



**Third quarter report 2016**  
Santander Consumer Bank Nordic Group  
and  
Santander Consumer Bank AS

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# Management review of the third quarter 2016

This review will give an update as of Q3 2016 and our views on the future for both Santander Consumer Bank AS (hereafter SCB AS) and the Santander Consumer Bank Group (hereafter the Group). The Group consists of SCB AS, Santander Consumer Finance Oy, and special entities for funding as listed in note 13. The merger was treated to continuity at the merger date on the 1<sup>st</sup> of July 2015. The profit after tax for the first six months for SCB AB was allocated to equity as retained earnings at the time of the merger.

## Highlights

- The Group's profit before tax year to date Q3 2016 was NOK 2 342 MM, compared to NOK 1 325 MM year to date in Q3 2015
- Increase in deposits of NOK 1 618 MM since 31.12.2015 for the Group. Total NOK 38 999 MM per Q3 2016 for the Group.
- The Group's net loans to customers increased by NOK 4 346 MM year to date in 2016.
- EMTN issuance of EUR 1 000 MM and other bond issuance of NOK 1 200 MM year to date in 2016.

## Financial overview

The Group's profit before tax of NOK 2 342 MM year to date Q3 2016 is an increase of 77% compared to the same period last year. The increase in results are mainly due to a higher net loan balance from the merger with Santander Consumer Bank AB in addition to organic growth. The increase in net loan balance from the merger was NOK 18 755 MM, and organic growth of NOK 7 235 MM. Lower costs of funding, increased commission income and relatively lower losses are also contributing to a better profit before tax.

Total assets for the Group were NOK 139 157 MM per Q3 2016 where loans to customers represented 85% (NOK 118 012 MM). Per Q3 2015 the total assets for the Group were NOK 129 768 MM of which loans to customers represented 85% (NOK 110 777 MM).

SCB AS accounts show a profit before tax of NOK 2 462 MM year to date Q3 2016 compared to NOK 975 MM year to date Q3 2015. The result in the AS is higher than the group due to a dividend payment from the subsidiary SCF OY of NOK 513 MM. The total assets was NOK 129 453 MM per Q3 2016 compared to NOK 120 899 MM per Q3 2015.

## Risk management

The bank leverages from pan-Nordic initiatives and strategies, resulting in highly homogeneous risk practices across the business units while at the same time taking into consideration the local markets' needs and climate.

### Credit Risk

The Group's credit risk profile per Q3 2016 remains stable for the secure and unsecure portfolio respectively from year end 2015 despite continuing loan growth. The consolidated Non-Performing Loans (NPL) Ratio has decreased to 1,89% in the third quarter of 2016, comparing with 2,05% at Year End 2015 and 1,96% in 2016 Q2. The Loan Loss Provisions (LLP) for the third quarter of 2016 was NOK 753 MM, compared to NOK 638 MM for the same period in 2015. Consolidated Loan Loss Reserves (LLR) increased to NOK 2 772 MM per Q3 2016 from NOK 2 631 MM at Year End 2015. LLR figures in Q4 2015 were impacted by harmonization of reserves calculation and Write Off policy alignment.

### Liquidity and Interest Rate Risk

The Group manages interest rate risk by aiming to match the interest rate risk of the liabilities with the interest rate risk of the underlying assets (loan to customers). Interest rate risk in the Group is measured using the Net Interest Margin sensitivity and Market Value of Equity sensitivity. The sensitivity is measured through various shifts in the underlying market rates. Both metrics were at satisfactory levels for all countries during Q3 2016. Liquidity Risk in Santander is measured using the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Additional Liquidity Monitoring Metrics (ALMM). Overall, the Group's liquidity profile has been strengthened throughout 2016 as preparation for meeting CRD IV's liquidity requirements. At the end of September 2016 the LCR in the Group was 107,74%, whilst the minimum LCR regulatory requirement was 70%.

### Foreign currency risk

The Group operates in countries with various currencies and will inevitably be exposed to currency risks. The Group's strategy is to strive for a composition of the balance sheet that minimizes currency risk by ensuring that the assets and liabilities are denominated in the same currency. When the Group raises funding through the international debt markets, such as EMTN or securitizations, any open currency exposure should be managed with derivatives. The open currency exposure as of end of Q3 2016 was NOK equivalent 683 MM in SEK, DKK and EUR exposures.

## Funding

The main funding pillars of the Group are deposits, issuance of senior unsecured bonds, asset backed securities, and parent company funding. The Group has during the last years taken significant steps to diversify its funding sources, with particular focus on expanding deposits and senior unsecured funding the last couple of years.

Customer deposits are a strategic priority for the Group. Deposit-taking capabilities have been developed in Norway, Sweden and Denmark. Total outstanding volumes is NOK 38 999 MM across the 3 countries, representing an increase of NOK 1 618 MM year-to-date 2016.

The Group is well-established in the Norwegian senior unsecured bond market and has increased issuance under its Euro Medium Term Note program (EMTN). The bank has year-to-date issued EUR 1000 MM of senior unsecured bonds in the Euro-market and NOK 2 171 MM senior unsecured bonds in the Norwegian markets (see note 11 for further details). During first half of 2016, SCB AS obtained a rating of A3 with stable outlook by Moody's and A- with stable outlook from Fitch. Issuances under the EMTN program is now on a standalone basis without guarantee from the parent.

Issuance of asset backed securities is also an important funding source for the Group, with plans to continue its use during the remainder of 2016.

The Group is also funded through loans and drawing rights from the parent bank and companies within Grupo Santander. These loans are priced at market rates and denominated in local currencies.

Credit markets and access to funding have been regarded as satisfactory year-to-date Q3 2016.

## Solvency and capital adequacy

In capital adequacy calculation and reporting the Group and SCB AS follow Norwegian implementation of BASEL III framework. Since December 2015 SCB AS and the Group are calculating credit risk capital requirement using advanced internal rating based models (IRB- A models) for part of its exposures.

The ICAAP (internal capital adequacy assessment process) is integrated into Grupo Santander's planning and budgeting processes as well as the risk assessment processes under the internal control regulations. In addition to Credit risk, Market risk and Operational risk, the ICAAP covers other risks not included in other solvency reporting. ICAAP report is annually prepared and presented to the Norwegian FSA. The Group has been able to maintain strong solvency ratios above regulatory requirements.

The Group and SCB AS are sufficiently capitalized to comply with the Common Equity Tier1, Tier 1 and Tier 2 capital requirements including pillar 2 requirements. Per Q3 2016 Common Equity Tier 1 capital ratio was on group level 14.99%, compared to 12.38% per Q3 2015 and 15.26% per year end 2015 (as outlined in note 7). The improvement since Q3 2015 is partly due to the IRB-A approval in December 2015.

## OUTLOOK FOR 2016

2016 has been another great year for the Group. Continuous growth in all products, as well as a stable journey towards reaching the desired funding mix. The Group goal of extracting synergies and cross sales between products are also well on its way even though there still is potential for further improvements. 2016 has been year to leave the merger with GE Money bank behind us and continue our journey as one bank.

The macroeconomic picture is still uncertain, resulting in market conditions in the money market never before seen in the Nordic geography. This created challenges for the Group in terms of pricing of funding and products. The Group have focus on monitoring macroeconomic factors in every day decisions, as well as a close follow up of the effect on our current and future asset portfolio.

The Group's focus on funding and liquidity remains on securing diversified sources of funding and sufficient liquidity reserves. Customer deposits, senior unsecured bonds and intra group funding will form the main funding pillars going forward. Although a change in Norwegian legislation has made securitization of Norwegian assets more challenging, the bank will continue to pursue securitization opportunities in other Nordic countries. The Group will continue its focus on meeting Capital requirements set by the regulators.

The Group always strive to optimize and perfect the setup for system and process support, innovation capabilities and margin management. The Group plans for continued sustainable growth in both top and bottom line for the remaining quarter of 2016, in 2017 and beyond.

**Profit and loss account - GROUP**

<i>All amounts in millions of NOK</i>						
	Note	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	Financial year 2015
<b>Interest income and similar income</b>						
Interest and similar income on loans to and receivables from credit institutions		10	11	19	27	35
Interest and similar income on loans to and receivables from customers		1 869	1 871	5 625	4 466	6 368
Interest and similar income on comm. paper, bonds and other securities		38	21	113	20	41
<b>Total interest income and similar income</b>		<b>1 917</b>	<b>1 902</b>	<b>5 757</b>	<b>4 513</b>	<b>6 444</b>
<b>Interest expenses and similar expenses</b>						
Interest and similar expenses on debt to credit institutions		(79)	(101)	(195)	(318)	(385)
Interest and similar expenses on deposits from and debt to customers		(121)	(133)	(380)	(344)	(468)
Interest and similar expenses on issued securities		(93)	(106)	(327)	(323)	(437)
Interest on subordinated loan capital		(27)	(49)	(133)	(141)	(209)
Other interest expenses and similar expenses		(12)	(10)	(19)	(25)	(27)
<b>Total interest expenses and similar expenses</b>	<b>6</b>	<b>(332)</b>	<b>(399)</b>	<b>(1 054)</b>	<b>(1 151)</b>	<b>(1 525)</b>
<b>Net interest income</b>		<b>1 585</b>	<b>1 503</b>	<b>4 703</b>	<b>3 362</b>	<b>4 919</b>
<b>Fees and commission</b>						
Guarantee commissions		-	1	1	2	2
Other commissions and fees		166	163	534	372	535
Commission Expenses		(67)	(64)	(203)	(186)	(247)
<b>Net fees and commissions</b>		<b>99</b>	<b>99</b>	<b>332</b>	<b>188</b>	<b>290</b>
<b>Other product and funding related income and costs</b>						
Value change and gain/loss on foreign exchange and securities		(21)	(6)	8	19	(14)
Received dividend from investments		-	-	42	-	-
Operational leasing income		30	35	96	109	143
Depreciation of operational leasing		(25)	(28)	(79)	(84)	(112)
Other product and funding related income and costs		10	6	(24)	21	11
<b>Other product and funding related income and costs</b>		<b>(6)</b>	<b>7</b>	<b>43</b>	<b>65</b>	<b>29</b>
<b>Gross margin</b>		<b>1 678</b>	<b>1 609</b>	<b>5 078</b>	<b>3 614</b>	<b>5 238</b>
<b>Operating costs</b>						
Salaries and personnel expenses		(290)	(334)	(881)	(686)	(1 014)
Administration expenses		(301)	(355)	(976)	(814)	(1 418)
Ordinary depreciation fixed assets		(27)	(20)	(80)	(54)	(79)
<b>Total operating costs</b>		<b>(618)</b>	<b>(710)</b>	<b>(1 937)</b>	<b>(1 555)</b>	<b>(2 511)</b>
<b>Net margin</b>		<b>1 060</b>	<b>899</b>	<b>3 141</b>	<b>2 059</b>	<b>2 727</b>
Other income and costs		1	7	(46)	(96)	20
Impairment losses on other assets		-	-	(1)	-	(8)
Total losses on loans, guarantees etc		(236)	(345)	(753)	(638)	(797)
<b>Profit before tax</b>		<b>825</b>	<b>561</b>	<b>2 342</b>	<b>1 325</b>	<b>1 942</b>
Income tax		(210)	(135)	(580)	(324)	(435)
<b>Profit after tax</b>		<b>615</b>	<b>426</b>	<b>1 762</b>	<b>1 001</b>	<b>1 507</b>
<b>Allocation of profit after tax</b>						
Transferred to other earned equity		615	426	1 762	1 001	1 507
<b>Total allocations</b>		<b>615</b>	<b>426</b>	<b>1 762</b>	<b>1 001</b>	<b>1 507</b>
<b>Other Comprehensive Income</b>						
<i>Items not to be recycled to profit and loss</i>						
Actuarial gain/loss on post employment benefit obligations		-	6	(54)	19	126
<i>Items to be recycled to profit and loss</i>						
Net exchange differences on translating foreign operations		(63)	134	(138)	96	79
Value change of assets held for sale		-	(6)	(22)	6	63
Cash flow hedge		16	6	13	7	4
Net investment hedge		34	(71)	62	(61)	(22)
<b>Total comprehensive income for the period</b>		<b>602</b>	<b>496</b>	<b>1 623</b>	<b>1 068</b>	<b>1 756</b>

