contracts remain on the consolidated balance sheets. We recognize finance and interest income as well as fee income on the collateralized retail installment contracts and interest expense on the ABS issued. We also record a provision for loan losses to cover probable loan losses on the retail installment contracts. While these Trusts are included in our consolidated financial statements, these Trusts are separate legal entities; thus, the finance receivables and other assets sold to these Trusts are legally owned by these Trusts, are available to satisfy the notes payable related to the securitized retail installment contracts, and are not available to our creditors or our other subsidiaries.

We have completed eight securitizations year-to-date and currently have 28 securitizations outstanding in the market with a cumulative ABS balance of over $12 billion. Our securitizations generally have several classes of notes, with principal paid sequentially based on seniority and any excess spread distributed to the residual holder. We generally retain the lowest bond class and the residual. We use the proceeds from securitization transactions to repay borrowings outstanding under our credit facilities, originate and acquire new loans and leases, and for general corporate purposes. We generally exercise clean-up call options on our securitizations when the collateralization pool balance reaches 10% of its original balance.

We also periodically privately issue amortizing notes, in transactions that are structured similarly to our public and Rule 144A securitizations but are issued to banks and conduits. Historically, all of these private issuances have been collateralized by vehicle retail installment contracts and loans; however, in the third quarter of 2013, we executed our first private issuance backed by vehicle leases. This issuance had an initial balance of $507 million, with an additional $493 million issued upon execution of an amendment on October 31, 2013.

Flow Agreements

In order to manage our balance sheet and provide funding for our recent significant increase in volume of originations, we are actively seeking to enter into flow agreements under which we will sell, or otherwise source to third parties, loans on a periodic basis. These loans will not be on our balance sheet but may provide a gain on sale and will provide a stable stream of servicing fee income.

On June 13, 2013, we entered into a forward flow agreement with Bank of America whereby we are committed to sell a contractually determined amount of eligible loans to Bank of America on a monthly basis. The amount sold monthly may vary depending on the amount and credit quality of eligible current month originations and prior month sales. On September 26, 2013, we amended this flow agreement to replace the maximum annual sale amounts with a monthly limit of $300 million and to extend the term of the agreement from December 31, 2015 to May 31, 2018, such that the total maximum committed sales, $17 billion, remains the same. For loans sold, we retain the servicing rights at contractually agreed upon rates. We also will receive or

Table of Contents

pay a servicer performance payment if net credit losses on the sold loans are lower or higher, respectively, than expected net credit losses at the time of sale. These servicer performance payments are limited to a percentage of principal balance sold or expected losses at time of sale and are not expected to be significant to our total servicing compensation from the forward flow agreement. As of September 30, 2013, the Company had sold approximately $897 million of loans under this agreement.

On June 28, 2013, we entered into a flow agreement with SBNA whereby we provide the bank with the first right to review and assess dealer lending opportunities and, if the bank elects, to provide the proposed financing. We provide servicing on all loans originated under this arrangement. We also will receive or pay a servicer performance payment if yields, net of credit losses, on the loans are higher or lower, respectively, than expected at origination. As of September 30, 2013, approximately $17 million of loans had been originated under this agreement. Servicer performance payments earned for the year-to-date period ended September 30, 2013 were immaterial.

Off-Balance Sheet Financing

On October 24 and November 12, 2013, we executed our first two Chrysler Capital-branded securitizations, both of which were executed under Rule 144A of the Securities Act. Because all of the notes and residual interests in these securitizations were issued to third parties, we recorded these transactions as true sales of the $640 million and $451 million, respectively, of retail installment contracts securitized, and removed these sold assets from our consolidated balance sheets.

As of September 30, 2013, substantially all of the dealer floorplan loans originated under Chrysler Capital were held by our affiliate, SBNA, under the terms of either of two agreements, a flow agreement entered into in June 2013 and a sale agreement entered into in August 2013. In November 2013, we entered into an additional sale agreement to sell substantially all of the non-floorplan dealer loans to SBNA.

Cash Flow Comparison

We have produced positive net cash from operating activities every year since 2003. Our investing activities primarily consist of originations and acquisitions of retail installment contracts. Our financing activities primarily consist of borrowing, repayments of debt, and payment of dividends.

	For the Nine Months Ended September 30,		For the Year Ended December 31,		
	2013	2012	2012	2011	2010
	(Dollar amounts in thousands)				
Net cash provided by operating activities	$ 1,381,799	$ 1,035,173	$ 1,442,592	$ 1,555,596	$ 1,159,613
Net cash provided by (used in) investing activities	$ (7,595,568)	$ 153,351	$ (64,632)	$ (3,563,965)	$ (7,078,789)
Net cash provided by (used in) financing activities	$ 6,170,233	$ (1,240,638)	$ (1,361,482)	$ 2,003,777	$ 5,943,247

Cash Provided by Operating Activities

For the nine months ended September 30, 2013, net cash provided by operating activities of $1.4 billion consisted of net income of $582 million, adjustments for non-cash items of $1.0 billion, and net proceeds from sales of loans of $1.1 billion, partially offset by net purchases of loans held for sale of $1.2 billion and changes in working capital of $146 million. Adjustments for non-cash items consisted primarily of $1.2 billion in provision for credit losses and $43 million in deferred tax expense, partially offset by $231 million in accretion of discount, net of depreciation and amortization of capitalized origination costs and $17 million of capitalized interest on unsecured revolving consumer loans.

For the nine months ended September 30, 2012, net cash provided by operating activities of $1.0 billion consisted of net income of $612 million and adjustments for non-cash items of $538 million, partially offset by changes in working capital of $115 million. Adjustments for non-cash items consisted primarily of $660 million in provision for credit losses and $45 million of depreciation and amortization, partially offset by $67 million in accretion of discount and capitalized origination costs and $101 million in deferred tax benefit.

Table of Contents

For the year ended December 31, 2012, net cash provided by operating activities of $1.43 billion consisted of net income of $735 million and adjustments for non-cash items of $832 million, partially offset by a change in working capital of $125 million. Adjustments for non-cash items consisted primarily of $1.12 billion in provision of credit losses and $187 million for depreciation and amortization, partially offset by $273 million in accretion of discount and capitalized origination costs and $196 million in deferred tax benefit.

For the year ended December 31, 2011, net cash provided by operating activities of $1.56 billion consisted of net income of $788 million and adjustments for non-cash items of $877 million, partially offset by change in working capital of $110 million. Adjustments for non-cash items consisted primarily of $819 million in provision of credit losses and $258 million for depreciation and amortization, partially offset by $237 million in accretion of discount and capitalized origination costs. Cash used for changes in working capital and other activities was primarily impacted by $191 million in federal income tax and other taxes partially offset by a $72 million decrease in other assets.

For the year ended December 31, 2010, net cash provided by operating activities of $1 billion consisted of net income of $438 million, adjustments for non-cash items of $476 million, and changes in working capital of $245 million. Adjustments for non-cash items consisted primarily of $888 million in provision of credit losses and $124 million for depreciation and amortization, partially offset by $277 million in accretion of discount and capitalized origination costs and $260 million in deferred tax benefit. Cash provided by changes in working capital and other activities was primarily impacted by $204 million in federal income tax and other taxes.

Cash Provided by (Used in) Investing Activities

For the nine months ended September 30, 2013, net cash used in investing activities of $7.6 billion primarily consisted of $14.3 billion in loan and lease originations and net balance increases on revolving lines, net of $7.1 billion in collections. Net cash used in investing activities also includes the $150 million upfront fee paid to Chrysler and a $322 million increase in restricted cash.

For the nine months ended September 30, 2012, net cash provided by investing activities of $153 million primarily consisted of a net $409 million decrease in restricted cash, offset by $314 million in loan originations and purchases less collections. The increase in restricted cash was due to the $1.16 billion influx of previously restricted cash that was used to pay down Santander lines of credit, partially offset by other builds of restricted cash during the period.

For the year ended December 31, 2012, net cash used in investing activities of $64 million primarily consisted of $589 million used for retail installment contract originations and acquisitions, net of collections on retail installment contracts, partially offset by changes in restricted cash of $379 million. In addition, net collections on available-for-sale securities and receivables from lenders totaled $159 million.

For the year ended December 31, 2011, net cash used in investing activities of $3.56 billion was primarily impacted by the purchases of and collections on retail installment contracts. Purchases of retail installment contract portfolios during the year were $3.65 billion. Excluding the purchase of these receivables portfolios, net cash inflow on retail installment contracts was $1.21 billion. In addition, restricted cash increased due to $1.16 billion received for the sale of common stock in connection with the Equity Transaction. This cash was used to pay down Santander lines of credit in early 2012.

For the year ended December 31, 2010, net cash used in investing activities of $7.08 billion was primarily impacted by the purchases of and collections on retail installment contracts. We purchased retail installment contract portfolios during the year of $7.81 billion. Excluding the purchase of these receivables portfolios, net cash inflow on retail installment contracts was $416 million.

Cash Provided by (Used in) Financing Activities

For the nine months ended September 30, 2013, net cash provided by financing activities of $6.2 billion was driven by net advances of $4.0 billion on credit facilities, in addition to net proceeds on new secured structured financings exceeding payments on secured structured financings by $2.4 billion, partially offset by a $290 million dividend.

For the nine months ended September 30, 2012, net cash used in financing activities of $1.2 billion consisted of the net pay down on borrowings of $766 million and $475 million paid in dividends during the period.

During the year ended December 31, 2012, net cash used in financing activities of $1.36 billion resulted from payments on notes payable exceeding proceeds by $540 million, in addition to $735 million in dividends.

During the year ended December 31, 2011, net cash provided by financing activities of $2.00 billion resulted from proceeds in notes payable exceeding payments by $1.82 billion, in addition to the $1.16 billion cash infusion in December 2011 from the Equity Transaction, partially offset by $865 million in dividends.

During the year ended December 31, 2010, net cash provided by financing activities of $5.94 billion resulted from proceeds in notes payable exceeding payments by $6.07 billion.

Contingencies and Off-Balance Sheet Arrangements

Litigation

On September 13, 2013, Ally Financial Inc. filed suit against us in the United States District Court for the Eastern District of Michigan in a matter pending as Case No. 13-CV-13929, alleging copyright infringement and misappropriation of trade secrets and confidential information in connection with our launch of Chrysler Capital and, in particular, our offering of floorplan lines of credit to Chrysler dealerships. We consider the allegations to be without merit and intend to vigorously defend the case.

Periodically, we are party to or otherwise involved in other legal proceedings arising in the normal course of business. We have recorded no material reserves for any cases and do not believe that there are any proceedings threatened or pending that would have a material adverse effect on us if determined adversely.

Lending Arrangements

We are obligated to make purchase price holdback payments to a third-party originator of loans that we purchase on a periodic basis, when losses are lower than originally expected.

We have extended revolving lines of credit to certain auto dealers. Under this arrangement, we are committed to lend up to each dealer s established credit limit.

In March 2013, we entered into certain agreements with LendingClub under which we have the option to purchase up to 25% of LendingClub s total originations for a term of three years. In July 2013, we entered into certain additional agreements with LendingClub under which we are committed to purchase at least the lesser of $30 million per month or 75% of the lending platform company s near-prime originations through July 2015, and the lesser of $30 million per month or 50% of the lending platform company s near-prime originations thereafter through July 2017. This commitment can be reduced or cancelled with 90 days notice.

In April 2013, we entered into certain agreements with Bluestem. The terms of the agreements include a commitment by us to purchase new advances originated by Bluestem, along with existing balances on accounts with new advances, for an initial term ending in April 2020. Each customer account generated under the agreements generally is approved with a credit limit higher than the amount of the initial purchase, with each subsequent purchase automatically approved as long as it does not cause the account to exceed its limit and the customer is in good standing. As these credit lines do not have a specified maturity, but rather can be terminated at any time in the event of adverse credit changes or lack of use, we have not recorded a reserve for unfunded commitments. We are required to make a monthly profit-sharing payment to Bluestem.

Flow Agreements

In June 2013, we entered into a forward flow agreement that, as amended in September 2013, commits us to sell up to $300 million per month of prime loans to Bank of America. For loans sold, we retain the servicing rights at contractually agreed upon rates. We also will receive or pay a servicer performance payment if net credit losses on the sold loans are lower or higher, respectively, than expected net credit losses at the time of sale.

In June 2013, we entered into a flow agreement with SBNA whereby we provide SBNA with the first right to review and assess Chrysler dealer lending opportunities and, if SBNA elects, SBNA will provide the proposed financing. We provide servicing on all loans originated under this arrangement. We also will receive or pay a servicer performance payment if yields, net of credit losses, on the loans are higher or lower, respectively, than expected at origination.

Credit Enhancement Arrangements

In connection with the sale of retail installment contracts to securitization trusts, we have made standard representations and warranties customary to the consumer finance industry. Violations of these representations and warranties may require us to repurchase loans previously sold. As of September 30, 2013, we had no repurchase requests outstanding.

We have a letter of credit facility in the amount of $500 million from Santander with a maturity date of December 31, 2014 that we can use as credit enhancement to support increased borrowings on certain third-party credit facilities. We have not used this letter of credit facility since December 2012.

Chrysler-related Contingencies

Throughout the ten-year term of our agreement with Chrysler, we are obligated to make quarterly payments to Chrysler representing a percentage of gross profits earned from a portion of the Chrysler Capital consumer loan and lease platform. We also are obligated to make quarterly payments to Chrysler sharing residual gains on leases in quarters in which we experience lease terminations with gains over a specified percentage threshold.

Contractual Obligations

We lease our headquarters in Dallas, Texas, our servicing centers in Texas and Colorado, and an operations facility in California under non-cancelable operating leases that expire at various dates through 2026. We rent printers and postage machines under capital leases that expire in 2014.

The following table summarizes our contractual obligations as of December 31, 2012 (in thousands):

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
			(Amounts in thousands)		
Operating lease obligations	$ 4,893	$ 8,481	$ 5,715	$	$ 19,089
Capital lease obligations	545				545
Notes payable					
secured structured financings	715,461	4,009,722	5,489,171	2,668,832	12,883,186
	$ 720,899	$ 4,018,203	$ 5,494,886	$ 2,668,832	$ 12,902,820

68

The above table does not include operating lease obligations related to the lease we entered into on October 21, 2013. Future minimum lease payments for the twelve-year term of the lease total approximately $83.6 million.

The above table also does not include purchase commitments under the agreement with a third party retailer we entered into in April 2013, under terms of which we are committed to purchase certain new advances of unsecured revolving financings originated by the retailer, along with existing balances on accounts with new advances, for an initial term ending in April 2020. In connection with this agreement, as of September 30, 2013, we had elected to exercise our option to purchase certain existing balances on accounts without new advances, thereby committing to purchase approximately $90 million of loans on or about October 4, 2013, a commitment we fulfilled in a timely manner.

The above table also does not include purchase commitments under the agreement with a peer-to-peer unsecured lender we entered into in July 2013, under terms of which we are committed to purchase the lesser of $30 million per month or 75% of the lender s near-prime originations through July 2015, and the lesser of $30 million per month or 50% of the lender s near-prime originations thereafter through July 2017. This commitment can be reduced or cancelled with 90 days notice.

Market Risk

We assume various types of risk in the normal course of business. Management classifies risk exposures into six risk categories: (1) strategic, including reputational, (2) credit, (3) market, (4) liquidity, (5) capital, and (6) non prudential risk including operations, technology, compliance, human resources, accounting and model risks.

We continuously enhance our risk management capabilities with additional processes, tools and systems designed to not only provide management with deeper insight into our various risks and assess our tolerance for risk, but also enhance our ability to mitigate these risks with the proper control infrastructure, ensure mitigation actions are effective in modifying or reducing the risk profile and the appropriate return is received for the risks taken.

The Board Enterprise Risk Committee (BERC) has been established by the Board of Directors (the Board) and charged with responsibility for establishing the governance over the risk management process, providing oversight in managing the aggregate risk position and reporting on the comprehensive portfolio of risk categories and the potential impact these risks can have on our risk profile. The BERC is principally composed of the executive management team representing the different risk areas and business units who are appointed by the Chief Executive Officer.

The BERC meets quarterly and is chartered to assist the Board in promoting the best interests of the Company by overseeing policies, procedures and risk practices relating to enterprise-wide risk and compliance with regulatory guidance. Members of the BERC are selected such that the committee comprises individuals whose experiences and qualifications can lead to broad and informed views on risk matters facing us and the financial services industry, including, but not limited to, risk matters that address credit, market, liquidity, operational, compliance, legal and other general business conditions. A comprehensive risk report is submitted to the BERC each quarter providing management s view of our risk position provided by the Chief Compliance and Risk Officer.

