

Third Quarter Report 2019

Santander Consumer Bank Nordic Group
and Santander Consumer Bank AS

Letter from CEO

Stabil results in an ever-changing market

Third quarter proves that we continue to deliver robust results. Santander in the Nordics is a stable bank in an environment that continues to change, both from a regulatory and from a market perspective.

To follow the changing environment, we are continuously reviewing our operations to ensure that we stay a competitive and agile bank that can offer value to our customers and partners.

Auto remains at the core of our business and the auto market is rapidly evolving. We continue to develop new products and services to keep our position as the business changes into a mobility industry.

We are expanding our partnerships and this presents new opportunities across the region. In the beginning of November we announced an acquisition of Forso Nordic AB, the captive finance operation of Ford Motor Company in the Nordics. Part of the agreement is a long term partnership offering financial services to Ford dealers and customers in the region. This will provide a major growth opportunity through an extended service offering for our customers.

In the Nordics, and internationally, the regulators issue new regulations that raise the bar on how to do banking. This affect our playing field. The regulatory changes pay special attention to risk management, something we strongly support. In Santander, risk is at our core. To maintain our trustworthiness among our customers and partners we are even more focused and working harder than ever to secure compliance.

We close the third quarter with a growth that remains sustainable, experiencing positive increase in results on the bottom line.



A handwritten signature in black ink, appearing to read 'Michael Hvidsten'. The signature is fluid and cursive.

Michael Hvidsten, CEO

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Third quarter report 2019

Highlights

- Net interest income increased with 6% and gross margin with 4%, compared to the third quarter of 2018.
- Lending rose 7% compared to the same period in 2018, strongly driven by growth in the auto business.
- Deposit volumes increased by 22%, compared to the third quarter of 2018, and continues to be the largest funding source of the Group.
- The Group's Profit before tax in Q3 was 662 MM NOK, a decrease of 11% compared to the same period in 2018. Profit before tax year to date was 2 976 MM NOK compared to 2 792 MM NOK per Q3 2018.
- Ford Motor Company and Santander Consumer Bank AS have agreed to a sale of Forso Nordic AB (Ford Credit) to Santander Consumer Bank AS. The transaction is expected to take effect in Q1 2020, subject to regulatory approval.

Key figures Santander Consumer Bank Group

| <i>All amounts in millions of NOK</i> | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | 2018 |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Net interest income | 1 832 | 1 723 | 5 372 | 5 136 | 6 919 |
| <i>Growth*</i> | 6% | 3% | 5% | 5% | 5 % |
| Profit before tax | 662 | 746 | 2 976 | 2 792 | 4 134 |
| <i>Growth*</i> | -11% | -16% | 7% | -8% | 3 % |
| Profit after tax | 488 | 565 | 2 250 | 2 101 | 3 139 |
| <i>Growth*</i> | -14% | -14% | 7% | -9% | 3 % |
| Total assets | 182 024 | 167 791 | 182 024 | 167 791 | 176 108 |
| <i>Growth*</i> | 8% | 10% | 8% | 10% | 11 % |
| Net Loans to customers | 161 975 | 151 290 | 161 975 | 151 290 | 159 284 |
| <i>Growth*</i> | 7% | 10% | 7% | 10% | 10 % |
| Customer deposits | 64 613 | 53 119 | 64 613 | 53 119 | 54 645 |
| <i>Growth*</i> | 22% | 10% | 22% | 10% | 8 % |

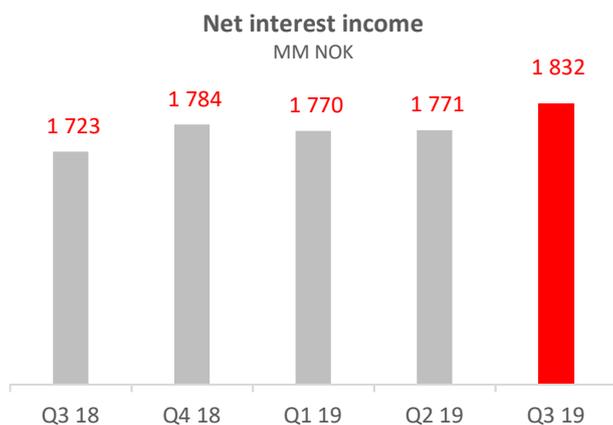
* Year on year.

Financial Performance for the third quarter of 2019

Results

The Group's profit before tax in the third quarter of 2019 was 662 MM NOK, a decrease of 11% compared to the third quarter last year. These results were driven by an increase in administrative expenses due to cost of restructuring and higher impairment losses compared to the third quarter of 2018. Profit before tax year to date was 2 976 MM NOK compared to 2 792 MM NOK per Q3 2018.

Net interest income increased by 108 MM NOK compared with Q3 2018, up 6%. Higher lending volumes resulted in an increase in interest income with 140 MM NOK while higher cost of funding increased the interest expenses with 32 MM NOK. In addition, 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 decreased by 40 MM NOK from the third quarter of 2018.

Operating expenses for the period was 768 MM NOK, compared with 669 MM NOK in the third quarter of 2018. The increase in Q3 2019 is mainly driven by higher IT and consultants cost, due to investments from the ONE IT initiative.