**Balance sheet – Assets – GROUP**

<i>All amounts in millions of NOK</i>				
	<b>Note</b>	Q3 / YTD 2016	Q3 / YTD 2015	Financial year 2015
<b>Deposits with external institutions</b>				
Cash and receivables on central banks		57	57	59
Deposits with and receivables on financial institutions		4 031	5 227	5 793
<b>Total deposits with external institutions</b>		<b>4 088</b>	<b>5 283</b>	<b>5 852</b>
<b>Loans to customers</b>				
Credit Card		6 252	9 117	7 786
Unsecured loans		23 958	25 804	23 460
Installment loans		75 020	68 076	70 156
Financial leasing		15 554	14 457	14 895
<b>Total gross loans to customers</b>		<b>120 784</b>	<b>117 454</b>	<b>116 297</b>
- Specific loan reserves		(1 377)	(4 723)	(1 520)
- Generic loan reserves		(1 395)	(1 954)	(1 111)
<b>Total net loans to customers</b>	3 , 4	<b>118 012</b>	<b>110 777</b>	<b>113 666</b>
<b>Other financial assets</b>				
Commercial papers and bonds	9 , 10 , 12	11 629	7 264	9 203
Financial trading derivatives	10	431	1 074	1 141
Other ownership interests		18	1	52
<b>Total other financial assets</b>		<b>12 078</b>	<b>8 338</b>	<b>10 395</b>
<b>Intangible assets</b>				
Goodwill		716	759	766
Deferred tax assets		217	252	236
Other intangible assets		247	239	254
<b>Total intangible assets</b>		<b>1 180</b>	<b>1 250</b>	<b>1 256</b>
<b>Fixed assets</b>				
Repossessed assets		8	8	13
Machinery, fittings and vehicles		74	66	69
Operational leasing		504	421	403
Consignment		2 591	2 190	2 694
<b>Total fixed assets</b>		<b>3 177</b>	<b>2 685</b>	<b>3 179</b>
<b>Other non-financial assets</b>				
Earned income not invoiced and prepaid expenses		128	195	311
Other non-financial assets		494	1 240	1 215
<b>Total other assets</b>		<b>622</b>	<b>1 435</b>	<b>1 526</b>
<b>Total assets</b>		<b>139 157</b>	<b>129 768</b>	<b>135 874</b>

**Balance sheet – Liabilities – GROUP**

<i>All amounts in millions of NOK</i>				
	Note	Q3 / YTD 2016	Q3 / YTD 2015	Financial year 2015
<b>Debt to credit institutions</b>				
Loans and deposits from credit institutions with an agreed term	12	38 265	33 964	33 571
<b>Total loans and deposits from financial institutions</b>		<b>38 265</b>	<b>33 964</b>	<b>33 571</b>
<b>Deposits from customers</b>				
Customer deposits		38 998	36 081	37 380
<b>Total deposits from customers</b>		<b>38 998</b>	<b>36 081</b>	<b>37 380</b>
<b>Debt established by issuing securities</b>				
Bonded debt	11	38 176	36 953	41 569
<b>Total debt established by issuing securities</b>		<b>38 176</b>	<b>36 953</b>	<b>41 569</b>
<b>Other financial liabilities</b>				
Financial derivatives	10	388	1 046	1 089
Other financial liabilities		112	168	188
<b>Total other financial liabilities</b>		<b>500</b>	<b>1 214</b>	<b>1 277</b>
<b>Other non-financial liabilities</b>				
Expenses incurred not invoiced		797	1 072	1 101
Pension liabilities		325	427	277
Deferred tax		656	691	768
Other Allowances		95	296	168
Other Liabilities		906	577	684
<b>Total other non-financial liabilities</b>		<b>2 779</b>	<b>3 063</b>	<b>2 998</b>
<b>Subordinated loan capital</b>				
Subordinated loan capital	12	3 564	3 931	3 827
<b>Total subordinated loan capital</b>		<b>3 564</b>	<b>3 931</b>	<b>3 827</b>
<b>Total liabilities</b>		<b>122 283</b>	<b>115 205</b>	<b>120 623</b>
<b>Paid-in equity</b>				
Share capital		9 652	9 652	9 652
Share capital premium		891	891	891
<b>Total paid-in equity</b>		<b>10 544</b>	<b>10 544</b>	<b>10 544</b>
<b>Earned equity</b>				
Retained earnings		6 489	4 169	4 727
OCI items		(158)	(149)	(19)
<b>Total other equity</b>		<b>6 331</b>	<b>4 019</b>	<b>4 708</b>
<b>Total equity</b>	7	<b>16 874</b>	<b>14 563</b>	<b>15 251</b>
<b>Total liabilities and equity</b>		<b>139 157</b>	<b>129 768</b>	<b>135 874</b>

**Cash Flow – GROUP**

<i>All amounts in millions of NOK</i>	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	Financial year 2015
<b>Cash flow from operations</b>					
Profit before income taxes	824	561	2 342	1 325	1 942
Taxes paid in the period	(108)	(90)	(522)	(402)	(334)
Depreciation and impairment	(24)	49	81	140	191
Change in loans to customers	(523)	(6 876)	(4 346)	(10 280)	(13 159)
Change in repossessed assets	4	4	4	5	-
Value adjustments over P&L	(1 101)	(472)	(8)	151	34
Change in consignment and other assets	308	(165)	2	58	(414)
Change in prepayments and earned income	101	(33)	182	86	(37)
Change in loans and deposits from customers	(733)	5 595	1 618	10 867	12 172
Change in other debt	(258)	(460)	(231)	(363)	(160)
Differences in expensed pensions and payments in/out of the pension scheme	(33)	54	(49)	35	(4)
Change in other provisions	1 366	412	989	627	673
<b>Net cash flow from operations</b>	<b>(177)</b>	<b>(1 421)</b>	<b>63</b>	<b>2 249</b>	<b>905</b>
<b>Cash flow from investments</b>					
Purchased bonds	(4 063)	(5 155)	(12 524)	(7 995)	(10 491)
Matured bonds	2 582	1 378	10 098	(4 728)	3 331
Net proceeds from purchase and sale of fixed assets	160	(92)	(77)	(113)	(280)
<b>Net cash flow from investments</b>	<b>(1 321)</b>	<b>(3 869)</b>	<b>(2 503)</b>	<b>(12 836)</b>	<b>(7 440)</b>
<b>Cash flow from financing</b>					
Receipts on issued bonds	4 520	1 842	10 427	12 582	22 055
Repayments on issued bonds	(2 142)	-	(13 819)	-	(12 816)
Change in loans and deposits from financial institutions	(654)	1 382	4 430	(5 302)	(5 406)
Paid in share capital	-	1 100	-	1 100	1 100
<b>Net cash flow from financing</b>	<b>1 724</b>	<b>4 324</b>	<b>1 038</b>	<b>8 380</b>	<b>4 933</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>	<b>(334)</b>	<b>157</b>	<b>(359)</b>	<b>138</b>	<b>100</b>
Net change in cash and cash equivalents	(108)	(809)	(1 762)	(2 068)	(1 501)
Cash and cash equivalents at the beginning of the period	4 195	4 765	5 850	6 024	6 024
Cash from merger on the 1 July 2015	-	1 327	-	1 327	1 327
<b>Cash and cash equivalents at the end of the period</b>	<b>4 088</b>	<b>5 283</b>	<b>4 088</b>	<b>5 283</b>	<b>5 850</b>

## Equity statement – GROUP

### Q3 2016

*All amounts in millions of NOK*

	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 July 2016	9 652	891	5 874	25	28	(24)	27	(201)	16 272
Profit for the period	-	-	615	-	-	-	-	-	615
OCI movements (net of tax)	-	-	-	(64)	-	16	34	-	(13)
<b>Balance at 30 September 2016</b>	<b>9 652</b>	<b>891</b>	<b>6 489</b>	<b>(38)</b>	<b>28</b>	<b>(8)</b>	<b>62</b>	<b>(201)</b>	<b>16 874</b>

### YTD Q3 2016

*All amounts in millions of NOK*

	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 January 2016	9 652	891	4 727	99	49	(20)	-	(147)	15 251
Profit for the period	-	-	1 762	-	-	-	-	-	1 762
OCI movements (net of tax)	-	-	-	(138)	(22)	13	62	(54)	(139)
<b>Balance at 30 September 2016</b>	<b>9 652</b>	<b>891</b>	<b>6 489</b>	<b>(38)</b>	<b>28</b>	<b>(8)</b>	<b>62</b>	<b>(201)</b>	<b>16 874</b>

### Financial Year 2015

*All amounts in millions of NOK*

	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 January 2015	5 448	891	3 103	21	(14)	(24)	22	(196)	9 252
Profit for the period	-	-	1 507	-	-	-	-	-	1 507
OCI movements (net of tax)	-	-	-	79	63	4	(22)	126	248
Capital increase	1 100	-	-	-	-	-	-	-	1 100
Equity from the merger with SCB AB	3 104	-	117	-	-	-	-	(77)	3 144
<b>Balance at 31 December 2015</b>	<b>9 652</b>	<b>891</b>	<b>4 727</b>	<b>99</b>	<b>49</b>	<b>(20)</b>	<b>0</b>	<b>(147)</b>	<b>15 251</b>

1) Total shares registered as at September 30, 2016, was 965 241 842

2) Restricted capital as at September 30, 2016, was NOK 9 652 MM, unrestricted capital was NOK 7 222 MM. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

All shares are owned by Santander Consumer Finance S.A. The annual consolidated accounts and the address of Santander Consumer S.A. in which Santander Consumer Bank AS is included, is published on [www.santanderconsumer.com](http://www.santanderconsumer.com).

## Profit and loss account – AS

<i>All amounts in millions of NOK</i>		Q3	Q3	YTD Q3	YTD Q3	Financial year
	Note	2016	2015	2016	2015	2015
<b>Interest income and similar income</b>						
Interest and similar income on loans to and receivables from credit institutions		163	162	511	549	741
Interest and similar income on loans to and receivables from customers		1 414	1 385	4 175	2 947	4 335
Interest and similar income on comm. paper, bonds and other securities		75	64	229	160	223
<b>Total interest income and similar income</b>		<b>1 652</b>	<b>1 611</b>	<b>4 916</b>	<b>3 656</b>	<b>5 298</b>
<b>Interest expenses and similar expenses</b>						
Interest and similar expenses on debt to credit institutions		(46)	(76)	(143)	(242)	(306)
Interest and similar expenses on deposits from and debt to customers		(121)	(133)	(380)	(344)	(468)
Interest and similar expenses on issued securities		(63)	(60)	(214)	(147)	(217)
Interest on subordinated loan capital		(52)	(56)	(158)	(156)	(212)
Other interest expenses and similar expenses		(8)	(7)	(9)	(16)	(16)
<b>Total interest expenses and similar expenses</b>	<b>6</b>	<b>(291)</b>	<b>(332)</b>	<b>(904)</b>	<b>(907)</b>	<b>(1 217)</b>
<b>Net interest income</b>		<b>1 361</b>	<b>1 278</b>	<b>4 012</b>	<b>2 749</b>	<b>4 081</b>
<b>Fees and commission</b>						
Guarantee commissions		-	1	1	2	2
Other commissions and fees		161	175	556	416	589
Commission Expenses		(56)	(61)	(179)	(175)	(230)
<b>Net fees and commissions</b>		<b>105</b>	<b>115</b>	<b>377</b>	<b>242</b>	<b>361</b>
<b>Other product and funding related income and costs</b>						
Value change and gain/loss on foreign exchange and securities		(17)	(5)	15	8	(19)
Received dividend from investments		-	-	554	-	-
Depreciation of operational leasing		(2)	-	(3)	-	-
Other product and funding related income and costs		6	1	(34)	6	(7)
<b>Other product and funding related income and costs</b>		<b>(13)</b>	<b>(4)</b>	<b>532</b>	<b>15</b>	<b>(26)</b>
<b>Gross margin</b>		<b>1 453</b>	<b>1 389</b>	<b>4 922</b>	<b>3 006</b>	<b>4 416</b>
<b>Operating costs</b>						
Salaries and personnel expenses		(264)	(310)	(798)	(611)	(908)
Administration expenses		(275)	(332)	(885)	(742)	(1 299)
Ordinary depreciation fixed assets		(25)	(19)	(75)	(50)	(59)
<b>Total operating costs</b>		<b>(564)</b>	<b>(660)</b>	<b>(1 757)</b>	<b>(1 403)</b>	<b>(2 265)</b>
<b>Net margin</b>		<b>889</b>	<b>729</b>	<b>3 165</b>	<b>1 603</b>	<b>2 150</b>
Other income and costs		1	7	(47)	(97)	20
Impairment losses on other assets		-	-	-	-	(7)
Total losses on loans, guarantees etc		(216)	(301)	(655)	(531)	(650)
<b>Profit before tax</b>		<b>673</b>	<b>435</b>	<b>2 462</b>	<b>975</b>	<b>1 513</b>
Income tax		(179)	(112)	(501)	(258)	(354)
<b>Profit after tax</b>		<b>495</b>	<b>323</b>	<b>1 961</b>	<b>716</b>	<b>1 159</b>
<b>Allocation of profit after tax</b>						
Transferred to other earned equity		495	323	1 961	716	1 159
<b>Total allocations</b>		<b>495</b>	<b>323</b>	<b>1 961</b>	<b>716</b>	<b>1 159</b>
<b>Other Comprehensive Income</b>						
<i>Items not to be recycled to profit and loss</i>						
Actuarial gain/loss on post employment benefit obligations		-	6	(54)	19	126
<i>Items to be recycled to profit and loss</i>						
Net exchange differences on translating foreign operations		(13)	13	(27)	9	28
Value change of assets held for sale		-	(6)	(23)	6	63
Cash flow hedge		20	3	13	(15)	(14)
<b>Total comprehensive income for the period</b>		<b>502</b>	<b>339</b>	<b>1 870</b>	<b>736</b>	<b>1 362</b>