In addition to the BERC, the CEO delegates risk responsibility to management committees. These committees are: Executive Operations Committee (EOC), Asset Liability Committee (ALCO), Finance & Treasury Committee, Pricing and Credit Risk Oversight Committee (PCROC), the Legal & Compliance Committee (L&C) and the Model Risk Committee. The Chief Compliance and Risk Officer participates in each of these committees.

Table of Contents

In response to the evolving regulatory requirements for consumer finance, in 2012, we established the position of Chief Compliance Officer, later expanded to Chief Compliance and Risk Officer, to place emphasis on SCUSA s commitment to manage regulatory in a comprehensive compliance management program and overall risk in an enterprise risk program.

Interest Rate Risk

A change from the current low interest rate environment, a flat or inverted yield curve, and changes in prevailing interest rates can have an adverse impact on our business. Loans and leases originated or otherwise acquired by us and pledged to secure borrowings under our revolving credit facilities bear fixed interest rates and finance charges. Our gross interest rate spread, which is the difference between the income we earn through the interest and finance charges on our finance receivables and lease contracts and the interest we pay on our funding, is affected by changes in interest rates as a result of our dependence on the incurrence of variable rate debt. We are exposed to variable rate funding through our borrowings under our revolving credit facilities.

The variable rates on the borrowings under our revolving credit facilities are indexed to LIBOR or commercial paper rates and fluctuate periodically based on movements in those indexes. We sometimes use interest rate swap agreements to convert the variable rate exposures on these borrowings to a fixed rate, thereby mitigating our interest rate exposure. Interest rate swap agreements purchased by us do not impact the contractual cash flows to be paid to the creditor. The counterparty for most of our interest rate swaps is Santander or one of its affiliates. As of September 30, 2013, the notional value of our hedges with Santander and affiliates was approximately $6.0 billion.

In our public and Rule 144A securitization transactions, we transfer fixed rate to trusts that, in turn, issue fixed rate securities to investors. The interest rate demanded by investors in our securitization transactions and other secured financings depends on the general interest rate environment and prevailing interest rate spreads for securitizations. We are able to obtain attractive interest rate spreads on our securitizations due to among other factors: (i) the credit quality of the receivables in the trusts; (ii) the historical credit performance of similar pools of our receivables; (iii) the significant expansion of our securitization investor base since 2010; (iv) the historical lack of defaults in auto ABS; (v) the structure of our securitizations (with first losses going to the equity residual retained by us); and (vi) our obtaining of ratings from at least two ratings agencies on each securitization.

We are, in certain circumstances, required to hedge our interest rate risk on our secured structured financings and the borrowings under our revolving credit facilities, and we use both interest rate swaps and interest rate caps to satisfy these requirements. We currently hold purchased interest rate caps and offsetting sold interest rate caps related to several of our secured structured financings and to our Chrysler retail financing facility. Although the interest rate caps are purchased by these financing facilities, cash outflows from the facilities ultimately impact our retained interests in the secured structured financings as cash expended by the facilities will decrease the ultimate amount of cash to be received by us. Therefore, when economically feasible, we may simultaneously sell a corresponding interest rate cap to offset the premium paid to purchase the interest rate cap. The fair values of our interest rate cap agreements purchased and sold net to an immaterial value in our financial statements and have an immaterial earnings impact comprised solely of their execution cost. The counterparty for certain of our interest rate caps and related options is an affiliate of Santander. As of September 30, 2013, the notional value of our caps and options with this affiliate was approximately $3.2 billion.

Our board of directors requires that we closely monitor and manage the amount of our interest rate risk exposure. We monitor our interest rate risk by conducting sensitivity analyses that include parallel shifts in prevailing interest rates. As of September 30, 2013, the impact of a hypothetical 100 basis point parallel increase in the interest rate curve on our net interest margin and our economic net worth was a decrease of $49.5 million and $78.3 million, respectively. We assess interest rate risk by monitoring the repricing gap by maturity date of our interest-bearing assets and liabilities to ensure appropriate duration matching. The following table provides

Table of Contents

information about maturities of our interest rate-sensitive financial instruments by expected maturity date as of September 30, 2013:

	1M	3M	6M	12 M	2 Y	3 Y	4 Y	5 Y	>5 Y
				(Dollar amounts in thousands)					
Assets	1,029	1,438	2,384	3,636	5,700	4,372	1,552	694	527
Liabilities	8,319	1,209	1,787	2,140	3,055	1,981	952		
Net Swaps	5,934	(324)	(495)	(923)	(1,739)	(1,386)	(708)	(360)	
Repricing Gap	(1,356)	(96)	101	573	907	1,005	(107)	334	527
Cumulative Gap	(1,356)	(1,451)	(1,350)	(778)	129	1,134	1,027	1,361	1,889

Finance receivables are estimated to be realized by us in future periods using discount rate, prepayment, and credit loss assumptions similar to our historical experience. Notional amounts on interest rate swap and cap agreements are based on contractual terms. Credit facilities and securitization notes payable amounts have been classified based on expected payoff.

The notional amounts of interest rate swap and cap agreements, which are used to calculate the contractual payments to be exchanged under the contracts, represent average amounts that will be outstanding for each of the years included in the table. Notional amounts do not represent amounts exchanged by parties and, thus, are not a measure of our exposure to loss through our use of these agreements.

Management monitors our interest rate hedging activities to ensure that the value of derivative financial instruments, their correlation to the contracts being hedged, and the amounts being hedged continue to provide effective protection against interest rate risk. However, there can be no assurance that our strategies will be effective in minimizing interest rate risk or that increases in interest rates will not have an adverse effect on our profitability.

Liquidity Risk

We view liquidity as integral to other key elements such as capital adequacy, asset quality and profitability. Because our debt is nearly entirely serviced by collections on consumer receivables, our primary liquidity risk relates to the ability to continue to grow our business through the funding of new originations. We have a robust liquidity policy in place to manage this risk.

Our liquidity policy also establishes the following guidelines:

- that we maintain at least four external credit providers (as of September 30, 2013, we had nine);

- that we rely on Santander and affiliates for no more than 30% of our funding (as of September 30, 2013, Santander and affiliates provided 14% of our funding);

- that no more than 35% and 65% of our debt mature in the next six and twelve months, respectively (as of September 30, 2013, only 3% and 9%, respectively, of our debt is scheduled to mature in these timeframes);

- that we maintain unused capacity of at least $3.0 billion in excess of our expected peak usage over the following twelve months (as of September 30, 2013, we had twelve-month rolling unused capacity of approximately $4.8 billion); and

- that we maintain a minimum liquidity ratio, defined as our short-term assets divided by our short-term liabilities, of at least 70% over periods of one, three, six, and twelve months (as of September 30, 2013, our minimum liquidity ratio was at least 99% for each of these periods).

Table of Contents

Our liquidity policy also requires that our Asset and Liability Committee monitor many indicators, both market-wide and company-specific, to determine if action may be necessary to maintain our liquidity position. These indicators include:

- delinquency and loss ratios on our securitizations;
- available commitments on our borrowing lines;
- Santander ratings, market capitalization, and commercial paper rate;
- spreads on U.S. and Spanish debt;
- swap rates; and
- the Manheim Used Vehicle Index.

We generally look for funding first from structured secured financings, second from third-party credit facilities, and last from Santander. We believe this strategy helps us avoid being overly reliant on Santander for funding. We also utilize financing structures whereby even if a credit facility is canceled, balances outstanding are not due and payable immediately but rather run off only as the underlying collateral amortizes. Additionally, we can reduce originations to significantly lower levels if necessary during times of limited liquidity.

Our liquidity management tools include daily and twelve-month rolling cash requirements forecasts, monthly funding usage and availability reports, daily sources and uses reporting, structural liquidity risk exercises, and the establishment of liquidity contingency plans. We also perform quarterly stress tests in which we forecast the impact of various negative scenarios (alone and in combination), including reduced credit availability, higher funding costs, lower advance rates, lower customer interest rates, dealer discount rates, and higher credit losses.

We are currently in the process of establishing a qualified like-kind exchange program in order to defer tax liability on gains on sale of vehicle assets at lease termination. If we do not meet the safe harbor requirements of IRS Revenue Procedure 2003-39, we may be subject to large, unexpected tax liabilities, thereby generating immediate liquidity needs. We believe that our compliance monitoring policies and procedures will be adequate to enable us to remain in compliance with the program requirements.

Credit Risk

The risk inherent in our loan and lease portfolios is driven by credit quality and is affected by borrower-specific and economy-wide factors such as changes in employment. We manage this risk through our underwriting and credit approval guidelines and servicing policies and practices, as well as geographic and manufacturer concentration limits.

Our automated originations process reflects a disciplined approach to credit risk management. Our robust historical data on both organically originated and acquired loans provides us with the ability to perform advanced loss forecasting. Each applicant is automatically assigned a proprietary loss forecasting score (LFS) using information such as FICO®, debt-to-income ratio, loan-to-value ratio, and over 30 other predictive factors, placing the applicant in one of 100 pricing tiers. The pricing in each tier is continuously monitored and adjusted to reflect market and risk trends. In addition to our automated process, we maintain a team of underwriters for manual review, consideration of exceptions, and review of deal structures with dealers. We generally tighten our underwriting requirements in times of greater economic uncertainty (including during the recent financial crisis) to compete in the market at loss and approval rates acceptable for meeting our required returns. We have also adjusted our underwriting standards to meet the requirements of our contracts such as the Chrysler agreement. In both cases, we have accomplished this by adjusting our risk-based pricing, the material components of which include interest rate, down payment, and loan-to-value.

72

We monitor early payment defaults and other potential indicators of dealer or customer fraud, and use the monitoring results to identify dealers who will be subject to more extensive stipulations when presenting customer applications, as well as dealers with whom we will not do business at all.

As part of our plan for minimizing credit losses from our new dealer lending product line, we will conduct periodic inventories, generally without advance notice to the dealer, of the collateral for floorplan lines of credit we have extended. We also will reevaluate the creditworthiness of each dealer with an outstanding balance on at least an annual basis, and more often if events indicate a possible decline in creditworthiness.

See additional discussion of our servicing approach in Business.

Collateral Risk

Our lease portfolio presents an inherent risk that residual values recognized upon lease termination will be lower than those used to price the contracts at inception. Although we have elected not to purchase residual value insurance, our residual risk is somewhat mitigated by our residual risk-sharing agreement with Chrysler, as all of our leases are originated under terms of the Chrysler Agreement with Chrysler. We also utilize industry data, including the Automotive Lease Guide (ALG) benchmark for residual values, and employ a team of individuals experienced in forecasting residual values.

Similarly, lower used vehicle prices also reduce the amount we can recover when remarketing repossessed vehicles that serve as collateral underlying loans. We manage this risk through loan-to-value limits on originations, monitoring of new and used vehicle values using standard industry guides, and active, targeted management of the repossession process.

Legal and Compliance Risk

We must comply with the significant number of laws and regulations governing the consumer finance industry and, specifically, consumer protection. Compliance with applicable law is costly and can affect operating results. Compliance also requires a robust framework of governance and controls, which may create operational constraints.

To manage our legal and compliance risk, we maintain an extensive compliance, internal control, and monitoring framework, which includes the gathering of corporate control performance threshold indicators, Sarbanes-Oxley testing, monthly quality control tests, ongoing compliance monitoring with all applicable regulations, internal control documentation and review of processes, and internal audits. We also utilize internal and external legal counsel for expertise when needed. All associates upon new hire and annually receive comprehensive mandatory regulatory compliance training. In addition, the board of directors receives annual regulatory and compliance training. We use industry-leading call mining and other software solutions that assist us in analyzing potential breaches of regulatory requirements and customer service. Our call mining software analyzes all customer service calls, converting speech to text and mining for specific words and phrases that may indicate inappropriate comments by a representative. The software also detects escalated voice volume, enabling a supervisor to intervene if necessary. This tool enables us to effectively manage and identify training opportunities for associates, as well as track and resolve customer complaints through a robust quality assurance program. An example of another system control to mitigate compliance risk is that our customer dialing system has been programmed based on regulatory requirements to not permit dialing a customer phone number outside of permissible time periods or that already has been called the maximum number of times that day.

Operational and Technological Risk

We are exposed to loss that occurs in the process of carrying out our business activities. These relate to failures arising from inadequate or failed processes, failures in our people or systems, or from external events.

Our operational risk management program encompasses risk event reporting, analysis, and remediation; key risk indicator monitoring; and risk profile self-assessments.

Foreign Exchange Risk

As we do not currently operate in foreign markets, substantially all of our vendors are based in the United States, and we have only one employee outside of the United States (an employee in Canada working to establish our presence in that country). As a result, we do not currently have material exposure to currency fluctuations.

Inflation Risk

The risk of inflation does not have a significant impact on our business.

Critical Accounting Policies and Significant Judgments and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the amount of revenue and costs and expenses during the reporting periods. Actual results could differ from those estimates and those differences may be material. The accounting estimates that we believe are the most critical to understanding and evaluating our reported financial results include the following:

Retail Installment Contracts

Retail installment contracts consist largely of nonprime automobile finance receivables, which are acquired individually from dealers at a nonrefundable discount from the contractual principal amount. Retail installment contracts also include receivables originated through a direct lending program and loan portfolios purchased from other lenders. Retail installment contracts acquired individually or originated directly are primarily classified as held-for-investment and carried at amortized cost, net of allowance for loan losses. Most of our retail installment contracts are pledged under warehouse lines of credit or securitization transactions. Retail installment contracts we do not have the intent and ability to hold for the foreseeable future or until maturity or payoff are classified as held for sale and carried at the lower of cost or market, as determined on an aggregate basis.

Interest is accrued when earned in accordance with the terms of the retail installment contract. The accrual of interest is discontinued and reversed once a retail installment contract becomes more than 60 days past due, and is resumed and reinstated if a delinquent account subsequently becomes 60 days or less past due. The amortization of discounts, subvention payments from manufacturers, and origination costs on retail installment contracts held for investment acquired individually or through a direct lending program are recognized as adjustments to the yield of the related contract using the effective interest method. We estimate future principal prepayments and defaults in the calculation of the constant effective yield.

A portion of the discount received on contracts purchased from other lenders is attributable to the expectation that not all contractual cash flows will be received from the borrowers. These loans are accounted for in accordance with FASB ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. The excess of the estimated undiscounted principal, interest, and other cash flows expected to be collected over the initial investment in the acquired loans, or accretable yield, is accreted to interest income over the expected life of the loans using the effective interest rate method. The nonaccretable difference, or excess of contractually required payments over the estimated cash flows expected to be collected, is not accreted into income.

Any deterioration in the performance of the purchased portfolios results in an incremental provision for loan losses. Improvements in performance of the purchased pools that significantly increase actual or expected cash flows result first in a reversal of previously recorded allowance for loan losses and then in a transfer of the excess from nonaccretable difference to accretable yield, which will be recorded as finance income over the remaining life of the receivables.

Unsecured Consumer Loans, net

Unsecured consumer loans, net, consist of both revolving and amortizing term finance receivables acquired individually under terms of the Company s agreements with certain third parties who originate and continue to service the loans. Certain of the revolving receivables were acquired at a discount. Unsecured consumer loans are classified as held-for-investment and carried at amortized cost, net of allowance for loan losses.

Interest is accrued when earned in accordance with the terms of the contract. The accrual of interest on amortizing term receivables is discontinued and reversed once a receivable becomes past due more than 60 days, and is resumed and reinstated if a delinquent account subsequently becomes 60 days or less past due. The accrual of interest on revolving unsecured loans continues until the receivable becomes 180 days past due, at which point the principal amount and interest are charged off. The amortization of discounts is recognized straight-line over the estimated period over which the receivables are expected to be outstanding.

Receivables from Dealers

Receivables from dealers include floorplan loans provided to dealerships to finance new and used vehicles for their inventory. Receivables from dealers also include real estate loans and working capital revolving lines of credit. Interest on these loans is accrued when earned in accordance with the agreement with the dealer. Receivables from dealers we do not have the intent and ability to hold for the foreseeable future or until maturity or payoff are classified as held for sale and carried at the lower of cost or market, as determined on an aggregate basis.

Dealers with floorplan loans are permitted to deposit cash with the Company in exchange for a lower interest rate. This cash is commingled with the Company s other cash and available for general use.

