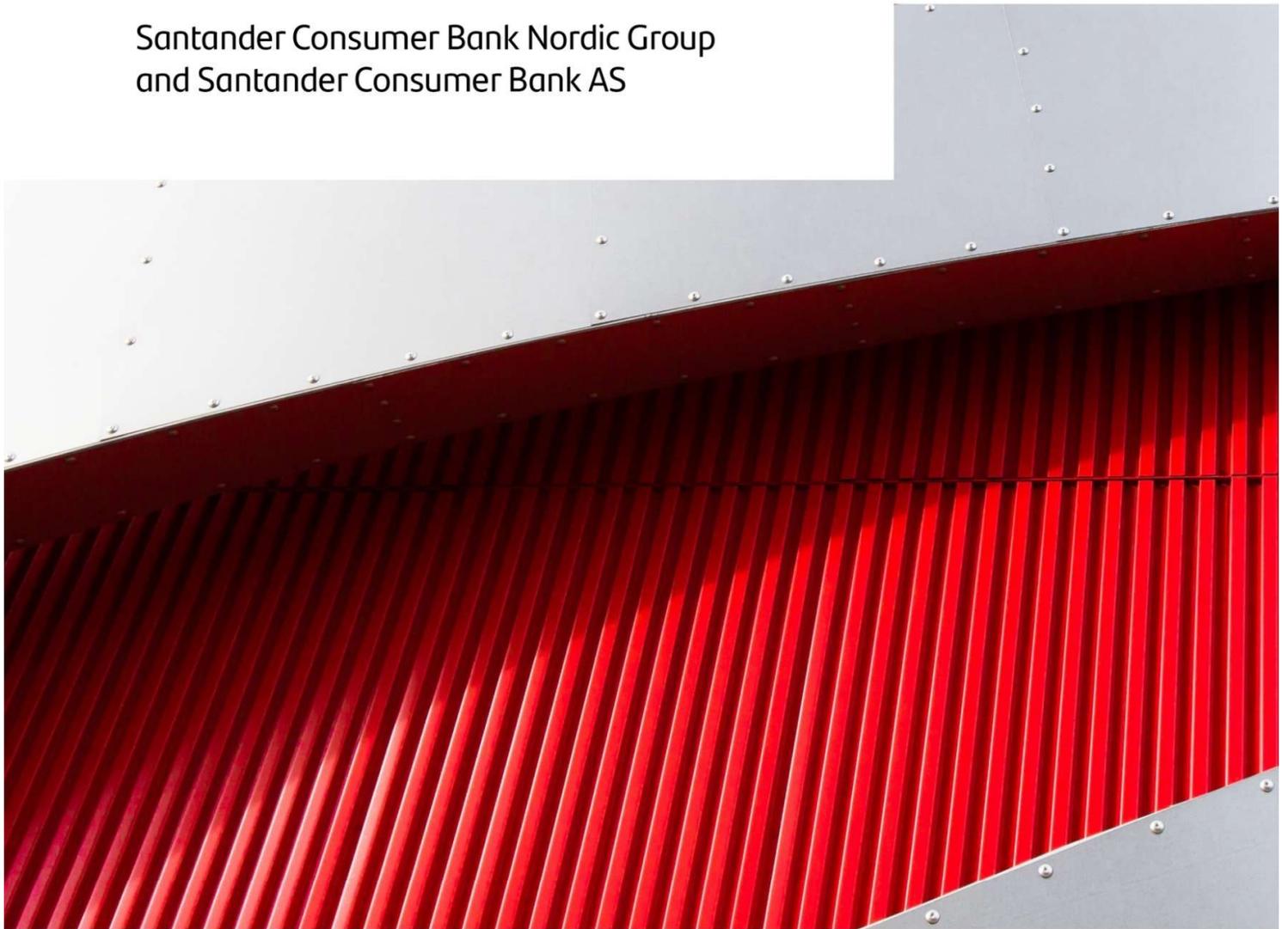


First Quarter Report 2019

Santander Consumer Bank Nordic Group
and Santander Consumer Bank AS



Letter from CEO

Constant change

Growth remains sustainable for the start of 2019 – in spite of ever-increasing competition.



We have entered an era of constantly changing markets and as we look ahead, we will continue to invest in tech and innovation to optimize our IT structures, as well as the daily running of the company, in order to maintain our leading position in the market.

Also, as the auto business transforms into a mobility industry, it is vital that we are in a position to continually develop so that we can always deliver what the customers will want. This means we have to be persistently forward thinking.

This degree of investment will keep costs at a certain level, but gradually we will see the effects of these improvements generate an increased offering of products and services, cross-organizational synergy outcomes and operational efficiency. Accordingly, we expect only marginal increase in results on the bottom line, although our portfolio is experiencing stable, healthy growth.

A handwritten signature in black ink, appearing to read 'Michael Hvidsten'.

Michael Hvidsten, CEO

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First quarter report 2019

Highlights

- Net interest income increased with 4% and gross margin with 5%, compared to the first quarter of 2018.
- Lending rose 12% compared to the same period in 2018, strongly driven by growth in the auto business.
- Deposit volumes increased by 12%, compared to the first quarter of 2018, and continues to be the largest funding source of the Group.
- The Group's Profit before tax in Q1 2019 was 800 MM NOK, an increase of 8% compared to the same period in 2018.
- The Auto market is highly effected by the introduction of new taxations and WLTP in 2018, this have reduced the car sales in 2019.
- In Norway we have a growth in the Auto market, due to deliveries of electrical vehicles ordered in previous quarters.

Key figures Santander Consumer Bank Group

<i>All amounts in millions of NOK</i>	Q1 2019	Q1 2018	2018	2017	2016
Net interest income	1 770	1 696	6 919	6 607	6 276
<i>Growth*</i>	4 %	6 %	5 %	5 %	27 %**
Profit before tax	800	744	4 134	3 995	3 250
<i>Growth*</i>	8 %	-18 %	3 %	23 %	67 %**
Profit after tax	602	557	3 139	3 055	2 442
<i>Growth*</i>	8 %	-21 %	3 %	25 %	62 %**
Total assets	174 628	164 339	176 108	159 100	142 729
<i>Growth*</i>	6 %	14 %	11 %	11 %	5 %
Net Loans to customers	157 203	140 978	159 284	145 148	124 926
<i>Growth*</i>	12 %	12 %	10 %	16 %	7 %
Customer deposits	58 349	52 244	54 645	50 617	40 971
<i>Growth*</i>	12 %	19 %	8 %	24 %	10 %

* Year on year.

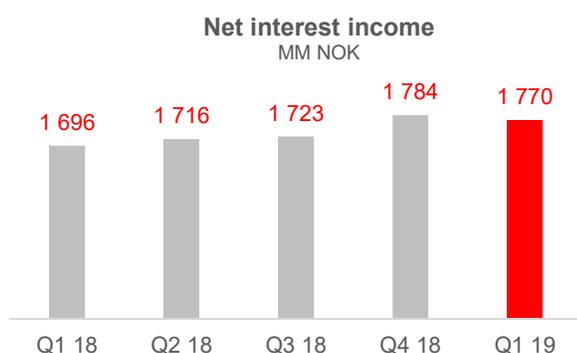
** The 2016 figures is affected by the GE Money Bank merger.

Financial Performance for the first quarter of 2019

Results

The Group's profit before tax in the first quarter of 2019 was 800 MM NOK, an increase of 8% compared to the first quarter last year. These results were driven by an increase in net interest income and reduced loss allowances on off-balance exposures, compared to Q1 2018.

Net interest income increased by 74 MM NOK compared with Q1 2018, up 4%. Higher lending volumes in all segments and lower cost of funding had a positive effect on net interest income. On the other hand, lower lending margins, mainly due to a shift towards more secured financing in the portfolio product mix, had a negative effect on net interest income.



Net fee and commission income increased by 16 MM NOK from the first quarter of 2018. This was due to higher income both from insurance and banking services.

Operating expenses for the period was 791 MM NOK, compared with 712 MM NOK in the first quarter of 2018. The rise in Q1 2019 is mainly driven by higher IT costs. The Group adopted IFRS 16 Leases from 1 January 2019. Thus, the Group has recognized new assets and liabilities for its operating leases where the Group is the lessor. The expenses related to those leases have been recognized as depreciations for the right-of-use assets and interest expenses on the lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease. See Accounting policies for further details.

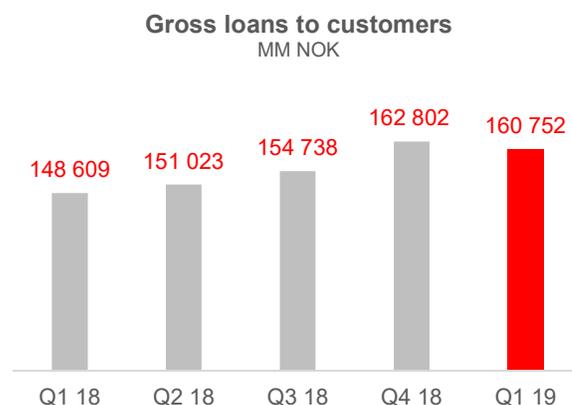
Other income and costs decreased by 33 MM NOK from Q1 2018, thanks largely to reduced loss allowances on off-balance exposures.

Impairment losses remains stable compared to the same period last year.

Loans and Deposits Performance

Loans to Customers

The Group's gross outstanding loans to customers were 160.8 Bn NOK at Q1 2019. This is an increase of 8% (12.1 Bn NOK) compared to Q1 2018. The growth is driven by good market conditions with sharper focus on financing as a tool to improve car sales and customer loyalty.



Auto and Leisure Financing

Total new car sales (PC & LCV) in the Nordic region was 238.946 units per 1st quarter of 2019, a reduction of 2.7% compared to the same period in 2019. This overall slowdown in the market was expected.

Norway and Denmark are showing strong growth, while Sweden and Finland experience a reduction in car sales.

Norway was first of all positively affected by high deliveries of electrical vehicles, especially Tesla model 3. Denmark has recovered after introduction of WLTP (Worldwide harmonized Light vehicle Test Procedure) in 2018.

Sweden and Finland are both showing a considerably drop in car sales. This is a general market slowdown from high numbers prior to Bonus Malus (Sweden) and WLTP implementation in 2018. This overall slowdown in the market was expected.

In these circumstances, the Group has financed 64.888 cars, representing a decline of 4.9%. Total outstanding on auto financing is 125.7 Bn NOK, up 8.9% compared to last year.

The electrical vehicle share of the car sales is growing in all markets. The revolution is most visible in Norway, where more than 48% of

all cars sold in 1st quarter were fully electrified. In 2018, this percentage was 29%.

Norway's leading position is due to successful incentive programs aiming to speed up the transformation. These incentives are expected to gradually be phased out.

We see an increased dealer consolidation with fewer and larger dealer groups. This is now driven by the importers and their needs to have dealers with capacity to invest for the future in the changing market.

Several ongoing initiatives are aiming to digitalize the customer journey. Moving from mono channels, i.e. the dealer channel in car sales, to an omni-distribution channel, where the customers can choose between visiting a dealer, or just order and buy a car online. This will require finance to become an integrated part of the journey.

In 2014, the Group introduced its first Online Sales solution in partnership with dealers in Norway. In dialogue with partners, solutions have been further developed. In March, together with Kia Sweden, we launched an Online Sales Tool, enabling the customers to order private lease vehicles online, which has been very promising.

The subscription-based mobility solution, SHFT, with an "all inclusive" deal, gives the customer the flexibility to swap cars based on his or hers needs. This concept has been tested by some large dealers and will gradually be expanded in the market. The system is scalable also into other countries.

After LähiTapiola Rahoitus (Insurance Company) started auto financing in Finland at the end of 2017, we have seen fiercer competition and pressure on the margins. The challenge going forward is to balance growth and prices.

The market changes in the mobility sector are providing the industry with both challenges and opportunities. The group is well positioned to adapt, and continues to hold a leading role in auto finance in this "new" auto industry.

Unsecured Financing

The first quarter closed with an unsecured product portfolio of 35 044 MM NOK. Denmark was the biggest contributor in absolute terms (+14%) while Finland saw the highest growth in % (+26%). Consumer loans continue to be the primary product in all four Nordic countries and represent the majority of the outstanding volumes.

The Nordic consumer loan market continues to be highly competitive, with both traditional players, as well as new competitors entering the market. We continue to adapt and align our business with the regulatory landscape in which we operate, which is of key importance both to our business and to customers. Brokers continue to play a significant role in the consumer loan markets. In Finland, broker presence and customer preferences for using them are increasing, whereas, in Denmark, brokers have only recently entered the market. We are monitoring this development. Highly competitive on price, the market share of the loan volumes deriving from broker co-operations has slightly increased, compared to Q1 2018.

The ecosystem of mobile payment solutions is constantly evolving, with new and global entrants on the scene, and preexisting ones expanding their geographic presence and range of services across the Nordics. In 2019, we are continuing to expand our choice of mobile payment services, improve our payment capabilities and strengthen our value proposition in the Nordics, in order to maintain a competitive position. After our successful launch of Apple Pay in Norway and Denmark in 2018, earlier this year we also brought Fitbit Pay to the Norwegian market. This move is part of our digital business strategy, enhancing our edge in competition with larger banks as well as new entrants, and providing a relevant, secure and value-driven offering.

Within the Sales Finance business, we are continuously enriching our commercial offering, in order to be the preferred commercial partner for merchants in the mid-to-high ticket segment for products and services across the Nordic markets. We are proud to have re-signed Humac in Denmark. In the first quarter, we continue to onboard merchants in the e-commerce space, which we see as a key area, as more and more merchants prefer to relate to one finance provider, both in the online and point-of-sale channel.

Going Beyond Banking

As we enter the year of PSD II (with technical requirements going live in September 2019), a focus area for Santander is to work with key partners, FinTechs and the market to develop new products and services that solve customer pain points and address tangible needs. Being compliant with PSD II is a given for Santander, and viewed as a ticket to play. With PSD II comes enhanced security standards, and technical interfaces allowing us as a bank to work with the market in "going beyond banking" – delivering banking-related services sought after by Nordic consumers. In Q1 we have made significant progress towards being compliant in the concerned markets; Denmark, Norway and Sweden.

Deposits

Customer deposits are the largest funding source of the Group and a strategic priority with regards to increasing our self-funding going forward. Deposit-taking capabilities have been developed in Norway, Sweden and Denmark over the last years. The focus in the first quarter of 2019 has been on optimizing the existing portfolio and developing new products, all while searching for opportunities and also fulfilling upcoming legal requirements. Total outstanding volumes is 58 349 MM NOK per March 2019, representing an increase of 6 105 MM NOK (12%), compared to March 2018.



Gross customer deposits
MM NOK



Risk Management

The Group 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 in Q1 2019 remains stable for the total portfolio, with only a marginal change in risk profile compared to Q1 2018. The consolidated Non-Performing Loans (NPL) Ratio ended at 2.21% in Q1 2019, compared to 2.08% in Q1 2018.

The loan loss reserves have increased in proportion with portfolio growth, from 3 536 MM NOK per Q1 2018 to 3 633 MM NOK per Q1 2019. The total reserves as of Q1 2019 of 3 633 MM NOK include 3 550 MM NOK related to loans to customers and 83 MM NOK connected to off-balance exposures.

Liquidity and Interest Rate Risk

Liquidity risk is managed by monitoring regulatory metrics: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), in addition to internally developed liquidity stress test models and metrics in order to capture the Group's ability to survive in stressful conditions. The Group has a healthy liquidity position, managed at Nordic level to ensure efficient use of liquidity across the Group. As of March 2019, the Group's LCR was 164.76%. The latest

available NSFR as of December 2018 was 94.24 %. Both metrics are comfortably exceeding the regulatory requirements.

The Group manages interest rate risk by aiming to match the repricing of the liabilities with the repricing of the underlying assets (loans to customers). An appropriate balance sheet structure ensures that the impact of changes in interest rates on net interest income and equity value are contained. Interest rate risk in the Group is measured using the Net Interest Margin (NIM) sensitivity and Market Value of Equity (MVE) sensitivity to account for the impact of various shifts in the underlying market rates over NIM and MVE. Both metrics were within appropriate limits for all currencies at the end of Q1 2019.

Foreign Currency Risk

The Group operates in countries with various currencies and is exposed to currency risk from these operations. The Group's strategy is to have 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, FX derivatives are used to swap liquidity to the currency when funds are needed and to offset the position created. The total open currency exposure as of end of Q1 2019 was 1 396 MM NOK equivalent for consolidated SEK, DKK and EUR exposures.