**Balance sheet – Assets – AS**

<i>All amounts in millions of NOK</i>		Q3 / YTD	Q3 / YTD	Financial year
	Note	2016	2015	2015
<b>Deposits with external institutions</b>				
Cash and receivables on central banks		57	57	59
Deposits with and receivables on financial institutions		1 327	765	920
<b>Total deposits with external institutions</b>		<b>1 384</b>	<b>822</b>	<b>979</b>
<b>Loans to customers</b>				
Credit Card		6 250	11 030	7 784
Unsecured loans		21 655	27 777	21 016
Installment loans		60 975	50 039	57 505
Financial leasing		14 290	12 916	13 718
<b>Total gross loans to customers</b>		<b>103 170</b>	<b>101 762</b>	<b>100 023</b>
- Specific loan reserves		(1 308)	(4 650)	(1 444)
- Generic loan reserves		(1 068)	(1 619)	(783)
<b>Total net loans to customers</b>	3 , 4	<b>100 794</b>	<b>95 493</b>	<b>97 797</b>
<b>Other financial assets</b>				
Commercial papers and bonds	9 , 10 , 12	16 156	13 832	15 775
Financial trading derivatives	10	427	1 122	1 186
Loans to subsidiaries and SPV's		6 886	6 284	6 259
Ownership interest in credit institutions		1 167	1 236	1 247
Other ownership interests		18	1	52
<b>Total other financial assets</b>		<b>24 654</b>	<b>22 475</b>	<b>24 519</b>
<b>Intangible assets</b>				
Goodwill		345	366	369
Deferred tax assets		105	150	116
Other intangible assets		239	228	243
<b>Total intangible assets</b>		<b>689</b>	<b>744</b>	<b>728</b>
<b>Fixed assets</b>				
Repossessed assets		6	6	9
Machinery, fittings and vehicles		65	59	61
Operational leasing		186	-	-
Consignment		1 274	986	1 068
<b>Total fixed assets</b>		<b>1 530</b>	<b>1 051</b>	<b>1 138</b>
<b>Other non-financial assets</b>				
Earned income not invoiced and prepaid expenses		172	168	196
Other non-financial assets		231	146	115
<b>Total other assets</b>		<b>402</b>	<b>314</b>	<b>311</b>
<b>Total assets</b>		<b>129 453</b>	<b>120 899</b>	<b>125 473</b>

**Balance sheet – Liabilities – AS**

<i>All amounts in millions of NOK</i>		Q3 / YTD	Q3 / YTD	Financial year
	<b>Note</b>	2016	2015	2015
<b>Debt to credit institutions</b>				
Loans and deposits from credit institutions with an agreed term	12	42 707	42 863	46 593
<b>Total loans and deposits from financial institutions</b>		<b>42 707</b>	<b>42 863</b>	<b>46 593</b>
<b>Deposits from customers</b>				
Customer deposits		38 999	36 081	37 380
<b>Total deposits from customers</b>		<b>38 999</b>	<b>36 081</b>	<b>37 380</b>
<b>Debt established by issuing securities</b>				
Bonded debt	11	25 076	20 307	19 465
<b>Total debt established by issuing securities</b>		<b>25 076</b>	<b>20 307</b>	<b>19 465</b>
<b>Other financial liabilities</b>				
Financial derivatives	10	384	1 034	1 071
Other financial liabilities		103	142	187
<b>Total other financial liabilities</b>		<b>486</b>	<b>1 176</b>	<b>1 258</b>
<b>Other non-financial liabilities</b>				
Expenses incurred not invoiced		727	982	1 006
Pension liabilities		325	427	277
Deferred tax		656	691	768
Other Allowances		95	296	168
Other Liabilities		705	527	486
<b>Total other non-financial liabilities</b>		<b>2 508</b>	<b>2 924</b>	<b>2 705</b>
<b>Subordinated loan capital</b>				
Subordinated loan capital	12	3 564	3 931	3 827
<b>Total subordinated loan capital</b>		<b>3 564</b>	<b>3 931</b>	<b>3 827</b>
<b>Total liabilities</b>		<b>113 339</b>	<b>107 281</b>	<b>111 229</b>
<b>Paid-in equity</b>				
Share capital		9 652	9 652	9 652
Share capital premium		891	891	891
<b>Total paid-in equity</b>		<b>10 544</b>	<b>10 544</b>	<b>10 544</b>
<b>Earned equity</b>				
Retained earnings		5 765	3 259	3 803
OCI items		(194)	(186)	(103)
<b>Total other equity</b>		<b>5 571</b>	<b>3 074</b>	<b>3 700</b>
<b>Total equity</b>	7	<b>16 114</b>	<b>13 617</b>	<b>14 244</b>
<b>Total liabilities and equity</b>		<b>129 453</b>	<b>120 899</b>	<b>125 473</b>

**Cash Flow – AS**

<i>All amounts in thousands of NOK</i>	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	Financial year 2015
<b>Cash flow from operations</b>					
Profit before income taxes	673	435	2 462	975	1 513
Taxes paid in the period	(72)	(98)	(405)	(369)	(295)
Depreciation and impairment	25	19	75	51	72
Change in loans to customers	(365)	(5 108)	(2 997)	(7 936)	(10 234)
Change in repossessed assets	3	1	4	(0)	(4)
Value adjustments over P&L	(50)	(44)	(15)	(18)	(142)
Change in consignment and other assets	(218)	(514)	(391)	(3 130)	(4 982)
Change in prepayments and earned income	31	(32)	24	84	46
Change in loans and deposits from customers	(733)	5 595	1 618	10 867	12 172
Change in other debt	(244)	(413)	(217)	(397)	(319)
Differences in expensed pensions and payments in/out of the pension scheme	(33)	54	(49)	35	(4)
Change in other provisions	56	402	(400)	651	586
<b>Net cash flow from operations</b>	<b>(927)</b>	<b>298</b>	<b>(290)</b>	<b>814</b>	<b>(1 590)</b>
<b>Cash flow from investments</b>					
Purchased bonds	(3 692)	(5 155)	(11 285)	(7 995)	(9 939)
Matured bonds	3 203	2 787	10 904	3 306	2 618
Net proceeds from purchase and sale of fixed assets	151	(39)	(75)	(61)	(112)
<b>Net cash flow from investments</b>	<b>(338)</b>	<b>(2 407)</b>	<b>(456)</b>	<b>(4 750)</b>	<b>(7 432)</b>
<b>Cash flow from financing</b>					
Receipts on issued bonds	4 520	1 530	10 427	12 230	13 089
Repayments on issued bonds	487	-	(4 816)	-	(1 105)
Loans and deposits from financial institutions	(2 812)	(1 716)	(4 149)	(11 072)	(7 410)
Paid in share capital	-	1 100	-	1 100	1 100
<b>Net cash flow from financing</b>	<b>2 196</b>	<b>914</b>	<b>1 461</b>	<b>2 258</b>	<b>5 674</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>	<b>(299)</b>	<b>50</b>	<b>(311)</b>	<b>49</b>	<b>26</b>
Net change in cash and cash equivalents	631	(1 145)	403	(1 630)	(3 322)
Cash and cash equivalents at the beginning of the period	753	2 492	981	2 977	2 977
Cash from merger on the 1 July 2015	-	1 327	-	1 327	1 327
<b>Cash and cash equivalents at the end of the period</b>	<b>1 384</b>	<b>2 674</b>	<b>1 384</b>	<b>2 674</b>	<b>981</b>

## Equity statement – AS

### Q3 2016

*All amounts in millions of NOK*

	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Actuarial gain/loss	Total
Balance at 1 July 2016	9 652	891	5 270	(6)	26	(20)	(201)	15 612
Profit for the period	-	-	495	-	-	-	-	495
OCI movements (net of tax)	-	-	-	(13)	-	20	-	7
<b>Balance at 30 September 2016</b>	<b>9 652</b>	<b>891</b>	<b>5 764</b>	<b>(19)</b>	<b>26</b>	<b>-</b>	<b>(201)</b>	<b>16 114</b>

### YTD Q2 2016

*All amounts in millions of NOK*

	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Actuarial gain/loss	Total
Balance at 1 January 2016	9 652	891	3 803	8	50	(14)	(147)	14 244
Profit for the period	-	-	1 961	-	-	-	-	1 961
OCI movements (net of tax)	-	-	-	(27)	(23)	13	(54)	(91)
<b>Balance at 30 September 2016</b>	<b>9 652</b>	<b>891</b>	<b>5 764</b>	<b>(19)</b>	<b>26</b>	<b>-</b>	<b>(201)</b>	<b>16 114</b>

### Financial Year 2015

*All amounts in millions of NOK*

	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Actuarial gain/loss	Total
Balance at 1 January 2015	5 448	891	2 527	(20)	(14)	-	(196)	8 638
Profit for the period	-	-	1 159	-	-	-	-	1 159
OCI movements (net of tax)	-	-	-	28	63	(14)	126	203
Capital increase	1 100	-	-	-	-	-	-	1 100
Equity from the merger with SCB AB	3 104	-	117	-	-	-	(77)	3 144
<b>Balance at 31 December 2015</b>	<b>9 652</b>	<b>891</b>	<b>3 803</b>	<b>8</b>	<b>50</b>	<b>(14)</b>	<b>(147)</b>	<b>14 244</b>

1) Total shares registered as at September 30, 2016, was 965 241 842

2) Restricted capital as at September 30, 2016, was NOK 9 652 MM, unrestricted capital was NOK 6 462 MM. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

All shares are owned by Santander Consumer Finance S.A. The annual consolidated accounts and the address of Santander Consumer S.A. in which Santander Consumer Bank AS is included, is published on [www.santanderconsumer.com](http://www.santanderconsumer.com).

Lysaker, 4<sup>th</sup> Nov 2016

The Board of Directors of Santander Consumer Bank

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Erik Kongelf  
(Chairman)

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Bruno Montalvo Wilmot  
(Deputy Chairman)

---

Manuel Angel Menendez Barrero

---

Francisco Javier Anton San Pablo

---

Niels Christian Aall

---

Henning Strøm

---

Vibeke Hamre Krey  
(Employee Representative)

---

Ola Tillberg  
(Employee Representative)

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Michael Hvidsten  
(Chief Executive Officer)



# Santander Consumer Bank Group

## Notes

## 1. Basis of preparation

The accounts show the activities of the company in Norway, Sweden and Denmark (Santander Consumer Bank AS). In the group accounts, the Finnish subsidiary (Santander Consumer Finance OY) and the special purpose entities (as listed in note 13) are included. All figures and notes were prepared under the assumption that the business is a going concern.