Provision for Loan Losses

Provisions for loan losses are charged to operations in amounts sufficient to maintain the loan loss allowance at a level considered adequate to cover probable credit losses inherent in the portfolio. Probable losses are estimated based on contractual delinquency status and historical loss experience, in addition to the Company s judgment of estimates of the value of the underlying collateral, bankruptcy trends, economic conditions such as unemployment rates, changes in the used vehicle value index, delinquency status, historical collection rates and other information in order to make the necessary judgments as to probable loan losses.

Retail installment contracts acquired individually are charged off against the allowance in the month in which the account becomes 120 days contractually delinquent if we have not repossessed the related vehicle. We charge off accounts in repossession when the automobile is repossessed and legally available for disposition. A charge-off represents the difference between the estimated net sales proceeds and the amount of the delinquent contract. Accounts in repossession that have been charged off and are pending liquidation are removed from retail installment contracts and the related repossessed automobiles are included in repossessed vehicles and other assets in our consolidated balance sheets.

Term and revolving unsecured consumer loans are charged off against the allowance in the month in which the accounts become 120 and 180 days contractually delinquent, respectively.

In addition to maintaining a general allowance based on risk ratings, receivables from dealers are evaluated individually for impairment with specific reserves established for receivables determined to be individually impaired. Receivables from dealers are charged off against these reserves at management s discretion based on the dealer s individual facts and circumstances.

Table of Contents

Leased Vehicles, net

Vehicles for which we are the lessor are classified as operating leases, as they do not meet the accounting requirements to be classified as a capital lease. The net capitalized cost of each lease is recorded as an asset and depreciated on a straight-line basis over the contractual term of the lease to the expected residual value. The expected residual value and, accordingly, the monthly depreciation expense may change throughout the term of the lease. We estimate expected residual values using independent data sources and internal statistical models that take into consideration economic conditions, current auction results, our remarketing abilities, and manufacturer vehicle and marketing programs.

Lease payments due from customers are recorded as income until and unless a customer becomes more than 60 days delinquent, at which time the accrual of revenue is discontinued and reversed. The accrual is resumed and reinstated if a delinquent account subsequently becomes 60 days or less past due. Subvention payments from the manufacturer, down payments from the customer, and initial direct costs incurred in connection with originating the lease are amortized on a straight-line basis over the contractual term of the lease. We periodically evaluate our investment in operating leases for impairment if circumstances, such as a general decline in used vehicle values, indicate that an impairment may exist.

Income Taxes

Income tax expense consists of income taxes currently payable and deferred income taxes computed using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The deferred tax asset is subject to reduction by a valuation allowance in certain circumstances. This valuation allowance is recognized if it is more likely than not that some portion or all of the deferred tax asset will not be realized based on a review of available evidence. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Periodic reviews of the carrying amount of deferred tax assets are made to determine if the establishment of a valuation allowance is necessary. If, based on the available evidence, it is more likely than not that all or a portion of our deferred tax assets will not be realized, a deferred tax valuation allowance is established. Consideration is given to all positive and negative evidence related to the realization of the deferred tax assets. Factors considered in this evaluation include historical financial performance, expectation of future earnings of an appropriate character, the ability to carry back losses to recoup taxes previously paid, length of statutory carryforward periods, tax planning strategies, and timing of reversals of temporary differences. Significant judgment is required in assessing future earnings trends and the timing of reversals of temporary differences. The evaluation is based on current tax laws as well as expectations of future performance.

Table of Contents

BUSINESS

Overview

We are a full-service, technology-driven consumer finance company focused on vehicle finance and unsecured consumer lending products. Since our founding in 1995, we believe that we have developed into a market share leader in the nonprime vehicle finance space and have recently increased our presence in the prime space. We continually strive to build mutually beneficial relationships in the consumer finance industry that expand our franchise. For example, in February 2013, we entered into a ten-year agreement with Chrysler whereby in May we began originating private-label loans and leases under our Chrysler Capital brand to facilitate Chrysler vehicle retail sales to consumers and Chrysler-franchised automotive dealers. In addition, we have several relationships through which we provide unsecured consumer loans. We have developed sophisticated, proprietary software applications that leverage our knowledge of consumer behavior across the full credit spectrum. Our platforms allow us to effectively price and manage risk by origination channel and closely monitor our risk-adjusted margins and excess spread. As a result of our deep understanding of the market, we have consistently produced controlled growth and robust profitability in both economic expansions and downturns.

We believe our extensive data and advanced analytics tools enhance our proprietary loan origination, servicing and risk management platforms. We believe that these platforms are technologically sophisticated, readily expandable and easily adaptable to a diverse set of consumer finance products. We also believe that our scalable platforms will allow us to significantly expand our product offerings in both the vehicle finance and unsecured consumer lending markets to originate and service loans and leases at attractive costs. Led by our experienced and disciplined management team, we have significantly increased our origination volume and our portfolio over the past three years, demonstrating our ability to rapidly grow our asset base without having to significantly invest in new infrastructure or compromise our credit performance. In addition to originations, we have acquired and/or converted over $34 billion of assets to our lending platform since 2008.

Historically, we have originated loans primarily through franchised automotive dealers for manufacturers such as Chrysler, Ford, General Motors, and Toyota in conjunction with the sale of new and used vehicles to retail consumers. We currently have active relationships with over 14,000 such franchises and dealers throughout the United States. In February 2013, we entered into a ten-year agreement with Chrysler whereby we originate private-label loans and leases under the Chrysler Capital brand to facilitate Chrysler vehicle retail sales. We also originate loans and leases through selected independent automobile dealers, such as CarMax, from national and regional banks as well as through relationships with other OEMs. Additionally, we directly originate and refinance vehicle loans via our branded online platform, Roadloans.com, which is available through major online affiliates including Cars.com, AutoTrader.com, Kelley Blue Book, and eBay Motors. Moreover, we periodically purchase vehicle loan portfolios from other lenders.

Vehicle loans, leases, and dealer loans originated through our relationships with OEMs represent a significant source of growth for our vehicle finance business. Under our Chrysler Capital brand, we expect to significantly grow our vehicle finance portfolio, which we expect will more than offset the run-off of previously acquired portfolios, diversify the types of vehicle finance products that we offer, and continue to increase the volume of new vehicle financings. For the three months ended September 30, 2013, new vehicle financings as a percentage of our originations increased from approximately 10%   20% historically to approximately 40%. Under the Chrysler Capital brand, we originate vehicle loans and leases across the full credit spectrum, and provide dealer loans to Chrysler-franchised automotive dealers. We have entered into flow agreements in connection with the loans we originate through Chrysler Capital. For those loans, we retain the servicing rights at contractually agreed-upon rates, which provides us with an additional and stable fee income stream. We continue to evaluate opportunities for new OEM relationships in addition to Chrysler, as well as new flow agreements.

We also provide unsecured consumer loans. Recently, we have entered into relationships with Bluestem, a retailer, and LendingClub, a peer-to-peer lending platform, to acquire and, in certain circumstances, service unsecured consumer loans. In addition, we are actively utilizing our deep understanding of underwriting

Table of Contents

consumer finance assets and our technologically advanced operating and servicing platforms to expand into private label credit cards and other unsecured consumer finance products. As an example of this, we have recently entered into a strategic relationship with a technology provider to obtain and process credit applications of retail store customers, including those rejected by the primary lender.

Santander is our largest shareholder, a leader in the banking and consumer finance industries and, as of September 30, 2013, the largest bank in the Eurozone by market capitalization. We derive significant benefits from our relationship with Santander, including liquidity support and shared best practices in compliance and risk management. During the credit crisis that began in 2008, Santander maintained its commitment to us. We have benefitted from our strong relationship with Santander, which provided us with financing to opportunistically acquire and/or convert several large portfolios of loans and certain operations from institutions including CitiFinancial Auto, Triad Financial, HSBC Auto, and GE Capital (RV/marine portfolio). Santander has demonstrated its continuing commitment to us by extending $4.5 billion in credit facilities with terms of three to five years, which have yearly renewal options, as well as a $0.5 billion letter of credit facility.

We have significant access to the capital markets: we have issued over $25 billion in securitization transactions since 2010, obtained approximately $13.7 billion in committed credit lines and privately issued amortizing notes from large commercial banks, and entered into material flow agreements with leading commercial banks. In 2011, funds managed by three of the world s leading private equity investment firms, Centerbridge Partners, L.P., Kohlberg Kravis Roberts & Co. L.P., and Warburg Pincus LLC, purchased $1.0 billion of newly issued common stock.

Our Markets

The consumer finance industry in the United States has approximately $2.5 trillion of outstanding borrowings and includes vehicle loans and leases, credit cards, home equity lines of credit, private student loans, and personal loans. As economic conditions have recovered from the 2008 and 2009 downturn, there has been a significant demand for consumer financing, particularly to finance vehicle sales.

Our primary focus is the vehicle finance segment of the U.S. consumer finance industry. Vehicle finance includes loans and leases taken out by consumers to fund the purchase of new and used automobiles, as well as motorcycles, RVs, and watercraft. Within the vehicle finance segment, we maintain a strong presence in the auto finance market. The auto finance market features a fungible product resulting in an efficient pricing market, but it is highly fragmented, with no individual lender accounting for more than 10% of market share. As of September 30, 2013, there were approximately $850 billion of auto loans outstanding.

Through the recent economic downturn, auto loans generally were not as adversely impacted as most other consumer lending products. This performance was largely attributable to several factors, including: (i) the importance that automobiles serve in consumers everyday lives; (ii) the ability to locate, repossess and sell a vehicle to mitigate losses on defaulted loans; and (iii) the robustness of the used car market and residual values. This latter factor is subject to fluctuations in the supply and demand of automobiles. The primary metric used by the market to monitor the strength of the used car market is the Manheim Used Vehicle Index, a measure of wholesale used car prices adjusted by their mileage or vintage. As of September 30, 2013, used car financing represented 73% of our outstanding retail installment contracts of which 87% consisted of nonprime auto loans. The Manheim Used Vehicle Index has recently been well above historical norms and during the recent economic downturn rebounded in nine months while the broader economy took several years to rebound. This strength in the used car market reflects the importance of cars to U.S. consumers.

Historically, used car financing has made up a majority of our business. Used automobiles accounted for 74% of total automobiles sold in the United States in 2012. In the second quarter of 2013, approximately 53% of used car purchases were financed. Most loans in the used auto finance space are extended to nonprime consumers, who comprise a significant portion of the U.S. population. Of the approximately 200 million Americans with a credit history, 34% have FICO® scores below 650. Although nonprime auto loans typically produce higher losses than prime loans, our data-driven approach, extensive experience, and adaptive platform have enabled us to accurately project cash flows and effectively price loans for their inherent risk.

Table of Contents

Through our Chrysler Capital brand, we are increasing our focus on the new auto finance space by providing financing for the acquisition of new Chrysler cars. The new auto market continues to recover from the recent economic downturn. There were 14.4 million new cars sold in 2012, which was an increase of 39% over the number of new cars sold in 2009. Of total new auto sales in the second quarter of 2013, approximately 85% were financed. Future growth of new auto sales in the United States, and the parallel growth of consumer loans and leases to finance those sales, are driven by improving economic conditions, new automobile product offerings, and the need to replace aging automobiles. During 2012, the average age of U.S. autos reached an all-time high of 11.2 years. Chrysler Capital loan and lease growth will be driven by the volume of new Chrysler cars sold in the United States.

We are a leading originator of nonprime auto loans. National and regional banks have historically been the largest originators of used and nonprime vehicle loans and leases due to their broad geographic footprint and wide array of vehicle finance products. We primarily compete against national and regional banks, as well as automobile manufacturers captive finance businesses, to originate loans and leases to finance consumers purchases of new and used cars.

The unsecured consumer lending market, including credit cards, private student loans, point-of-sale financing, and personal loans, represents a significant expansion opportunity for us within the U.S. consumer finance industry. From a recent high in 2008, the U.S. consumer has steadily faced declining access to traditional sources of consumer credit. This decline is evidenced by the reduction of outstanding consumer credit card limits by approximately $865 billion and of home equity lines of credit by over approximately $370 billion since 2008. During the recent economic downturn, traditional lenders were forced to tighten credit and, in some cases, exit the market altogether, leaving a large market opportunity with significant growth potential. Additionally, consumer loan demand is recovering and, on average, most domestic bank lenders have reported stronger demand for consumer loans since April 2011. Imbalances in supply and demand have created a significant opportunity for companies like us who have national scale, financial strength, stability of management, strong credit and underwriting processes, and an appetite for identifying incremental lending opportunities.

In both the vehicle finance and unsecured consumer lending markets, we generate originations indirectly and directly. The indirect model requires relationships with third parties who are generally active in the market, are looking for an additional source of financing for their customers, and agree to direct certain customers to SCUSA. The direct model requires an internally-managed platform through which consumers are able to make requests for credit directly to SCUSA. While we have historically focused on the indirect model, we are growing our direct presence in the vehicle finance market through our Roadloans.com platform and we are currently building out our unsecured consumer lending platform. Additionally, we continue to develop new relationships with third parties to further broaden our origination channels within these markets.

Our Strengths

We believe the following are our most significant competitive strengths:

Technology-Driven Platforms Drive Superior Credit and Operational Performance. Throughout our history we have made significant investments in the technology underlying our origination, servicing and risk management platforms in order to be nimble and adapt quickly to market forces and changes in performance data. We have internally developed proprietary software applications that we believe are highly effective and leverage nearly 20 years of consumer behavior across the full credit spectrum. These systems enable us to effectively price, manage, and monitor risk on a real-time basis and at a highly granular level, including by vintage, origination channel, brand, and location where the loan or lease was originated. Our internally generated data, acquired historical credit data and extensive third-party data are utilized to continuously adapt our origination and servicing operations to evolving consumer behavior and product performance. The strength of our platforms is demonstrated by our proactive decision to tighten credit standards prior to the recent economic

Table of Contents

downturn and by our successful acquisition and/or conversion of over $34 billion of assets onto our platform since 2008. Another benefit of our technology-driven platform is that it allows us to move quickly. For example, in 2010 we onboarded a portfolio of $14.4 billion in assets in just four months. During the first half of 2007, we began to notice upward trends in early payment default rates, leading to a decision to tighten extensions of credit. As a result, in the third quarter of 2007, we made significant changes to the higher-risk segment of our portfolios, including minimizing no-cash-down loans and loans with high payments and high payment-to-income ratios (which resulted in a reduction in origination volume). We continued to tighten our credit standards throughout 2008 and 2009, and closely monitor the data we collect through our servicing and origination platforms to refine our underwriting criteria.

Our data-driven approach, extensive experience and adaptive platform have enabled us to accurately project cash flows and develop our leadership in the industry for a period of nearly 20 years. We believe that our proprietary credit scoring system helps us maximize originations by appropriately applying risk-adjusted pricing for any given consumer s credit profile through economic cycles. Our proprietary credit scoring system, LFS, takes into account 36 unique attributes, including FICO, time at residence, time at job, loan-to-value, payment-to-income, collateral attributes, dealer attributes, and economic factors, and we believe it has a higher predictive power regarding consumers willingness and ability to pay their debts than FICO, a conventional measure of consumer creditworthiness, alone. In addition, our scalable technology platform allows us to expand our existing relationships and explore new relationships at low marginal cost.

Growth-Oriented Business Model. We believe our business model and strategic third-party relationships will continue to attract new channels for origination volume growth and increase our penetration in the markets we serve. We have demonstrated the ability to capture growth and opportunities for diversification within the consumer finance industry, having successfully built mutually beneficial relationships with Chrysler, CarMax, other national automotive dealer groups, national and regional banks through their private label auto loan programs, and others. The flexibility of our platform has allowed us to expand our vehicle finance product offerings through the Chrysler Capital brand to include prime vehicle loans, vehicle leases, and dealer loans. Additionally, we believe we can quickly and efficiently provide similar or expanded offerings for others, including OEMs and consumer lenders. Further, our knowledge of consumer behavior across the full credit spectrum and our technologically sophisticated origination and servicing platforms will continue to facilitate our expansion of unsecured consumer lending and servicing.

Our diverse array of origination channels coupled with our flexible technology platforms enables us to seamlessly shift loan production to take advantage of changing market conditions to maximize returns and minimize credit risk. Management continually evaluates each origination channel for anomalies in expected credit performance and utilizes available tools to remedy the anomaly, including fraud investigations or pricing and volume adjustments. At the same time, other available origination channels may be experiencing more attractive market conditions than other channels, allowing management to increase originations through those channels and continue to drive profitable, risk-adjusted growth.