Funding

Maintaining a diversified funding platform is a strategic priority for the Group, as it enables flexibility, optimization of the cost of funds, and reduces reliance on support from the parent bank. Over the past five years, the Group has developed deposit products across three of its four markets, it has been active in the Norwegian and Swedish domestic bond markets, as well as in the Euro-market, and it has issued securitization transactions with assets from all four Nordic countries. Intragroup funding provides a buffer where strategically helpful, particularly in the short-term. The Group aims to maintain a consistent self-funding strategy, however there will be some variation due to seasonal fluctuations and timing of transactions. Self-funding sources totaled 74% per Q1 2019, with parent funding providing the remaining 26%.



Customer deposits are the largest source of funding, comprising 40% of total funding per March 2019. The total outstanding volume sums to 58 349 MM NOK across the three Nordic markets where the Group is present. Deposit volumes have increased 7% (3 704 MM NOK) from year end 2018, with expectations of continued significant importance.

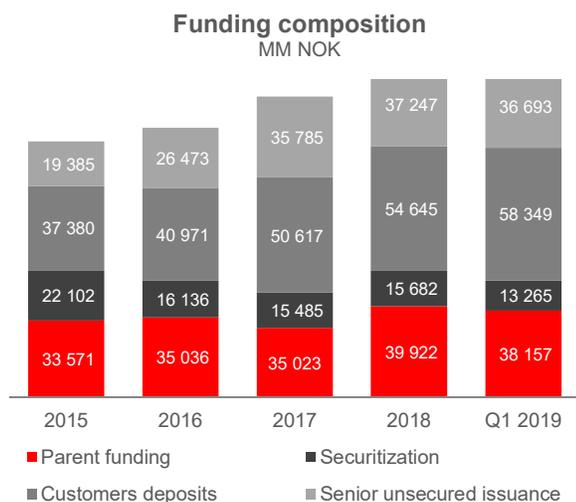
Senior unsecured issuance and certificates comprises 25% of our funding per Q1 2018. Senior unsecured issuance and certificates year-to-date Q1 2019 includes 2 000 MM EUR in the Euro market, 6 450 MM SEK in the Swedish market, 500 MM DKK in the Danish

Santander Consumer Bank

market and 8 601 MM NOK in the Norwegian market. In addition, we are present in the certificates of deposits market in Norway and Sweden, with 900 MM NOK and 1 272 MM SEK currently outstanding.

Total outstanding bond and certificate issuance equals 36 693 MM NOK per March 2019, a decrease of 554 MM NOK (-1.5%) from end of 2018. The average remaining term to maturity, excluding certificate issuances, is approximately 2.05 years. This level has been increased due to a sizeable maturity in a EUR denominated benchmark issuance early Q1.

The Group is rated by Fitch (A-/F2/Outlook Stable) and Moody's (A3/P2/Outlook Stable). The rating was first received in 2016, and has been maintained at the same level since then.



The Group has not accessed the asset-backed securities market year-to-date 2019. Securitization issuance in Norway has been paused due to the change in Norwegian law. Securitizing the Finnish portfolio, however, remains as a source of funding, since SCF OY is not impacted by the change in law. The loss of funding from the Norwegian securitization program has caused total outstanding securitization volumes across the Group to trend downwards, currently equaling 13 265 MM NOK, or 9% of the Group's funding.

The Group looks to utilize its securitization capabilities more frequently going forward, once Norwegian legislation is harmonized with the new Securitization Regulation. This will include the adoption of Regulation (EU) 2017/2402, which establishes a standardized framework for securitization and creates a specific framework for simple, transparent, and standardized securitizations.

Loans and drawing rights from the parent bank and companies within Grupo Santander provide any remaining funding needs. These loans are priced at market rates, denominated in the local Nordic currencies, and are currently concentrated in the shorter-end maturities. The Group expects parent funding to decrease slightly over time, even as it continues as an important buffer in our overall funding strategy.

Solvency and Capital Adequacy

The Group is supervised by the Norwegian FSA and has to comply with the capital requirements for banks in Norway. The Group has to comply with the capital requirements both at group level (the Group) and at stand-alone level (SCB AS). The Group had per March 2019 a strong capital adequacy position well above regulatory requirements.

Following implementation of IFRS 9 in 2018, the Group publishes capital ratios both using the transitional rules for IFRS 9 impact (2019 allows for a 85% reversal of the capital impact) and capital ratios showing the full impact of IFRS 9 implementation. The capital ratios using the transitional rules (phase-in), are the official ratios that have to meet minimum capital adequacy requirements. The CET1-ratio per end of first quarter 2019, allowing for phase-in of IFRS 9 impact, was 15.82% for the Group and 16.56% for SCB AS. The CET1-ratio per end of first quarter 2019 with the full IFRS 9 impact was 15.54% for the Group and 16.31% for SCB AS. The required CET1-ratio for the Group was 13.74% and 14.07% for SCB AS per Q1 2019.



The required leverage ratio for the Group is 5%. Per end of first quarter 2019, the Group had a leverage ratio, allowing for phase-in of IFRS 9 impact, of 11.98%, while SCB AS established a leverage ratio of 13.29%.

In February 2018, Finanstilsynet published the Pillar 2 requirement for the Bank for 2019 of 2.6%, which was an increase of the requirement in 2018 of 2.3%. The Pillar 2 requirement must be met with CET1-capital and is applicable from 1 March 2019.

For further details regarding Capital Adequacy, please see Note 7 "Capital adequacy" for details on capital composition, risk weighted exposure and capital ratios per March 2019.

Regulatory Changes

There are several regulatory initiatives in the financial sector, mainly EU driven, but also from a local national perspective, and the Group works continuously to ensure compliance and strives to take an active role also in the public debate and in legislative processes related to Norwegian banks. The constitutional challenge in Norway regarding implementation of the EU supervisory regime has been solved and on 29 March this year the EEA committee resolved to include a high number of EU financial legal acts in the EEA agreement, pending the removal of constitutional reservations and national implementations. The Norwegian Financial Supervisory Authority's Guidelines on Prudent Lending for Consumer Loans has been transposed into a Regulation that entered into force in February, with a deadline to comply by 15 May, and from July, Norwegian banks will be obligated to feed certain information to a national Debt Registry, all expected to further enhance consumer protection within the area of consumer credits.

Digital Transformation

Santander Consumer Bank (SCB) is operating in a rapidly changing market with customers demanding complete personalization, bundled services and seamless integration across borders. Digitalization, mobility and ease of use are important competitive factors in our industry.

In 2017, the Santander Group launched its Digital Transformation Programme as a key component of its overall innovation and digitalization strategy, laying out the Group's strategy for becoming a truly digital organization. To achieve its digital ambitions, the Group is focused upon progressing along two separate, yet complementary axes, (i) achieving greater digital customer engagement, through developing outstanding digital products and services and (ii) achieving increased operating efficiencies through establishing more efficient and flexible operating platforms and processes.

In 2018, the Bank launched an initiative to improve its "time to market" for digitalized products and services and will be investing several hundred million NOKs in IT over the coming years. The two key success factors enabling improvement are the renewed multispeed system architecture and a centralized IT organization across the Nordics, with common priorities and processes.

Firstly, we are consolidating and modernizing our system landscape in order to shape an up-to-date technical architecture, supporting faster and cheaper development of our products and services. The new "digital engine" will enable organizational speed and agility when developing our customer facing portals, whilst also securing that our core banking systems stay reliable and compliant. A well structured system landscape will also enable us to automate processes and analyze information effectively at affordable costs.

In support of this initiative, in Q1 2019, the bank has mobilized the following initiatives:

- Re-organization of its IT organization to create one single IT function
- A review of its IT Operations activities to ensure compliance, reduce operational risk, and strengthen the Bank's deliver model and processes
- A review of its external customer and partner facing portals, in pursuit of rationalizing and improving customer experience as well reducing operating costs
- A review of its origination and customer/partner engagement platform, also in pursuit of rationalizing and improving customer experience, as well reducing operating costs



Future Prospects

The auto industry is facing substantial changes. Car sharing, electrification, digitalization and connected cars are all trends that will heavily influence the industry. Flexible mobility solutions bundled with car-related services, offering a residual value guarantee, are increasing in popularity, especially in the private leasing market. Buying cars online is another trend, and dealers and importers are testing different concepts. The Group is currently offering such solutions for financing cars in the Norwegian market. There are plans to expand this concept to the other Nordic markets.

The Nordic car markets are showing a clear trend with reduced demand for diesel and petrol fueled cars and boosted popularity for EV and hybrids. Going forward, this will represent a challenge for the auto industry, in terms of reduced prices for used fossil fueled cars, as well as lowered income from associated services. The related residual value risk of used cars is a concern, and the Group is, through strategic partnerships with third parties, offering to handle the residual value risk for the dealers.

Regarding unsecured lending, the growth in e-commerce and retail finance offers opportunities in goods financing, both at point of sale and online. New entrants have emerged from outside the traditional finance company sector and further players are expected. Technology will play an even more important role ahead. The competitive pressures in direct unsecured lending remain, with several new bank start-ups focusing on high-margin lending, with considerable risk appetite. Additionally, loan brokers are gaining ground across the Nordics. The introduction of rules and legislations, as well as media attention will counterbalance and possibly moderate some of the excesses introduced by the new players.

Customer deposits is the single most important funding source for the Group, and is expected to grow even more in the future. Hence, one should expect further impending diversification in terms of products and markets.

In general, the Group is well positioned for future challenges. In addition to securing the needed commercial execution and needed investments, the Group continues to work on Pan-Nordic technology and infrastructure architecture, to secure competitiveness in the years ahead.



Lysaker, 14 May 2019

The Board of Directors of Santander Consumer Bank

Erik Kongelf
(Chairman)

Bruno Montalvo Wilmot
(Deputy Chairman)

Javier Anton

Frederico José María Ysart
Alvarez de Toledo

Niels Christian Aall

Henning Strøm

Øyvind Ertzaas
(Employee Representative)

Arja Pynnönen
(Employee Representative)

Michael Hvidsten
(Chief Executive Officer)

Profit and Loss - Santander Consumer Bank Nordic Group

<i>All amounts in millions of NOK</i>	Note	YTD Q1 2019	YTD Q1 2018	FY 2018
Total interest income		2 110	2 036	8 158
Total interest expenses		-340	-340	-1 239
Net interest income	9	1 770	1 696	6 919
Fee and commission income		160	131	561
Fee and commission expenses		-39	-26	-132
Value change and gain/loss on foreign exchange and securities		20	30	27
Other operating income		59	49	216
Other operating expenses		-50	-52	-208
Gross margin		1 920	1 828	7 384
Salaries and personnel expenses		-339	-315	-1 339
Administrative expenses		-403	-369	-1 744
Depreciation and amortisation		-49	-28	-162
Net operating income		1 129	1 116	4 139
Other income and costs		32	-1	-189
Impairment losses on loan, guarantees etc.	3, 4, 5, 13	-361	-372	184
Profit before tax		800	744	4 134
Income tax expense		-198	-187	-995
Profit after tax		602	557	3 139
Allocation of profit after tax				
Transferred to other earned equity		568	515	2 969
Transferred to additional Tier 1 capital	16	34	42	170
Total allocations		602	557	3 139
<hr/>				
Profit after tax		602	557	3 139
<i>Items not to be recycled to profit and loss</i>				
Actuarial gain/loss on post employment benefit obligations		-	-	-37
<i>Items to be recycled to profit and loss</i>				
Net exchange differences on translating foreign operations		-93	-37	48
Value change of assets available for sale		0	-	3
Cash flow hedge		-3	-19	-41
Net investment hedge		31	16	-11
Other comprehensive income for the period net of tax		-65	-40	-37
Total comprehensive income for the period		537	517	3 102

Balance Sheet - Santander Consumer Bank Group

<i>All amounts in millions of NOK</i>	Note	Q1 2019	Q1 2018	FY 2018
Assets				
Cash and receivables on central banks	10	65	65	65
Deposits with and receivables on financial institutions	10	4 334	7 292	2 982
Loans to customers	3, 4, 5, 10, 12	157 203	145 074	159 284
Commercial papers and bonds	10, 11	9 229	8 387	10 363
Financial derivatives	10, 11	39	147	64
Repossessed assets		14	45	12
Other ownership interests	10, 11	26	23	26
Intangible assets		1 054	1 069	1 093
Deferred tax assets		0	270	0
Fixed assets		1 069	594	691
Other assets		1 595	1 373	1 528
Total assets		174 628	164 339	176 108
Liabilities				
Debt to credit institutions	10, 15	38 351	33 654	40 253
Deposits from customers		58 349	52 244	54 645
Debt established by issuing securities	10, 14	49 958	53 009	52 929
Financial derivatives	10, 11	27	99	45
Tax payable		149	-	140
Other financial liabilities		705	262	345
Deferred tax		398	824	259
Pension liabilities		121	84	126
Other liabilities		2 021	1 606	2 298
Subordinated loan capital	10, 15	1 701	1 709	1 731
Total liabilities		151 780	143 491	152 772
Equity				
Share capital		9 652	9 652	9 652
Share capital premium		891	891	891
Additional Tier 1 capital		2 250	2 250	2 250
Other equity		10 054	7 992	10 478
OCl items		0	62	65
Total equity		22 848	20 848	23 336
Total liabilities and equity		174 628	164 339	176 108

Cash Flow - Santander Consumer Bank Group

<i>All amounts in millions of NOK</i>	Note	YTD Q1 2019	YTD Q1 2018	FY 2018
Cash flow from operations				
Profit before tax		800	744	4 134
Adjustments for:				
- Depreciation, amortisation and impairment on fixed and intangible assets		77	52	266
- Net interest income	9	-1 770	-1 696	-6 919
- Value change and gain/loss on foreign exchange and securities		-20	-30	-27
- Dividends on financial assets at FVOCI		-	-	-
Changes in:				
- Loans to customers	12	-1 710	-639	-14 711
- Operational lease		-68	-44	-151
- Repossessed assets		-2	-32	1
- Other assets		-235	97	116
- Deposits from customers		3 703	1 627	4 028
- Other liabilities and provisions		-212	-787	751
Interests received		2 221	1 909	8 158
Dividends received		-	-	-
Interests paid		-440	-313	-1 216
Net income taxes paid		-217	-163	-1 008
Net cash flow from operations		2 128	723	-6 579
Cash flow from investments				
Purchase of bonds		-2 286	-3 269	-13 924
Proceeds from matured bonds		3 129	2 173	10 397
Purchase of fixed and intangible assets		-92	-26	-156
Proceeds from sale of fixed and intangible assets		2	4	9
Net cash flow from investments		753	-1 118	-3 674
Cash flow from financing				
Proceeds from issued securities		7 306	6 604	12 169
Repayments of issued securities		-7 159	-4 456	-10 834
Change in loans and deposits from credit institutions		-708	2 634	9 202
Proceeds from issue of subordinated loans	15	-	-	-
Repayment of subordinated loans	15	-	-	-22
Dividend payments		-1 000	-350	-350
Interest payments on additional Tier 1 capital	16	-34	-42	-170
Net cash flow from financing		-1 596	4 390	9 995
Exchange gains / (losses) on cash and cash equivalents		68	70	14
Net change in cash and cash equivalents		1 353	4 066	-244
Cash and cash equivalents at the beginning of the period		3 047	3 291	3 291
Cash and cash equivalents at the end of the period		4 400	7 357	3 047

Statement of changes in equity - Santander Consumer Bank Nordic Group

Q1 2019

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Additional Tier 1 capital	Other Equity	Translation differences from foreign currencies	Measured at FVTOCI	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 January 2019	9 652	891	2 250	10 478	226	26	-20	-61	-106	23 336
Profit for the period	-	-	34	568	-	-	-	-	-	602
OCI movements (net of tax)	-	-	-	-	-93	0	-3	31	-	-65
Interest payments additional Tier 1 capital	-	-	-34	-	-	-	-	-	-	-34
Tax on interest payment additional Tier 1 capital	-	-	-	9	-	-	-	-	-	9
Share dividend	-	-	-	-1 000	-	-	-	-	-	-1 000
Balance at 31 March 2019	9 652	891	2 250	10 055	133	26	-23	-30	-106	22 848

Total shares registered as at March 31, 2019, was 965 241 842.

Restricted capital as at March 31, 2019, was 9 652 MM NOK. 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.