The Santander Consumer Bank interim accounts for the third quarter of 2016 are prepared in accordance with IAS 34 Interim Financial reporting as endorsed by EU.

The annual report for 2015 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting [www.santander.no](http://www.santander.no).

## 2. Accounting policies

The Group's accounting policies are consistent with those of the previous financial year as described in the 2015 Annual Report except as described below.

Management's estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the consolidated financial statements.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015, with the exception of changes in methodology that are required in determining the provision for income taxes. The estimates and assumptions that are deemed critical to the consolidated financial statements are listed in the Santander Consumer Bank 2015 annual report.

## 3. Risk Classification

The tables below show the past due portfolio at certain aging intervals. The purpose of the note is to show the credit risk associated with the loans to customers.

<i>All amounts in millions of NOK</i>	Balance			Loss reserves		
	Q3 2016	Q3 2015	FY 2015	Q3 2016	Q3 2015	FY 2015
Current - not past due date	112 625	104 661	107 657	(1 156)	(1 102)	(817)
Current - past due date	5 878	6 033	6 196	(238)	(285)	(285)
Total impaired loans	2 280	6 760	2 444	(1 378)	(5 290)	(1 528)
<b>Total gross loans to customers</b>	<b>120 784</b>	<b>117 454</b>	<b>116 297</b>	<b>(2 772)</b>	<b>(6 677)</b>	<b>(2 631)</b>

<i>Ageing of past due but not impaired loans</i>	Q3 2016	Q3 2015	FY 2015	Q3 2016	Q3 2015	FY 2015
1 - 29 days	4 730	4 799	4 938	(104)	(133)	(130)
30 - 59 days	863	927	920	(72)	(83)	(84)
60 - 89 days	285	308	338	(62)	(69)	(72)
<b>Total loans due but not impaired</b>	<b>5 878</b>	<b>6 033</b>	<b>6 196</b>	<b>(238)</b>	<b>(285)</b>	<b>(285)</b>

<i>Ageing of impaired loans</i>	Q3 2016	Q3 2015	FY 2015	Q3 2016	Q3 2015	FY 2015
90 - 119 days	189	172	204	(72)	(68)	(76)
120 - 149 days	196	151	168	(101)	(86)	(89)
150 - 179 days	121	131	127	(68)	(85)	(95)
180 + days	894	5 485	1 053	(666)	(4 739)	(832)
Economic doubtful*	880	822	892	(471)	(311)	(437)
<b>Total impaired loans</b>	<b>2 280</b>	<b>6 760</b>	<b>2 444</b>	<b>(1 378)</b>	<b>(5 290)</b>	<b>(1 528)</b>

\* Economic doubtful contracts are loans where there is a reasonable doubt of full repayment due to reasons other than payment arrears

## 4. Loan reserves

All amounts in millions of NOK

	Q3 2016	Q3 2015	FY 2015		
<b>Specific loan reserves</b>					
Specific loan reserves 01.01.	1 520	588	588		
+ Acquired through legal merger 01.07	-	4 267	4 280		
+/- Rate adjustment opening balance	(39)	209	322		
Reclassification between specific and generic loan reserves	8	(352)	(165)		
Gross outstanding adjustment	-	-	15		
+ Specific loan reserves for the period	(112)	10	(3 520)		
<b>= Specific loan reserves period end</b>	<b>1 377</b>	<b>4 723</b>	<b>1 520</b>		
<b>Generic loan reserves</b>					
Generic loan reserves 01.01	1 111	1 029	1 029		
+ Acquired through legal merger 01.07	-	373	374		
+/- Rate adjustment opening balance	(60)	88	47		
Release of reserves related to bad debt sale	(13)	-	-		
Reclassification between specific and generic loan reserves	(8)	352	165		
+/- Generic loan reserves for the year	364	113	(503)		
<b>= Generic loan reserves period end</b>	<b>1 395</b>	<b>1 954</b>	<b>1 111</b>		
<b>Total Loan Reserves in Balance Sheet</b>	<b>2 772</b>	<b>6 677</b>	<b>2 631</b>		
<b>Loan losses expenses</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>FY 2015</b>
Change loan reserves provision	(96)	(104)	(253)	(152)	4 023
+/- Fx rate adjustment opening balance	1	44	2	29	(253)
+ Total realized losses	(364)	(349)	(1 104)	(692)	(5 162)
- Recoveries on previously realized losses	223	63	602	177	595
<b>= Loan losses in the period</b>	<b>(236)</b>	<b>(345)</b>	<b>(753)</b>	<b>(638)</b>	<b>(797)</b>

Loan reserves calculated separately for each business unit, using internal parameters.

- Specific loan reserves calculated by arrears following portfolio ageing and specific assessment of the exposure by specific contracts, also referred to as non performing loans.

- Generic loan reserves calculated by arrears, including incurred but not reported impaired loans following portfolio ageing, and reserves based on macro parameters.

## 5. Liquidity Coverage Ratio

Liquidity Coverage Ratio (LCR) measures the capability to meet obligations in the next 30 days by means of liquidity assets. It is defined as LCR = liquidity assets / (cash outflows - cash inflows). The minimum LCR level (CRD IV) is 70% from 31 December 2015. With a stable basis of High Quality Liquid Assets, SCB Group fulfills the minimum LCR requirements.

Liquidity Coverage Ratio (LCR) %	Q3 2016	Q3 2015	Q4 2015
Liquidity Coverage Ratio (LCR) Total	108	77	83
Liquidity Coverage Ratio (LCR) NOK	242	198	156
Liquidity Coverage Ratio (LCR) SEK	117	73	76
Liquidity Coverage Ratio (LCR) DKK	157	147	52
Liquidity Coverage Ratio (LCR) EUR	30	0	43

## 6. Interest expense

The table show average interest rate on interest bearing debt. Average interest is calculated as actual interest expense through the year in percent of weighted average balance.

*All amounts in millions of NOK*

	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015	2015
<b>To credit institutions</b>					
Interest expenses	(79)	(101)	(195)	(318)	(385)
Average loan	38 483	28 799	36 115	32 141	31 961
<b>Average nominal interest rate</b>	<b>0,83%</b>	<b>1,41%</b>	<b>0,72%</b>	<b>1,32%</b>	<b>1,20%</b>
<b>To depositors</b>					
Interest expenses	(121)	(133)	(380)	(344)	(468)
Average deposit	39 367	29 719	37 540	27 083	27 735
<b>Average nominal interest rate</b>	<b>1,23%</b>	<b>1,79%</b>	<b>1,35%</b>	<b>1,69%</b>	<b>1,69%</b>
<b>To bondholders</b>					
Interest expenses	(93)	(106)	(327)	(323)	(437)
Average issued notes and bonds	36 981	36 510	37 564	34 575	36 867
<b>Average nominal interest rate</b>	<b>1,01%</b>	<b>1,16%</b>	<b>1,16%</b>	<b>1,24%</b>	<b>1,19%</b>
<b>Subordinated loan capital</b>					
Interest expenses	(27)	(49)	(133)	(141)	(209)
Average subordinated loan capital	3 673	3 410	3 747	3 391	3 343
<b>Average nominal interest rate</b>	<b>2,96%</b>	<b>5,79%</b>	<b>4,73%</b>	<b>5,55%</b>	<b>6,25%</b>
<b>Total of tables above:</b>					
Interest expenses	(321)	(390)	(1 034)	(1 126)	(1 498)
Loan	118 504	98 438	114 966	97 189	99 906
<b>Average nominal interest rate</b>	<b>1,08%</b>	<b>1,58%</b>	<b>1,20%</b>	<b>1,55%</b>	<b>1,50%</b>

## 7. Capital adequacy

<i>All amounts in millions of NOK</i>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>FY 2015</b>
<b>Balance sheet equity</b>			
Paid in equity	9 652	9 652	9 652
Share premium	891	891	891
Retained earnings	6 489	4 104	4 727
Other reserves	(158)	(84)	(19)
<b>Total Equity</b>	<b>16 874</b>	<b>14 563</b>	<b>15 251</b>
<b>Common Equity Tier 1 Capital</b>			
(-) Year to date profit not-eligible (Not audited)	(1 762)	(1 001)	-
Cash-flow hedge adjustment	-	(7)	(4)
IRB Expected Loss - Reserves	(248)	-	(304)
Goodwill	(716)	(759)	(766)
Other intangible assets	(247)	(239)	(254)
Deferred tax assets	(217)	(252)	(236)
Adjustment Prudent Valuation (AVA)	(12)	-	-
<b>Total common Equity Tier 1 Capital</b>	<b>13 673</b>	<b>12 306</b>	<b>13 688</b>
<b>Tier 1 Capital</b>			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
<b>Total Tier 1 Capital</b>	<b>15 923</b>	<b>14 556</b>	<b>15 938</b>
<b>Total Capital</b>			
Paid up subordinated loans	1 281	1 576	1 471
Subordinated loans not eligible	(64)	(228)	(244)
<b>Total Capital</b>	<b>17 139</b>	<b>15 904</b>	<b>17 165</b>
<b>Risk exposure</b>			
Regional governments or local authorities	62	65	65
Institutions	1 634	1 448	1 643
Corporates	5 830	5 416	5 735
Retail Standard Approach	44 013	80 060	45 865
Retail Internal Rating Based	25 060	-	23 525
Exposures in default SA	736	1 869	707
Covered bonds	812	451	642
Other Exposures	4 361	3 840	4 095
<b>Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries</b>	<b>82 508</b>	<b>93 151</b>	<b>82 278</b>
Foreign exchange (zero if under threshold)	683	-	-
<b>Risk exposure amount for position, foreign exchange and commodities risks</b>	<b>683</b>	<b>-</b>	<b>-</b>
Basic indicator approach	7 672	6 076	7 100
<b>Risk exposure amount for operational risk</b>	<b>7 672</b>	<b>6 076</b>	<b>7 100</b>
Standardized method	327	207	313
<b>Risk exposure amount for credit valuation adjustment</b>	<b>327</b>	<b>207</b>	<b>313</b>
Allowance which apply on the standardized approach for credit risk	-	-	-
<b>Deductions of risk exposure amount</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total risk exposure amount</b>	<b>91 190</b>	<b>99 434</b>	<b>89 691</b>
<b>Common equity tier 1 capital ratio</b>	<b>14,99%</b>	<b>12,38%</b>	<b>15,26%</b>
<b>Tier 1 capital ratio</b>	<b>17,46%</b>	<b>14,64%</b>	<b>17,77%</b>
<b>Total capital ratio</b>	<b>18,80%</b>	<b>15,99%</b>	<b>19,14%</b>
<b>Leverage ratio</b>	<b>11,25%</b>	<b>10,96%</b>	<b>11,43%</b>

Leverage ratio is the relationship between the Group's core capital and its total assets. The Group calculate Leverage ratio by dividing the Tier 1 core capital over total assets plus some off balance sheet items such as unused credit limits etc.

From December 2015 the Group are calculating credit risk capital requirement using advanced internal rating based models (IRB- A models) for part of its exposures

Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no). Information according to Pillar 3 will be published at [www.santander.no](http://www.santander.no).

## 8. Segment information

Financial management in Santander is oriented towards the various geographical markets. Monitoring of the overall profitability of the geographic areas are important dimensions of the strategic priorities and allocation of resources in the SCB Group. Reported figures for the various segments reflect the SCB Group's total sales of products and services in the geographical area.

Segment information is based on the internal financial reporting as it is reported to SCB Group management. SCB Group management uses the segment reporting as an element to assess historical and expected future development and allocation of resources.

Reporting from the segments is based on Santander's governance model and the SCB Group's accounting policies. The figures are based on a number of assumptions and estimates.