Robust Financial Performance. We have been profitable every year for the last ten years, including throughout the recent economic downturn. We believe this consistent profitability can be attributed to our credit analysis, pricing discipline, and efficient low-cost structure. Our lending experience, deep understanding of consumer behavior across the full credit spectrum and rigorous business processes help us manage risk and insulate us from swings in the economic and consumer credit cycles. In addition, while portions of our nonprime customer base produce relatively high losses, we structure and apply risk-adjusted pricing to these loans to produce a consistent return on capital. Supported by our robust financial profile, we delivered an average return on assets of 3.9% from 2009 to 2012 and a return on total common equity of more than 30% in each of those years, and have continued to deliver similar levels of return on assets and equity year-to-date in 2013, which we believe provides us with the ability to support our growth organically and return capital to our shareholders.

Deep Access to Committed Funding. We also maintain diverse and stable financing sources, and have demonstrated significant access to the broader capital markets. We have issued over $25 billion of ABS since

Table of Contents

2010, and we were the largest U.S. issuer of retail auto ABS in 2011 and 2012, and we are the largest issuer year-to-date in 2013. We have significant bank funding relationships, with third-party banks and Santander currently providing $13.7 billion and $4.5 billion in committed financing, respectively. We also have a $17 billion retail flow agreement in place with Bank of America and a dealer lending flow agreement in place with SBNA whereby we provide SBNA with the first right to review and assess Chrysler dealer lending opportunities and, if SBNA elects, to provide the proposed financing. We provide servicing, for a fee, on all loans originated under these arrangements. Further, we have been able to attract a substantial amount of third-party capital from our private equity sponsors.

Strong Relationship with Santander. We believe that our relationship with Santander, our largest shareholder (through SHUSA) and a premier global bank, offers us significant competitive advantages. As of September 30, 2013, Santander was the largest bank in the Eurozone by market capitalization. In addition, Santander, operating through Santander Consumer Finance s pan-European platform, is one of the top three consumer lending companies and is a leading non-captive vehicle lender in twelve European countries. Through Santander Consumer Finance, Santander continues to demonstrate its commitment to vehicle finance, as evidenced by its eleven current global OEM relationships and large vehicle loan portfolio. We may in the future look to benefit from Santander s strong relationships with global OEMs. Santander, a deposit-funded lender, has also provided us with significant funding support, both through existing committed liquidity and opportunistic extensions of credit. For example, during the recent economic downturn, Santander and its affiliates provided us with substantial liquidity that enabled us to complete several significant acquisitions and conversions of consumer assets. In addition, because of our relationship with Santander, we are subject to the oversight of the Federal Reserve. We believe that this regulatory oversight has led us to develop and maintain extensive risk management and reporting procedures, and has helped us to continually adapt our business to meet the evolving regulatory requirements for consumer finance in the United States.

Experienced Management Team. We have a highly respected management team that is focused on the continued success and growth of our business. Our company is led by one of our founders, Thomas Dundon, who currently serves as our Chief Executive Officer. Mr. Dundon has approximately twenty years of experience in the consumer finance industry. In addition, Jason Kulas, our President and Chief Financial Officer, has approximately eighteen years of experience in the financial services industry and seven years of experience as our Chief Financial Officer. Mr. Dundon maintains a meaningful equity stake in SCUSA and, after giving effect to this offering, he will continue to own approximately % of our outstanding common stock as well as options to purchase an additional % of our common stock. In addition, the remainder of our senior management team in the aggregate will own approximately % of our common stock and options to purchase an additional % of our common stock after this offering. Our senior management team brings an average of over 16 years of experience across the financial services and consumer industries. They have demonstrated their ability to ably steer the company through economic expansions as well as downturns, as evidenced by our strong financial performance during the 2008 and 2009 downturn. Our management team is fully committed to our entrepreneurial spirit, attracting and developing talent, the implementation of best practices in risk management, corporate governance, regulatory compliance, financial accountability and effective system control.

Our Business Strategy

Our primary goal is to create stockholder value by leveraging our systems, data, liquidity, and management. Our growth strategy is to increase market penetration in the consumer finance industry while deploying our capital and funding efficiently.

Expand Our Vehicle Finance Franchise

Organic Growth in Indirect Auto Finance. We have a deep knowledge of consumer behavior across the full credit spectrum and are a key player in the U.S. vehicle finance market. We have the ability to continue to increase our market penetration in the vehicle finance market, subject to attractive market conditions, via the number and depth of our relationships. We plan to achieve this in part through rolling out alliance programs with national vehicle dealer groups and financial institutions, including banks, credit unions, and other lenders, in both the prime and nonprime vehicle finance markets. Our technology-based platform enables us to integrate seamlessly with other originators and thereby benefit from their channels and brands. Additionally, we are evaluating new indirect auto finance opportunities across both North and South America.

Strategic Alliances with OEMs. We plan to expand our existing OEM relationships and develop future relationships with other OEMs to drive incremental origination volume. The loans and leases originated through Chrysler Capital should provide us with the majority of our near-term expected growth. In addition, the experience gained in lease and dealer financing can be applied to improve origination volume through the rest of our dealer base. Our relationship with Chrysler has accelerated our transformation into a full-service vehicle finance company that provides financial products and services to consumers and automotive dealers. In addition to the Chrysler Agreement, we have a pilot program with another OEM, pursuant to which we serve as a preferred finance provider for certain dealers in certain geographic markets.

Growth in Direct-to-Consumer Exposure. We are working to further diversify our vehicle finance product offerings by expanding our web-based, direct-to-consumer offerings. We are seeking to engage the consumer at the early stages of the car buying experience. Our RoadLoans.com program is a preferred finance resource for many major vehicle shopping websites, including Cars.com, AutoTrader.com, Kelley Blue Book, and eBay Motors, each of which have links on their websites promoting our RoadLoans.com website for financing. We will continue to focus on securing relationships with additional vehicle-related websites. We anticipate that the next generation of our web-based direct-to-consumer offerings will include additional strategic relationships, an enhanced online experience, and additional products and services to assist with all stages of the vehicle ownership life cycle, including research, financing, buying, servicing, selling, and refinancing.

Expansion of Fee-Based Income Opportunities. We seek out opportunities to leverage our technologically sophisticated and highly adaptable servicing platform for both prime and nonprime loans, as well as other vehicle finance (including RV and marine) and unsecured consumer lending products. We collect fees to service loan portfolios for third parties, and we handle both secured and unsecured loan products across the full credit spectrum. Loans sold to or sourced to third-party banks through flow agreements (including our flow agreements with Bank of America and SBNA) also provide additional opportunities to service large vehicle loan pools. Additionally, we are exploring the possibility of expanding our loan servicing activities in North and South America by leveraging our existing relationships with Chrysler, as well as Santander and other banks in these regions. We believe our loan servicing business is scalable and provides an attractive return on equity, and we intend to continue to develop new third-party relationships to increase its size. In 2013, as of September 30, we have added $1.15 billion of assets to our portfolio of assets serviced for others.

Continue to Grow Our Unsecured Consumer Lending Platform

We are further diversifying our business through our strategic relationships in the unsecured consumer lending space, which includes point-of-sale financing, personal loans, and private label credit cards. Unsecured consumer lending is a rapidly growing segment of the consumer finance market in the United States, and we expect that financing in the unsecured consumer loan space will significantly contribute to our growth. For the nine months ended September 30, 2013, we originated approximately $0.7 billion in unsecured consumer loans. Our ability to offer these products is derived from our deep knowledge of consumer behavior across the full credit spectrum, our scalable technology platform and Santander s expertise in the unsecured consumer lending industry. One of our principal strategic consumer finance relationships is with Bluestem, which owns the Fingerhut®, Gettington.com and PayCheck Direct® brands. Bluestem s customers rely on Bluestem proprietary credit products at the point of sale to make purchases. Through our agreement with Bluestem, we have the option to purchase certain loans through April 2020. Additionally, we have a strategic relationship with LendingClub, pursuant to which we invest in or purchase personal loans and have the right to purchase nonprime loans as well, and have recently begun originating private label revolving lines of credit through our relationship with another point-of-sale lending technology company. We also have a pipeline of private label credit card initiatives we expect to pursue. We believe these relationships and initiatives provide us with a strong entry point into the unsecured consumer lending space.

History

We were founded by a group of entrepreneurs within the auto industry, including our CEO, Thomas Dundon. The group gained experience working in finance in auto dealerships, and in 1995 left the dealership environment to start a new company focused on the finance side of the industry. As a non-originator, the new company marketed the auto finance programs of various banks, gaining valuable perspective on the originations process.

The success of the group caught the attention of FirstCity Financial and in 1998 our entrepreneurial partnership joined with FirstCity Financial to form FirstCity Funding, a nonprime auto finance company with a unique business model serving a niche market. FirstCity Funding grew quickly and in 2000 our ownership group expanded to include HBOS plc., and we officially became Drive Financial Services LP (Drive).

In 2004, FirstCity Financial sold its interest in Drive, shifting ownership to HBOS plc and Drive Management, LP. The stability and strength of HBOS plc allowed Drive to surpass expectations and continue to grow at a rapid pace. HBOS plc helped develop Drive s information technology infrastructure, compliance organization and data warehouse, which has been the backbone of our operational success in recent acquisitions. In 2006, HBOS plc and certain members of Drive Management, LP sold their interest to Santander, forming SCUSA Illinois.

In 2009, Santander contributed its interest in us to SHUSA and until December 31, 2011, we were owned 91.5% by SHUSA and 8.5% by Mr. Dundon. In late 2011, we completed an infusion of $1.16 billion in capital from funds managed by our private equity sponsors, Mr. Dundon, and our Chief Financial Officer. This resulted in the private equity sponsors owning approximately 24% of our stock, with SHUSA continuing to own approximately 65%, and Mr. Dundon owning approximately 11%.

In June 2013, Santander Consumer USA Holdings Inc. and SCUSA Merger Sub were formed solely for the purpose of effecting this offering. Immediately prior to the closing of this offering, SCUSA Merger Sub will merge with and into SCUSA Illinois, with SCUSA Illinois continuing as the surviving corporation and a wholly owned subsidiary and operating company of Santander Consumer USA Holdings Inc., the registrant. In the merger, all of the outstanding shares of common stock of SCUSA Merger Sub will be converted into shares of SCUSA Delaware common stock on a for basis. See Reorganization.

Our Products and Services

We offer vehicle-related financing products and services and, beginning in the first quarter of 2013, unsecured consumer financing.

Vehicle Finance

Our vehicle finance products and services include loans and leases to consumers and dealer loans.

Consumer Vehicle Loans

Our primary business is to indirectly originate vehicle loans through automotive dealerships throughout the United States. We currently do business with over 14,000 dealers, over 95% of whom are manufacturer-affiliated and the remainder of whom are selected large and reputable independent dealers. We use our risk-adjusted methodology to determine the price we pay the automotive dealer for the loan, which may be above or below the principal amount of the loan depending on characteristics such as the contractual APR, the borrower s credit profile and the tenor of the loan. The consumer is obligated to make payments in an amount equal to the principal

Table of Contents

amount of the loan plus interest at the APR negotiated with the dealer. In addition, the consumer is also responsible for charges related to past-due payments. Dealers typically retain some portion of the finance charge as income. Our agreements with dealers place a limit on the amount of the finance charges they are entitled to retain. Although we do not own the vehicles we finance through loans, we hold a perfected security interest in those vehicles. Loans with below-market APRs are frequently offered through manufacturer incentive programs. The manufacturer will compensate the originator of these loans for the amount of the financing rate that is below market. These payments are called rate subvention. We are entitled to receive rate subvention payments as Chrysler s preferred provider through the Chrysler Agreement.

Since 2008, we also have directly originated loans through our branded online RoadLoans.com platform, and we also periodically acquire large portfolios of loans. The loans acquired in bulk acquisitions have primarily been collateralized by automobiles. However, a small amount of such loans have been collateralized by marine and RVs. We generate revenue on these loans through finance charges.

Vehicle Leases

We acquire leases from Chrysler-affiliated automotive dealers and, as a result, become the titleholder for the leased car. The acquisition cost for these leases is based on the underlying value of the vehicle, the contractual lease payments and the residual value, which is the expected value of the vehicle at the time of the lease termination. We use projected residual values that are estimated by third parties, such as ALG. The residual value we use to determine lease payments, or the contractual residual value, may be upwardly adjusted as part of marketing incentives provided by the manufacturer of the vehicle. When a contractual residual value is written up, the lease payments we offer may become more attractive to consumers. The marketing incentive payment that manufacturers pay is equal to the expected difference between the projected ALG residual value and the contractual residual value. This residual support payment is a form of subvention. We are a preferred provider of subvented leases through Chrysler Capital. The consumer, or lessee, is responsible for the contractual lease payments and any excessive mileage or wear and tear on the car that results in a lower residual value of the car at the time of the lease s termination. In addition, the consumer is also generally responsible for charges related to past due payments. Our leases are primarily closed-ended, meaning the consumer does not bear the residual risk.

We generate revenue on leases through monthly lease payments and fees, and, depending on the market value of the off-lease vehicle, we may recognize a gain or loss upon remarketing. Our agreement with Chrysler permits us to share any residual losses over a threshold, determined on an individual lease basis, with Chrysler.

Dealer Loans

We provide dealer floorplan loans to certain automotive dealers, primarily Chrysler-franchised dealerships, so that they can acquire new and used vehicles for their inventory. We provide these loans in our sole discretion and in accordance with our credit policies, generally advancing up to 100% of the vehicle s wholesale invoice price for a new vehicle, up to 100% of the price of a used vehicle purchased at an authorized auction, and up to 90% for any other used vehicle. Each dealer loan is secured by all of the dealer s existing vehicle inventory and is generally secured by dealership assets and/or personal guarantees by the dealership s owner. Repayment of the advance related to each vehicle in inventory is required within seven days of the date the vehicle is sold or leased. A full or partial repayment also may also be required if the vehicle in inventory remains unsold. The interest charged on such loans is based on our internal risk rating for the dealer and is payable monthly.

In addition, we may periodically provide certain automotive dealers, primarily Chrysler-franchised dealerships, with real estate loans and working capital revolving lines of credit. Generally a dealer must have a floorplan loan with us in order to be eligible for real estate loans and working capital revolving lines of credit from us.

Table of Contents

As of September 30, 2013, substantially all of the dealer floorplan loans originated under Chrysler Capital were held by our affiliate, SBNA, under terms of either of two agreements, a flow agreement entered into in June 2013 and a sale agreement entered into in August 2013. In November 2013, we entered into an additional sale agreement to sell substantially all of the non-floorplan dealer loans to SBNA.

Servicing for Others

We service a portfolio of vehicle loans originated or otherwise independently acquired by SBNA, as well as the dealer loans SBNA purchased from us and originated under a flow agreement. We also service loans sold through our flow agreement with Bank of America and several smaller loan portfolios for various third-party institutions.

Unsecured Consumer Lending

In March 2013, we began indirectly originating unsecured consumer loans. Most of these loans are currently serviced by the third-party originators, who handle daily cash remittances and customer service. We are constantly evaluating new unsecured consumer lending opportunities, such as credit cards, so that we may further diversify and expand our business.

Origination and Servicing

Vehicle Finance

Our origination platform delivers automated 24/7 underwriting decision-making through a proprietary, credit-scoring system designed to ensure consistency and efficiency, with dealers receiving a decision within an average of 15 to 20 seconds of their request. Every loan application we receive is processed by our risk scoring and pricing models. Our credit scorecard development process is supported by an extensive market database that includes nearly 20 years of historical data on the loans we have acquired as well as extensive consumer finance third-party data. We continuously evaluate loan performance and consumer behavior to improve our underwriting decisions. As a result of our readily adaptable and scalable systems, we are able to quickly implement changes in pricing and scoring credit policy rules and we seek to modify our underwriting standards to match the economic environment. Our scorecard methodology supports underwriting decisions for consumers across the full credit spectrum and has been designed to allow us to maximize modeled risk-adjusted yield for a given consumer s credit profile. As a result of the Chrysler Agreement, we have adjusted underwriting standards in the prime space to compete with the major lenders in the area.

We have built our servicing approach based on years of experience as a nonprime lender. Our servicing activities consist largely of processing customer payments, responding to customer inquiries (such as requests for payoff quotes), processing customer requests for account revisions (such as payment deferrals), maintaining a perfected security interest in the financed vehicle, monitoring vehicle insurance coverage, pursuing collection of delinquent accounts, and remarketing repossessed or off-lease vehicles. We have made significant technology investments in our servicing systems to ensure that our servicing activities are in compliance with federal and local consumer lending rules in all 50 states.