Financial Year 2018

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Additional Tier 1 capital	Other Equity	Translation differences from foreign currencies	Measured at FVTOCI	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 January 2018	9 652	891	2 250	8 274	178	32	21	-50	-70	21 180
Changes in initial application of IFRS 9	-	-	-	-601	0	-12	-	-	-	-614
Changes in initial application of IFRS 9 - tax	-	-	-	144	-	3	-	-	-	147
Restated balance at 1 January 2018	9 652	891	2 250	7 817	178	23	21	-50	-70	20 712
Profit for the period	-	-	170	2 969	-	-	-	-	-	3 139
OCI movements (net of tax)	-	-	-	-	48	3	-41	-11	-37	-37
Interest payments additional Tier 1 capital	-	-	-170	-	-	-	-	-	-	-170
Tax on interest payment additional Tier 1 capital	-	-	-	42	-	-	-	-	-	42
Share dividend	-	-	-	-350	-	-	-	-	-	-350
Balance at 31 December 2018	9 652	891	2 250	10 478	225	26	-20	-61	-106	23 336

Total shares registered as at December 31, 2018, was 965 241 842, each with a par value of 10 NOK.

Restricted capital as at December 31, 2018, was 9 652 MM NOK. 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.

Profit and Loss - Santander Consumer Bank AS

<i>All amounts in millions of NOK</i>	Note	YTD Q1 2019	YTD Q1 2018	FY 2018
Total interest income		1 834	1 742	7 004
Total interest expenses		-327	-295	-1 161
Net interest income	9	1 507	1 447	5 844
Fee and commission income		151	126	532
Fee and commission expenses		-33	-20	-109
Value change and gain/loss on foreign exchange and securities		19	28	22
Other operating income		30	20	96
Other operating expenses		-23	-29	-105
Gross margin		1 650	1 573	6 280
Salaries and personnel expenses		-309	-281	-1 328
Administrative expenses		-331	-323	-1 301
Depreciation and amortisation		-44	-26	-149
Net operating income		966	944	3 501
Other income and costs		33	-1	-190
Impairment losses on loan, guarantees etc.	3, 4, 5, 13	-404	-296	159
Profit before tax		595	647	3 469
Income tax expense		-157	-167	-862
Profit after tax		438	479	2 607
Allocation of profit after tax				
Transferred to other earned equity		404	438	2 437
Transferred to additional Tier 1 capital	16	34	42	170
Total allocations		438	479	2 607
Profit after tax				
		438	479	2 607
<i>Items not to be recycled to profit and loss</i>				
Actuarial gain/loss on post employment benefit obligations		-	-	-37
<i>Items to be recycled to profit and loss</i>				
Net exchange differences on translating foreign operations		-4	3	2
Value change of assets available for sale		-	-	3
Cash flow hedge		3	-18	-35
Other comprehensive income for the period net of tax		-1	-15	-66
Total comprehensive income for the period		437	464	2 541

Balance Sheet - Santander Consumer Bank AS

		Q1	Q1	FY
<i>All amounts in millions of NOK</i>	Note	2019	2018	2018
Assets				
Cash and receivables on central banks	10	65	65	65
Deposits with and receivables on financial institutions	10	2 477	5 588	1 216
Loans to customers	3, 4, 5, 10, 12	124 044	117 481	125 624
Commercial papers and bonds	10, 11	8 170	7 148	8 025
Financial derivatives	10, 11	22	144	50
Reposessed assets		10	43	7
Loans to subsidiaries and SPV's	10, 15	9 702	11 619	8 872
Investments in subsidiaries		1 254	1 256	1 292
Other ownership interests	10, 11	26	23	26
Intangible assets		630	650	653
Deferred tax assets		0	51	0
Fixed assets		620	239	256
Other assets		1 519	1 343	1 314
Total assets		148 539	145 651	147 400
Liabilities				
Debt to credit institutions	10, 15	27 630	29 693	29 269
Deposits from customers		58 349	52 244	54 645
Debt established by issuing securities	10, 14	36 693	39 879	37 247
Financial derivatives	10, 11	15	98	38
Tax payable		149	-	140
Other financial liabilities		683	259	343
Deferred tax		562	835	468
Pension liabilities		121	84	126
Other liabilities		1 616	1 222	1 784
Subordinated loan capital	10, 15	1 701	1 709	1 731
Total liabilities		127 519	126 022	125 790
Equity				
Share capital		9 652	9 652	9 652
Share capital premium		891	891	891
Additional Tier 1 capital		2 250	2 250	2 250
Other equity		8 333	6 889	8 920
OCl items		-106	-53	-105
Total equity		21 021	19 629	21 609
Total liabilities and equity		148 539	145 651	147 400

Cash Flow - Santander Consumer Bank AS

<i>All amounts in millions of NOK</i>	Note	YTD Q1 2019	YTD Q1 2018	FY 2018
Cash flow from operations				
Profit before tax		595	647	3 469
Adjustments for:				
- Depreciation, amortisation and impairment on fixed and intangible assets		48	29	162
- Net interest income	9	-1 507	-1 447	-5 844
- Value change and gain/loss on foreign exchange and securities		-19	-28	-22
- Dividends on financial assets at FVOCI		-	-	-
Changes in:				
- Loans to customers	12	-790	207	-8 645
- Operational lease		-69	-22	-45
- Repossessed assets		-3	-37	1
- Other assets		321	105	134
- Deposits from customers		3 703	1 627	4 028
- Other liabilities and provisions		771	-687	512
Interests received		1 870	1 664	7 021
Dividends received		-	-	-
Interests paid		-388	-276	-1 176
Net income taxes paid		-184	-127	-876
Net cash flow from operations		4 348	1 654	-1 281
Cash flow from investments				
Purchase of bonds		-1 995	-543	-6 875
Proceeds from matured bonds		1 616	1 673	5 200
Purchase of fixed and intangible assets		-74	-24	-132
Proceeds from sale of fixed and intangible assets		2	1	4
Net cash flow from investments		-452	1 106	-1 804
Cash flow from financing				
Proceeds from issued securities		3 896	6 604	12 154
Repayments of issued securities		-4 963	-1 850	-10 833
Change in loans to and deposits from credit institutions		-566	-2 922	2 133
Proceeds from issue of subordinated loans	15	-	-	-
Repayment of subordinated loans	15	-	-	-
Dividend payments		-1 000	-350	-350
Interest payments on additional Tier 1 capital	16	-34	-42	-170
Net cash flow from financing		-2 667	1 440	2 933
Exchange gains / (losses) on cash and cash equivalents		31	36	17
Net change in cash and cash equivalents		1 261	4 237	-135
Cash and cash equivalents at the beginning of the period		1 281	1 416	1 416
Cash and cash equivalents at the end of the period		2 542	5 653	1 281

Statement of changes in equity - Santander Consumer Bank AS

Q1 2019

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Additional Tier 1 capital	Other Equity	Translation differences from foreign currencies	Measured at FVTOCI	Cash flow hedge	Actuarial gain/loss	Total
Balance at 1 January 2019	9 652	891	2 250	8 920	-10	26	-15	-106	21 609
Profit for the period	-	-	34	404	-	-	-	-	438
OCI movements (net of tax)	-	-	-	-	-4	-	3	-	-1
Interest payments additional Tier 1 capital	-	-	-34	-	-	-	-	-	-34
Tax on interest payment additional Tier 1 capital	-	-	-	9	-	-	-	-	9
Share dividend	-	-	-	-1 000	-	-	-	-	-1 000
Balance at 31 March 2019	9 652	891	2 250	8 333	-14	26	-12	-106	21 021

Total shares registered as at March 31, 2019, was 965 241 842.

Restricted capital as at March 31, 2019, was 9 652 MM NOK. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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Financial Year 2018

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Additional Tier 1 capital	Other Equity	Translation differences from foreign currencies	Measured at FVTOCI	Cash flow hedge	Actuarial gain/loss	Total
Balance at 1 January 2018	9 652	891	2 250	7 164	-12	31	20	-70	19 928
Changes in initial application of IFRS 9	-	-	-	-498	-	-11	-	-	-509
Changes in initial application of IFRS 9 - tax	-	-	-	124	-	3	-	-	127
Restated balance at 1 January 2018	9 652	891	2 250	6 791	-12	23	20	-70	19 546
Profit for the period	-	-	170	2 437	-	-	-	-	2 607
OCI movements (net of tax)	-	-	-	-	2	3	-35	-37	-66
Interest payments additional Tier 1 capital	-	-	-170	-	-	-	-	-	-170
Tax on interest payment additional Tier 1 capital	-	-	-	42	-	-	-	-	42
Share dividend	-	-	-	-350	-	-	-	-	-350
Balance at 31 December 2018	9 652	891	2 250	8 920	-10	26	-15	-106	21 609

Total shares registered as at December 31, 2018, was 965 241 842, each with a par value of 10 NOK.

Restricted capital as at December 31, 2018, was 9 652 MM NOK. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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Lysaker, 14 May 2019

The Board of Directors of Santander Consumer Bank

Erik Kongelf
(Chairman)

Bruno Montalvo Wilmot
(Deputy Chairman)

Javier Anton

Frederico José Maria Ysart
Alvarez de Toledo

Niels Christian Aall

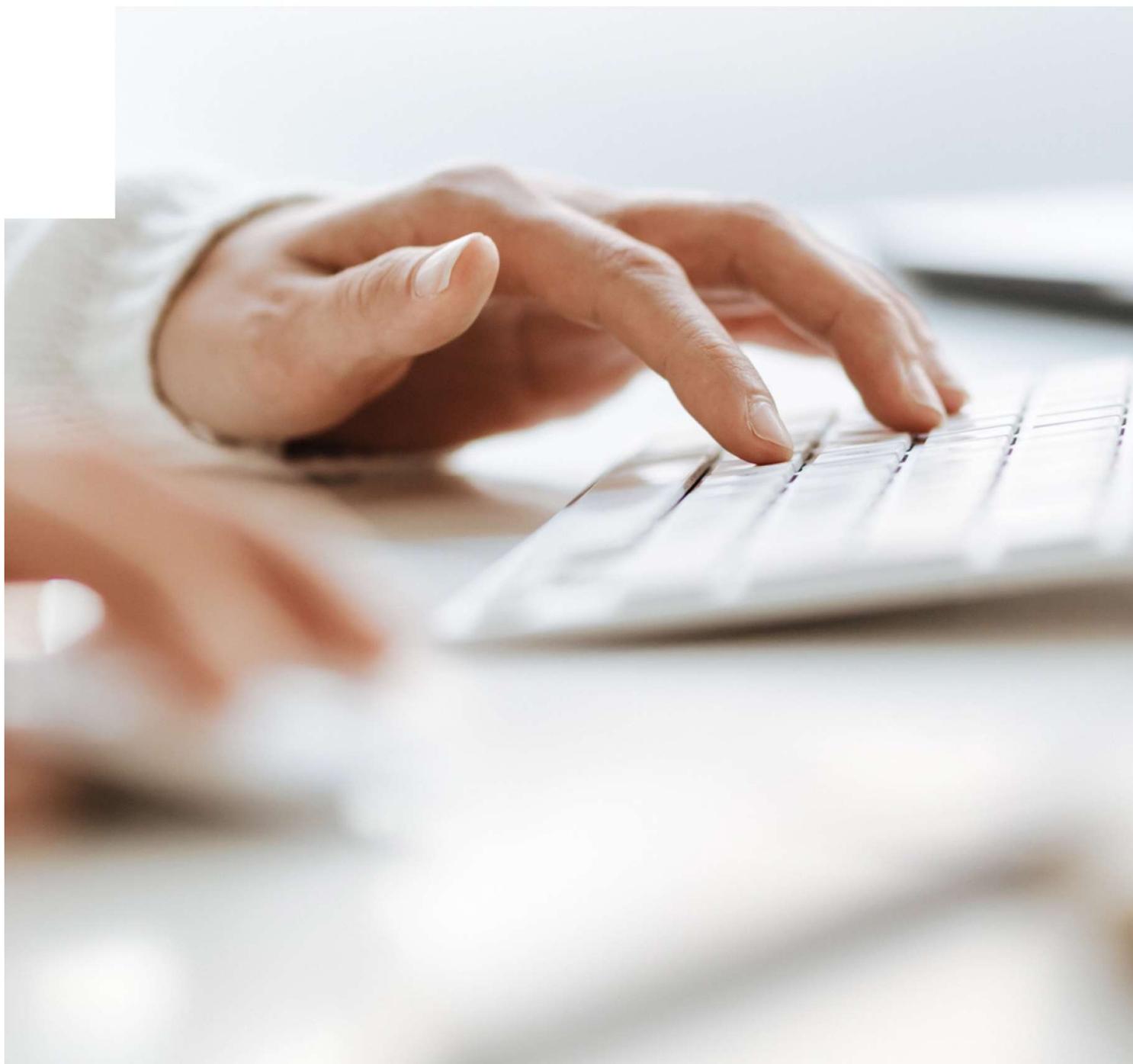
Henning Strøm

Øyvind Ertzaas
(Employee Representative)

Arja Pynnönen
(Employee Representative)

Michael Hvidsten
(Chief Executive Officer)

Group notes



Note 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 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 first quarter of 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual report as at and for the year ended 31 December 2018.

The annual report for 2018 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting www.santander.no.

This is the first set of the Group's financial statements where IFRS 16 have been applied. Changes to significant accounting policies are described in Note 2.

These interim financial statements were authorised by the Board of Directors on 14 May 2019.

Note 2 - Accounting policies

The Group's accounting policies are consistent with those of the previous financial year as described in the 2018 annual report except as described below.

1. Significant accounting policies

1.1 Changes in accounting policies – implementation of IFRS 16 Leases

The Group has adopted IFRS 16 Leases from 1 January 2019 using the simplified transition approach in accordance with IFRS 16.C5(b) and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

Leases in which the Group is a lessee:

The Group will recognize new assets and liabilities for its operating leases. The nature of expenses related to those leases will now change because the Group will recognize a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

For leases which had previously been classified as operating leases under the principles of IAS 17 Leases, the lease liability upon adoption of IFRS 16 is measured as the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

The associated right-of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet at 31 December 2018.

In applying IFRS 16 for the first time, the Group has used the following practical expedients as permitted by IFRS 16:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- leases of low-value assets will not be recorded: the underlying asset considered individually is of low value, when its brand new purchase value does not exceed 5.000 USD and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made when applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The reclassifications and adjustments arising from the new leasing rules are recognized in the 1 January 2019 opening balance sheet.

Per 1 January 2019 the Group recognized additional 328 MNOK lease liability and right of use assets. The main lease agreements affected by the implementation of IFRS 16 is the operational lease agreements of office buildings, IT equipment and servers where the Group is the lessee.

Implementation effect SCB Group and SCB AS 01.01.2019:*Amounts in million NOK*

IMPACT REAL ESTATE (Office buildings, parking lots etc.)		Group	AS
	Lease liability		309
Right of use asset		309	293
IMPACT OTHER ASSETS (Campany cars, IT equipment, furnitures etc.)			
		Group	AS
Lease liability		18	18
Right of use asset		18	18
TOTAL IMPACT			
		Group	AS
Lease liability		328	328
Right of use asset		328	328

Profit before tax for the first three months in 2019 decreased with 0.4 MM NOK as a result of the change in accounting policy.

1.2 Summary of significant accounting policies (IFRS 16)**Accounting for leases**

Section 2.9 Leases in the 2018 Financial Statement has been updated to the following upon adoption of IFRS 16.

In accordance with the implementation of IFRS 16, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group (the commencement date). Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets with a purchase value below 5.000 USD.

2. Managements estimates and critical accounting judgements

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. The important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for the interim financial statements as for the consolidated financial statements for 2018, except for the critical judgements in determining the lease term following the implementation of IFRS 16.

Critical judgements in determining the lease term

From 1 January 2019 the Group has implemented the new leasing standard IFRS 16. For all leases, except for short-term leases and leases of low value, a lease liability and a corresponding right-of-use asset is recognized in the consolidated statement of financial position.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Periods after a termination option are included in the lease term unless it is reasonably certain that the option will be exercised.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group.

Note 3 - Credit risk exposure

All amounts in millions of NOK

Maximum exposure to credit risk - Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Unsecured loans	Q1 2019			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade				
Loans not past due date	29 539	864	-	30 404
Standard monitoring	990	1 353	-	2 343
Special monitoring	-	185	-	185
Default	-	-	2 112	2 112
Gross carrying amount	30 530	2 403	2 112	35 044
Loss allowance	-478	-343	-1 265	-2 086
Carrying amount	30 051	2 060	847	32 958

Loans not past due date: Exposures that are not in arrears and not in default.

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

Secured loans	Q1 2019			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade				
Loans not past due date	117 090	1 890	-	118 980
Standard monitoring	3 364	1 645	-	5 009
Special monitoring	11	259	4	274
Default	-	-	1 444	1 444
Gross carrying amount	120 465	3 795	1 448	125 708
Loss allowance	-564	-175	-725	-1 464
Carrying amount	119 901	3 620	723	124 245

Loans not past due date: Exposures that are not in arrears and not in default.