The Segments are responsible for profits after tax, with the corresponding return on allocated capital according to the SCB Group's governance model. All the SCB Group's trade activities are divided into the reported segments with corresponding balances, income and expenses.

Deficit liquidity from the segments are funded by the SCB Group treasury at market conditions. Surplus liquidity is transferred to the SCB Group treasury at market conditions.

Internal agreements at market conditions or simulated market conditions are made when segments cooperate on the delivery of financial services to customers.

Services provided by the Group's central functions and staff are charged segments based on an allocation agreement.

### Product segmentation per country (Gross loans to customers)

#### 30 September 2016

All amounts in millions of NOK

	Unsecured loans	Secured loans	Financial lease	Operational lease	Consignment	Total
Norway	10 777	32 224	8 338	-	-	51 339
Sweden	12 250	11 168	4 027	-	984	28 429
Denmark	12 250	11 432	4 027	-	-	27 709
Finland	2 306	14 045	1 263	318	1 318	19 250
<b>Total</b>	<b>37 582</b>	<b>68 869</b>	<b>17 656</b>	<b>318</b>	<b>2 302</b>	<b>126 727</b>

#### 30 September 2015

All amounts in millions of NOK

	Unsecured loans	Secured loans	Financial lease	Operational lease	Consignment	Total
Norway	11 117	29 144	7 769	-	-	48 031
Sweden	14 887	10 428	3 779	-	721	29 814
Denmark	6 505	16 395	1 776	-	-	24 676
Finland	2 411	12 089	1 117	421	1 203	17 241
<b>Total</b>	<b>34 920</b>	<b>68 056</b>	<b>14 441</b>	<b>421</b>	<b>1 925</b>	<b>119 762</b>

### Balance sheet and P&L per country

#### 30 September 2016 (Only Q3)

All amounts in millions of NOK

	Norway	Sweden	Denmark	Finland	Eliminations	Total Group
Net interest income	730	335	323	204	(7)	1 585
Net fees and commissions	23	35	33	9	-	99
Other product and funding related income and costs	(7)	1	(12)	10	2	(6)
Total operating costs	(254)	(184)	(123)	(57)	-	(618)
Other income and costs	(5)	-	6	-	-	1
Total losses on loans, guarantees etc	(151)	(31)	(45)	(10)	-	(237)
<b>Operating result</b>	<b>336</b>	<b>156</b>	<b>182</b>	<b>156</b>	<b>(5)</b>	<b>824</b>
Total tax	(104)	(34)	(40)	(31)	-	(209)
<b>Profit after tax</b>	<b>232</b>	<b>120</b>	<b>142</b>	<b>125</b>	<b>(5)</b>	<b>615</b>

#### 30 September 2016 (YTD)

All amounts in millions of NOK

	Norway	Sweden	Denmark	Finland	Eliminations	Total Group
Net interest income	2 136	1 020	954	593	-	4 703
Net fees and commissions	85	108	112	27	-	332
Other product and funding related income and costs	574	(6)	(40)	29	(515)*	43
Total operating costs	(747)	(617)	(394)	(178)	-	(1 936)
Other income and costs	(46)	(1)	-	1	-	(46)
Impairment losses on other assets	-	-	-	(1)	-	(1)
Total losses on loans, guarantees etc	(472)	(102)	(101)	(78)	-	(753)
<b>Operating result</b>	<b>1 530</b>	<b>402</b>	<b>531</b>	<b>394</b>	<b>(515)</b>	<b>2 342</b>
Total tax	(296)	(88)	(117)	(79)	-	(580)
<b>Profit after tax</b>	<b>1 235</b>	<b>314</b>	<b>414</b>	<b>315</b>	<b>(515)</b>	<b>1 762</b>

\*Dividend from SCF OY (Finland) to SCB AS eliminated in the Group

Santander Consumer Bank

30 September 2016 (YTD)

All amounts in millions of NOK

	Norway	Sweden	Denmark	Finland	Eliminations	Total Group
Cash and receivables on central banks	57	-	-	-	-	57
Deposits with and loans to financial institutions	2 689	856	116	330	40	4 031
Total gross loans to customers	51 339	27 445	24 385	17 614	-	120 784
Loan reserves	(1 645)	(393)	(338)	(396)	-	(2 772)
Commercial papers and bonds	5 156	3 024	2 119	1 331	-	11 629
Financial trading derivatives	427	-	-	4	-	431
Ownership interests in group companies and other entities	1 185	-	-	-	(1 167)	18
Other assets	15 874	1 172	870	1 733	(14 669)	4 979
<b>Total assets</b>	<b>75 080</b>	<b>32 104</b>	<b>27 152</b>	<b>20 617</b>	<b>(15 796)</b>	<b>139 157</b>
Debt to credit institutions	9 358	11 412	16 415	16 003	(14 923)	38 265
Deposits from customers	17 333	12 017	9 648	-	-	38 999
Bonded debt	27 910	7 439	6	2 821	-	38 176
Financial derivatives	384	-	-	5	-	388
Other liabilities	4 228	1 225	852	206	(55)	6 455
Equity	15 868	11	232	1 582	(818)	16 874
<b>Total liabilities and equity</b>	<b>75 080</b>	<b>32 104</b>	<b>27 152</b>	<b>20 617</b>	<b>(15 796)</b>	<b>139 157</b>

## 9. Classification of financial instruments

All amounts in millions of NOK

Classification of financial assets 30 September 2016

	Financial assets at fair value through P&L	Available for sale financial assets at fair value	Loans and receivables	Book value
Cash and receivables on central banks	-	-	57	57
Deposits with and receivables on financial institutions	-	-	4 031	4 031
Net loans to costumers	-	-	118 012	118 012
Commercial papers and bonds	-	11 629	-	11 629
Financial trading derivatives	431	-	-	431
Other ownership interests	-	18	-	18
<b>Total financial assets</b>	<b>431</b>	<b>11 647</b>	<b>122 100</b>	<b>134 178</b>
			<b>Non financial assets</b>	4 979
			<b>Total assets</b>	<b>139 157</b>

Classification of financial liabilities 30 September 2016

	Financial liabilities at fair value through P&L	Financial liabilities measured at amortized cost	Booked value	
Loans and deposits from credit institutions	-	38 265	38 265	
Customer deposits	-	38 999	38 999	
Bonded debt	-	38 176	38 176	
Financial derivatives	388	-	388	
Other financial liabilities	-	112	112	
Subordinated loan capital	-	3 564	3 564	
<b>Total financial liabilities</b>	<b>388</b>	<b>119 115</b>	<b>119 504</b>	
			<b>Non financial liabilities and equity</b>	19 654
			<b>Total liabilities</b>	<b>139 157</b>

Santander Consumer Bank

All amounts in millions of NOK

Classification of financial assets 31 December 2015	Financial assets at fair value through P&L	Available for sale financial assets at fair value	Loans and receivables	Book value
Cash and receivables on central banks	-	-	59	59
Deposits with and receivables on financial institutions	-	-	5 793	5 793
Net loans to costumers	-	-	113 666	113 666
Commercial papers and bonds	-	9 203	-	9 203
Financial trading derivatives	1 141	-	-	1 141
Other ownership interests	-	52	-	52
<b>Total financial assets</b>	<b>1 141</b>	<b>9 255</b>	<b>119 518</b>	<b>129 914</b>
			<b>Non financial assets</b>	5 961
			<b>Total assets</b>	<b>135 874</b>

Classification of financial liabilities 31 December 2015	Financial liabilities at fair value through P&L	Financial liabilities measured at amortized cost	Booked value	
Loans and deposits from credit institutions	-	33 571	33 571	
Customer deposits	-	37 380	37 380	
Bonded debt	-	41 569	41 569	
Financial derivatives	1 089	-	1 089	
Other financial liabilities	-	188	188	
Subordinated loan capital	-	3 827	3 827	
<b>Total financial liabilities</b>	<b>1 089</b>	<b>116 536</b>	<b>117 625</b>	
			<b>Non financial liabilities and equity</b>	18 249
			<b>Total liabilities</b>	<b>135 874</b>

## 10. Valuation hierarchy

Financial instruments measured at fair value

All amounts in millions of NOK

		Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<b>Financial assets</b>					
<i>Name</i>	<i>Type</i>				
Bilkredditt 4	Fixed amort.profile BK4	-	55	-	55
Bilkredditt 5	Fixed amort.profile BK5	-	62	-	62
Bilkredditt 6	Fixed amort.profile BK6	-	211	-	211
Bilkredditt 7	Pass-through swap BK7	-	98	-	98
KIMI4	Pass-through swap KIMI4	-	5	-	5
<b>Total financial trading derivatives</b>		-	<b>431</b>	-	<b>431</b>
<i>Name</i>	<i>Type</i>				
Bilkredditt 4	Front swap BK4	-	44	-	44
Bilkredditt 5	Front swap BK5	-	53	-	53
Bilkredditt 6	Front swap BK6	-	188	-	188
EMTN2 Bond	DKK fixed to float	-	15	-	15
Third EMTN	DKK fixed to float	-	26	-	26
SEK EMTN Bond	SEK IRS 2Y	-	2	-	2
SEK EMTN Bond	SEK IRS 3Y	-	4	-	4
SW EMTN Bond	EMTN Fixed Floating	-	2	-	2
<b>Total derivatives defined as accounting hedges</b>		-	<b>334</b>	-	<b>334</b>
<i>Name</i>	<i>Type</i>				
Government bonds and Treasury Bills	Bonds	3 507	-	-	3 507
Covered Bonds	Bonds	8 122	-	-	8 122
<b>Total commercial papers and bonds</b>		<b>11 629</b>	-	-	<b>11 629</b>
<b>Total</b>		<b>11 629</b>	<b>765</b>	-	<b>12 394</b>

Santander Consumer Bank

<i>All amounts in millions of NOK</i>		Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<b>Financial liabilities</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 4	Pass-through swap BK4	-	44	-	44
Bilkreditt 5	Pass-through swap BK5	-	53	-	53
Bilkreditt 6	Pass-through swap BK6	-	188	-	188
KIMI4	Fixed amort-profile KIMI4	-	5	-	5
Bilkreditt 7	Fixed amort. Profile BK7	-	98	-	98
<b>Total financial derivatives</b>		-	<b>388</b>	-	<b>388</b>
<i>Name</i>	<i>Type</i>				
Bilkreditt 7	Front swap BK7	-	98	-	98
DK EMTN Bond	EMTN Fixed Floating	-	15	-	15
EMTN2 Bond	EMTN2 fixed fixed	-	2	-	2
KIMI4	Front swap KIMI4	-	5	-	5
<b>Total derivatives defined as accounting hedges</b>		-	<b>120</b>	-	<b>120</b>
<b>Total</b>		-	<b>508</b>	-	<b>508</b>

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for at normal market conditions. Highest level of quality in relation to fair value is based on quoted prices in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory authority and these prices represent actual and regularly occurring transactions at arm's length.

**Level 1:** Instruments at this level obtain fair value from quoted prices in active markets for identical assets or liabilities that the entity has access by the reporting date. Examples of instruments at Level 1 are listed government bonds.

**Level 2:** Instruments at this level is not considered to have an active market. Fair value obtained from observable market data; this includes mainly prices based on identical instruments, but where the instrument is not sufficiently high trading frequency, as well as prices based on corresponding assets and price leading indicators that can be confirmed from market information. Examples of instruments at Level 2 are securities priced out of interest rate paths.

The fair value at level 2 is calculated by discounting future cash flows. The cash flows are mainly known due to contractual conditions, in addition to a marked regulated interest rate element. (e.g. EURIBOR)

**Level 3:** Instruments at Level 3 contain no observable market data or traded on markets that are considered inactive. The price is based mainly on own calculations, where actual fair value may deviate if the instrument were to be traded.

## 11. Issued Securities

<i>All amounts in millions of NOK</i>	Q3 2016	Q3 2015	FY 2015
Senior unsecured issued securities	25 075	20 307	19 465
Asset backed issued securities	13 101	16 646	22 104
<b>Total issued securities</b>	<b>38 176</b>	<b>36 953</b>	<b>41 569</b>

Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in March to a value of NOK 500 MM.