Through our servicing platform, we seek to maximize collections while providing the best possible customer service. Our servicing practices are closely integrated with our origination platform. This results in an efficient exchange of customer data, market information and understanding of the latest trends in consumer behavior. Our customer account management process is model-driven and utilizes automated customer service and collection strategies, including the use of automated dialers rather than physical phones. Each of the models we use is validated by back-testing with data and can be adjusted to reflect new information that we receive throughout our entire business and to include new vehicle loan and lease applications, refreshed consumer credit data, and consumer behavior that we observe through our servicing operations. Our robust processes and

Table of Contents

sophisticated technology support our servicing platform to maximize efficiency, consistent loan treatment, and cost control.

In order to provide the best possible customer service, we provide multiple convenience options to our customers and have implemented many strategies to monitor and improve the customer experience. In addition to live agent assistance, our customers are offered a wide range of self-service options via our interactive voice response system and through our customer website. Self-service options include demographic management (such as updating a customer s address, phone number, and other identifying information), payment and payoff capability, payment history reporting, as well as online chat and communication requests. Quality assurance teams perform account reviews and are responsible for grading our phone calls to ensure adherence to our policies and procedures as well as compliance with regulatory rules. Our analytics software converts speech into text so that each of our conversations with a customer can be analyzed in real-time and subsequently data-mined. This is used to identify harmful words or phrases, and to search for the omission of words or phrases that are required for specific conversations. A quality control team provides an independent, objective assessment of the servicing department s internal control systems and underlying business processes. This helps us identify organizational improvements while protecting our franchise reputation and brand. Lastly, complaint tracking processes ensure customer complaints are addressed appropriately and that the customers receive status updates. These systems assign the account to a specialized team (Office of the President) until the complaint is deemed to be closed. This team tracks and resolves customer complaints and is subject to a robust quality assurance program.

The servicing process is divided into stages based on delinquency status and the collectors for each stage receive specialized training. In the event that a retail installment contract becomes delinquent, we follow an established set of procedures that we believe maximize our ultimate recovery on the loan or lease. Late stage account managers employ skip tracing, utilize specialized negotiation skills, and are trained to tailor their collection attempts based on the proprietary borrower behavioral score we assign to each of our customers. Collection efforts include calling within one business day when an obligor has broken a promise to make a payment on a certain date and using alternative methods of contact such as location gathering via references, employers, landlords, credit bureaus, and cross-directories. If the borrower is qualified, the account manager may offer an extension of the maturity date, a temporary reduction in payment, or a modification permanently lowering the interest rate or principal. If attempts to work with the customer to cure the delinquency are unsuccessful, the customer is sent a right to cure letter in accordance with state laws and the loan is assigned a risk score based on our historical days-to-repossess data. This score is used to prioritize repossessions, and each repossession is systematically assigned to third-party repossession agents according to their recent performance with us. Once the vehicle has been secured, any repairs required are performed and the vehicle is remarketed as quickly as possible, typically through an auction process.

Most of our servicing processes and quality-control measures also serve a dual purpose in that they both ensure compliance with the appropriate regulatory laws and ensure that we deliver the best possible customer service. Additionally, our servicing platform and all of the features we offer to our customers are scalable and can be tailored through statistical modeling and automation.

Unsecured Consumer Lending

We offer point-of-sale financing and personal loans through our partnerships with retailers and other lenders that offer several unsecured consumer lending products. Our ability to offer these products is derived from our expertise in originating nonprime vehicle retail loans and Santander s expertise in the unsecured consumer lending industry. Our existing relationships with Bluestem, LendingClub, and others are partner-managed programs. In these arrangements, our partner decides whether to extend credit on any application using their own credit policies. If the applicant is declined, the application is sent to us to decide whether or not to extend a loan based on our own credit policy. For each unsecured consumer loan that we purchase, our partner retains the servicing rights unless the loan becomes delinquent, at which point we can elect to become the servicer.

Additionally, our partners are required to share data files with us for accounting and portfolio review throughout the life of the unsecured consumer loan. We intend to leverage this data to further strengthen our origination and servicing systems with respect to unsecured consumer lending.

Our Relationship with Chrysler

On February 6, 2013, we entered into the Chrysler Agreement pursuant to which we are the preferred provider for Chrysler s consumer loans and leases and dealer loans effective May 1, 2013. Business generated under terms of the Chrysler Agreement is branded as Chrysler Capital. During the period from the May 1, 2013 launch of the Chrysler Capital business through September 30, 2013, we acquired over $5 billion of Chrysler Capital retail installment contracts and over $1.4 billion of Chrysler Capital vehicle leases, and facilitated the origination of over $300 million of Chrysler Capital dealer loans. We expect these volumes to continue.

The Chrysler Agreement requires, among other things, that we bear the risk of loss on loans originated pursuant to the agreement, but that Chrysler share in any residual gains and losses in respect of consumer leases. The agreement also requires that we maintain at least $5.0 billion in funding available for dealer inventory financing and $4.5 billion of financing dedicated to Chrysler retail financing. In turn, Chrysler must provide designated minimum threshold percentages of its subvention (Chrysler subsidized below-market loan and lease rates) business to us.

Under the Chrysler Agreement, we have agreed to specific transition milestones, including market penetration rates, approval rates, staffing, and service milestones, for the initial year following launch on May 1, 2013. If the transition milestones are not met in the first year, the agreement may terminate and we may lose the ability to operate as Chrysler Capital. If the transition milestones are met, the Chrysler Agreement will have a ten-year term, subject to early termination in certain circumstances, including the failure by either party to comply with certain of their ongoing obligations. In addition, Chrysler may also terminate the agreement, among other circumstances, if (i) we fail to meet certain performance metrics, including certain penetration and approval rate targets, during the term of the agreement, (ii) a person other than Santander and its affiliates or our other stockholders owns 20% or more of our common stock and Santander and its affiliates own fewer shares of common stock than such person, (iii) we become, control, or become controlled by, an OEM that competes with Chrysler or (iv) if certain of our credit facilities become impaired. Based on projections and our initial performance under the agreement, management believes that we will meet all of our performance targets.

In connection with entering into the Chrysler Agreement, we paid Chrysler a $150 million upfront, nonrefundable fee on May 1, 2013. This fee is considered payment for future profits generated from the Chrysler Agreement and, accordingly, we are amortizing it over the expected ten-year term of the agreement as a component of net finance and other interest income. We have also executed an Equity Option Agreement with Chrysler, whereby Chrysler may elect to purchase, at any time during the term of the Chrysler Agreement, at fair market value, an equity participation of any percentage in the Chrysler Capital portion of our business.

For a period of 20 business days after Chrysler s delivery to us of a notice of intent to exercise its option, we are to discuss with Chrysler in good faith the structure and valuation of the proposed equity participation. If the parties are unable to agree on a structure and Chrysler still intends to exercise its option, we will be required to create a new company into which the Chrysler Capital assets will be transferred and which will own and operate the Chrysler Capital business. If Chrysler and we cannot agree on a fair market value during the 20-day negotiation period, each party will engage an investment bank and the appointed banks will mutually appoint a third independent investment bank to determine the value, with the cost of the valuation divided evenly between Chrysler and us. Each party has the right to a one-time deferral of the independent valuation process for up to nine months. Chrysler will have a period of 90 days after a valuation has been determined, either by negotiation between the parties or by an investment bank, to deliver a binding notice of exercise. Following this notice, Chrysler s purchase is to be paid and settled within 10 business days, subject to a delay of up to 180 days if necessary to obtain any required consents from governmental authorities.

Table of Contents

Any new company formed to effect Chrysler s exercise of its equity option will be a Delaware limited liability company unless otherwise agreed to by the parties. As long as each party owns at least 20% of the business, Chrysler and we will have equal voting and governance rights without regard to ownership percentage. If either party has an ownership interest in the business of less than 20%, the party with less than 20% ownership will have the right to designate a number of directors proportionate to its ownership and will have other customary minority voting rights.

As the equity option is exercisable at fair market value, we could recognize a gain or loss upon exercise if the fair market value is determined to be different from book value. We believe that the fair market value of our Chrysler Capital financing business currently exceeds book value and therefore have not recorded a contingent liability for potential loss upon Chrysler s exercise.

Subsequent to the exercise of the equity option, SCUSA s rights under the Chrysler Agreement will be assigned to the jointly owned business. Exercise of the equity option would be considered a triggering event requiring re-evaluation of whether or not the remaining unamortized balance of the upfront fee we paid to Chrysler on May 1, 2013 should be impaired.

On June 13, 2013, we entered into a committed forward flow agreement that, as amended on September 26, 2013, commits us to sell up to $300 million per month of prime loans to Bank of America through May 31, 2018. For those loans, we will retain the servicing rights at contractually agreed upon rates. This servicing arrangement will provide us with an additional fee income stream. We also will receive or pay a servicer performance payment if net credit losses on the sold loans are lower or higher, respectively, than expected net credit losses at the time of sale.

On June 28, 2013, we entered into a flow agreement with SBNA whereby we provide SBNA with the first right to review and assess Chrysler dealer lending opportunities and, if SBNA elects, to provide the proposed financing. On August 16, 2013, we sold most of our existing Chrysler floorplan loans to SBNA. We provide servicing on all loans sold or originated under these agreements. We also will receive or pay a servicer performance payment if yields, net of credit losses, on the loans originated under the flow agreement are higher or lower, respectively, than expected at origination.

In addition, we may periodically provide certain automotive dealers, primarily Chrysler-franchised dealerships, with real estate loans and working capital revolving lines of credit. Generally, a dealer must have a floorplan loan with us in order to be eligible for real estate loans and working capital revolving lines of credit from us.

Competition

The automotive finance industry is highly competitive. We compete on the pricing we offer on our loans and leases as well as the customer service we provide to our automotive dealer customers. Pricing for these loans and leases is very transparent. We, along with our competitors, post our pricing for loans and leases on web-based credit application aggregation platforms. When dealers submit applications for consumers acquiring vehicles, they can compare our pricing against our competitors pricing. Dealer relationships are important in the automotive finance industry. Vehicle finance providers need to tailor product offerings to meet each individual dealer s needs.

We believe that we can effectively compete because our proprietary scorecards and industry experience enable us to price risk appropriately. In addition, we benefit from Chrysler subvention programs through the Chrysler Agreement. We have developed strong dealer relationships through our nationwide sales force and long history in the automotive finance space. Further, we expect that we will be able to deepen dealer relationships through our Chrysler Capital product offerings.

Our primary competitors in the vehicle finance space are:

- national and regional banks;
- credit unions;
- independent financial institutions; and
- the affiliated finance companies of automotive manufacturers.

While the used car market is fragmented with no single lender accounting for more than 10% of the market, in both the new and used car markets there are a number of competitors that have substantial positions nationally or in the markets in which they operate. Some of our competitors have lower cost structures, lower cost funding, and are less reliant on securitization. We believe we can compete effectively by continuing to expand and deepen our relationships with dealers. In addition, through our Chrysler Capital brand we will benefit from the manufacturer s subvention programs and Chrysler s relationship with its dealers.

Our primary competitors in the unsecured consumer lending space are banks that have traditionally offered revolving credit products such as credit cards, home equity lines of credit, and personal loans. In recent years, new, smaller competitors have emerged to fulfill consumers demand for credit products by offering point-of-sale financing and personal loans through technologically sophisticated and often web-based applications. We compete with banks by identifying borrowers with attractive credit profiles who do not rely on traditional bank-offered consumer finance products like credit cards and home equity lines of credit. We also compete with other financial institutions who seek to identify potential partners that offer point-of-sale and web-based credit applications. We believe we can compete successfully due to our ability to identify unsecured consumer loan applications with attractive risk-adjusted returns, as well as the speed at which we can adapt to our potential partners operations.

Seasonality

Our origination volume is generally highest in March and April each year due to consumers receiving tax refunds. Our delinquencies are generally highest in the period from November through January due to consumers holiday spending. Although we are profitable throughout the year, these trends drive a seasonal fluctuation whereby our profits generally are highest in the first quarter of each year and decline each quarter thereafter.

Employees

As of September 30, 2013, we had approximately 3,900 employees. None of our employees are parties to a collective bargaining agreement. We consider our relationship with our employees to be satisfactory.

Facilities and Real Estate

Our corporate headquarters are located in Dallas, Texas, where we lease approximately 125,000 square feet of office and operations space pursuant to a lease agreement expiring in 2016. In October 2013, we signed a lease expiring in 2024 for an additional 373,000 square feet of office and operations space in Dallas, Texas. We intend to move our corporate headquarters to this newly leased space in 2014. We also lease a 165,000 square foot servicing facility in North Richland Hills, Texas, a 73,000 square foot servicing facility in Lewisville, Texas, a 43,000 square foot servicing facility in Englewood, Colorado, and a 2,000 square foot operations facility in Costa Mesa, California, under leases that expire at various dates through 2018. Management believes the terms of the leases are consistent with market standards and were arrived at through arm s-length negotiation.

Table of Contents

Intellectual Property

Our right to use the Santander name is on the basis of a non-exclusive, royalty-free and non-transferable license from Santander, and only extends to uses in connection with our current and future operations within the United States. Santander may terminate such license at any time Santander ceases to own, directly or indirectly, 50% or more of our common stock.

In connection with our agreement with Chrysler, Chrysler has granted us a limited, non-exclusive, non-transferable, royalty-free license to use certain Chrysler trademarks, including the term Chrysler Capital, for as long as the Chrysler Agreement is in effect. We are required to adhere to specified guidelines, specifications, and other usage instructions related to these trademarks, as well as to obtain prior written approval of any materials, including financing documents and promotional materials, using the trademarks. This license does not grant us any ownership rights in Chrysler s trademarks.

Legal Proceedings

On September 13, 2013, Ally Financial Inc. filed suit against us in the United States District Court for the Eastern District of Michigan, in a matter pending as Case No. 13-CV-13929, alleging copyright infringement and misappropriation of trade secrets and confidential information in connection with our launch of Chrysler Capital and, in particular, our offering of floorplan lines of credit to Chrysler dealerships. We consider the allegations to be without merit and intend to vigorously defend the case.

From time to time, we may become involved in various additional lawsuits and legal proceedings that arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We do not expect that the legal proceedings to which we are currently party, individually, or in the aggregate, will have a material adverse impact.

Supervision and Regulation

The U.S. lending industry is highly regulated under federal and state law. We are subject to inspections, examinations, supervision, and regulation by each state in which we are licensed, the CFPB, and the Federal Trade Commission. In addition, because our largest shareholder is a bank holding company, we are subject to certain bank regulations, including oversight by the Federal Reserve, the Office of the Comptroller of the Currency, and the Bank of Spain. See Risk Factors Regulatory Risks We may be subject to certain banking regulations that may limit our business activities.

State Lending Regulations

In general, state statutes establish maximum loan amounts, interest rates, fees and maximum amounts allowed to be charged for such fees, insurance premiums, and fees that may be charged for both direct and indirect lending. Specific allowable charges vary by state and type of license. Statutes in Texas, for example, allow for indexing the maximum small loan amounts to the Consumer Price Index and setting maximum rates for automobile purchase loans based on the age of the vehicle. In addition, state laws regulate the keeping of books and records and other aspects of the operation of consumer finance companies. State and federal laws regulate account collection practices.

We are separately licensed under the laws of each state in which we operate. Licenses granted by the regulatory agencies in these states are subject to renewal every year and may be revoked for failure to comply with applicable state and federal laws and regulations. We are in compliance with state laws and regulations applicable to our lending operations in each state.

We and our operations are regulated by several state agencies. We are subject to compliance audits of our operations in every state.

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

At the federal level, Congress enacted comprehensive financial regulatory reform legislation on July 21, 2010. A significant focus of the new law (the Dodd-Frank Act) is heightened consumer protection. The Dodd-Frank Act established a new body, the CFPB, which has regulatory, supervisory, and enforcement powers over providers of consumer financial products and services, including us, including explicit supervisory authority to examine and require registration of non-depository lenders and promulgate rules that can affect the practices and activities of lenders.

Although the Dodd-Frank Act expressly provides that the CFPB has no authority to establish usury limits, some consumer advocacy groups have suggested that various forms of alternative financial services or specific features of consumer loan products should be a regulatory priority, and it is possible that at some time in the future the CFPB could propose and adopt rules making such lending services materially less profitable or impractical, which may impact finance loans or other products that we offer.