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

*Secured loans include secured auto loans and financial lease where the underlying assets serve as collateral.

Commercial papers and bonds	Q1 2019			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade				
Investment grade	9 230	-	-	9 230
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
Gross carrying amount	9 230	-	-	9 230
Loss allowance	-1	-	-	-1
Carrying amount	9 229	-	-	9 229

Maximum exposure to credit risk - Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL):

	Maximum exposure to credit risk
Financial derivatives	39

Key macroeconomic variables:

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The macro economic variables found impacting credit risk and ECL are GDP, unemployment rate and Housing Price Index. The macro economic forecast used is available for three years (2019-2021), after which the same macro economic factors are assumed for the rest of the years until remaining maturity of the financial exposures are captured. Forward looking scenarios have been considered for SICR assessment, meaning if there is a worsening of economy in the forecast period the share of SICR exposure will be higher.

The macro economic variables used for ECL estimates for the year ended December 2018 are shown below. The table show data for five years, three years with forecasts and 2 years assuming the same factors as period ending 2021.

Norway	2019	2020	2021	2022	2023
Macro Variables					
Unemployment rate					
Base scenario	4,02	3,88	3,72	3,72	3,72
Upside scenario 1	3,71	3,45	3,25	3,25	3,25
Upside scenario 2	3,51	3,25	3,05	3,05	3,05
Downside scenario 1	4,95	4,97	4,77	4,77	4,77
Downside scenario 2	5,98	6,16	5,91	5,91	5,91
House price index					
Base scenario	7,51	7,64	7,51	7,51	7,51
Upside scenario 1	8,94	8,55	8,25	8,25	8,25
Upside scenario 2	10,32	9,60	8,96	8,96	8,96
Downside scenario 1	2,41	3,67	3,82	3,82	3,82
Downside scenario 2	-2,28	-0,63	1,12	1,12	1,12
Domestic GDP					
Base scenario	2,72	2,79	2,71	2,71	2,71
Upside scenario 1	3,45	3,26	3,00	3,00	3,00
Upside scenario 2	3,97	3,74	3,43	3,43	3,43
Downside scenario 1	1,16	2,43	2,58	2,58	2,58
Downside scenario 2	-0,40	2,07	2,45	2,45	2,45

Sweden					
Macro Variables	2019	2020	2021	2022	2023
Unemployment rate					
Base scenario	6,40	6,30	6,20	6,20	6,20
Upside scenario 1	6,00	5,53	5,39	5,39	5,39
Upside scenario 2	5,49	4,67	4,46	4,46	4,46
Downside scenario 1	7,78	8,56	8,67	8,67	8,67
Downside scenario 2	8,70	10,21	10,56	10,56	10,56
House price index					
Base scenario	4,06	3,85	3,70	3,70	3,70
Upside scenario 1	5,27	4,58	4,16	4,16	4,16
Upside scenario 2	6,63	5,46	4,56	4,56	4,56
Downside scenario 1	0,54	1,29	2,82	2,82	2,82
Downside scenario 2	-3,18	0,18	2,29	2,29	2,29
Domestic GDP					
Base scenario	2,02	1,76	1,53	1,53	1,53
Upside scenario 1	2,78	2,29	1,86	1,86	1,86
Upside scenario 2	3,55	2,73	2,02	2,02	2,02
Downside scenario 1	0,25	0,48	1,09	1,09	1,09
Downside scenario 2	-1,60	-0,07	0,83	0,83	0,83

Denmark					
Macro variables	2019	2020	2021	2022	2023
Unemployment rate					
Base scenario	5,40	5,43	5,58	5,58	5,58
Upside scenario 1	4,93	4,68	4,70	4,70	4,70
Upside scenario 2	4,61	4,14	4,11	4,11	4,11
Downside scenario 1	6,37	6,91	7,42	7,42	7,42
Downside scenario 2	7,29	8,20	8,74	8,74	8,74
House price index					
Base scenario	3,28	3,20	3,05	3,05	3,05
Upside scenario 1	4,78	4,14	3,41	3,41	3,41
Upside scenario 2	5,86	5,00	3,79	3,79	3,79
Downside scenario 1	0,51	0,63	1,56	1,56	1,56
Downside scenario 2	-3,13	-0,90	0,99	0,99	0,99
Domestic GDP					
Base scenario	1,69	1,61	1,46	1,46	1,46
Upside scenario 1	2,74	2,26	1,65	1,65	1,65
Upside scenario 2	3,42	2,82	1,86	1,86	1,86
Downside scenario 1	0,40	0,41	0,76	0,76	0,76
Downside scenario 2	-1,29	-0,30	0,50	0,50	0,50

Finland					
Macro variables	2019	2020	2021	2022	2023
Unemployment rate					
Base scenario	8,06	7,88	7,74	7,74	7,74
Upside scenario 1	7,72	7,18	6,87	6,87	6,87
Upside scenario 2	7,34	6,55	5,93	5,93	5,93
Downside scenario 1	8,93	9,14	9,24	9,24	9,24
Downside scenario 2	9,89	10,38	10,81	10,81	10,81

House price index

Base scenario	3,37	3,34	3,33	3,33	3,33
Upside scenario 1	4,97	4,50	3,77	3,77	3,77
Upside scenario 2	6,30	5,47	4,21	4,21	4,21
Downside scenario 1	0,41	1,26	2,60	2,60	2,60
Downside scenario 2	-3,18	0,36	1,82	1,82	1,82

Domestic GDP

Base scenario	1,81	1,36	1,28	1,28	1,28
Upside scenario 1	2,87	2,17	1,61	1,61	1,61
Upside scenario 2	3,80	2,80	1,81	1,81	1,81
Downside scenario 1	0,25	0,26	0,87	0,87	0,87
Downside scenario 2	-1,64	-0,21	0,45	0,45	0,45

Scenario weights applied in the ECL estimates for the period ended 31 December 2018 are shown below. ECL is estimated for all scenarios, and applying the weights shown below the final ECL requirement is estimated.

All units

	Weight
Base scenario	50 %
Upside scenario 1	20 %
Upside scenario 2	5 %
Downside scenario 1	20 %
Downside scenario 2	5 %

A sensitivity analysis comparing relative increase or decrease in ECL from the base scenario to the four scenarios described above are shown below:

Relative impact on ECL	Downside Scenario 1	Downside Scenario 2	Upside scenario 1	Upside Scenario 2
Norway	4,88 %	2,81 %	-0,45 %	-1,34 %
Sweden	2,48 %	1,53 %	-0,43 %	-0,85 %
Denmark	6,94 %	34,43 %	-1,36 %	-2,91 %
Finland	3,69 %	1,92 %	-0,54 %	-1,01 %
Nordic	4,57 %	2,53 %	-0,62 %	-1,46 %

Below is a calculation of forward looking scenario impact for period ending 31 March 2019. For the period ending 31 March 2019, forward looking ECL parameters had resulted in additional reserves of 75.9 MM NOK for the Group.

Forward looking impact	Local currency	Exchange rate	NOK
Norway	35.2	1,0000	35.2
Sweden	20.4	0,9289	18.9
Denmark	8.9	1,2939	11.5
Finland	1.1	9,6590	10.3
Total Group			85.7

Q1 2018

Loans to customers	Q1 2018			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade				
Loans not past due date	130 076	6 960	-	137 036
Standard monitoring	4 903	3 282	-	8 185
Special monitoring	5	282	-	287
Default	-	-	3 100	3 100
Gross carrying amount	134 984	10 524	3 100	148 609
Loss allowance	-1 143	-533	-1 860	-3 536
Carrying amount	133 841	9 991	1 241	145 073

Commercial papers and bonds	Q1 2018			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade				
Investment grade	8 388	-	-	8 388
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
Gross carrying amount	8 388	-	-	8 388
Loss allowance	-1	-	-	-1
Carrying amount	8 387	-	-	8 387

Maximum exposure to credit risk - Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL):

	Maximum exposure to credit risk
Financial derivatives	147

Note 4 - Risk classification

All amounts in millions of NOK

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.

	Balance			Loss reserves		
	Q1 2019	Q1 2018	FY 2018	Q1 2019	Q1 2018	FY 2018
Current - not past due date	149 815	137 036	150 742	-1 116	-1 156	-1 029
Current - past due date	7 381	8 473	8 741	-444	-520	-574
Total impaired loans	3 556	3 100	3 319	-1 990	-1 860	-1 915
Total gross loans to customers	160 752	148 609	162 802	-3 550	-3 536	-3 518

<i>Ageing of past due but not impaired loans</i>	Balance			Loss reserves		
	Q1 2019	Q1 2018	FY 2018	Q1 2019	Q1 2018	FY 2018
1 - 29 days	5 735	6 632	7 129	-172	-257	-286
30 - 59 days	1 195	1 128	1 174	-160	-154	-177
60 - 89 days	451	429	437	-113	-109	-112
Total loans due but not impaired	7 381	8 189	8 741	-444	-520	-574

<i>Ageing of impaired loans</i>	Balance			Loss reserves		
	Q1 2019	Q1 2018	FY 2018	Q1 2019	Q1 2018	FY 2018
90 - 119 days	284	262	273	-137	-138	-142
120 - 149 days	246	215	222	-124	-115	-112
150 - 179 days	209	168	184	-102	-95	-96
180 + days	1 275	888	1 110	-766	-587	-709
Economic doubtful*	1 541	1 567	1 530	-861	-925	-855
Total impaired loans	3 556	3 100	3 319	-1 990	-1 860	-1 915

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

Note 5 - Loss allowance

All amounts in millions of NOK

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors:

Unsecured loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 January 2019	505	310	1 205	2 019
Transfers:				
Transfer from Stage 1 to Stage 2	-90	258	0	168
Transfer from Stage 1 to Stage 3	-3	-	42	39
Transfer from Stage 2 to Stage 3	-	-183	308	125
Transfer from Stage 2 to Stage 1	36	-156	-	-119
Transfer from Stage 3 to Stage 2	-	10	-61	-51
Transfer from Stage 3 to Stage 1	-	-	-	0
Assets remaining in same Stage	47	59	-12	94
Methodological changes	-21	59	-81	-43
Financial assets derecognised that are not write-offs	-17	-7	-21	-44
<i>of which 'account that have closed in the period'</i>	-17	-7	-21	-44
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-97	-97
New financial assets originated or purchased	34	-	-	34
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-13	-6	-19	-38
Loss allowance as at 31 March 2019	478	343	1 265	2 086

Secured loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 January 2019	535	281	683	1 499
Transfers:				
Transfer from Stage 1 to Stage 2	-57	133	-	76
Transfer from Stage 1 to Stage 3	-6	0	75	69
Transfer from Stage 2 to Stage 3	-	-63	150	87
Transfer from Stage 2 to Stage 1	21	-79	-	-58
Transfer from Stage 3 to Stage 2	-	11	-64	-53
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	34	12	27	72
Methodological changes	7	-100	9	-84
Financial assets derecognised that are not write-offs	-38	-16	-44	-98
<i>of which 'account that have closed in the period'</i>	-38	-16	-44	-98
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-103	-103
New financial assets originated or purchased	80	-	-	80
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-11	-4	-9	-25
Loss allowance as at 31 March 2019	564	175	725	1 464

Commercial papers and bonds	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 January 2019	1	-	-	1
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	1	-	-	1
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-	-	-	-
<i>of which 'account that have closed in the period'</i>	-	-	-	-
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Loss allowance as at 31 March 2019	1	-	-	1

Off balance exposure	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 January 2019	82	14	27	122
Transfers:				
Transfer from Stage 1 to Stage 2	-4	12	-	7
Transfer from Stage 1 to Stage 3	-	-	4	3
Transfer from Stage 2 to Stage 3	-	-3	6	3
Transfer from Stage 2 to Stage 1	2	-11	-	-8
Transfer from Stage 3 to Stage 2	-	2	-8	-6
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	1	1	-	2
Methodological changes	-38	1	-5	-42
Financial assets derecognised that are not write-offs	-3	-	-2	-5
<i>of which 'account that have closed in the period'</i>	-3	-	-2	-5
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated or purchased	8	-	-	8
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-2	-	-	-2
Loss allowance as at 31 March 2019	45	16	22	83

Q1 2018

All amounts in millions of NOK

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The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors:

Loans to customers	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 January 2018	1 171	542	1 709	3 421
Transfers:				
Transfer from Stage 1 to Stage 2	-49	220	-	171
Transfer from Stage 1 to Stage 3	-17	-	165	148
Transfer from Stage 2 to Stage 3	-	-130	281	151
Transfer from Stage 2 to Stage 1	19	-98	-	-79
Transfer from Stage 3 to Stage 2	-	10	-65	-55
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	-	-	-	-
Methodological changes	-69	-	47	-22
Financial assets derecognised that are not write-offs	-63	-30	-42	-135
<i>of which 'account that have closed in the period'</i>	-63	-30	-42	-135
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-270	-270
New financial assets originated or purchased	151	21	35	207
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Loss allowance as at 31 March 2018	1 144	533	1 860	3 536

Commercial papers and bonds	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 January 2019	2	-	-	2
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	1	-	-	1
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-	-	-	-
<i>of which 'account that have closed in the period'</i>	-	-	-	-
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Loss allowance as at 31 March 2019	1	-	-	1

Note 6 - Liquidity coverage ratio

All amounts in millions of NOK

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 100% from 31 December 2017. With a stable basis of High Quality Liquid Assets, The Group fulfills the minimum LCR requirements.

Liquidity Coverage Ratio (LCR) %	Q1 2019	Q1 2018	Q4 2018
Liquidity Coverage Ratio (LCR) Total	165	119	134
Liquidity Coverage Ratio (LCR) NOK	110	109	88
Liquidity Coverage Ratio (LCR) SEK	206	144	129
Liquidity Coverage Ratio (LCR) DKK	444	110	219
Liquidity Coverage Ratio (LCR) EUR	142	127	142

Note 7 - Capital adequacy

All amounts in millions of NOK

	Q1 2019	Q1 2018	FY 2018
Balance sheet equity			
Paid in equity	9 652	9 652	9 652
Share premium	891	891	891
Other equity	10 055	7 992	10 478
Tier 1 Capital	2 250	2 250	2 250
Other reserves	-1	62	65
Total Equity	22 848	20 848	23 336
Common Equity Tier 1 Capital			
(-) Profit not eligible as capital	-602	-557	-1000
Cash-flow hedge adjustment	0	-2	-
IRB Expected Loss - Reserves	-374	-335	-327
Goodwill	-684	-687	-705
Other intangible assets	-287	-300	-302
Deferred tax assets	-	-	-
Adjustment Prudent Valuation (AVA)	-9	-9	-10
Tier 1 Capital	-2 250	-2 250	-2 250
Total common Equity Tier 1 Capital (with full IFRS9 impact)	18 641	16 708	18 741
Capital adjustment according to IFRS9 Transitional rules	389	434	434
Total common Equity Tier 1 Capital (with IFRS9 transitional rules)	19 030	17 143	19 175
Tier 1 Capital			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
Total Tier 1 Capital (with full IFRS9 impact)	20 891	18 958	20 991
Total Tier 1 Capital (after IFRS9 transitional rules)	21 280	19 393	21 425
Total Capital			
Paid up subordinated loans	1 711	1 706	1 711
Subordinated loans not eligible	0	-	-
Total Capital (with full IFRS9 impact)	22 602	20 664	22 702
Total Capital (with IFRS9 transitional rules)	22 991	21 098	23 136
Risk exposure on Standard Approach			
Regional governments or local authorities	71	78	73
Institutions	512	771	836
Corporates	9 282	5 061	9 156
Retail Standard Approach	55 276	51 427	56 206
Exposures in default SA	1 173	865	999
Covered bonds	426	411	466
Other Exposures	3 611	7 304	3 490
Total Risk exposure amount on Standard Approach	70 349	65 918	71 226
Risk exposure on Internal Rating Based Approach			
Retail Other	34 982	31 347	35 571
Total Risk exposure amount on Internal Rating Based Approach	34 982	31 347	35 571
Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	105 331	97 265	106 797

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Foreign exchange (zero if under threshold)	1 396	935	1 472
Risk exposure amount for position, foreign exchange and commodities risks	1 396	935	1 472
Basic indicator approach	13 168	11 896	13 168
Risk exposure amount for operational risk	13 168	11 896	13 168
Standardized method	79	106	105
Risk exposure amount for credit valuation adjustment	79	106	105
Total risk exposure amount (with full IFRS9 impact)	119 973	110 201	121 542
Risk Exposure adjustment according to IFRS9 Transitional rules	340	380	380
Total risk exposure amount (with IFRS9 transitional rules)	120 313	110 580	121 921