Santander Consumer Bank AS issued bonds on the Irish stock exchange in February to a value of EUR 500 MM (NOK 4 707 MM)

Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in May to a value of NOK 700 MM.

Santander Consumer Bank AS issued bonds on the Irish stock exchange in September to a value of EUR 500 MM (NOK 4 520 MM)

The additional change in balance sheet value of senior unsecured issued securities is the reevaluation of the Euro and SEK bonds

## 12. Receivables and liabilities to related parties

Debt to related parties: <i>Amounts in millions of NOK</i>	Accrued interest		Accrued interest		Accrued interest	
	Q3 2016	Q3 2016	Q3 2015	Q3 2015	FY 2015	FY 2015
Balance sheet line: "Loans and deposits from credit institutions with an agreed term"						
<i>Santander Benelux</i>	2 263	11	14 188	25	5 877	22
<i>Santander Consumer Finance S.A.</i>	34 395	14	17 876	9	25 331	8
<i>Banco Madasant</i>	1 060	-	1 867	-	2 334	-
<i>Banco Santander</i>	21	-	-	-	-	-
<i>Abbey National Treasury Services plc</i>	430	-	-	-	-	-
<b>Total</b>	<b>38 170</b>	<b>24</b>	<b>33 930</b>	<b>34</b>	<b>33 541</b>	<b>30</b>
Balance sheet line: "Subordinated loan capital" - Bonds						
MNOK 180, maturity September 2016, 3 months NIBOR +0.55% (Banco Santander S.A)	-	-	180	-	180	-
MNOK 80, maturity October 2017, 3 months NIBOR +1.75% (Santander Consumer Finance S.A)	80	-	80	-	80	-
MNOK 250, maturity March 2025, 3 months NIBOR + 2.2575% (Santander Consumer Finance S.A)	250	-	250	2	250	2
MEUR 13 maturity December 2020 12 months EURIBOR +3,20% (Santander Consumer Finance S.A)	-	-	124	3	-	-
Hybrid capital - perpetual bond, 3M NIBOR + 6,50% (Santander Consumer Finance S.A)	2 250	30	2 250	31	2 250	30
MNOK 250, maturity July 2025, 3 months NIBOR+3.135% (Santander Consumer Finance S.A)	250	2	250	-	250	-
MSEK 750, maturity December 2024, 3 months STIBOR+2.2825% (Santander Consumer Finance S.A)	701	-	759	-	784	-
<b>Total</b>	<b>3 531</b>	<b>33</b>	<b>3 893</b>	<b>38</b>	<b>3 794</b>	<b>33</b>

The interest rate on intercompany loans are priced in accordance with marked conditions for parties at arm's length. Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no)

## 13. Transactions with related parties

*All amounts in millions of NOK*

The group is controlled by Santander Consumer Finance S.A. which owns 100% of the company's shares. The group's ultimate parent is Grupo Santander. All companies within Grupo Santander is considered related parties. In addition, the SPV (securitization of car loans) are also considered as related Parties.

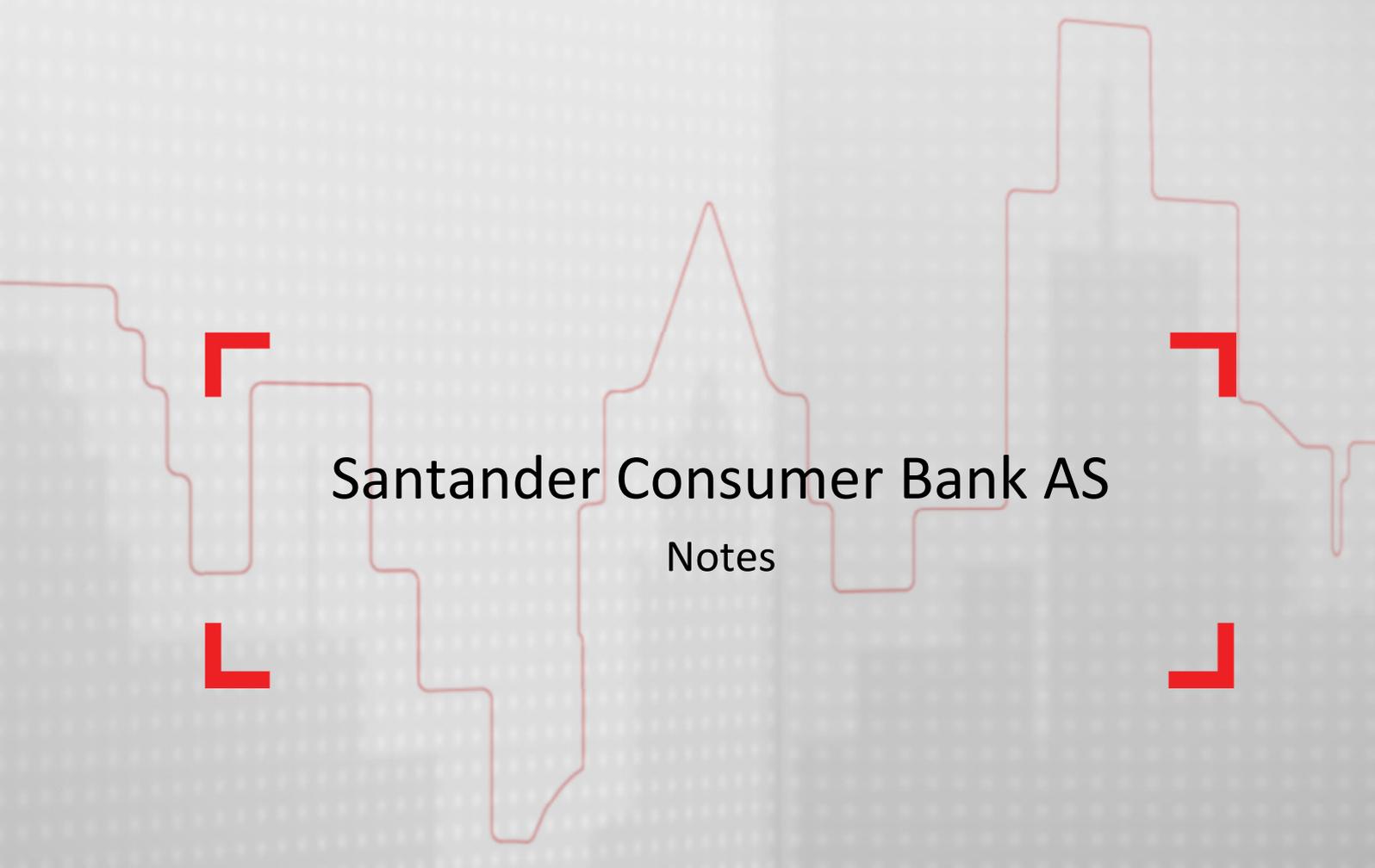
Transactions with related parties are mostly interest on funding from the parent company, ultimate parent or from Santander Benelux.

The following transactions were carried out with related parties:

	Q3 / YTD 2016	Q3 / YTD 2015	Financial year 2015
Interest income	24	19	27
Interest expenses	(390)	(501)	(652)
Fees	106	207	232
<b>Net transactions</b>	<b>(260)</b>	<b>(275)</b>	<b>(394)</b>

Santander Consumer Bank Group had transactions with the following related parties per 30.09.2016

Banco Santander S.A  
Santander Benelux B.V.  
Santander Consumer Finance S.A.  
Santander Insurance Europe Ltd.  
Santander Insurance Services Ireland Ltd.  
Banco Madasant  
Abbey National Treasury Services plc



Santander Consumer Bank AS  
Notes

## 1. Basis of preparation

The accounts show the activities of the company in Norway, Sweden and Denmark (Santander Consumer Bank AS). In the group accounts, the Finnish subsidiary (Santander Consumer Finance OY) and the special purpose entities (as listed in note 13) are included. All figures and notes were prepared under the assumption that the business is a going concern.

The Santander Consumer Bank interim accounts for the third quarter of 2016 are prepared in accordance with IAS 34 Interim Financial reporting as endorsed by EU.

The annual report for 2015 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting [www.santander.no](http://www.santander.no).

## 2. Accounting policies

The Group's accounting policies are consistent with those of the previous financial year as described in the 2015 Annual Report except as described below.

Management's estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the consolidated financial statements.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015, with the exception of changes in methodology that are required in determining the provision for income taxes. The estimates and assumptions that are deemed critical to the consolidated financial statements are listed in the Santander Consumer Bank 2015 annual report.

## 3. Risk Classification

The tables below show the past due portfolio at certain aging intervals. The purpose of the note is to show the credit risk associated with the loans to customers.

<i>All amounts in millions of NOK</i>	Balance			Loan reserves		FY
	Q3 2016	Q3 2015	FY 2015	Q3 2016	Q3 2015	2015
Current - not past due date	96 524	90 409	92 743	(870)	(815)	(537)
Current - past due date	4 488	4 715	4 968	(198)	(237)	(237)
Total impaired loans	2 157	6 638	2 313	(1 309)	(5 217)	(1 453)
<b>Total gross loans to customers</b>	<b>103 170</b>	<b>101 762</b>	<b>100 023</b>	<b>(2 376)</b>	<b>(6 269)</b>	<b>(2 227)</b>

<i>Ageing of past due but not impaired loans</i>	Q3 2016	Q3 2015	FY 2015	Q3 2016	Q3 2015	FY 2015
1 - 29 days	3 538	3 682	3 904	(83)	(108)	(106)
30 - 59 days	702	766	778	(61)	(70)	(70)
60 - 89 days	248	266	286	(54)	(59)	(61)
<b>Total loans due but not impaired</b>	<b>4 488</b>	<b>4 715</b>	<b>4 968</b>	<b>(198)</b>	<b>(237)</b>	<b>(237)</b>

<i>Ageing of impaired loans</i>	Q3 2016	Q3 2015	FY 2015	Q3 2016	Q3 2015	FY 2015
90 - 119 days	171	154	183	(65)	(58)	(65)
120 - 149 days	182	133	152	(94)	(77)	(80)
150 - 179 days	112	124	119	(64)	(78)	(89)
180 + days	893	5 484	1 052	(665)	(4 739)	(832)
Economic doubtful*	800	743	806	(421)	(265)	(387)
<b>Total impaired loans</b>	<b>2 157</b>	<b>6 638</b>	<b>2 313</b>	<b>(1 309)</b>	<b>(5 217)</b>	<b>(1 453)</b>

\* Economic doubtful contracts are loans where there is a reasonable doubt of full repayment due to reasons other than payment arrears

## 4. Loan Reserves

All amounts in millions of NOK

	Q3 2016	Q3 2015	FY 2015		
<b>Specific loan reserves</b>					
Specific loan reserves 01.01.	1 444	515			515
+ Acquired through legal merger 01.07	-	4 267			4 280
+/- Rate adjustment opening balance	(34)	184			317
Reclassification between specific and generic loan reserves	8	(352)			(165)
Gross outstanding adjustment	-	-			15
+ Specific loan reserves for the period	(110)	35			(3 518)
<b>= Specific loan reserves period end</b>	<b>1 308</b>	<b>4 650</b>			<b>1 444</b>
<b>Generic loan reserves</b>					
Generic loan reserves 01.01	783	719			719
+ Acquired through legal merger 01.07	-	373			374
+/- Rate adjustment opening balance	(39)	92			28
Release of reserves related to bad debt sale	(13)	-			-
Reclassification between specific and generic loan reserves	(8)	352			165
+/- Generic loan reserves for the year	345	84			(503)
<b>= Generic loan reserves period end</b>	<b>1 068</b>	<b>1 619</b>			<b>783</b>
<b>Total Loan Reserves in Balance Sheet</b>	<b>2 376</b>	<b>6 269</b>			<b>2 227</b>
<b>Loan losses expenses</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>FY 2015</b>
Change in loan reserves provision	(72)	(85)	(235)	(127)	4 021
+/- Fx rate adjustment opening balance	2	13	2	8	(253)
+ Total realized losses	(304)	(288)	(939)	(523)	(4 939)
- Recoveries on previously realized losses	158	59	516	110	521
<b>= Loan losses in the period</b>	<b>(216)</b>	<b>(301)</b>	<b>(655)</b>	<b>(531)</b>	<b>(650)</b>

Loan reserves calculated separately for each business unit, using internal parameters.