In March 2013, the CFPB issued a bulletin recommending that indirect vehicle lenders, a class that includes us, take steps to monitor and impose controls over dealer markup policies whereby dealers charge consumers higher interest rates, with the markup shared between the dealer and the lender.

The CFPB is also conducting supervisory audits of large vehicle lenders and has indicated it intends to study and take action with respect to possible ECOA disparate impact credit discrimination in indirect vehicle finance. If the CFPB enters into a consent decree with one or more lenders on disparate impact claims, it could negatively impact the business of the affected lenders, and potentially the business of dealers and other lenders in the vehicle finance market. This impact on dealers and lenders could increase our regulatory compliance requirements and associated costs.

In addition to the grant of certain regulatory powers to the CFPB, the Dodd-Frank Act gives the CFPB authority to pursue administrative proceedings or litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties.

Other Federal Laws and Regulations

In addition to the Dodd-Frank Act and state and local laws and regulations, numerous other federal laws and regulations affect our lending operations. These laws and their implementing regulations include, among others, usury laws, Anti-Money Laundering requirements (Bank Secrecy Act and USA PATRIOT Act), Equal Credit Opportunity Act, Fair Debt Collection Practices Act, Fair Credit Reporting Act, Privacy Regulations (Gramm-Leach-Bliley Act and Right to Financial Privacy Act), Electronic Funds Transfer Act, Servicemembers Civil Relief Act, Telephone Consumer Protection Act, Truth in Lending Act, and requirements relating to unfair, deceptive, or abusive acts or practices. Under the Fair Credit Reporting Act, we must provide certain information to customers whose credit applications are not approved on the basis of a report obtained from a consumer reporting agency, promptly update any credit information reported to a credit reporting agency about a customer and have a process by which customers may inquire about credit information furnished by us to a consumer reporting agency.

Under the Gramm-Leach-Bliley Act, we must protect the confidentiality of our customers nonpublic personal information and disclose information on our privacy policy and practices, including with regard to the sharing of customers nonpublic personal information with third parties. This disclosure must be made to customers at the time the customer relationship is established and, in some cases, at least annually thereafter.

Table of Contents

Under the Truth in Lending Act and Regulation Z promulgated thereunder, we must disclose certain material terms related to a credit transaction, including, but not limited to, the APR, finance charge, amount financed, total of payments, the number and amount of payments, and payment due dates to repay the indebtedness.

Under the Equal Credit Opportunity Act and Regulation B promulgated thereunder, we cannot discriminate against any credit applicant on the basis of any protected category, such as race, color, religion, national origin, sex, marital status, or age. We are also required to make certain disclosures regarding consumer rights and advise customers whose credit applications are not approved of the reasons for the rejection.

The Federal Trade Commission s Credit Practices Rule limits the types of property we may accept as collateral to secure a consumer loan.

Table of Contents

MANAGEMENT

Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors as of the date of this prospectus.

Name	Age	Position
Executive Officers:		
Thomas G. Dundon	42	Chief Executive Officer and Director
Jason A. Kulas	43	President and Chief Financial Officer
Jason W. Grubb	47	Chief Operating Officer
Eldridge A. Burns, Jr.	44	Chief Legal Officer and General Counsel
James W. Fugitt	40	Chief Information Officer
R. Michele Rodgers	43	Chief Compliance and Risk Officer
Michelle L. Whatley	42	Chief Human Resources Officer
Richard Morrin	44	Executive Vice President, New Business
Nathan Staples	34	Chief Credit Officer
Hugo R. Dooner	44	Executive Vice President, Consumer Lending
Jennifer Popp	34	Chief Accounting Officer
Brad Martin	38	Executive Vice President, Business Operations
Non-Executive Directors:		
Gonzalo de Las Heras	73	Chairman
Alberto Sánchez	49	Vice Chairman
Juan Carlos Alvarez	42	Director
Roman Blanco	49	Director
Jose Luis De Mora	47	Director
Stephen A. Ferriss	68	Director
Matthew Kabaker	37	Director
Tagar C. Olson	36	Director
Juan Andres Yanes	50	Director
Daniel Zilberman	40	Director

Executive Officers

Thomas G. Dundon, Chief Executive Officer

As one of our founding partners, Mr. Dundon was named President in May 2005 and served in that position until November 2013. He became President & Chief Executive Officer in December 2006, and since such time he has served as a member of our board of directors. Mr. Dundon is also a Director of Santander Holdings USA, Inc., the parent company of SBNA and of the non-profit Santander Consumer USA Inc. Foundation. Mr. Dundon holds a bachelor s degree in economics from Southern Methodist University.

Jason A. Kulas, President and Chief Financial Officer

Mr. Kulas has served as our President since November 2013 and our Chief Financial Officer since January 2007, joining us after serving as Managing Director in investment banking for JPMorgan Securities, Inc., where he was employed from 1995 to 2007. Mr. Kulas also worked as an analyst for Dun & Bradstreet and as an adjunct professor at Texas Christian University. Mr. Kulas served on our board of directors from 2007 to 2012 and currently serves as a member of the Board of the non-profit Santander Consumer USA Inc. Foundation. Mr. Kulas holds a bachelor s degree in chemistry from Southern Methodist University and an MBA from Texas Christian University.

Table of Contents

Jason W. Grubb, Chief Operating Officer

Mr. Grubb joined us in November 2004 as our Senior Vice President of Servicing and has served as our Chief Operating Officer since January 2007. Prior to joining us, Mr. Grubb held positions at WFS Financial, Nissan Motor Acceptance Corp, and Commercial Financial Services in which he was responsible for servicing. Mr. Grubb holds a bachelor s degree in finance from Oklahoma State University and an MBA from Our Lady of the Lake University.

Eldridge A. Burns, Jr., Chief Legal Officer and General Counsel

Mr. Burns has served as our Chief Legal Officer and General Counsel since January 2007. Prior to joining us, Mr. Burns served as Vice President and Senior Corporate Counsel for Blockbuster, Inc., where he managed real estate, mergers and acquisitions, and general corporate transactions. Prior to joining Blockbuster, Mr. Burns was an associate at Vinson & Elkins LLP. Mr. Burns is a member of the Texas Bar and Dallas Bar Associations, and has served as a member of the steering committee for the Texas Minority Counsel Program. He currently serves as a member of the Board of the non-profit Santander Consumer USA Inc. Foundation. Mr. Burns holds a bachelor s degree in business administration from Southern Methodist University and a J.D. from the University of Texas, School of Law.

James W. Fugitt, Chief Information Officer

Mr. Fugitt has served as our Chief Information Officer for Santander Consumer USA Inc. since October 2011 and prior to that served as our Chief Technology Officer and Vice President of Application Development. Prior to joining us in 2002, Mr. Fugitt held various IT development and management positions at WorldNow, a new media company, and BSG Consulting, a technology consulting company. Mr. Fugitt holds a bachelor s degree in electrical engineering from Columbia University.

R. Michele Rodgers, Chief Compliance and Risk Officer

Ms. Rodgers has served as our Chief Compliance Officer since April 2012 and added the role of Chief Risk Officer in June 2013. Ms. Rodgers joined us in March 2005 and has previously served as Controller and head of the Project Management Office. Prior to joining us, Ms. Rodgers worked in the fields of finance and technology consulting. Ms. Rodgers holds a bachelor s degree in accounting from the University of Alabama.

Michelle L. Whatley, Chief Human Resources Officer

Ms. Whatley has served as our Chief Human Resource Officer since May 2013; prior to that she served as our EVP, Human Resources and Director of Human Resources Information Systems. Prior to joining us in June 2003, Ms. Whatley held various other human resources roles in both the technology and consumer industries. She currently serves as a member of the Board of the non-profit Santander Consumer USA Inc. Foundation. Ms. Whatley attended Midwestern State University, attained the Professional in Human Resources accreditation in 2002, and has been a member of the Society of Human Resources Management for over ten years.

Richard Morrin, Executive Vice President, New Business

Mr. Morrin has served as our Executive Vice President of New Business since August 2011. Prior to joining us, Mr. Morrin held a variety of management positions in 21 years of combined service at Ally Financial and General Motors Acceptance Corp. Most recently, he managed the commercial lending operations for Ally automotive dealers in the United States and Canada. Mr. Morrin holds a bachelor s degree in economics from the University of Pennsylvania and an MBA from the University of Virginia.

Nathan Staples, Chief Credit Officer

Mr. Staples joined us in May 2001 and has served as our Chief Credit Officer since June 2013. Mr. Staples has worked with the Santander Group locally within the USA, and prior to assuming the role of Chief Credit Officer, globally in and throughout the United Kingdom. Mr. Staples is experienced in cash flow modeling,

Table of Contents

financial and portfolio analyses, credit policy, risk management and collateral recovery. Mr. Staples holds a Bachelor of Science degree in Business Administration with a concentration in Finance from the University of Texas at Dallas and an MBA with a concentration in Strategy from Southern Methodist University, Cox School of Business.

Hugo R. Dooner, Executive Vice President, Consumer Lending

Mr. Dooner joined the Company in March 2010 with more than 20 years of experience in the finance industry. Prior to joining the Santander team, Mr. Dooner was a Vice President and managed the Portfolio Marketing, Strategic Initiatives and global servicing operations of HSBC Auto Finance. Mr. Dooner holds a bachelor s degree from UC Santa Barbara and an MBA from the University of Chicago, Booth School of Business.

Jennifer Popp, Chief Accounting Officer

Ms. Popp has served in the finance industry since 2001, and joined our team in July 2012. Prior to joining our executive team, she served as Vice President, Controller for Residential Credit Solutions, Inc., a Texas-based residential mortgage servicer, and as a senior manager for KPMG LLP. Ms. Popp holds bachelor s and master s degrees in accounting from the University of Missouri, and is a Certified Public Accountant and Chartered Financial Analyst (CFA) charterholder.

Brad Martin, Executive Vice President, Business Operations

Mr. Martin has served within our senior leadership team since 2005, and has served as our Executive Vice President of Business Operations since January 2011. Prior to entering the consumer finance industry in 2000, Mr. Martin served the United States as a Petty Officer in the United States Navy. Mr. Martin attended Dallas Baptist University.

Directors

Our board of directors currently consists of eleven members.

Gonzalo de Las Heras, Chairman

Mr. de Las Heras has served as our Chairman since December 2006. Mr. de Las Heras has been a director of SHUSA and SBNA since October 2006. Mr. de Las Heras joined Santander in 1990 and most recently served as Executive Vice President supervising Santander business in the United States until 2009, when he retired. Mr. de Las Heras is also the Chairman of Santander Bancorp, Puerto Rico, Banco Santander International, Miami, Santander Trust & Bank (Bahamas) Limited, and Banco Santander (Suisse). Prior to joining Santander, Mr. de Las Heras held various positions at JP Morgan, most recently as Senior Vice President and Managing Director heading its Latin American division. He served as a director of First Fidelity Bancorporation until its merger with First Union. From 1993 to 1997, Mr. de Las Heras served on the New York State Banking Board. He is a director and past chairman of the Foreign Policy Association and a Trustee and past chairman of the Institute of International Bankers. Mr. de Las Heras has a law degree from the University of Madrid and as a Del Amo Scholar pursued postgraduate studies in Business Administration and Economics at the University of Southern California. Mr. de Las Heras has extensive knowledge and experience in international finance, and we believe he is qualified to serve on our board.

Alberto Sánchez, Vice Chairman

Mr. Sánchez has served as a director since December 2006. Mr. Sánchez has served as a Director of SHUSA and SBNA since January 2009. Mr. Sánchez is the Head of Strategy and Specialty Finance of the U.S. for Banco Santander. Since 1997, Mr. Sánchez has held the following positions within the Santander organization: Head of Equity Research, Head of Latin American Equities, and Head of Spanish Equities and Macroeconomics Research. Previously he was a Senior Managing Director at Bear Stearns (now JP Morgan) and a Managing

Table of Contents

Director at Deutsche Bank. Mr. Sánchez serves as a director and Vice Chairman of Santander Consumer USA Inc. He also serves as a Board Member of the Greenwich Village Orchestra, the Concert Artists Guild, the Brooklyn Academy of Music and the President s Council of the Development and University Relations Department of Fordham University. Mr. Sánchez holds a master s of International Political Economy & Development from Fordham University and a law degree from the Universidad Complutense de Madrid. Mr. Sánchez has extensive knowledge and experience in international finance, and we believe he is qualified to serve on our board.

Thomas G. Dundon, Director

Mr. Dundon s biography is included under Executive Officers above. Mr. Dundon has extensive knowledge and experience in consumer finance, and we believe he is qualified to serve on our board.

Juan Carlos Alvarez, Director

Mr. Alvarez has served as a director since December 2011. Mr. Alvarez has served as the Corporate Treasurer of SBNA since 2009 and is a member of the Santander Holdings USA, Inc. Management Executive Committee. Mr. Alvarez served as Global Head of Treasury and Investments for Santander International Private Banking Unit from 2006 to 2009, and Head of Treasury and Investments for Santander Suisse since 2000. Mr. Alvarez is a CFA charterholder. Mr. Alvarez earned his B.B.A. in Accounting and Finance from Tulane University and his master of science in finance from George Washington University. Mr. Alvarez has extensive knowledge and experience in global markets, and we believe he is qualified to serve on our board.

Roman Blanco, Director

Mr. Blanco was appointed a director in November 2013. He is the Santander US Country Head and President and Chief Executive Officer of SHUSA and SBNA. He was an executive at Banco Santander Brazil from 2004 to 2007, Santander s country head in Colombia from 2007 to 2012, and head of Santander Puerto Rico from 2012 to 2013. Prior to joining Santander, he worked for consulting firm McKinsey & Co. for thirteen years, most recently as a senior partner specializing in the financial sector. He holds a civil engineering degree and an MBA from Carnegie Mellon University. Mr. Blanco has extensive global financial experience, and we believe he is qualified to serve on our board.

Jose Luis de Mora, Director

Mr. de Mora has served as a director since December 2011. Mr. de Mora currently serves as Santander s Director of Corporate Development and Strategy. Prior to joining Santander, Mr. de Mora was a Senior Analyst at Merrill Lynch. Mr. de Mora holds an MBA from Boston College and a law degree from Universidad Pontificia Comillas. Mr. de Mora has extensive knowledge and experience in accounting and finance, and we believe he is qualified to serve on our board.

Stephen A. Ferriss, Director

Mr. Ferriss was appointed a director in November 2013 and serves as the Chairman of our Audit Committee. He has served as a director to the SHUSA and SBNA Boards since 2012, serves as the chairman of the SHUSA and SHUSA Audit Committees, and is a member of SBNA s Bank Secrecy Act/Anti-Money Laundering Oversight Committee. He is a Board member of Management Consulting Group PLC, London, a publicly traded company on the London Stock Exchange, and has served as chairman of its Audit and Nominations Committee from 2006 to the present. He also has served as a Board member of Iberchem in Madrid, Spain since 2007, and previously served as a Board member of Santander Bancorp and Banco Santander Puerto Rico from 2002 to 2010 and as a member of the Audit Committee of those companies and of the Boards of Seda Cereales and Seda Solubles, privately-owned Spanish companies, from 2004 to 2010. He previously served as President and Chief Executive Officer of Santander Central Hispano Investment Services, Inc. from 1999 to 2002 and held various roles at Bankers Trust (now Deutsche Bank Alex. Brown), including managing director and partner of the Bankers Trust Global Investment Bank in London and New York. Mr. Ferriss brings extensive global experience to the Board as a result of these positions, and we believe he is qualified to serve on our board.

Table of Contents

Matthew Kabaker, Director

Mr. Kabaker joined Centerbridge Partners, L.P. in 2011 and focuses on investments in financial services, institutions and assets in the United States and Europe. Mr. Kabaker also currently serves as a director of Focus Financial LLC. Prior to joining Centerbridge Partners L.P., Mr. Kabaker was a Senior Advisor to Treasury Secretary Timothy Geithner and the Deputy Assistant Secretary for Capital Markets at the U.S. Treasury Department in Washington, D.C. Prior to joining the U.S. Treasury Department in 2008, Mr. Kabaker was a Managing Director at Blackstone where he worked in the firm s private equity business in New York and London for over 10 years. While at Blackstone, Mr. Kabaker focused on investments in the financial services and retail sectors. Mr. Kabaker earned a B.A. in Philosophy, Politics, and Economics from the University of Pennsylvania. Mr. Kabaker serves on the Board of Directors of Aktua Soluciones Financieras, S.L. and Santander Consumer USA Inc., and we believe he is qualified to serve on our board.