Total exposure for Leverage Ratio

Derivatives: Add-on under market-to-market method	409	738	642
Off-balance sheet items with 10% CCF	2 488	2 263	2 399
Off-balance sheet items with 20% CCF	919	367	788
Off-balance sheet items with 50% CCF	37	37	37
Adjusted On balance sheet exposure	173 273	162 226	174 763
Total exposure for Leverage Ratio (with full IFRS9 impact)	177 127	165 631	178 630
Exposure adjustment according to IFRS9 Transitional rules	511	571	571
Total exposure for Leverage Ratio (with IFRS9 transitional rules)	177 638	166 202	179 201

Minimum Regulatory Capital

Minimum Core Equity	4,50 %	4,50 %	4,50 %
Pillar 2 Requirement	2,60 %	2,30 %	2,30 %
Countercyclical Buffer (combined)	1,14 %	1,14 %	1,14 %
Conservation Buffer	2,50 %	2,50 %	2,50 %
Systemic Risk Buffer	3,00 %	3,00 %	3,00 %
Minimum Regulatory Capital ratio (CET1)	13,74 %	13,44 %	13,44 %

Minimum Regulatory Capital

Minimum Core Equity	5 399	4 959	5 469
Pillar 2 Requirement	3 119	2 535	2 795
Countercyclical Buffer (combined)	1 368	1 256	1 386
Conservation Buffer	2 999	2 755	3 039
Systemic Risk Buffer	3 599	3 306	3 646
Minimum Regulatory Capital amount (full IFRS9 impact)	16 484	14 811	16 335
Surplus of Core Equity Tier 1 capital (full IFRS9 impact)	2 157	1 897	2 406
Minimum Regulatory Capital amount (with IFRS9 transitional rules)	16 531	14 862	16 386
Surplus of Core Equity Tier 1 capital (after IFRS9 transitional rules)	2 499	2 281	2 789

Common equity tier 1 capital ratio (full IFRS9 impact)	15,54 %	15,16 %	15,42 %
Common equity tier 1 capital ratio (with IFRS9 transitional rules)	15,82 %	15,50 %	15,73 %
CET1 regulatory requirements	13,74 %	13,44 %	13,44 %
Tier 1 capital ratio (full IFRS9 impact)	17,41 %	17,20 %	17,27 %
Tier 1 capital ratio (with IFRS9 transitional rules)	17,69 %	17,54 %	17,57 %
Tire 1 regulatory requirements	15,24 %	14,94 %	14,94 %

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Total capital ratio (full IFRS9 impact)	18,84 %	18,75 %	18,68 %
Total capital ratio (with IFRS9 transitional rules)	19,11 %	19,08 %	18,98 %
Total capital regulatory requirements	17,24 %	16,94 %	16,94 %
Leverage ratio (full IFRS9 impact)	11,79 %	11,45 %	11,75 %
Leverage ratio (with IFRS9 transitional rules)	11,98 %	11,67 %	11,96 %
LR regulatory requirements	5,00 %	5,00 %	5,00 %

Specification of IFRS Transition rules (based on initial impact)

IFRS 9 Increase in Loss Reserves	-601
- whereof Internal Rating Based	-
Tax impact from increased loss reserves	144
Deferred tax assets impact on capital	-
Initial IFRS9 net impact on capital	-457
Base amount for IFRS9 transitional rule on capital	457
Transition %	85 %
Capital adjustment due to Transitional rule	389

Std Approach value adjustments Spec Reserves	-601
- whereof Retail (75%RW)	-600
- whereof Covered Bonds (10%RW)	-2
Deferred tax assets impact on Risk Exposure Amount (250%RW) *	20
Initial IFRS9 net impact on Risk Exposure Amount	-400
Base amount for IFRS9 transitional rule on Risk Exposure Amount	400
Transition %	85 %
Risk Exposure adjustment due to Transitional rule	340

Impact from Transitional rules on capital ratios (same impact for Additional tier 1 and 2) 0,28 %

* IFRS9 impact on Deferred Tax Assets relates to subsidiary in Finland

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. The Pillar 3 Disclosure report is published at www.santander.no.

Note 8 - Segment information

All amounts in millions of NOK

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 lending before expected losses)

	Q1 2019				Total
	Unsecured loans	Secured loans	Financial lease	Operational lease	
Norway	11 163	37 584	10 774	-	59 521
Sweden	14 096	16 854	5 081	-	36 031
Denmark	6 516	22 470	2 604	295	31 885
Finland	3 269	27 671	2 670	420	34 029
Total	35 044	104 579	21 129	714	161 466

	Q1 2018				Total
	Unsecured loans	Secured loans	Financial lease	Operational lease	
Norway	11 503	35 931	9 990	-	57 425
Sweden	13 411	15 434	4 642	-	33 487
Denmark	5 705	21 196	2 677	183	29 760
Finland	2 594	23 685	1 840	340	28 459
Total	33 214	96 246	19 149	523	149 131

Balance sheet and P&L per country

	Q1 2019					
	Norway	Sweden	Denmark	Finland	Eliminations	Total Group
Total interest income	1 018	434	454	328	-124	2 110
Total interest expenses	-253	-93	-41	-80	127	-340
Net interest income	764	342	413	248	3	1 770
Fee and commission income	42	51	59	16	-7	160
Fee and commission expenses	-22	-13	-7	-5	7	-39
Value change and gain/loss on foreign exchange and securities	24	-	-4	1	-	20
Other operating income	8	2	20	29	-	59
Other operating expenses	-8	-5	-11	-27	-	-50
Gross margin	809	377	469	263	2	1 920
Salaries and personnel expenses	-151	-87	-71	-29	-	-339
Administrative expenses	-145	-98	-88	-68	-4	-403
Depreciation and amortisation	-23	-10	-11	-5	-	-49
Net operating income	490	181	300	160	-2	1 129
Other income and costs	35	1	-3	-1	-	32
Impairment losses on loan, guarantees etc.	-213	-106	-89	46	1	-361
Profit before taxes	312	76	207	205	-	800
Income tax expense	-93	-18	-46	-41	-	-198
Profit after tax	219	58	161	164	-	602
Cash and receivables on central banks	65	-	-	-	-	65
Deposits with and receivables on financial institutions	785	1 950	77	1 522	-	4 334
Total gross loans to customers	59 521	36 031	31 591	33 610	-	160 752
Write-downs	-1 638	-819	-642	-451	-	-3 550
Commercial papers and bonds	3 396	2 754	2 019	3 468	-2 409	9 229
Financial derivatives	22	-	-	16	-	39
Investments in subsidiaries	-	-	-	-	-	-
Other assets	20 597	491	1 539	629	-19 500	3 758
Total assets	82 750	40 409	34 584	38 794	-21 908	174 628
Debt to credit institutions	6 298	9 424	15 629	25 762	-18 761	38 351
Deposits from customers	23 149	17 636	17 563	-	-	58 349
Debt established by issuing securities	29 853	11 800	702	10 012	-2 409	49 958
Financial derivatives	15	-	-	12	-	27
Other liabilities	2 459	1 480	714	339	103	5 095
Equity	20 975	68	-23	2 669	-841	22 848
Total liabilities and equity	82 750	40 409	34 584	38 794	-21 908	174 628

P&L and Balance sheet per country

Q1 2018

	Norway	Sweden	Denmark	Finland	Eliminations	Total Group
Total interest income	943	402	421	276	-7	2 036
Total interest expenses	-216	-36	-50	-33	-6	-340
Net interest income	727	366	371	244	-13	1 696
Fee and commission income	38	39	41	14	-	131
Fee and commission expenses	-14	-2	-5	-5	-	-26
Value change and gain/loss on foreign exchange and securities	19	-2	11	2	-	31
Other operating income	4	2	13	29	-	49
Other operating expenses	-11	-6	-12	-23	-	-52
Gross margin	764	397	421	260	-13	1 828
Salaries and personnel expenses	-116	-92	-73	-43	8	-315
Administration expenses	-164	-94	-64	-50	4	-369
Depreciation and amortisation	-15	-4	-7	-2	-	-28
Net operating income	468	207	277	164	-	1 116
Other income and costs	-1	-	-	-	-	-1
Impairment losses on other assets	-	-	-	-	-	-
Impairment losses on loan, guarantees etc.	-175	-63	-66	-68	-	-372
Profit before taxes	291	144	211	97	-	744
Income tax expense	-87	-33	-47	-19	-	-187
Profit after tax	204	111	164	78	-	557
Cash and receivables on central banks	65	-	-	-	-	65
Deposits with and receivables on financial institutions	1 336	897	4 020	1 039	-	7 292
Total gross loans to customers	57 425	33 487	29 578	28 119	-	148 609
Write-downs	-1 831	-666	-510	-528	-	-3 536
Commercial papers and bonds	2 058	1 741	1 287	3 300	-	8 387
Financial derivatives	144	-	-	3	-	147
Investments in subsidiaries	-	-	-	-	-	-
Other assets	27 511	380	1 378	583	-26 477	3 375
Total assets	86 707	35 839	35 752	32 517	-26 477	164 339
Debt to credit institutions	6 454	10 423	19 856	22 652	-25 731	33 654
Deposits from customers	22 316	14 883	15 045	0	-	52 244
Debt established by issuing securities	36 262	9 328	10	7 410	-	53 009
Financial derivatives	98	-	-	1	-	99
Other liabilities	1 952	1 236	812	387	99	4 486
Equity	19 626	-29	30	2 066	-845	20 848
Total liabilities and equity	86 707	35 839	35 752	32 517	-26 477	164 339

Note 9 - Net interest income

All amounts in millions of NOK

	Q1 2019	Q1 2018	FY 2018
Interest and similar income on loans to and receivables from credit institutions	11	30	86
Interest and similar income on loans to and receivables from customers	2 083	1 984	8 028
Interest and similar income on comm. paper, bonds and other securities	16	22	44
Total interest income	2 110	2 036	8 158
Interest and similar expenses on debt to credit institutions	-53	-55	-206
Interest and similar expenses on deposits from and debt to customers	-175	-165	-666
Interest and similar expenses on issued securities	-99	-87	-321
Interest on subordinated loan capital	-12	-11	-46
Other interest expenses and similar expenses	-1	-22	-
Total interest expense	-340	-340	-1 239
Net interest income	1 770	1 696	6 919

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.

To credit institutions	Q1 2019	Q1 2018	FY 2018
Interest expenses	-53	-55	-206
Average loan	36 002	32 337	35 637
Average nominal interest rate	0,59 %	0,68 %	0,58 %
To customers	Q1 2019	Q1 2018	FY 2018
Interest expenses	-175	-165	-666
Average deposit	55 296	51 430	52 631
Average nominal interest rate	1,26 %	1,29 %	1,27 %
To bondholders	Q1 2019	Q1 2018	FY 2018
Interest expenses	-99	-87	-321
Average issued notes and bonds	51 484	52 140	52 100
Average nominal interest rate	0,77 %	0,66 %	0,62 %
Subordinated loan capital*	Q1 2019	Q1 2018	FY 2018
Interest expenses	-12	-11	-46
Average subordinated loan capital	1 705	1 731	1 742
Average nominal interest rate	2,90 %	2,48 %	2,64 %
Total of tables above:	Q1 2019	Q1 2018	FY 2018
Interest expenses	-339	-318	-1 239
Loan	144 487	137 638	142 110
Average nominal interest rate	0,94 %	0,97 %	0,87 %

Note 10 - Classification of financial instruments

All amounts in millions of NOK

Classification of financial assets 31 March 2019	Financial assets at fair value through P&L	Financial assets at fair value through OCI	Amortized cost	Book value
Cash and receivables on central banks	-	-	65	65
Deposits with and receivables on financial institutions	-	-	4 334	4 334
Loans to customers	-	-	157 203	157 203
Commercial papers and bonds	-	-	9 229	9 229
Financial derivatives	39	-	-	39
Other ownership interests	-	26	-	26
Total financial assets	39	26	170 832	170 896

Non financial assets 3 732

Total assets **174 628**

Classification of financial liabilities 31 March 2019	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	38 351	38 351
Deposits from customers	-	-	58 349	58 349
Debt established by issuing securities	-	-	49 958	49 958
Financial derivatives	27	-	-	27
Other financial liabilities	-	-	705	705
Subordinated loan capital	-	-	1 701	1 701
Total financial liabilities	15	-	149 063	149 090

Non financial liabilities and equity 25 537

Total liabilities and equity **174 628**

2018

Classification of financial assets 31 December 2018	Financial assets at fair value through P&L	Financial assets at fair value through OCI	Amortized cost	Book value
Cash and receivables on central banks	-	-	65	65
Deposits with and receivables on financial institutions	-	-	2 982	2 982
Loans to customers	-	-	159 284	159 284
Commercial papers and bonds	-	-	10 363	10 363
Financial derivatives	64	-	-	64
Other ownership interests	-	26	-	26
Other financial assets	-	-	-	0
Total financial assets	64	26	172 694	172 784
			<u>Non financial assets</u>	<u>3 324</u>
			Total assets	176 108

Classification of financial liabilities 31 December 2018	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	40 235	40 235
Deposits from customers	-	-	54 645	54 645
Debt established by issuing securities	-	-	52 929	52 929
Financial derivatives	45	-	-	45
Other financial liabilities	-	-	345	345
Subordinated loan capital	-	-	1 731	1 731
Total financial liabilities	45	-	149 904	149 949
			<u>Non financial liabilities and equity</u>	<u>26 159</u>
			Total liabilities and equity	176 108

Note 11 - Valuation Hierarchy

Q1 2019

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Financial assets						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 57	-	22	-	22
KIMI5 Fixed	Interest Rate Swap	MM EUR 81	-	-	-	-
KIMI5 Pass Through	Interest Rate Swap	MM EUR 74	-	-	-	-
KIMI6 Pass Through	Interest Rate Swap	MM EUR 269	-	4	-	4
KIMI7 Pass Through	Interest Rate Swap	MM EUR 498	-	13	-	13
Total financial trading derivatives			-	39	-	39
<i>Name</i>	<i>Type</i>					
VISA	Equity		-	26	-	26
Total other ownership interests			-	26	-	26
Total Assets			-	65	-	65
Financial liabilities						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
KIMI6 Fixed	Interest Rate Swap	MM EUR 257	-	2	-	2
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 39	-	15	-	15
KIMI5	Interest Rate Swap	MM EUR 74	-	-	-	-
KIMI7 Fixed	Interest Rate Swap	MM EUR 482	-	9	-	9
Total financial derivatives			-	27	-	27
Total Liabilities			-	27	-	27
Derivatives designated for hedge accounting - assets						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
Bilkreditt 7	Cross Currency Swap	MM EUR 39	-	15	-	15
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	12	-	12
SW EMTN MEUR 100	Cross Currency Swap	MM EUR 100	-	75	-	75
DK EMTN MEUR 245	Cross Currency Swap	MM EUR 245	-	5	-	5
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	45	-	45
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	4	-	4
Total derivatives designated for hedging - assets*			-	156	-	156

Derivatives designated for hedge accounting - liabilities

Name	Type	Notional				
KIMI6	Interest Rate Swap	MM EUR 269	-	4	-	4
KIMI7	Interest Rate Swap	MM EUR 498	-	13	-	13
Total derivatives designated for hedging - liabilities*			-	18	-	18

* Derivatives designated for hedge accounting are included in the balance sheet line "Other Assets" for the derivatives that represent an asset and in "Other liabilities" for derivatives that represent a liability for the entity.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access to at that date. When available, the fair value of an instrument is measured using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the instrument's fair value is measured using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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 to by the reporting date. Examples of instruments at Level 1 are listed government bonds.

Level 2:

Instruments at this level are not considered to have an active market. Fair value is obtained from relevant observable market data. This includes prices based on identical instruments, as well as prices based on similar assets and price indicators that are observable for the asset or liability. 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 known from contractual conditions, in addition to a marked regulated interest rate element (e.g. EURIBOR).

Level 3:

Instruments at Level 3 have no observable market inputs, or they traded on markets that are considered inactive. The price is based mainly on calculations based on internal data and the best information available given the circumstances.

* Derivatives designated for hedge accounting are included in the balance sheet line "Other Assets" for the derivatives that represent an asset and in "Other liabilities" for derivatives that represent a liability for the entity.