-Specific loan reserves calculated by arrears following portfolio ageing and specific assessment of the exposure by specific contracts, also referred to as non performing loans.

-Generic loan reserves calculated by arrears, including incurred but not reported impaired loans following portfolio ageing, and reserves based on macro parameters.

## 5. Liquidity Coverage Ratio

Liquidity Coverage Ratio (LCR) measures the capability to meet obligations in the next 30 days by means of liquidity assets. It is defined as  $LCR = \text{liquidity assets} / (\text{cash outflows} - \text{cash inflows})$ . The minimum LCR level (CRD IV) is 70% from 31 December 2015. With a stable basis of High Quality Liquid Assets, SCB AS fulfills the minimum LCR requirements.

Liquidity Coverage Ratio (LCR) %	Q3 2016	Q3 2015	Q4 2015
Liquidity Coverage Ratio (LCR) Total	168	127	90
Liquidity Coverage Ratio (LCR) NOK	241	198	155
Liquidity Coverage Ratio (LCR) SEK	117	72	75
Liquidity Coverage Ratio (LCR) DKK	156	146	52
Liquidity Coverage Ratio (LCR) EUR	100	-	57

## 6. Interest expenses

The table show average interest rate on interest bearing debt. Average interest is calculated as actual interest expense through the year in percent of weighted average balance.

*All amounts in millions of NOK*

<b>To credit institutions</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>2015</b>
Interest expenses	(46)	(76)	(143)	(242)	(306)
Average loan	44 003	39 407	42 785	44 105	45 985
<b>Average nominal interest rate</b>	<b>0,42%</b>	<b>0,78%</b>	<b>0,45%</b>	<b>0,73%</b>	<b>0,67%</b>
<b>To depositors</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>2015</b>
Interest expenses	(121)	(133)	(380)	(344)	(468)
Average deposit	39 367	29 719	37 540	27 083	27 735
<b>Average nominal interest rate</b>	<b>1,23%</b>	<b>1,79%</b>	<b>1,35%</b>	<b>1,69%</b>	<b>1,69%</b>
<b>To bondholders</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>2015</b>
Interest expenses	(63)	(60)	(214)	(147)	(217)
Average issued notes and bonds	22 566	19 037	22 691	13 828	13 391
<b>Average nominal interest rate</b>	<b>1,12%</b>	<b>1,25%</b>	<b>1,25%</b>	<b>1,42%</b>	<b>1,62%</b>
<b>Subordinated loan capital</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>2015</b>
Interest expenses	(52)	(56)	(158)	(156)	(212)
Average subordinated loan capital	3 673	3 410	3 747	3 391	3 343
<b>Average nominal interest rate</b>	<b>5,71%</b>	<b>6,60%</b>	<b>5,63%</b>	<b>6,15%</b>	<b>6,33%</b>
<b>Total of tables above:</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>2015</b>
Interest expenses	(283)	(325)	(895)	(890)	(1 202)
Loan	109 609	91 574	106 763	88 407	90 453
<b>Average nominal interest rate</b>	<b>1,03%</b>	<b>1,42%</b>	<b>1,12%</b>	<b>1,34%</b>	<b>1,33%</b>

## 7. Capital adequacy

<i>All amounts in millions of NOK</i>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>FY 2015</b>
<b>Balance sheet equity</b>			
Paid in equity	9 652	9 652	9 652
Share premium	891	891	891
Retained earnings	5 764	3 244	3 803
Other reserves	(194)	(170)	(103)
<b>Total Equity</b>	<b>16 114</b>	<b>13 617</b>	<b>14 244</b>
<b>Common Equity Tier 1 Capital</b>			
(-) Year to date profit not-eligible (Not audited)	(1 961)	(716)	-
Cash-flow hedge adjustment	-	-	-
IRB Expected Loss - Reserves	(147)	-	(201)
Goodwill	(345)	(366)	(369)
Other intangible assets	(239)	(228)	(243)
Deferred tax assets	(105)	(150)	(116)
Adjustment Prudent Valuation (AVA)	(11)	-	-
<b>Total common Equity Tier 1 Capital</b>	<b>13 306</b>	<b>12 157</b>	<b>13 314</b>
<b>Tier 1 Capital</b>			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
<b>Total Tier 1 Capital</b>	<b>15 556</b>	<b>14 407</b>	<b>15 564</b>
<b>Total Capital</b>			
Paid up subordinated loans	1 281	1 576	1 471
Subordinated loans not eligible	(64)	(228)	(244)
<b>Total Capital</b>	<b>16 773</b>	<b>15 755</b>	<b>16 791</b>
<b>Risk exposure</b>			
Regional governments or local authorities	61	64	64
Institutions	816	1 628	217
Corporates	13 723	13 277	13 695
Retail Standard Approach	39 824	68 409	41 676
Retail Internal Rating Based	18 799	-	17 798
Exposures in default SA	704	1 818	673
Covered bonds	679	451	642
Other Exposures	8 496	7 024	8 553
<b>Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries</b>	<b>83 102</b>	<b>92 672</b>	<b>83 319</b>
Foreign exchange (zero if under threshold)	-	-	-
<b>Risk exposure amount for position, foreign exchange and commodities risks</b>	<b>-</b>	<b>-</b>	<b>-</b>
Basic indicator approach	6 377	4 971	5 811
<b>Risk exposure amount for operational risk</b>	<b>6 377</b>	<b>4 971</b>	<b>5 811</b>
Standardized method	316	207	161
<b>Risk exposure amount for credit valuation adjustment</b>	<b>316</b>	<b>207</b>	<b>161</b>
Allowance which apply on the standardized approach for credit risk	-	-	-
<b>Deductions of risk exposure amount</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total risk exposure amount</b>	<b>89 794</b>	<b>97 851</b>	<b>89 290</b>
<b>Common equity tier 1 capital ratio</b>	<b>14,82%</b>	<b>12,42%</b>	<b>14,91%</b>
<b>Tier 1 capital ratio</b>	<b>17,32%</b>	<b>14,72%</b>	<b>17,43%</b>
<b>Total capital ratio</b>	<b>18,68%</b>	<b>16,10%</b>	<b>18,81%</b>
<b>Leverage ratio</b>	<b>11,83%</b>	<b>11,65%</b>	<b>12,12%</b>

Leverage ratio is the relationship between SCB AS' core capital and its total assets. SCB AS calculate Leverage ratio by dividing the Tier 1 core capital over total assets plus some off balance sheet items such as unused credit limits etc.

From December 2015 the Group are calculating credit risk capital requirement using advanced internal rating based models (IRB- A models) for part of its exposures

Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no). Information according to Pillar 3 will be published at [www.santander.no](http://www.santander.no).

## 8. Segment information

Financial management in Santander is oriented towards the various geographical markets. Monitoring of the overall profitability of the geographic areas are important dimensions of the strategic priorities and allocation of resources in SCB AS reported figures for the various segments reflect SCB AS' total sales of products and services in the geographical area.

Segment information is based on the internal financial reporting as it is reported to SCB AS management. SCB AS management uses the segment reporting as an element to assess historical and expected future development and allocation of resources.

Reporting from the segments is based on Santander's governance model and the SCB AS' accounting policies. The figures are based on a number of assumptions and estimates.

The Segments are responsible for profits after tax, with the corresponding return on allocated capital according to SCB AS' governance model. All SCB AS' trade activities are divided into the reported segments with corresponding balances, income and expenses.

Deficit liquidity from the segments are funded by SCB AS' Treasury at market conditions. Surplus liquidity is transferred to SCB AS' Treasury at market conditions.

Internal agreements at market conditions or simulated market conditions are made when segments cooperate on the delivery of financial services to customers.

Services provided by SCB AS' central functions and staff are charged segments based on an allocation agreement.

### Product segmentation per country (gross lending before expected losses)

#### 30 September 2016

<i>All amounts in millions of NOK</i>	Unsecured loans	Secured loans	Financial lease	Consignment	Total
Norway	10 777	32 224	8 338	-	51 339
Sweden	12 250	11 168	4 027	984	28 429
Denmark	12 250	11 432	4 027	-	27 709
<b>Total</b>	<b>35 277</b>	<b>54 824</b>	<b>16 393</b>	<b>984</b>	<b>107 478</b>

#### 30 September 2015

<i>All amounts in millions of NOK</i>	Unsecured loans	Secured loans	Financial lease	Consignment	Total
Norway	11 117	29 144	7 769	-	48 031
Sweden	14 887	10 428	3 779	721	29 814
Denmark	6 505	16 395	1 776	-	24 676
<b>Total</b>	<b>32 508</b>	<b>55 967</b>	<b>13 324</b>	<b>721</b>	<b>102 521</b>

### Balance sheet and P&L per country

#### 30 September 2016 (Only Q3)

<i>All amounts in millions of NOK</i>	Norway	Sweden	Denmark	Eliminations*	Total Group
Net interest income	721	328	319	(7)	1 361
Net fees and commissions	29	40	36	-	105
Other product and funding related income and costs	(8)	1	(13)	7	(13)
Total operating costs	(257)	(184)	(123)	-	(564)
Other income and costs	(5)	-	6	-	1
Impairment losses on other assets	-	-	-	-	-
Total losses on loans, guarantees etc	(144)	(30)	(43)	-	(216)
<b>Profit before tax</b>	<b>336</b>	<b>156</b>	<b>182</b>	<b>-</b>	<b>673</b>
Income tax	(105)	(34)	(40)	-	(179)
<b>Profit after tax</b>	<b>231</b>	<b>121</b>	<b>142</b>	<b>-</b>	<b>494</b>

Santander Consumer Bank

30 September 2016 (YTD)

All amounts in millions of NOK

	Norway	Sweden	Denmark	Eliminations*	Total Group
Net interest income	2 076	999	937	-	4 012
Net fees and commissions	128	126	123	-	377
Other product and funding related income and costs	577	(5)	(40)	-	532
Total operating costs	(746)	(617)	(394)	-	(1 757)
Other income and costs	(46)	(1)	-	-	(47)
Total losses on loans, guarantees etc	(461)	(100)	(95)	-	(655)
<b>Profit before tax</b>	<b>1 529</b>	<b>402</b>	<b>531</b>	<b>-</b>	<b>2 462</b>
Income tax	(296)	(88)	(117)	-	(501)
<b>Profit after tax</b>	<b>1 233</b>	<b>314</b>	<b>414</b>	<b>-</b>	<b>1 961</b>
Cash and receivables on central banks	57	-	-	-	57
Deposits with and loans to financial institutions	951	337	39	-	1 327
Total gross loans to customers	51 339	27 445	24 385	-	103 170
Loan reserves	(1 645)	(393)	(338)	-	(2 376)
Commercial papers and bonds	8 885	3 512	3 759	-	16 156
Financial trading derivatives	427	-	-	-	427
Ownership interests in group companies and other entities	1 185	-	-	-	1 185
Other assets	7 175	1 481	870	(18)	9 508
<b>Total assets</b>	<b>68 373</b>	<b>32 383</b>	<b>28 715</b>	<b>(18)</b>	<b>129 453</b>
Debt to credit institutions	8 863	15 854	17 978	13	42 707
Deposits from customers	17 333	12 017	9 648	-	38 999
Bonded debt	21 792	3 278	6	-	25 076
Financial derivatives	384	-	-	-	384
Other liabilities	4 130	1 223	852	(31)	6 174
Equity	15 871	11	232	-	16 114
<b>Total liabilities and equity</b>	<b>68 373</b>	<b>32 383</b>	<b>28 715</b>	<b>(18)</b>	<b>129 453</b>

## 9. Classification of financial instruments

All amounts in millions of NOK

Classification of financial assets 30 September 2016	Financial assets at fair value through P&L	Available for sale financial assets at fair value	Held to maturity investments	Loans and receivables	Book value
Cash and receivables on central banks	-	-	-	57	57
Deposits with and receivables on financial institutions	-	-	-	1 327	1 327
Net loans to costumers	-	-	-	100 794	100 794
Commercial papers and bonds	-	10 298	5 858	-	16 156
Financial trading derivatives	427	-	-	-	427
Loans to subsidiaries and SPV's	-	-	-	6 886	6 886
Ownership interest in credit institutions	1 167	-	-	-	1 167
Other ownership interests	-	18	-	-	18
<b>Total financial assets</b>	<b>1 593</b>	<b>10 317</b>	<b>5 858</b>	<b>109 064</b>	<b>126 832</b>
				<b>Non financial assets</b>	<b>2 622</b>
				<b>Total assets</b>	<b>129 453</b>