Tagar C. Olson, Director

Mr. Olson has served as a director since January 2012. Mr. Olson is a Member of the general partner of KKR & Co., L.P. (NYSE: KKR), the parent company of Kohlberg Kravis Roberts & Co. L.P., where he is head of KKR s financial services industry team within its private equity platform. Mr. Olson also serves as a Director of Alliant Insurance Services, Inc., First Data Corporation and Visant Corp. Prior to joining KKR in 2002, Mr. Olson was with Evercore Partners Inc., in their private equity and mergers and acquisition practices. He graduated summa cum laude from the University of Pennsylvania s Management and Technology dual-degree program, where he received his B.S.E. from The Wharton School and his B.A.S. from the School of Engineering and Applied Science. Mr. Olson has extensive knowledge and experience in financial services and private equity, and we believe he is qualified to serve on our board.

Juan Andres Yanes, Director

Mr. Yanes has served as a director since December 2011. Mr. Yanes has also served as a director of SHUSA and SBNA since September 2009. Mr. Yanes is the Chief Compliance and Internal Controls Officer for SHUSA and SBNA and previously served as the Chief Corporate Officer of Santander USA. Mr. Yanes joined the Santander organization in 1991 and was involved in Investment Banking, Corporate Finance, and Financial Markets until 1999. Mr. Yanes has extensive knowledge and experience in financial market risk, and we believe he is qualified to serve on our board.

Daniel Zilberman, Director

Mr. Zilberman has served as director since January 2012. Mr. Zilberman is a Partner of Warburg Pincus & Co., a Managing Director of the private equity firm Warburg Pincus LLC and leads the firm s European financial services and special situations practice. Mr. Zilberman also serves as a director of Primerica Inc., Aeolus Re, and The Mutual Fund Store and is an observer on the board of Sterling Financial. Prior to joining Warburg Pincus, Mr. Zilberman worked at Evercore Capital Partners and Lehman Brothers. Mr. Zilberman holds his MBA from The Wharton School at the University of Pennsylvania and a bachelor s degree in International Relations with honors from Tufts University. Mr. Zilberman has extensive knowledge and experience in investments in the financial services sector, and we believe he is qualified to serve on our board.

Composition of the Board of Directors

Upon the closing of this offering, we will have twelve directors. We intend to avail ourselves of the controlled company exception under applicable stock exchange rules, which eliminates the requirements that we have a majority of independent directors on our board of directors and that we have compensation and nominating/corporate governance committees. We will be required, however, to have an audit committee with one independent director during the 90-day period beginning on the date of effectiveness of the registration statement filed with the SEC in connection with this offering and of which this prospectus is part. After such 90-day period and until one year from the date of effectiveness of the registration statement, we will be required to have a majority of independent directors on our audit committee. Thereafter, we will be required to have an audit committee comprised entirely of independent directors.

Table of Contents

If at any time we cease to be a controlled company under stock exchange rules, the board of directors will take all action necessary to comply with the applicable stock exchange rules, including appointing a majority of independent directors to the board of directors and establishing certain committees composed entirely of independent directors, subject to a permitted phase-in period.

Director Independence

Our board of directors has determined that, under NYSE listing standards and taking into account any applicable committee standards, are independent directors. are not considered independent under any general listing standards due to their relationship with SHUSA, our largest stockholder. Subject to the Shareholders Agreement, because of the percentage of our voting stock that our Principal Stockholders will continue to own following the offering, under NYSE listing standards, we will qualify as a controlled company and, accordingly, are exempt from its requirements to have a majority of independent directors.

Committees of the Board of Directors

Audit Committee. The members of the Audit Committee are , each of whom has been determined by our board of directors to be an independent director, as defined under the rules of the NYSE and Rule 10A-3 of the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act). is the chairman of the committee, is an audit committee financial expert, as that term is defined under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act, and possesses financial sophistication, as defined under the rules of the NYSE. Each member of the audit committee is financially literate. The Committee is responsible for, among other things:

- reviewing our financial statements and public filings that contain financial statements, significant accounting policies changes, material weaknesses and significant deficiencies identified by outside auditors, if any, and risk management issues;

- monitoring and assessing our compliance with legal and regulatory requirements, our financial reporting processes and related internal control systems, and the performance of our internal audit function;

- appointing our outside auditors and monitoring their independence, qualifications, compensation, and performance; and

- preparing the Audit Committee report for inclusion in our proxy statement for our annual meeting.

Board Enterprise Risk Committee. The Board Enterprise Risk Committee assists the Board in oversight responsibilities with respect to enterprise, credit, operational, market, liquidity, reputational, legal, regulatory, and compliance risk.

As a controlled company, we do not currently intend to establish a separate compensation or nominating and corporate governance committee, and compensation and nominating/corporate governance functions will be managed by the full board of directors until the rules change, we cease to be a controlled company, or we otherwise determine to do so.

Code of Business Conduct and Ethics

Our board of directors has adopted a code of business conduct and ethics (which we refer to as the Code of Ethics) that applies to all of our directors, officers, and employees, including our principal executive officer, principal financial officer, principal accounting officer, and persons performing similar functions. The Code of Ethics is available free of charge upon written request to Corporate Secretary, Santander Consumer USA Inc., 8585 North Stemmons Freeway, Suite 1100-N, Dallas, Texas 75247. If we amend or grant any waiver from a provision of our Code of Ethics that applies to our executive officers, we will publicly disclose such amendment or waiver on our website and as required by applicable law, including by filing a Current Report on Form 8-K.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes the material elements of compensation awarded to, earned by, or paid to each of our executive officers who are included in the Summary Compensation Table, who we collectively refer to as our named executive officers or NEOs, and focuses on the information contained in the following tables and related footnotes primarily for fiscal year 2012.

For the fiscal year ended December 31, 2012, our NEOs were: (i) Thomas G. Dundon, Chief Executive Officer; (ii) Jason A. Kulas, President and Chief Financial Officer; (iii) Jason W. Grubb, Chief Operating Officer; (iv) Eldridge Burns, Chief Legal Officer and General Counsel; and (v) Richard Morrin, EVP, New Business.

Philosophy and Objectives of Our Executive Compensation Program. The fundamental principles that Santander and we follow in designing and implementing compensation programs for the NEOs are to:

- attract, motivate, and retain highly skilled executives with the business experience and acumen necessary for achieving our long-term business objectives;

- link pay to performance;

- align, to an appropriate extent, the interests of management with those of our stockholders; and

- support our core values, strategic mission, and vision.

We aim to provide a total compensation package that is comparable to that of other financial institutions in the geographic area in which the NEOs are located, taking into account publicly available information considered by our Chief Executive Officer and Chief Human Resources Officer; however, we did not engage in formal market or industry benchmarking in fiscal year 2012. Within this framework, SCUSA considers each component of each NEO s compensation package independently; that is, SCUSA does not evaluate what percentage each component comprises of the total compensation package.

SCUSA took into account individual performance, level of responsibility, and track record within the organization in setting each named executive officer s compensation for fiscal year 2012.

Process for Determining Executive Compensation

SCUSA Board of Directors. Our board of directors has oversight of, among other things, adoption, modification or termination of the terms within our executive equity-based incentive plan in which our NEOs participate and approval of amounts paid to the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer under the executive incentive program. Our board of directors also sets compensation for our Chief Executive Officer.

SCUSA Human Resources Department. Our human resources department has the authority and responsibility to oversee management performance reviews, and to prepare the management bonus pools for presentation to our board of directors. Our Executive Committee (which includes all of our NEOs), in partnership with our human resources department also approves individual bonus awards to the extent that our board of directors delegates such powers and responsibilities.

SCUSA Management. Our Chief Executive Officer collaborates with our Chief Human Resources Officer in setting compensation for all of our NEOs other than our Chief Executive Officer.

Santander. While our NEOs were eligible to participate in Santander s Performance Shares Plan in fiscal year 2012, no awards were granted to the NEOs under the Performance Shares Plan in fiscal year 2012 and no awards are anticipated to be granted to the NEOs under the Performance Shares Plan in the future.

Benchmarking and Independent Compensation Consultant. We did not engage in market or industry benchmarking in fiscal year 2012 with respect to the compensation of the NEOs. In addition, neither we nor our board of directors engaged a compensation consultant in fiscal year 2012.

Table of Contents

Principal Components of Executive Compensation

For fiscal year 2012, the compensation that we paid to our NEOs consisted primarily of base salary and short- and long-term incentive opportunities, as we describe more fully below. In addition, the NEOs are eligible for participation in company-wide welfare benefits plans, and we provide the NEOs with certain welfare benefits and perquisites not available to our employees generally.

Base Salary

Base salary represents the fixed portion of each NEO s compensation and is intended to provide compensation for expected day-to-day performance. The base salaries of the NEOs were generally set in accordance with each NEO s employment agreement, each of which was entered into prior to fiscal year 2012. See Employment Agreements with Named Executive Officers. While each NEO s employment agreement provides for the possibility of increases in base salary, annual increases are not guaranteed. No NEOs received an increase in annual base salary in fiscal year 2012.

Short-Term Incentive Compensation

Discretionary Bonuses

In certain cases, we award discretionary bonuses to the NEOs to motivate and reward outstanding performance. These awards permit us to apply discretion in determining awards rather than applying a formulaic approach that may inadvertently reward inappropriate risk-taking. Our board of directors granted discretionary bonuses to each of Messrs. Dundon, Kulas and Grubb in fiscal year 2012 as a reward for outstanding performance during fiscal year 2011, as a reward for their leadership and exemplary efforts during a transitional time for the Company, and to offset the expiration of a retention program that had been provided to certain employees in prior years. In addition, Mr. Morrin received a discretionary bonus in connection with commencing employment with SCUSA that was paid in fiscal year 2012. The discretionary bonuses granted in fiscal year 2012 were not subject to continued performance. The amounts of the discretionary bonuses are reflected in the Bonus column of the Summary Compensation Table.

SCUSA Executive Incentive Program

We provide annual short-term cash incentive opportunities for the NEOs in the form of the SCUSA Executive Incentive Program (EIP), to reward achievement of corporate performance objectives, as well as to reinforce key cultural behaviors used to achieve short-term and long-term success. The EIP was approved by our board of directors, on the recommendation of our Executive Committee, on May 17, 2011. Each of the NEOs participated in the EIP in fiscal year 2012, and were eligible for a target annual bonus equal to 100% of annual base salary. Messrs. Dundon and Kulas received a 2012 EIP bonus equal to 250% of their respective annual base salaries, Mr. Grubb received a 2012 EIP bonus equal to 186% of his annual base salary, Mr. Burns received a 2012 EIP bonus equal to 135% of his annual base salary and Mr. Morrin received a 2012 EIP bonus equal to 100% of his annual base salary.

The EIP provides a broad range of financial performance metrics for each NEO, which include, but are not limited to, net income, liquidity, cash flow, revenue, profit after noncontrolling interest, profit before taxes, profit after taxes, net organic production and net interest income. The various financial metrics, which are based on the Company s overall financial goals, ensure the EIP awards link NEO pay to the pay of other executives of similar levels within the Company. Our Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer and our board of directors reviewed the appropriateness of the financial performance metrics used in the EIP with respect to the NEOs and the degree of difficulty in achieving the Company s performance goals, and determined that there was a sufficient balance of degree of difficulty and potential reward for the NEOs. There was no specific weight given to any one financial performance metric, and the executives and our board of directors considered a wide variety of financial performance metrics in reaching a final conclusion as to the Company s financial performance for fiscal year 2012. In general, the performance of the Company exceeded the Company s projected performance level for 2012 by approximately 15%. In determining the actual amounts paid pursuant to the EIP, our board of directors reviewed the Company s financial performance and then considered aspects of each NEO s overall individual performance during the performance period (including, but not limited to, performance in the execution of Company goals and objectives, commitment to the Company s core values, contributions to retention of workforce, and ability to identify and address cross-departmental concerns), discretionary bonuses paid in connection with commencement of employment and, after considering all of the different factors, determined the actual 2012 EIP bonus without giving specific weight to any individual consideration. The amounts paid under the SCUSA EIP are reflected in the Non-equity Incentive Plan Compensation column of the Summary Compensation Table.

Our NEOs have previously been required to defer a portion of their annual bonus. See Santander s Management Board Compensation Policy and Identified Staff Plan.

Annual Incentive Plan

In connection with this offering, we may adopt, prior to the completion of the offering, a new written annual bonus plan.

Medium- and Long-Term Incentive Compensation

Performance Shares Plan

The Performance Shares Plan is sponsored by Santander, and is a means for providing medium- and long-term incentive compensation for selected executives across its global platform. Santander developed the Performance Shares Plan to align the interests of Santander s executives with those of its stockholders by encouraging stock ownership among its executives. The Performance Shares Plan generally consists of a multi-year plan under which Santander may award a participant a number of restricted shares of Santander common stock based on Santander s performance during a specific three-year performance cycle. For fiscal year 2012, each of our NEOs (other than Richard Morrin) was eligible to participate in the Performance Shares Plan; however, no awards were granted to the NEOs under the Performance Shares Plan in fiscal year 2012, though the NEOs vested in certain awards that were made in previous years as described below. SCUSA no longer participates in the Performance Shares Plan; accordingly, no awards will be granted to the NEOs under the Performance Shares Plan in the future.

Awards under the Performance Shares Plan relate to three-year performance cycles, with the payout of shares occurring no later than July 31st of the year following the end of the applicable cycle. Each of the NEOs (other than Richard Morrin) participated in the cycle covering performance for fiscal years 2009 through 2011 (which cycle had a payout date of no later than July 31, 2012) and the cycle covering performance for fiscal years 2010 through 2012 (which cycle had a payout date of no later than July 31, 2013).

The maximum number of shares that each participant is eligible to receive under each cycle was determined at the beginning of the cycle entirely at the discretion of our Executive Committee, based on the participant s position within the Company. A percentage of the maximum number of shares vest in accordance with pre-established Santander total stockholder return (TSR) goals compared to a peer group of the world s largest financial institutions chosen by Santander in its sole discretion on the basis of market capitalization, geographic location, and the nature of the businesses. We did not have any input into the selection of the peer group and are not informed of the specific peer group. Restrictions on shares lapse, and shares are delivered to the NEOs under the Performance Shares Plan, based on Santander s performance over the three-year cycle, provided that the NEO remains continuously employed at Santander or a subsidiary through June 30 of the year following the end of the applicable cycle. In the event that the NEO s employment is terminated prior to June 30 of the year following the end of the applicable cycle, and such termination is due to retirement, involuntary termination, unilateral waiver by the NEO for good cause (as provided under Spanish law), unfair dismissal, forced leave of

Table of Contents

absence, permanent disability, or death, restrictions will lapse as to a prorated portion of the restricted shares, based on the number of days that the NEO was employed during the applicable cycle.

The TSR goals and the associated possible percentages of restricted shares awarded that the NEOs may have earned under the Performance Shares Plan with respect to the 2009-2011 and the 2010-2012 performance cycles are as follows:

Santander s position in the TSR ranking	Percentage of Award Earned (2009-2011 Performance Cycle)	Percentage of Award Earned (2010-2012 Performance Cycle)
1st to 5th	100.0%	100.0%
6th	82.5%	82.5%
7th	65.0%	65.0%
8th	47.5%	47.5%
9th	30.0%	30.0%
10th or below	0%	0%

For fiscal year 2012, Santander s position in the TSR ranking was 9th. Accordingly, 30% of the maximum number of shares (with the shares actually delivered set forth in the table below) were earned and paid to the NEOs under the Performance Shares Plan on July 31, 2012.

Named Executive Officer	Number of Shares Delivered
Thomas Dundon	10,800
Jason Kulas	5,148
Jason Grubb	3,810
Eldridge Burns	2,100

The maximum number of shares payable to the NEOs under the Performance Shares Plan in fiscal year 2013, with respect to the 2010-2012 performance cycle, is set forth in the table below.

Named Executive Officer	Number of Shares Delivered
Thomas Dundon	37,080
Jason Kulas	17,745
Jason Grubb	13,150
Eldridge Burns	7,278

For fiscal year 2013, Santander s position in the TSR ranking was 10th or below. Accordingly, no shares were delivered under the Performance Shares Plan during 2013.