Q1 2018

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Financial assets						
Name	Type	Notional				
Bilkreditt 6 Fixed	Cross Currency Swap	MM EUR 57	-	88	-	88
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 142	-	56	-	56
KIMI5 Fixed	Interest Rate Swap	MM EUR 214	-	1	-	1
KIMI4 Pass Through	Interest Rate Swap	MM EUR 30	-	-	-	-
KIMI6 Pass Through	Interest Rate Swap	MM EUR 518	-	2	-	2
KIMI6 Fixed	Interest Rate Swap	MM EUR 499	-	-	-	-
Total financial trading derivatives			-	147	-	147
Other ownership interests						
Name	Type					
VISA	Equity		-	23	-	23
Total other ownership interests			-	23	-	23
Total Assets			-	170	-	170

Financial liabilities

<i>Name</i>	<i>Type</i>	<i>Notional</i>				
Bilkreditt 6 Pass Through	Cross Currency Swap	MM EUR 31	-	47	-	47
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 127	-	51	-	51
KIMI5 Pass Through	Interest Rate Swap	MM EUR 218	-	-	-	-
KIMI4 Front swap	Interest Rate Swap	MM EUR 30	-	-	-	-
KIMI4 Fixed	Interest Rate Swap	MM EUR 39	-	-	-	-
Total financial derivatives			-	99	-	99
Total Liabilities			-	99	-	99

Derivatives designated for hedge accounting - assets

<i>Name</i>	<i>Type</i>	<i>Notional</i>				
Bilkreditt 6	Cross Currency Swap	MM EUR 31	-	47	-	47
Bilkreditt 7	Cross Currency Swap	MM EUR 127	-	51	-	51
EMTN MEUR 350	Cross Currency Swap	MM EUR 350	-	12	-	12
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	13	-	13
DK EMTN MEUR 240	Cross Currency Swap	MM EUR 240	-	1	-	1
SW EMTN MEUR 100	Cross Currency Swap	MM EUR 100	-	64	-	64
EMTN SEK	Interest Rate Swap	MM SEK 500	-	1	-	1
DK EMTN MEUR 245	Cross Currency Swap	MM EUR 245	-	4	-	4
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	22	-	22
Total derivatives designated for hedging - assets*			-	215	-	215

Derivatives designated for hedge accounting - liabilities

<i>Name</i>	<i>Type</i>	<i>Notional</i>				
KIMI5	Interest Rate Swap	MM EUR 218	-	1	-	1
KIMI6	Interest Rate Swap	MM EUR 518	-	4	-	4
EMTN MEUR 100	Cross Currency Swap	MM EUR 100	-	2	-	2
Total derivatives designated for hedging - liabilities*			-	6	-	6

* Derivatives designated for hedge accounting are included in the balance sheet line "Other Assets" for the derivatives that represent an asset and in "Other liabilities" for derivatives that represent a liability for the entity.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access to at that date. When available, the fair value of an instrument is measured using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the instrument's fair value is measured using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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 to by the reporting date. Examples of instruments at Level 1 are listed government bonds.

Level 2:

Instruments at this level are not considered to have an active market. Fair value is obtained from relevant observable market data. This includes prices based on identical instruments, as well as prices based on similar assets and price indicators that are observable for the asset or liability. 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 known from contractual conditions, in addition to a marked regulated interest rate element (e.g. EURIBOR).

Level 3:

Instruments at Level 3 have no observable market inputs, or they traded on markets that are considered inactive. The price is based mainly on calculations based on internal data and the best information available given the circumstances.

Note 12 - Loans to customers

<i>All amounts in millions of NOK</i>	YTD Q1 2019	YTD Q1 2018	FY 2018
Credit Card	6 878	6 653	7 030
Unsecured loans	28 166	26 561	27 372
Auto loans	125 708	115 395	128 400
- <i>Installment loans</i>	104 579	96 246	106 981
- <i>Financial leasing</i>	21 129	19 149	21 419
Total gross loans to customers	160 752	148 609	162 802
- Loan loss allowance - Stage 1	-1 042	-1 143	-1 039
- Loan loss allowance - Stage 2	-518	-533	-591
- Loan loss allowance - Stage 3	-1 990	-1 860	-1 888
Total net loans to customers	157 203	145 073	159 284

Note 13 - Impairment losses on loan, guarantees etc.

All amounts in millions of NOK

	2019 Q1	2018 Q1
Change in loss allowance - Unsecured loans	-106	-101
Change in loss allowance - Secured loans	11	-71
Change in loss allowance - Commercial papers and bonds	0	0
+ Total realized losses	-373	-429
- Recoveries on previously realized losses	107	229
- Gain on sold portfolios	0	0
Impairment losses on loan, guarantees etc.	-361	-372

Note 14 - Issued securities

All amounts in millions of NOK

	Q1 2019	Q1 2018	FY 2018
Issued certificates	2086	853	1751
Senior unsecured issued securities	34 608	39 027	35 495
Asset backed issued securities	13 265	13 130	15 683
Total issued securities	49 958	53 009	52 929

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in January to a value of SEK 70 MM (NOK 67 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in February to a value of SEK 50 MM (NOK 47 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in February to a value of SEK 130 MM (NOK 121 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in February to a value of SEK 60 MM (NOK 56 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in February to a value of SEK 120 MM (NOK 112 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in February to a value of SEK 150 MM (NOK 138 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in February to a value of SEK 175 MM (NOK 161 MM)

Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in February to a value of NOK 1 000 MM

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in March to a value of SEK 200 MM (NOK 185 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in March to a value of SEK 67 MM (NOK 62 MM)

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 March to a value of EUR 500 MM (NOK 4 872)

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

Note 15 - Receivables and liabilities to related parties

Amounts in millions of NOK

Debt to related parties:	Accrued interest		Accrued interest		Accrued interest	
	Q1 2019	Q1 2019	Q1 2018	Q1 2018	FY 2018	FY 2018
Santander Benelux	-	-	571	2	-	-
Santander Consumer Finance S.A.	38 142	15	32 822	8	39 912	10
Total	38 142	15	33 393	10	39 912	10
Balance sheet line: "Subordinated loan capital" - Bonds						
MNOK 250, maturity March 2025, 3 months NIBOR + 2.2575% (Santander Consumer Finance S.A)	250	0	250	-	250	-
MNOK 250, maturity July 2025, 3 months NIBOR+3.135% (Santander Consumer Finance S.A)	250	2	250	2	250	2
MSEK 750, maturity December 2024, 3 months STIBOR+2.2825% (Santander Consumer Finance S.A)	697	0	706	-	728	-
MNOK 500, maturity September 2027, 3 months NIBOR + 1,66% (Santander Consumer Finance S.A)	500	1	500	1	500	-
Total	1 697	4	1 706	3	1 728	2

The interest rate on intercompany loans are carried out on market terms.

Financial information in accordance with the capital requirement regulation is published at www.santander.no

Note 16 - Transaction 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.

Transactions with related parties are mostly interest expenses on funding from the parent company and the ultimate parent company.

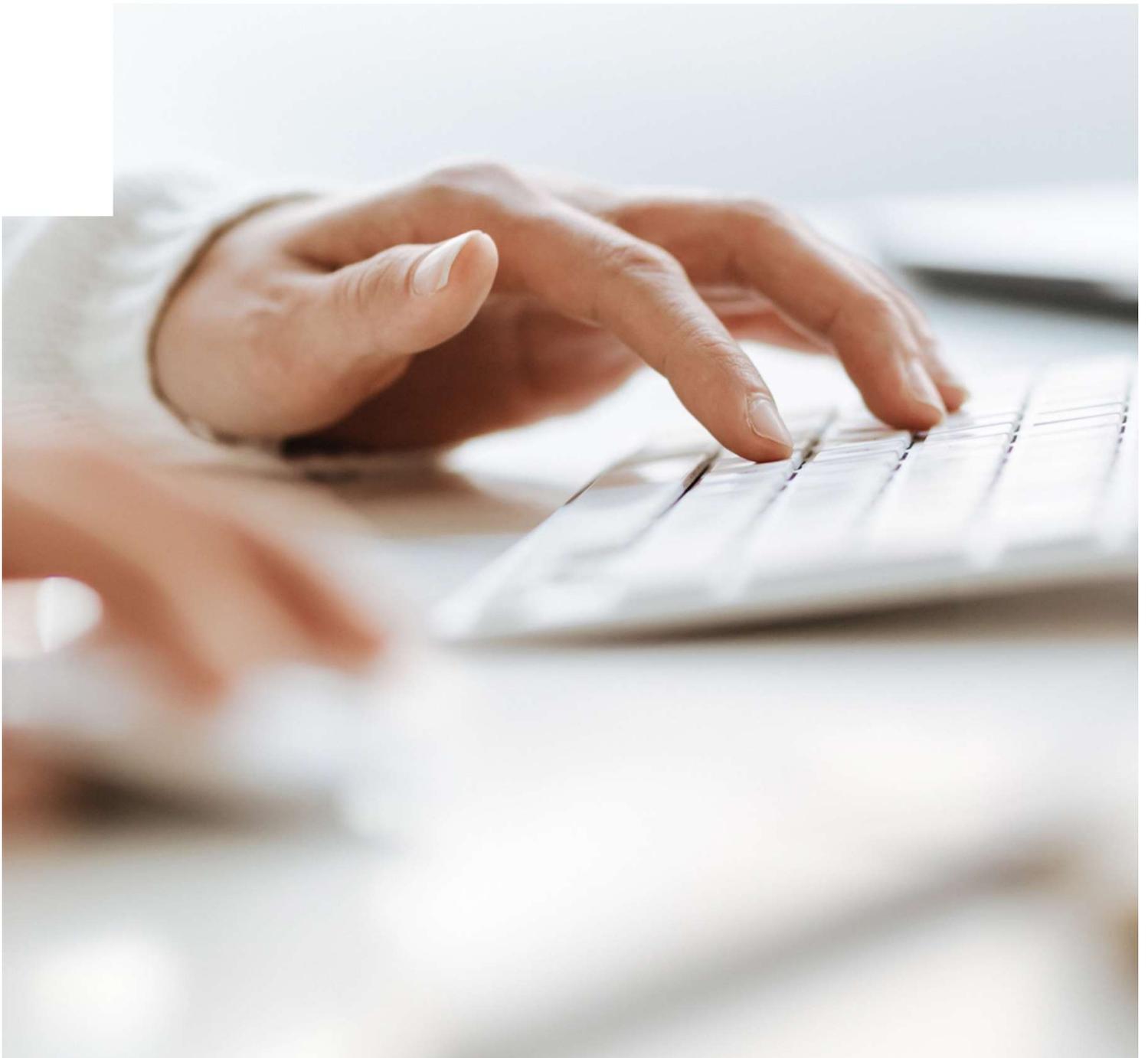
The following transactions were carried out with related parties:

	YTD Q1 2019	YTD Q1 2018	FY 2018
Interest income	-	9	13
Interest expenses	-36	-37	-132
Interest payments additional Tier 1 capital	-34	-41	-169
Fees	0	3	10
Other	0	-	-22
Net transactions	-70	-66	-301

Santander Consumer Bank Group had transactions with the following related parties per 31 March 2019:

Banco Santander S.A.
Santander Consumer Finance Global Services, S.L.
Santander Global Operations, S.A.
Santander Global Technology, S.L.
Santander Consumer Finance, S.A.
Santander Seguros Y Reaseguros, S.A.

AS notes



Note 1 - Basis of preparation

The accounts show the activities of the company in Norway, Sweden and Denmark (Santander Consumer Bank AS). All figures and notes were prepared under the assumption that the business is a going concern.

The Santander Consumer Bank interim accounts for the first quarter of 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual report as at and for the year ended 31 December 2018.

The annual report for 2018 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting www.santander.no.

This is the first set of the Group's financial statements where IFRS 16 have been applied. Changes to significant accounting policies are described in Note 2.

These interim financial statements were authorised by the Board of Directors on 14 May 2019.

Note 2 - Accounting policy

The Santander Consumer Banks AS's accounting policies are consistent with those of the previous financial year as described in the 2018 annual report except as described in note 2 in the Group notes above.

Note 3 - Credit risk exposure

All amounts in millions of NOK

Maximum exposure to credit risk - Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the SCB AS's maximum exposure to credit risk on these assets.

Unsecured loans	Q1 2019			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade				
Loans not past due date	26 680	853	-	27 534
Standard monitoring	781	1 285	-	2 066
Special monitoring	-	181	-	181
Default	-	-	1 994	1 994
Gross carrying amount	27 461	2 320	1 994	31 775
Loss allowance	-423	-320	-1 217	-1 960
Carrying amount	27 038	2 000	777	29 815

Loans not past due date: Exposures that are not in arrears and not in default.

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

Secured loans	Q1 2019			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade				
Loans not past due date	89 881	1 005	-	90 886
Standard monitoring	2 004	1 044	-	3 048
Special monitoring	11	227	4	242
Default	-	-	1 192	1 192
Gross carrying amount	91 896	2 276	1 196	95 368
Loss allowance	-382	-136	-620	-1 139
Carrying amount	91 513	2 141	575	94 229

Loans not past due date: Exposures that are not in arrears and not in default.

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

*Secured loans include secured auto loans and financial lease where the underlying assets serve as collateral.

Commercial papers and bonds	Q1 2019			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade				
Investment grade	8 171	-	-	8 171
Standard monitoring	-	-	-	0
Special monitoring	-	-	-	0
Default	-	-	-	0
Gross carrying amount	8 171	-	-	8 171
Loss allowance	-1	-	-	-1
Carrying amount	8 170	-	-	8 170

Maximum exposure to credit risk - Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL):

	Maximum exposure to credit risk
Financial derivatives	22

Key macroeconomic variables:

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The macro economic variables found impacting credit risk and ECL are GDP, unemployment rate and Housing Price Index. The macro economic forecast used is available for three years (2019-2021), after which the same macro economic factors are assumed for the rest of the years until remaining maturity of the financial exposures are captured. Forward looking scenarios have been considered for SICR assessment, meaning if there is a worsening of economy in the forecast period the share of SICR exposure will be higher.

The macro economic variables used for ECL estimates for the year ended December 2018 are shown below. The table show data for five years, three years with forecasts and 2 years assuming the same factors as period ending 2021.

Norway	2019	2020	2021	2022	2023
Macro Variables					
Unemployment rate					
Base scenario	4,02	3,88	3,72	3,72	3,72
Upside scenario 1	3,71	3,45	3,25	3,25	3,25
Upside scenario 2	3,51	3,25	3,05	3,05	3,05
Downside scenario 1	4,95	4,97	4,77	4,77	4,77
Downside scenario 2	5,98	6,16	5,91	5,91	5,91
House price index					
Base scenario	7,51	7,64	7,51	7,51	7,51
Upside scenario 1	8,94	8,55	8,25	8,25	8,25
Upside scenario 2	10,32	9,60	8,96	8,96	8,96
Downside scenario 1	2,41	3,67	3,82	3,82	3,82
Downside scenario 2	-2,28	-0,63	1,12	1,12	1,12
Domestic GDP					
Base scenario	2,72	2,79	2,71	2,71	2,71
Upside scenario 1	3,45	3,26	3,00	3,00	3,00
Upside scenario 2	3,97	3,74	3,43	3,43	3,43
Downside scenario 1	1,16	2,43	2,58	2,58	2,58
Downside scenario 2	-0,40	2,07	2,45	2,45	2,45

Sweden					
Macro Variables	2019	2020	2021	2022	2023
Unemployment rate					
Base scenario	6,40	6,30	6,20	6,20	6,20
Upside scenario 1	6,00	5,53	5,39	5,39	5,39
Upside scenario 2	5,49	4,67	4,46	4,46	4,46
Downside scenario 1	7,78	8,56	8,67	8,67	8,67
Downside scenario 2	8,70	10,21	10,56	10,56	10,56
House price index					
Base scenario	4,06	3,85	3,70	3,70	3,70
Upside scenario 1	5,27	4,58	4,16	4,16	4,16
Upside scenario 2	6,63	5,46	4,56	4,56	4,56
Downside scenario 1	0,54	1,29	2,82	2,82	2,82
Downside scenario 2	-3,18	0,18	2,29	2,29	2,29
Domestic GDP					
Base scenario	2,02	1,76	1,53	1,53	1,53
Upside scenario 1	2,78	2,29	1,86	1,86	1,86
Upside scenario 2	3,55	2,73	2,02	2,02	2,02
Downside scenario 1	0,25	0,48	1,09	1,09	1,09
Downside scenario 2	-1,60	-0,07	0,83	0,83	0,83
Denmark					
Macro variables	2019	2020	2021	2022	2023
Unemployment rate					
Base scenario	5,40	5,43	5,58	5,58	5,58
Upside scenario 1	4,93	4,68	4,70	4,70	4,70
Upside scenario 2	4,61	4,14	4,11	4,11	4,11
Downside scenario 1	6,37	6,91	7,42	7,42	7,42
Downside scenario 2	7,29	8,20	8,74	8,74	8,74
House price index					
Base scenario	3,28	3,20	3,05	3,05	3,05
Upside scenario 1	4,78	4,14	3,41	3,41	3,41
Upside scenario 2	5,86	5,00	3,79	3,79	3,79
Downside scenario 1	0,51	0,63	1,56	1,56	1,56
Downside scenario 2	-3,13	-0,90	0,99	0,99	0,99
Domestic GDP					
Base scenario	1,69	1,61	1,46	1,46	1,46
Upside scenario 1	2,74	2,26	1,65	1,65	1,65
Upside scenario 2	3,42	2,82	1,86	1,86	1,86
Downside scenario 1	0,40	0,41	0,76	0,76	0,76
Downside scenario 2	-1,29	-0,30	0,50	0,50	0,50

Scenario weights applied in the ECL estimates for the period ended 31 December 2018 are shown below. ECL is estimated for all scenarios, and applying the weights shown below the final ECL requirement is estimated.