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Classification of financial liabilities 30 September 2016	Financial liabilities at fair value through P&L	Financial liabilities measured at amortized cost	Booked value
Loans and deposits from credit institutions	-	42 707	42 707
Customer deposits	-	38 999	38 999
Bonded debt	-	25 076	25 076
Financial derivatives	384	-	384
Other financial liabilities	-	103	103
Subordinated loan capital	-	3 564	3 564
<b>Total financial liabilities</b>	<b>384</b>	<b>110 448</b>	<b>110 832</b>
		<b>Non financial liabilities and equity</b>	<b>18 622</b>
		<b>Total liabilities</b>	<b>129 453</b>

Classification of financial assets 31 December 2015	Financial assets at fair value through P&L	Available for sale financial assets at fair value	Held to maturity investments	Loans and receivables	Book value
Cash and receivables on central banks	-	-	-	59	59
Deposits with and receivables on financial institutions	-	-	-	920	920
Net loans to costumers	-	-	-	97 797	97 797
Commercial papers and bonds	-	8 613	7 162	-	15 775
Financial trading derivatives	1 186	-	-	-	1 186
Loans to subsidiaries and SPV's	-	-	-	6 259	6 259
Ownership interest in credit institutions	1 247	-	-	-	1 247
Other ownership interests	-	52	-	-	52
<b>Total financial assets</b>	<b>2 433</b>	<b>8 665</b>	<b>7 162</b>	<b>105 035</b>	<b>123 295</b>
				<b>Non financial assets</b>	<b>2 178</b>
				<b>Total assets</b>	<b>125 473</b>

Classification of financial liabilities 31 December 2015	Financial liabilities at fair value through P&L	Financial liabilities measured at amortized cost	Booked value
Loans and deposits from credit institutions	-	46 593	46 593
Customer deposits	-	37 380	37 380
Bonded debt	-	19 465	19 465
Financial derivatives	1 071	-	1 071
Other financial liabilities	-	187	187
Subordinated loan capital	-	3 827	3 827
<b>Total financial liabilities</b>	<b>1 071</b>	<b>107 453</b>	<b>108 524</b>
		<b>Non financial liabilities and equity</b>	<b>16 949</b>
		<b>Total liabilities</b>	<b>125 473</b>

For the financial assets and liabilities above the fair value is a reasonable approximation to the book value.

## 10. Valuation hierarchy

### Financial instruments measured at fair value

All amounts in millions of NOK

		Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<b>Financial assets</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 4	Fixed amort.profile BK4	-	55	-	55
Bilkreditt 5	Fixed amort.profile BK5	-	62	-	62
Bilkreditt 6	Fixed amort.profile BK6	-	211	-	211
Bilkreditt 7	Pass-through swap BK7	-	98	-	98
<b>Total financial trading derivatives</b>		-	<b>427</b>	-	<b>427</b>
<i>Name</i>	<i>Type</i>				
EMTN2 Bond	EMTN Fixed Floating	-	15	-	15
Third EMTN	EMTN Fixed Floating	-	26	-	26
SEK EMTN Bond	SEK IRS 2Y	-	2	-	2
SEK EMTN Bond	SEK IRS 3Y	-	4	-	4
SW EMTN Bond	EMTN Fixed Floating	-	2	-	2
<b>Total derivatives defined as accounting hedges</b>		-	<b>47</b>	-	<b>47</b>
<i>Name</i>	<i>Type</i>				
Government bonds and Treasury Bills	Bonds	3 507	-	-	3 507
Covered Bonds	Bonds	6 792	-	-	6 792
<b>Total commercial papers and bonds *</b>		<b>10 298</b>	-	-	<b>10 298</b>
<b>Total</b>		<b>10 298</b>	<b>474</b>	-	<b>10 772</b>
<b>Financial liabilities</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 4	Pass-through swap BK4	-	44	-	44
Bilkreditt 5	Pass-through swap BK5	-	53	-	53
Bilkreditt 6	Pass-through swap BK6	-	189	-	189
Bilkreditt 7	Fixed amort. Profile BK7	-	98	-	98
<b>Total financial derivatives</b>		-	<b>384</b>	-	<b>384</b>
DK EMTN Bond	EMTN Fixed Floating	-	15	-	15
EMTN2 Bond	EMTN2 fixed fixed	-	2	-	2
<b>Total derivatives defined as accounting hedges</b>		-	<b>18</b>	-	<b>18</b>
<b>Total</b>		-	<b>401</b>	-	<b>401</b>

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for at normal market conditions. Highest level of quality in relation to fair value is based on quoted prices in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory authority and these prices represent actual and regularly occurring transactions at arm's length.

**Level 1:** Instruments at this level obtain fair value from quoted prices in active markets for identical assets or liabilities that the entity has access by the reporting date. Examples of instruments at Level 1 are listed government bonds.

**Level 2:** Instruments at this level is not considered to have an active market. Fair value obtained from observable market data; this includes mainly prices based on identical instruments, but where the instrument is not sufficiently high trading frequency, as well as prices based on corresponding assets and price leading indicators that can be confirmed from market information. Examples of instruments at Level 2 are securities priced out of interest rate paths.

The fair value at level 2 is calculated by discounting future cash flows. The cash flows are mainly known due to contractual conditions, in addition to a marked regulated interest rate element. (e.g. EURIBOR)

**Level 3:** Instruments at Level 3 contain no observable market data or traded on markets that are considered inactive. The price is based mainly on own calculations, where actual fair value may deviate if the instrument were to be traded.

\* Government bonds are included in the balance sheet line "commercial papers and bonds". The balance sheet line also include B and C tranche bonds from the SPVs that are not booked at fair value, see note 11

## 11. Issued Securities

All amounts in millions of NOK

	Q3 2016	Q3 2015	FY 2015
Senior unsecured issued securities	25 076	20 307	19 465
Total issued securities	25 076	20 307	19 465

Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in March to a value of NOK 500 MM.

Santander Consumer Bank AS issued bonds on the Irish stock exchange in February to a value of EUR 500 MM (NOK 4 707 MM)

Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in May to a value of NOK 700 MM.

Santander Consumer Bank AS issued bonds on the Irish stock exchange in September to a value of EUR 500 MM (NOK 4 520 MM)

The additional change in balance sheet value of senior unsecured issued securities is the reevaluation of the Euro and SEK bonds

## 12. Receivables and liabilities to related parties

### Debt to related parties:

Amounts in millions of NOK

	Q3 2016	Accrued interest Q3 2016	Q3 2015	Accrued interest Q3 2015	FY 2015	Accrued interest FY 2015
Balance sheet line: "Loans and deposits from credit institutions with an agreed term"						
Santander Benelux	2 263	11	14 188	25	5 877	22
Santander Consumer Finance S.A.	25 076	12	10 623	4	19 140	5
Banco Santander	21	-	-	-	-	-
Abbey National Treasury Services plc	71	-	-	-	-	-
Debt to SPV on future cash flow of securitized loans	15 292	-	18 023	-	21 550	-
<b>Total</b>	<b>42 723</b>	<b>22</b>	<b>42 834</b>	<b>30</b>	<b>46 566</b>	<b>27</b>

Balance sheet line: "Subordinated loan capital" - Bonds

MNOK 180, maturity September 2016, 3 months NIBOR +0.55% (Banco Santander S.A)

- - 180 - 180 -

MNOK 80, maturity October 2017, 3 months NIBOR +1.75% (Santander Consumer Finance S.A)

80 - 80 - 80 -

MNOK 250, maturity March 2025, 3 months NIBOR + 2.2575% (Santander Consumer Finance S.A)

250 - 250 2 250 2

MEUR 13 maturity December 2020 12 months EURIBOR +3,20% (Santander Consumer Finance S.A)

- - 124 3 - -

Hybrid capital - perpetual bond, 3M NIBOR + 6,50% (Santander Consumer Finance S.A)

2 250 30 2 250 31 2 250 30

MNOK 250, maturity July 2025, 3 months NIBOR +3.135% (Santander Consumer Finance S.A)

250 2 250 - 250 -

MSEK 750, maturity December 2024, 3 months STIBOR +2.2825% (Santander Consumer Finance S.A)

701 - 759 - 784 -

**Total** **3 531** **33** **3 893** **38** **3 794** **34**

### Receivables on related parties:

Amounts in millions of NOK

	Q3 2016	Accrued interest Q3 2016	Q3 2015	Accrued interest Q3 2015	FY 2015	Accrued interest FY 2015
Balance sheet line: "Commercial papers and bonds"						
B and C notes issued by SPVs	5 856	2	6 539	2	7 162	2
Balance sheet line: "Loans to subsidiaries and SPV's"						
Loan to subsidiary (Santander Consumer Bank OY)	5 622	20	4 286	13	4 321	21
Subordinated loan to SPVs	1 137	-	1 845	1	1 885	2

The interest rate on intercompany loans are priced in accordance with marked conditions for parties at arm's length. Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no)

## 13. Transactions with related parties

All amounts in millions of NOK

The group is controlled by Santander Consumer Finance S.A. which owns 100% of the company's shares. The group's ultimate parent is Grupo Santander. All companies within Grupo Santander is considered related parties. In addition, the SPV (securitization of car loans) are also considered as related Parties.

Transactions with related parties are mostly interest on funding from the parent company, ultimate parent or from Santander Benelux. SCB AS has transactions with the SPVs through funding and cash flows as agreed in the securitization process.

The following transactions were carried out with related parties:

	Q3 / YTD 2016	Q3 / YTD 2015	Financial year 2015
Interest income	632	689	924
Interest expenses	(948)	(1 102)	(1 459)
Fees	99	200	232
Other	(30)	-	(1)
<b>Net transactions</b>	<b>(246)</b>	<b>(213)</b>	<b>(304)</b>

Santander Consumer Bank AS had transactions with the following related parties per 30.09.2016

Banco Santander S.A  
Santander Benelux B.V.  
Santander Consumer Finance S.A.  
Santander Consumer Bank OY  
Santander Insurance Europe Ltd.  
Santander Insurance Services Ireland Ltd.  
Abbey National Treasury Services plc

SPV:

Bilkreditt 1 Ltd.  
Bilkreditt 2 Ltd.  
Bilkreditt 3 Ltd.  
Bilkreditt 4 Ltd.  
Bilkreditt 5 Ltd.  
Bilkreditt 6 Ltd.  
Bilkreditt 7 Ltd.  
Dansk Auto Finansiering 1 Ltd.  
SV Autofinans 1 Ltd.  
SV Autofinans Warehousing 1 Ltd.  
SCF Ajoneuvohallinto Ltd.  
SCF Rahoituspalvelut Ltd.  
SCF Ajoneuvohallinta Ltd.  
SCF Rahoituspalvelut 2013 Ltd.  
SCFI Ajoneuvohallinto Ltd.  
SCFI Rahoituspalvelut Ltd.  
SCF Ajoneuvohallinto I Ltd.  
SCF Rahoituspalvelut I DAC

## About Santander

Santander Consumer Bank AS is owned by Santander Consumer Finance S.A., which is part of Grupo Santander, one of the world's largest banks. Santander Consumer Finance S.A. is among the leaders in Europe within car- and consumer finance. The division is present in 15 countries across Europe. The Nordic region is considered a key growth area.

Banco Santander's commercial model aims to satisfy the needs of all types of customers such as, individuals with different income levels, companies of any size, private companies and public institutions. Developing lasting and sustainable relations with these customers is the Bank's main objective. The aim is to be the best retail and commercial bank that earns the lasting loyalty of employees, customers, shareholders and communities. The Santander Group currently serves more than 121 million customers, it has 3.6 million shareholders, and 193 863 employees and has helped 1.2 million peoples in the communities in which it operates.