SCUSA 2011 Management Equity Plan

We have adopted the Management Equity Plan, which granted stock option awards in view of our potential initial public offering, with the intention of aligning key employees interests with those of the Company. Under the Management Equity Plan, eligible Company employees and directors (including the NEOs) may receive nonqualified stock options to purchase SCUSA common stock with an exercise price of at least the fair market value of SCUSA common stock on the date of grant. The Management Equity Plan also provides for the grant of premium priced stock options, which are granted with a per share exercise price in excess of the fair market value of SCUSA common stock on the date of grant. In addition to participation in the Management Equity Plan, certain members of senior management purchased shares of SCUSA common stock at fair market value.

Grants may be in the form of time-vesting options (with vesting based on continued service with SCUSA), or in the form of performance-vesting options (with vesting based on continued service with SCUSA and the achievement of performance targets relating to SCUSA s return on equity). Vesting of awards under the

Table of Contents

Management Equity Plan is generally subject to acceleration upon a change in control. See Potential Payments upon Termination or Change in Control below and Equity Compensation Plans Information.

Each of our NEOs was granted stock options (both time-vesting and performance-vesting) in fiscal year 2012 and had fulfilled any obligation to subscribe to purchase shares of SCUSA common stock at fair market value prior to fiscal year 2012. Our NEOs were granted the following stock options under the Management Equity Plan in fiscal year 2012:

Named Executive Officer	Time-Vesting Options	Performance-Vesting Options	Premium Price Performance Vesting Options
Thomas Dundon	1,211,887	2,561,315	1,189,831
Jason Kulas	194,928	135,351	59,721
Jason Grubb	174,279	121,013	53,395
Eldridge Burns	75,163	52,190	23,028
Richard Morrin	50,384	34,985	15,436

Our board of directors granted stock options to our NEOs (and many other employees of the Company) immediately following the Equity Transaction in order to incent our NEOs (as well as other employees of the Company) to continue to provide services to the Company during this important period and to provide significant incentives relating to their continued employment that are aligned with the success of our stockholders. In light of Mr. Dundon s significant holdings in the Company and his extensive experience in the business, our board of directors determined that it was in the best interests of the Company to grant Mr. Dundon a stock option grant significantly greater than those received by our other NEO s. The stock option awards granted to our NEOs were not intended to reflect any decisions with respect to materially increasing, or decreasing, compensation from prior years.

Santander s Management Board Compensation Policy and Identified Staff Plan

Under Santander s Management Board Compensation Policy, certain executive officers, including Messrs. Dundon, Kulas and Grubb, had been required to defer a portion of their annual bonuses for the fiscal years 2010 and 2011. The percentage of annual bonus that was required to be deferred was based on each NEO s total bonus earned.

With the exception of certain bonus deferrals made by Mr. Dundon, all amounts deferred under the Santander s Management Board Compensation Policy are payable in Santander common stock, in three equal installments on each anniversary of the date of the deferral. Mr. Dundon s deferred annual bonus with respect to fiscal year 2011 is payable one half in cash and one half in Santander common stock, in three equal installments on each anniversary of the date of deferral. Receipt of deferred bonus payments is contingent on the NEO remaining employed through the applicable payment date and subject to there being no: (i) deficient financial performance by Santander during that period, (ii) poor conduct by the participant (with respect to 2010 bonus deferrals only), (iii) breach or falsification by the participant in violation of the internal risk rules, (iv) material restatement of the entity s financial statements and (v) significant variation in the economic capital or in the qualitative valuation of risks. Accordingly, amounts with respect to 2010 bonus deferrals are payable one-third in each of 2012, 2013 and 2014, and amounts with respect to 2011 bonus deferrals are payable one-third in each of 2013, 2014 and 2015. Once received, shares of Santander common stock are subject to a one-year holding requirement.

In addition to being required to defer a portion of their annual bonuses as described above, participants in Santander s Management Board Compensation Policy who were specified by Santander as identified staff (including Mr. Dundon, but excluding the other NEOs) received a percentage of their annual bonus compensation in fully vested Santander common stock subject to a one-year holding requirement, pursuant to the Identified Staff Plan. In fiscal year 2012, Mr. Dundon received a percentage of his annual bonus compensation with respect to fiscal year 2011 performance in shares of Santander common stock under the Identified Staff Plan.

Table of Contents

Other Compensation

In addition to the benefits that all of our employees are eligible to receive, the NEOs are eligible for certain other benefits and perquisites. For fiscal year 2012, the additional benefits and perquisites included a car allowance, SCUSA employer matching contributions to SCUSA s qualified retirement plan (i.e., 401(k) Plan), financial planning expenses (which, for Mr. Dundon, includes tax preparation services, accounting services and financial advisory and planning services), and annual premiums for executive disability benefits. These benefits and perquisites are generally consistent with those paid to similarly situated SCUSA executives. Mr. Dundon s perquisites also include club membership dues, parking and toll expenses, legal and estate planning expenses, medical reimbursements, and personal use of reward points earned on the Company credit card in connection with payment of corporate expenses.

We describe the additional perquisites and benefits that we paid to the NEOs with respect to fiscal year 2012 below, in the notes to the Summary Compensation Table.

In fiscal year 2012, SCUSA paid approximately $383,000 to Meregrass Company, a 135 charter company, which operates Mr. Dundon s plane, as reimbursement for Mr. Dundon s use of his personal aircraft for business travel in fiscal year 2012. Payment was based on a flight time hourly rate of $5,300. See Certain Relationships and Related Transactions.

Retirement Benefits

Each of the NEOs is eligible to participate in SCUSA s qualified retirement plan (i.e., 401(k) Plan) under the same terms as other eligible SCUSA employees. SCUSA provides these benefits in order to foster the development of the NEOs long-term careers with the Company. We do not provide defined benefit pension benefits, or nonqualified or excess retirement benefits to any of our NEOs.

Employment Agreements

We have entered into employment agreements with each of the NEOs, establishing key elements of compensation that differ from our standard plans and programs and that facilitate the creation of covenants, such as those prohibiting post-employment competition or solicitation by the NEOs. We believe that these agreements provide stability to SCUSA and further our overarching compensation objective of attracting and retaining the highest quality executives to manage and lead us. See Employment Agreements with Named Executive Officers.

Tax Considerations

We intend to seek to maximize deductibility for tax purposes (including under Section 162(m) of the Code) of all elements of compensation of the NEOs, from and after the time that our compensation programs become subject to Section 162(m) of the Code (Section 162(m)). Pursuant to the transition provisions under Section 162(m), certain compensation arrangements that were entered into by a corporation before it was publicly held may not be subject to the deductibility limits for a period of three years following the consummation of a public offering. Prior to such time as our compensation programs become subject to Section 162(m), we intend to review our compensation plans in light of applicable tax provisions and revise them as necessary to maximize deductibility. However, the Company and our board of directors will take into consideration a multitude of factors in making executive compensation decisions and may, in certain circumstances, approve compensation arrangements that do not qualify for maximum deductibility.

Compensation in Connection with this Offering

On June 28, 2013, we entered into retention bonus letters with certain executives, including all of our NEOs with the exception of Mr. Dundon. Each retention bonus letter provides for a lump sum cash bonus payable within five days following the date of the retention bonus letter, subject to withholding for applicable income and payroll taxes or otherwise as required by law. The retention bonus is subject to claw-back in the event that the executive voluntarily terminates employment with the Company or in the event that the executive s employment is terminated by the Company for cause (as defined in the Management Equity Plan). If such termination occurs prior to February 28, 2014, the executive will be required to repay to the Company the net amount of the retention bonus, whereas if such termination occurs after February 28, 2014 and prior to February 28, 2015, the executive will be required to repay to the Company 50% of the net amount of the retention bonus.

The amounts due to each of the following NEOs under the retention bonus letters are set forth in the table below.

Named Executive Officer	Value of Retention Bonus ($)	
Jason Kulas	$	200,000
Jason Grubb	$	175,000
Eldridge Burns	$	120,000
Richard Morrin	$	150,000

Compensation Following This Offering

We anticipate that our NEOs will continue to be subject to employment agreements that are substantially similar to their existing employment agreements which are described herein. It is also anticipated that our current NEOs will hold substantially similar positions following the offering.

While we are still in the process of determining specific details of the compensation program that will take effect following the offering, it is anticipated that our compensation program following the offering will be based on the same principles and designed to achieve the same objectives as our current compensation program.

Summary Compensation Table 2012

The following summary compensation table sets forth the total compensation paid or accrued for the year ended December 31, 2012, for each individual who served as our Chief Executive Officer or Chief Financial Officer during fiscal year 2012, and our three other most highly compensated executive officers who were serving as executive officers on December 31, 2012.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)	All Other Compensation ($)(6)	Total ($)
Thomas G. Dundon, CEO	2012	1,500,000	613,694	613,484	78,479,071	3,750,000		263,411	85,219,660
Jason A. Kulas, CFO	2012	400,000	115,000		6,208,846	1,000,875		29,006	7,753,727
Jason W. Grubb, COO	2012	350,000	100,000		5,551,138	650,125		12,381	6,663,644
Eldridge A. Burns Jr, CLO	2012	240,000			2,394,083	324,000		12,413	2,970,496
Richard Morrin, EVP, New Business	2012	255,000	230,000		1,604,828	255,000		28,320	2,373,148

(1) We base the amounts in this column on actual base compensation paid through the end of the applicable fiscal year.

(2) Reflects discretionary bonus payments made to certain of the NEOs in fiscal year 2012.
The amounts in this column for fiscal year 2012 do not include amounts payable in Santander common stock that vest in future years pursuant to the terms of Santander s Management Board Compensation Policy. See Santander s Management Board Compensation Policy and Identified Staff Plan and Outstanding Equity Awards at Fiscal 2012 Year End.

Table of Contents

(3) Reflects shares of fully vested Santander common stock that were delivered to Mr. Dundon under the Santander Identified Staff Plan, which shares are subject to a one-year holding requirement. Valuation based on per share closing price of Santander common stock on January 25, 2012 of 6.02 and a Treasury reporting rate of exchange of 0.76324 Euros to one U.S. Dollar on such date.

(4) The amounts included in this column reflect the grant date fair value of stock option awards granted to our named executive officers in 2012. The grant date fair value was determined in accordance with FASB ASC Topic 718. The grant date fair value of the stock options with respect to SCUSA common stock is estimated using the Black-Scholes option pricing model. See Determination of the Fair Value of Stock-based Compensation Grants.

(5) Reflects amounts paid to the NEOs under the SCUSA EIP with respect to performance in fiscal year 2012 (Mr. Dundon: $3,750,000; Mr. Kulas: $1,000,875; Mr. Grubb: $650,125; Mr. Burns: $324,000; and Mr. Morrin: $255,000).

(6) Includes the following amounts paid to or on behalf of the NEOs:

	Car Allowance ($)	SCUSA Contribution to Defined Contribution Plan ($)	Club Memberships ($)	Financial Planning ($)	Estate Planning ($)	Legal Expenses ($)	Executive Disability Benefits ($)(b)	Medical Reimbursements ($)	Paid Parking and Tolls ($)	Total ($)
Thomas G. Dundon(a)	12,246	12,500	12,900	161,304	37,383	7,619	13,469(c)	5,430	560	263,411
Jason A. Kulas	9,600	17,000					2,406			29,006
Jason W. Grubb	9,600						2,781			12,381
Eldridge A. Burns, Jr.	9,600			308			2,505			12,413
Richard Morrin	9,600	16,215					2,505			28,320

(a) The Company permits Mr. Dundon to use reward points earned on the Company credit card in connection with payment of corporate expenses for Mr. Dundon s personal use.
(b) Amount listed represents the annual premiums paid by the Company for NEO executive disability benefits.
(c) Amount listed represents the annual premiums paid by the Company for Mr. Dundon s executive disability benefits, inclusive of an additional rider.

Grants of Plan-Based Awards 2012

Name	Grant Date	Estimated Possible Future Payouts Under Non-Equity Incentive Plan Awards ($)(1)	All Other Options Award: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
Thomas G. Dundon	February 2012	1,500,000			
	January 2012				613,484(2)
	February 2012		3,773,202	25.97	60,786,284(3)
	February 2012		1,189,831	33.67	17,692,787(3)
Jason A. Kulas	February 2012	400,000			
	February 2012		330,279	25.97	5,320,795(3)
	February 2012		59,721	33.67	888,051(3)
Jason W. Grubb	February 2012	350,000			
	February 2012		295,292	25.97	4,757,154(3)
	February 2012		53,395	33.67	793,984(3)

Eldridge A. Burns, Jr.	February 2012	240,000			
	February 2012		127,353	25.97	2,051,657(3)
	February 2012		23,028	33.67	342,426(3)
Richard Morrin	February 2012	255,000			
	February 2012		85,369	25.97	1,375,295(3)
	February 2012		15,436	33.67	229,533(3)

(1) The amounts set forth in this column are the target bonus opportunities for each of our NEOs pursuant to the SCUSA EIP.

Table of Contents

(2) Valuation based on per share closing price of Santander common stock on January 25, 2012 of 6.02 and a rate of exchange of 0.76324 Euros to one U.S. Dollar on such date.

(3) Valuation is based on the grant date fair value of stock option awards with respect to SCUSA common stock granted to our named executive officers in 2012. The grant date fair value was determined in accordance with FASB ASC Topic 718. The grant date fair value of the stock options is estimated using the Black-Scholes option pricing model. See Determination of the Fair Value of Stock-based Compensation Grants.

Outstanding Equity Awards at Fiscal 2012 Year End

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)(1)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)(2)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock that have not Vested (#)**	**Market Value of Shares or Units of Stock that have not Vested ($)(6)**	**Number of Unearned Shares, Units or Other Rights that have not Vested (#)**	**Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested ($)**
Thomas G. Dundon	754,640	969,510	2,049,052	25.97	12/31/2021				
	237,966		951,865	33.67	12/31/2021				
						16,712(3)	134,313		
						51,854(4)	416,745		
						37,080(5)	298,008		
Jason A. Kulas	66,056	155,942	108,281	25.97	12/31/2021				
	11,944		47,777	33.67	12/31/2021				
						3,876(3)	31,151		
						4,943(4)	39,726		
						17,745(5)	142,615		
Jason W. Grubb	59,058	139,423	96,810	25.97	12/31/2021				
	10,679		42,716	33.67	12/31/2021				
						2,376(3)	19,096		
						2,281(4)	18,332		
						13,150(5)	105,685		
Eldridge A. Burns, Jr.	25,471	60,130	41,752	25.97	12/31/2021				
	4,606		18,422	33.67	12/31/2021				
						7,278(5)	58,492		
Richard Morrin	17,074	40,307	27,988	25.97	12/31/2021				
	3,087		12,349	33.67	12/31/2021				

(1) Options with respect to SCUSA common stock were granted under the Management Equity Plan in February 2012. Time-vesting options generally vest and become exercisable over five years in equal annual installments subject to the participant s continued employment.

(2) Options with respect to SCUSA common stock were granted under the Management Equity Plan in February 2012. Performance-vesting options generally vest and become exercisable over five years in equal annual installments, based on our achievement of applicable threshold ROE targets, and subject to the participant s continued employment at each measurement date. These ROE targets are an ROE of

27.5% for each of 2012 and 2013 and 18.0% for each of the years 2014 through 2016. If we do not achieve the applicable threshold ROE target with respect to a measurement date, the portion of the performance-vesting option that would have vested had the ROE target been met will remain outstanding and will vest if, at any point prior to the earlier of the end of the five-year performance period or a change in control

Table of Contents

(as defined in the Management Equity Plan), we achieve an average ROE target of 25.0%, subject to the participant s continued employment through such time.

(3) Reflects restricted shares of Santander common stock outstanding in respect of NEO bonus deferrals under Santander s Management Board Compensation Policy in fiscal year 2010.

(4) Reflects restricted shares of Santander common stock outstanding in respect of NEO bonus deferrals under Santander s Management Board Compensation Policy in fiscal year 2011.

(5) Reflects shares of Santander common stock that could be earned under the Performance Shares Plan with respect to the 2010 to 2012 performance cycle, assuming maximum performance targets were achieved. It was determined in 2013 that the performance targets were not achieved. Accordingly, no shares were delivered to the NEOs in 2013.

(6) Valuation based on per share closing price of Santander common stock on December 31, 2012 of 6.10 and a rate of exchange of 0.759 Euros to one U.S. Dollar on such date.

Option Exercises and Stock Vested 2012

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Thomas G. Dundon			10,800[(1)]	66,395
			8,803[(2)]	75,037
			77,780[(3)]	613,484
Jason A. Kulas				