All units	Weight
Base scenario	50 %
Upside scenario 1	20 %
Upside scenario 2	5 %
Downside scenario 1	20 %
Downside scenario 2	5 %

A sensitivity analysis comparing relative increase or decrease in ECL from the base scenario to the four scenarios described above are shown below:

Relative impact on ECL	Downside Scenario 1	Downside Scenario 2	Upside scenario 1	Upside Scenario 2
Norway	4,88 %	2,81 %	-0,45 %	-1,34 %
Sweden	2,48 %	1,53 %	-0,43 %	-0,85 %
Denmark	6,94 %	34,43 %	-1,36 %	-2,91 %

Below is a calculation of forward looking scenario impact for period ending 31 March 2019. For the period ending 31 March 2019, forward looking ECL parameters had resulted in additional reserves of 65.7 MM NOK for the Group.

Forward looking impact	Local currency	Exchange rate	NOK
Norway	35.4	1,0000	35.2
Sweden	20.4	0,9289	18.9
Denmark	8.9	1,2939	11.5
Total			65.7

Q1 2018

Loans to customers	Q1 2018			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade				
Loans not past due date	105 737	5 463	-	111 200
Standard monitoring	3 708	2 444	-	6 153
Special monitoring	1	256	-	257
Default	-	-	2 881	2 881
Gross carrying amount	109 446	8 163	2 881	120 490
Loss allowance	-854	-401	-1 752	-3 008
Carrying amount	108 591	7 763	1 128	117 481

Commercial papers and bonds	Q1 2018			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade				
Investment grade	7 149	-	-	7 149
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
Gross carrying amount	7 149	-	-	7 149
Loss allowance	-1	-	-	-1
Carrying amount	7 148	-	-	7 148

Maximum exposure to credit risk - Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL):

	Maximum exposure to credit risk
Financial derivatives	144

Note 4 - Risk classification

All amounts in millions of NOK

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		
	Q1 2019	Q1 2018	FY 2018	Q1 2019	Q1 2018	FY 2018
Current - not past due date	118 817	111 200	119 880	-876	-840	-783
Current - past due date	5 136	6 409	5 728	-386	-415	-442
Total impaired loans	3 190	2 881	3 007	-1 837	-1 752	-1 766
Total gross loans to customers	127 143	120 490	128 615	-3 099	-3 008	-2 991

<i>Ageing of past due but not impaired loans</i>	Balance			Loss reserves		
	Q1 2019	Q1 2018	FY 2018	Q1 2019	Q1 2018	FY 2018
1 - 29 days	3 816	5 094	4 455	-152	-192	-206
30 - 59 days	948	940	908	-137	-129	-143
60 - 89 days	372	375	365	-98	-95	-94
Total loans due but not impaired	5 136	6 409	5 728	-386	-415	-442

<i>Ageing of impaired loans</i>	Balance			Loss reserves		
	Q1 2019	Q1 2018	FY 2018	Q1 2019	Q1 2018	FY 2018
90 - 119 days	257	229	243	-129	-125	-129
120 - 149 days	223	198	203	-116	-106	-104
150 - 179 days	192	154	168	-97	-87	-89
180 + days	1 208	887	1 077	-737	-586	-693
Economic doubtful*	1 310	1 412	1 316	-758	-848	-751
Total impaired loans	3 190	2 881	3 007	-1 837	-1 752	-1 766

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

Note 5 - Loss allowance

All amounts in millions of NOK

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors:

Unsecured loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 January 2019	469	240	1 161	1 870
Transfers:				
Transfer from Stage 1 to Stage 2	-86	239	-	153
Transfer from Stage 1 to Stage 3	-3	-	41	38
Transfer from Stage 2 to Stage 3	-	-169	289	120
Transfer from Stage 2 to Stage 1	35	-147	0	-112
Transfer from Stage 3 to Stage 2	-	10	-58	-49
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	49	57	-15	91
Methodological changes	-43	100	-67	-10
Financial assets derecognised that are not write-offs	-15	-5	-20	-41
<i>of which 'account that have closed in the period'</i>	-15	-5	-20	-41
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-97	-97
New financial assets originated or purchased	30	-	-	30
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-12	-4	-17	-33
Loss allowance as at 31 March 2019	423	320	1 217	1 960

Secured loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 January 2019	345	198	578	1 121
Transfers:				
Transfer from Stage 1 to Stage 2	-50	99	-	50
Transfer from Stage 1 to Stage 3	-3	-	57	54
Transfer from Stage 2 to Stage 3	-	-48	115	67
Transfer from Stage 2 to Stage 1	18	-59	-	-42
Transfer from Stage 3 to Stage 2	-	9	-55	-46
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	32	10	21	63
Methodological changes	22	-62	25	-15
Financial assets derecognised that are not write-offs	-30	-10	-35	-76
<i>of which 'account that have closed in the period'</i>	-30	-10	-35	-76
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-80	-80
New financial assets originated or purchased	55	-	-	55
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-6	-2	-6	-14
Loss allowance as at 31 March 2019	382	136	620	1 139

Commercial papers and bonds	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 January 2019	1	-	-	1
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	1	-	-	1
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs of which 'account that have closed in the period'	-	-	-	-
of which 'foreclosed'	-	-	-	-
of which 'sold'	-	-	-	-
of which 'change of perimeter'	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Loss allowance as at 31 March 2019	1	-	-	1

Off balance exposure	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 January 2019	82	14	27	122
Transfers:				
Transfer from Stage 1 to Stage 2	-4	12	-	7
Transfer from Stage 1 to Stage 3	-	-	4	3
Transfer from Stage 2 to Stage 3	-	-3	6	3
Transfer from Stage 2 to Stage 1	2	-11	0	-8
Transfer from Stage 3 to Stage 2	-	2	-8	-6
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	1	1	-	2
Methodological changes	-38	1	-5	-42
Financial assets derecognised that are not write-offs of which 'account that have closed in the period'	-3	-	-2	-5
of which 'foreclosed'	-3	-	-2	-5
of which 'sold'	-	-	-	-
of which 'change of perimeter'	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated or purchased	8	-	-	8
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-2	-	-	-2
Loss allowance as at 31 March 2019	45	16	22	83

Q1 2018

All amounts in millions of NOK

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors:

Loans to customers	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 January 2018	908	406	1 607	2 920
Transfers:				
Transfer from Stage 1 to Stage 2	-38	184	-	146
Transfer from Stage 1 to Stage 3	-38	184	-	146
Transfer from Stage 2 to Stage 3	0	-116	250	134
Transfer from Stage 2 to Stage 1	16	-86	-	-70
Transfer from Stage 3 to Stage 2	-	9	-	9
Transfer from Stage 3 to Stage 1	-	-	-61	-61
Assets remaining in same Stage	-	-	-	-
Methodological changes	-79	11	47	-21
Financial assets derecognised that are not write-offs of which 'account that have closed in the period'	-52	-23	-38	-113
of which 'foreclosed'	-52	-23	-38	-113
of which 'sold'	-	-	-	-
of which 'change of perimeter'	-	-	-	-
Write-offs	-	-	-237	-237
New financial assets originated or purchased	116	17	33	166
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Loss allowance as at 31 March 2018	854	401	1 752	3 008

Commercial papers and bonds	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 January 2018	2	-	-	2
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	-1	-	-	-1
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs of which 'account that have closed in the period'	-	-	-	-
of which 'foreclosed'	-	-	-	-
of which 'sold'	-	-	-	-
of which 'change of perimeter'	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Loss allowance as at 31 March 2018	1	-	-	1

Note 6 - 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 100% from 31 December 2017. With a stable basis of High Quality Liquid Assets, SCB AS fulfills the minimum LCR requirements.

Liquidity Coverage Ratio (LCR) %	Q1 2019	Q1 2018	Q4 2018
Liquidity Coverage Ratio (LCR) Total	180	114	126
Liquidity Coverage Ratio (LCR) NOK	110	109	88
Liquidity Coverage Ratio (LCR) SEK	206	144	129
Liquidity Coverage Ratio (LCR) DKK	444	110	219
Liquidity Coverage Ratio (LCR) EUR	-	-	-

Note 7 - Capital adequacy

All amounts in millions of NOK

	Q1 2019	Q1 2018	FY 2018
Balance sheet equity			
Paid in equity	9 652	9 652	9 652
Share premium	891	891	891
Other equity	8 333	6 889	8 920
Tier 1 Capital	2 250	2 250	2 250
Other reserves	-106	-53	-105
Total Equity	21 021	19 629	21 609
Common Equity Tier 1 Capital			
(-) Profit not eligible as capital	-438	-479	-1 000
Cash-flow hedge adjustment	0	-	-
IRB Expected Loss - Reserves	-172	-223	-196
Goodwill	-285	-288	-294
Other intangible assets	-262	-281	-274
Deferred tax assets	0	-	-
Adjustment Prudent Valuation (AVA)	-7	-5	-7
Tier 1 Capital	-2 250	-2 250	-2 250
Total common Equity Tier 1 Capital (with full IFRS9 impact)	17 606	16 101	17 588
Capital adjustment according to IFRS9 Transitional rules	318	355	355
Total common Equity Tier 1 Capital (with IFRS9 transitional rules)	17 924	16 456	17 944
Tier 1 Capital			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
Total Tier 1 Capital (with full IFRS9 impact)	19 856	18 351	19 838
Total Tier 1 Capital (with IFRS9 transitional rules)	20 174	18 706	20 194
Total Capital			
Paid up subordinated loans	1 711	1 706	1 711
Subordinated loans not eligible	0	-	-
Total Capital (with full IFRS9 impact)	21 567	20 057	21 549
Total Capital (with IFRS9 transitional rules)	21 885	20 412	21 905
Risk exposure on Standard Approach			
Regional governments or local authorities	70	78	73
Institutions	343	357	386
Corporates	9 118	8 283	8 778
Retail Standard Approach	49 020	46 184	49 918
Exposures in default SA	986	798	902
Covered bonds	426	388	443
Other Exposures	12 361	15 453	11 075
Total Risk exposure amount on Standard Approach	72 325	71 540	71 575
Risk exposure on Internal Rating Based Approach			
Retail Other	23 059	21 729	23 589
Total Risk exposure amount on Internal Rating Based Approach	23 059	21 729	23 589
Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	95 384	93 269	95 164
Foreign exchange (zero if under threshold)	689	940	-
Risk exposure amount for position, foreign exchange and commodities risks	689	940	-

Santander Consumer Bank

Basic indicator approach	11 772	10 607	11 772
Risk exposure amount for operational risk	11 772	10 607	11 772
Standardized method	79	106	105
Risk exposure amount for credit valuation adjustment	79	106	105
Total risk exposure amount (with full IFRS9 impact)	107 923	104 921	107 040
Risk Exposure adjustment according to IFRS9 Transitional rules	316,4326857	354	354
Total risk exposure amount (with IFRS9 transitional rules)	108 240	105 274	107 394
Total exposure for Leverage Ratio			
Derivatives: Add-on under market-to-market method	296	546	430
Off-balance sheet items with 10% CCF	2 357	2 113	2 286
Off-balance sheet items with 20% CCF	907	350	782
Off-balance sheet items with 50% CCF	37	37	37
Adjusted On balance sheet exposure	147 813	144 443	146 629
Total exposure for Leverage Ratio (with full IFRS9 impact)	151 411	147 443	150 164
Exposure adjustment according to IFRS9 Transitional rules	423	473	473
Total exposure for Leverage Ratio (with IFRS9 transitional rules)	151 834	147 915	150 637
Minimum Regulatory Capital			
Minimum Core Equity	4,50 %	4,50 %	4,50 %
Pillar 2 Requirement	2,60 %	2,30 %	2,30 %
Countercyclical Buffer (combined)	1,47 %	1,46 %	1,47 %
Conservation Buffer	2,50 %	2,50 %	2,50 %
Systemic Risk Buffer	3,00 %	3,00 %	3,00 %
Minimum Regulatory Capital ratio (CET1)	14,07 %	13,76 %	13,77 %
Minimum Regulatory Capital			
Minimum Core Equity	4 857	4 721	4 817
Pillar 2 Requirement	2 806	2 413	2 462
Countercyclical Buffer (combined)	1 586	1 563	1 573
Conservation Buffer	2 698	2 623	2 676
Systemic Risk Buffer	3 238	3 148	3 211
Minimum Regulatory Capital amount (full IFRS9 impact)	15 185	14 469	14 739
Surplus of Core Equity Tier 1 capital (full IFRS9 impact)	2 422	1 632	2 849
Minimum Regulatory Capital amount (with IFRS9 transitional rules)	15 229	14 521	14 788
Surplus of Core Equity Tier 1 capital (after IFRS9 transitional rules)	2 695	2 014	3 155
Common equity tier 1 capital ratio (full IFRS9 impact)	16,31 %	15,35 %	16,43 %
Common equity tier 1 capital ratio (with IFRS9 transitional rules)	16,56 %	15,63 %	16,71 %
CET1 regulatory requirements	14,07 %	13,79 %	13,77 %
Tier 1 capital ratio (full IFRS9 impact)	18,40 %	17,49 %	18,53 %
Tier 1 capital ratio (with IFRS9 transitional rules)	18,64 %	17,77 %	18,80 %
Tier 1 regulatory requirements	15,57 %	15,29 %	15,27 %
Total capital ratio (full IFRS9 impact)	19,98 %	19,12 %	20,13 %
Total capital ratio (with IFRS9 transitional rules)	20,22 %	19,39 %	20,40 %
Total capital regulatory requirements	17,57 %	17,29 %	17,27 %
Leverage ratio (full IFRS9 impact)	13,11 %	12,45 %	13,21 %
Leverage ratio (with IFRS9 transitional rules)	13,29 %	12,65 %	13,41 %
LR regulatory requirements	5,00 %	5,00 %	5,00 %

Specification of IFRS Transition rules (based on initial impact)

IFRS 9 Increase in Loss Reserves	-498
- whereof Internal Rating Based	-
Tax impact from increased loss reserves	124
Deferred tax assets impact on capital	-
Initial IFRS9 net impact on capital	-374
Base amount for IFRS9 transitional rule on capital	374
Transition %	85 %
Capital adjustment due to Transitional rule	318

Std Approach value adjustments Spec Reserves	-498
- whereof Retail (75%RW)	-496
- whereof Covered Bonds (10%RW)	-2
Deferred tax assets impact on Risk Exposure Amount (250%RW)	-
Initial IFRS9 net impact on Risk Exposure Amount	-372
Base amount for IFRS9 transitional rule on Risk Exposure Amount	372
Transition %	85 %
Risk Exposure adjustment due to Transitional rule	316

Impact from Transitional rules on capital ratios (same impact for Tier 1 and 2) 0,25 %

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. The Pillar 3 Disclosure report is published at www.santander.no.

Note 8 - Segment information

All amounts in millions of NOK

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)

	Q1 2019				
	Unsecured loans	Secured loans	Financial lease	Operational lease	Total
Norway	11 163	37 584	10 774	-	59 521
Sweden	14 096	16 854	5 081	-	36 031
Denmark	6 516	22 470	2 604	295	31 885
Total	31 775	76 909	18 459	295	127 437

	Q1 2018				
	Unsecured loans	Secured loans	Financial lease	Operational lease	Total
Norway	11 503	35 931	9 990	-	57 425
Sweden	13 411	15 434	4 642	-	33 487
Denmark	5 705	21 196	2 677	183	29 760
Total	30 620	72 562	17 309	183	120 672

P&L and Balance sheet per country

	Q1 2019				
	Norway	Sweden	Denmark	Eliminations	Total
Total interest income	995	385	454	-	1 834
Total interest expenses	-236	-50	-41	-	-327
Net interest income	759	335	413	-	1 507
Fee and commission income	42	50	59	-	151
Fee and commission expenses	-20	-6	-7	-	-33
Value change and gain/loss on foreign exchange and securities	24	-	-4	-	19
Other operating income	8	2	20	-	30
Other operating expenses	-8	-5	-11	-	-23
Gross margin	806	375	469	-	1 650
Salaries and personnel expenses	-151	-87	-71	-	-309
Administrative expenses	-145	-98	-88	-	-331
Depreciation and amortisation	-23	-10	-11	-	-44
Net operating income	487	180	300	-	966
Other income and costs	35	1	-3	-	33
Impairment losses on loan, guarantees etc.	-210	-105	-89	-	-404
Profit before taxes	312	76	207	-	595
Income tax expense	-93	-18	-46	-	-157
Profit after tax	219	58	161	-	438

Cash and receivables on central banks	65	-	-	-	65
Deposits with and receivables on financial institutions	709	1 691	77	-	2 477
Total gross loans to customers	58 542	31 595	31 591	5 416	127 143
Write-downs	-1 638	-819	-642	-	-3 099
Commercial papers and bonds	3 396	2 754	2 019	-	8 170
Financial derivatives	22	-	-	-	22
Investments in subsidiaries	1 254	-	-	-	1 254
Other assets	19 328	491	1 539	-8 852	12 507
Total assets	82 658	40 149	34 584	-3 436	148 539
Debt to credit institutions	6 283	9 424	15 629	-3 705	27 630
Deposits from customers	23 149	17 636	17 563	-	58 349
Debt established by issuing securities	28 816	7 176	702	-	36 693
Financial derivatives	15	-	-	-	15
Other liabilities	2 440	1 409	714	269	4 832
Equity	20 976	68	-23	-	21 021
Total liabilities and equity	81 679	35 713	34 584	-3 436	148 539

P&L and Balance sheet per country

	Q1 2018				
	Norway	Sweden	Denmark	Eliminations	Total
Total interest income	926	393	421	2	1 742
Total interest expenses	-209	-34	-50	-2	-295
Net interest income	716	359	371	-	1 447
Fee and commission income	41	44	41	-	126
Fee and commission expenses	-13	-2	-5	-	-20
Value change and gain/loss on foreign exchange and securities	19	-2	11	-	28
Other operating income	4	2	13	-	20
Other operating expenses	-11	-6	-12	-	-29
Gross margin	756	396	421	-	1 573
Salaries and personnel expenses	-116	-92	-73	-	-281
Administration expenses	-164	-94	-64	-	-323
Depreciation and amortisation	-15	-4	-7	-	-26
Net operating income	461	206	277	-	943
Other income and costs	-1	0	0	-	-1
Impairment losses on other assets	0	0	0	-	0
Impairment losses on loan, guarantees etc.	-168	-62	-66	-	-296
Profit before taxes	291	144	211	-	647
Income tax expense	-87	-33	-47	-	-167
Profit after tax	204	111	164	-	479
	65	-	-	-	65
Cash and receivables on central banks					
Deposits with and receivables on financial institutions	915	653	4 020	-	5 588
Total gross loans to customers	57 425	33 487	29 578	-	120 490
Write-downs	-1 831	-666	-510	-	-3 008
Commercial papers and bonds	3 628	2 233	1 287	-	7 148
Financial derivatives	144	-	-	-	144
Investments in subsidiaries	1 256	-	-	-	1 256
Other assets	26 406	441	1 378	-14 256	13 969
Total assets	88 007	36 148	35 752	-14 256	145 651
Debt to credit institutions	9 280	14 924	19 856	-14 367	29 693
Deposits from customers	22 316	14 883	15 045	-	52 244
Debt established by issuing securities	34 733	5 136	10	-	39 879
Financial derivatives	98	-	-	-	98
Other liabilities	1 952	1 234	812	111	4 109
Equity	19 628	-29	30	-	19 629
Total liabilities and equity	88 007	36 148	35 752	-14 256	145 651

Note 9 - Net interest income

All amounts in millions of NOK

	Q1 2019	Q1 2018	FY 2018
Interest and similar income on loans to and receivables from credit institutions	96	106	398
Interest and similar income on loans to and receivables from customers	1 726	1 610	6 547
Interest and similar income on comm. paper, bonds and other securities	13	27	60
Total interest income	1 834	1 742	7 004
Interest and similar expenses on debt to credit institutions	-54	-41	-156
Interest and similar expenses on deposits from and debt to customers	-175	-165	-666
Interest and similar expenses on issued securities	-85	-77	-288
Interest on subordinated loan capital	-12	-11	-46
Other interest expenses and similar expenses	-1	-1	-5
Total interest expense	-327	-295	-1 161
Net interest income	1 507	1 447	5 844

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

	Q1 2019	Q1 2018	FY 2018
To credit institutions			
Interest expenses	-54	-41	-156
Average loan	28 661	29 869	29 657
Average nominal interest rate	0,75 %	0,54 %	0,53 %
To customers			
Interest expenses	-175	-165	-666
Average deposit	55 296	51 430	52 631
Average nominal interest rate	1,26 %	1,29 %	1,27 %
To bondholders			
Interest expenses	-85	-77	-288
Average issued notes and bonds	38 286	37 832	36 516
Average nominal interest rate	0,89 %	0,82 %	0,79 %
Subordinated loan capital*			
Interest expenses	-12	-11	-46
Average subordinated loan capital	1 705	1 731	1 742
Average nominal interest rate	2,90 %	2,48 %	2,64 %
Total of tables above:			
Interest expenses	-326	-294	-1 155
Loan	123 949	120 863	120 546
Average nominal interest rate	0,53 %	0,97 %	0,96 %

Note 10 - Classification of financial instruments

All amounts in millions of NOK

Classification of financial assets 31 March 2019	Financial assets at fair value through P&L	Financial assets at fair value through OCI	Amortized cost	Book value
Cash and receivables on central banks	-	-	65	65
Deposits with and receivables on financial institutions	-	-	2 477	2 477
Loans to customers	-	-	124 044	124 044
Commercial papers and bonds	-	-	8 170	8 170
Financial derivatives	22	-	-	-
Loans to subsidiaries and SPV's	-	-	9 702	9 702
Other ownership interests	-	26	-	26
Total financial assets	22	26	144 459	144 484

Non financial assets	4 055
Total assets	148 539

Classification of financial liabilities 31 March 2019	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	27 630	27 630
Deposits from customers	-	-	58 349	58 349
Debt established by issuing securities	-	-	36 693	36 693
Financial derivatives	15	-	-	15
Other financial liabilities	-	-	683	683
Subordinated loan capital	-	-	1 701	1 701
Total financial liabilities	15	-	125 056	125 071

Non financial liabilities and equity	23 468
Total liabilities and equity	148 539

2018

All amounts in millions of NOK

	Financial assets at fair value through P&L	Financial assets at fair value through OCI	Amortized cost	Book value
Classification of financial assets 31 December 2018				
Cash and receivables on central banks	-	-	65	65
Deposits with and receivables on financial institutions	-	-	1 216	1 216
Loans to customers	-	-	125 624	125 624
Commercial papers and bonds	-	-	8 025	8 025
Financial derivatives	50	-	-	50
Loans to subsidiaries and SPV's	-	-	8 872	8 872
Other ownership interests	-	26	-	26
Other financial assets	-	-	-	-
Total financial assets	50	26	143 802	143 878

Non financial assets	3 521
Total assets	147 400

	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Classification of financial liabilities 31 December 2018				
Debt to credit institutions	-	-	29 269	29 269
Deposits from customers	-	-	54 645	54 645
Debt established by issuing securities	-	-	37 247	37 247
Financial derivatives	38	-	-	38
Other financial liabilities	-	-	343	343
Subordinated loan capital	-	-	1 731	1 731
Total financial liabilities	38	-	123 235	123 273

Non financial liabilities and equity	24 127
Total liabilities and equity	147 400

Note 11 - Valuation Hierarchy

Q1 2019

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Financial assets						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 57	-	22	-	22
Total financial trading derivatives			-	22	-	22
<i>Name</i>	<i>Type</i>					
VISA	Equity		-	26	-	26
Total other ownership interests			-	26	-	26
Total Assets			-	48	-	48
Financial liabilities						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 39	-	15	-	15
Total financial derivatives			-	15	-	15
Total Liabilities			-	15	-	15
Derivatives designated for hedge accounting - assets						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	12	-	12
SW EMTN MEUR 100	Cross Currency Swap	MM EUR 100	-	75	-	75
DK EMTN MEUR 245	Cross Currency Swap	MM EUR 245	-	5	-	5
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	45	-	45
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	4	-	4
Total derivatives designated for hedging - assets*			-	140	-	140

* Derivatives designated for hedge accounting are included in the balance sheet line "Other Assets" for the derivatives that represent an asset and in "Other liabilities" for derivatives that represent a liability for the entity.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access to at that date. When available, the fair value of an instrument is measured using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the instruments fair value is measured using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Santander Consumer Bank

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 is obtained from relevant observable market data. This includes prices based on identical instruments, as well as prices based on similar assets and price indicators that are observable for the asset or liability. 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 known from contractual conditions, in addition to a marked regulated interest rate element (e.g. EURIBOR).

Level 3:

Instruments at Level 3 have no observable market inputs, or they traded on markets that are considered inactive. The price is based mainly on calculations based on internal data and the best information available given the circumstances.

Q1 2018

All amounts in millions of NOK

			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Financial instruments measured at fair value						
Financial assets						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
Bilkreditt 6 Fixed	Cross Currency Swap	MM EUR 57	-	88	-	88
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 142	-	56	-	56
Total financial trading derivatives			-	144	-	144
Other ownership interests						
<i>Name</i>	<i>Type</i>					
VISA	Equity		0	23	-	23
Total other ownership interests			0	23	-	23
Total Assets			0	167	-	167
Financial liabilities						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
Bilkreditt 6 Pass Through	Cross Currency Swap	MM EUR 31	-	47	-	47
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 127	-	51	-	51
Total financial derivatives			-	98	-	98
Total Liabilities			-	98	-	98

Derivatives designated for hedge accounting - assets

<i>Name</i>	<i>Type</i>	<i>Notional</i>				
EMTN MEUR 350	Cross Currency Swap	MM EUR 350	-	12	-	12
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	13	-	13
DK EMTN MEUR 240	Cross Currency Swap	MM EUR 240	-	1	-	1
SW EMTN MEUR 100	Cross Currency Swap	MM EUR 100	-	64	-	64
EMTN SEK	Interest Rate Swap	MM SEK 500	-	1	-	1
DK EMTN MEUR 245	Cross Currency Swap	MM EUR 245	-	4	-	4
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	22	-	22
Total derivatives designated for hedging - assets*			-	117	0	117

Derivatives designated for hedge accounting - liabilities

<i>Name</i>	<i>Type</i>	<i>Notional</i>				
EMTN MEUR 100	Cross Currency Swap	MM EUR 100	-	-2	-	-2
Total derivatives designated for hedging - liabilities*			-	-2	-	-2

* Derivatives designated for hedge accounting are included in the balance sheet line "Other Assets" for the derivatives that represent an asset and in "Other liabilities" for derivatives that represent a liability for the entity.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access to at that date. When available, the fair value of an instrument is measured using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the instruments fair value is measured using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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 is obtained from relevant observable market data. This includes prices based on identical instruments, as well as prices based on similar assets and price indicators that are observable for the asset or liability. 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 known from contractual conditions, in addition to a marked regulated interest rate element (e.g. EURIBOR).

Level 3:

Instruments at Level 3 have no observable market inputs, or they traded on markets that are considered inactive. The price is based mainly on calculations based on internal data and the best information available given the circumstances.

Note 12 - Loans to customers

All amounts in millions of NOK

	Q1 2019	Q1 2018	FY 2018
Credit Card	6 878	6 649	7 026
Unsecured loans	24 896	23 970	24 625
Auto loans	95 368	89 870	96 964
- Installment loans	76 909	72 561	78 226
- Financial leasing	18 459	17 309	18 738
Total gross loans to customers	127 143	120 490	128 614
- Loan loss allowance - Stage 1	-806	-854	-814
- Loan loss allowance - Stage 2	-456	-401	-438
- Loan loss allowance - Stage 3	-1837	-1 752	-1 739
Total net loans to customers	124 044	117 481	125 624

Note 13 - Impairment losses on loan, guarantees etc.

All amounts in millions of NOK

	Q1 2019	Q1 2018
Change in loss allowance - Unsecured loans	-125	-80
Change in loss allowance - Secured loans	-32	-57
Change in loss allowance - Commercial papers and bonds	0	0
+ Total realized losses	-346	-373
- Recoveries on previously realized losses	99	213
- Gain on sold portfolios	0	0
Impairment losses on loan, guarantees etc.	-404	-296

Note 14 - Issued securities

All amounts in millions of NOK

	Q1 2019	Q1 2018	FY 2018
Issued certificates	2 086	853	1 751
Senior unsecured issued securities	34 608	39 026	35 495
Asset backed issued securities	-	-	-
Total issued securities	36 693	39 879	37 247

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in January to a value of SEK 70 MM (NOK 67 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in February to a value of SEK 50 MM (NOK 47 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in February to a value of SEK 130 MM (NOK 121 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in February to a value of SEK 60 MM (NOK 56 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in February to a value of SEK 120 MM (NOK 112 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in February to a value of SEK 150 MM (NOK 138 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in February to a value of SEK 175 MM (NOK 161 MM)

Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in February to a value of NOK 1 000 MM

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in March to a value of SEK 200 MM (NOK 185 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in March to a value of SEK 67 MM (NOK 62 MM)

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 March to a value of EUR 500 MM (NOK 4 872)

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

Note 15 - Receivables and liabilities to related parties

Amounts in millions of NOK

Debt to related parties:	Accrued interest		Accrued interest		FY 2018	Accrued interest FY 2018
	Q1 2019	Q1 2019	Q1 2018	Q1 2018		
Santander Benelux	-	-	571	2	-	-
Santander Consumer Finance S.A.	22 030	12	21 538	6	23 149	8
Debt to SPV on future cash flow of securitized loans	5 416	0	7 400	-	5 822	0
Total	27 446	12	29 509	8	28 971	8

Balance sheet line: "Subordinated loan capital" - Bonds

MNOK 250, maturity March 2025, 3 months NIBOR +2.2575% (Santander Consumer Finance S.A)	250	0	250	-	250	-
MNOK 250, maturity July 2025, 3 months NIBOR +3.135% (Santander Consumer Finance S.A)	250	2	250	2	250	2
MSEK 750, maturity December 2024, 3 months STIBOR +2.2825% (Santander Consumer Finance S.A)	697	0	706	-	728	-
MNOK 500, maturity September 2027, 3 months NIBOR + 1,66% (Santander Consumer Finance S.A)	500	1	500	1	500	1
Total	1 697	4	1 706	3	1 728	3

Receivables on related parties:	Accrued interest		Accrued interest		FY 2018	Accrued interest FY 2018
	Q1 2019	Q1 2019	Q1 2018	Q1 2018		
Balance sheet line: "Commercial papers and bonds" <i>B and C notes issued by SPVs</i>	1 147	0	2 061	1	1 168	-
Balance sheet line : "Loans to subsidiaries and SPV's" <i>Loan to subsidiary (Santander Consumer Bank OY)</i>	9 629	12	11 369	25	8 680	53
<i>Subordinated loan to SPVs</i>	61	0	253	-	138	-

The interest rate on intercompany loans are carried out on market terms.

Financial information in accordance with the capital requirement regulation is published at www.santander.no

Note 16 - Transaction 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 expenses on funding from the parent company and the ultimate parent company. 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:

	YTD Q1 2019	YTD Q1 2018	FY 2018
Interest income	79	119	425
Interest expenses	-33	-94	-461
Interest payments additional Tier 1 capital	-34	-41	-169
Fees	7	3	10
Other	6	-19	63
Net transactions	25	-32	-131

Santander Consumer Bank AS had transactions with the following related parties per 31 March 2019:

Banco Santander S.A.
 Santander Seguros Y Reaseguros, S.A.
 Santander Consumer Finance OY
 Santander Consumer Finance Global Services, S.L.
 Santander Global Operations, S.A.
 Santanader Global Technology, S.L.

SPV:

Bilkreditt 7 (3147)
 SV Autofinans Warehousing 1 LTD (03104)