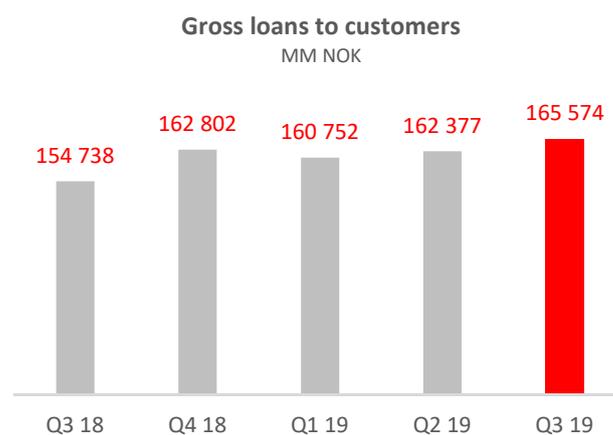
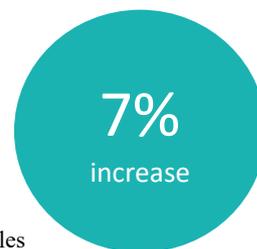
Other income and costs decreased by 157 MM NOK from Q3 2018, thanks largely to reduced loss allowances on off-balance exposures.

Net impairment losses on loans in the period shows a loss of 475 MM NOK, an increase of 209 MM NOK compared to the same period last year. A higher non-performing portfolio is the main driver for the increase. In addition, the implementation of the debt register in Norway is causing higher impairments for the unsecured portfolio and there is higher impairments in auto portfolios due to an increased share of used cars in the portfolio.

Loans and Deposits Performance

Loans to Customers

The Group's gross outstanding loans to customers were 165.6 Bn NOK at Q3 2019. This is an increase of 7% (10.8 Bn NOK) compared to Q3 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 market reached 716.343 units during the third quarter of 2019, a decrease of 6,9% compared to the same period in 2018. Norway and Denmark are still showing growth, while Sweden and Finland are experiencing a reduction in car sales. Sweden is subject to the largest slump, down 14%. The main driver behind this is changes to car taxation (Bonus Malus) implemented in Sweden in July 2018, which led to a substantial increase in car sales during first half of last year.

Expectations for the full year 2019 is a total new car sales of 945.000 units which is in line with 2018 numbers. The used car market is strong, showing an increase of 4%, ending up at 2.332.206 units. Under these circumstances, the Group has financed 204.966 new and used cars, down 11.1% compared to the same period in 2018. Present outstanding volume is 130.7 Bn NOK vs 121.3 Bn NOK YTD 2018, an increase of 8% compared to last year.

Intensified competition with pressure on margins is affecting the performance and has effected the market negatively. Balancing growth and profitability is thus a key priority for the bank.

In all markets, there is increased sales of hybrid and electrical cars. Norway is in front where more than 45% of all new cars sold is fully electric.

The auto industry is expected to be transformed, driven by digitalization and technology, environmental requirements and customers' behavior.

A new EU legislation phased-in from 2020, fully effective from 2021, sets mandatory Co2 emission reduction targets for new cars sold in Europe. Max 95g Co2/km with fee to be paid by the manufacturer if the target is not met. It is expected that the manufacturers will postpone the sales of low emission cars until next year and sell out cars with a high Co2 per km this year. Together with increased digitalization, technology and changes in customers' behavior, these are elements, which will be drivers for the transformation for the auto Industry going forward. SCB has several initiatives to support their partners in this transformation.

The Group is expanding their partnerships which will present new opportunities and a strengthened position across the region. On 4 November 2019, The Group announced that they had entered into an agreement with Ford Motor Company to acquire their captive finance operations, Forso Nordic AB. Forso Nordic AB is headquartered in Sweden, Gothenburg, with a subsidiary in Finland and branches in Norway and Denmark. The total outstanding portfolio, consisting of auto loans and leasing contracts, is approximately EUR 1,3bn., which is 8% of the total balance of The Group. The acquisition will be fully financed through an intra group loan from the parent company of Santander Consumer Bank AS. The agreement also includes a long term partnership offering financial services to Ford dealers and customers in the Nordic region. The transaction is subject to regulatory approval, which is expected to take place in the first half of 2020. The Group is currently evaluating the accounting consequence for the Group.

Unsecured Financing

The third quarter closed with an unsecured product portfolio of 35 723 MM NOK. Sweden was the biggest contributor in absolute terms (1 277 MM NOK) while Denmark saw the highest growth in percentage (+20%) versus third quarter 2018. Consumer loans continue to be the primary product in all four Nordic countries and represent the majority of the outstanding volumes.

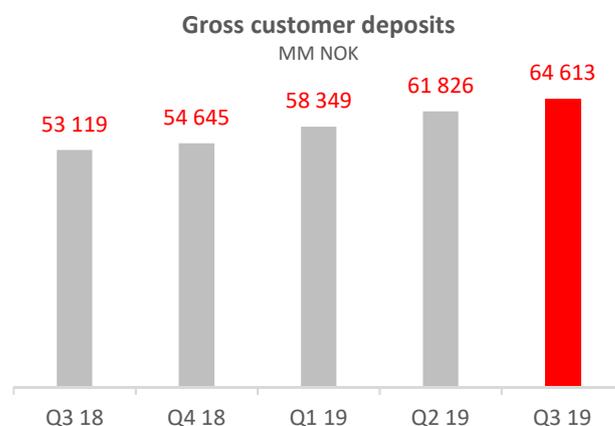
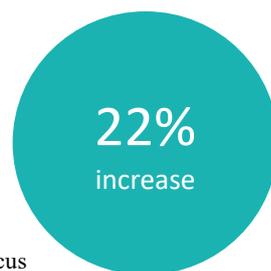
The Nordic consumer loan market continues to be highly competitive, with both traditional players, as well as new competitors continuously entering the market. We continue to adapt and align our business with the regulatory landscape in which we operate, which is of key importance both to our business and to our customers. The effects from new regulations and the implementation of a debt credit registry in Norway is likely to dampen the pace of loan growth in Norway to a more sound level. In addition, brokers continue to play a significant role in the consumer loan markets. For Finland, broker presence and customer preferences for using them is still increasing, making it a highly relevant acquisition channel for us. Whereas in Denmark, the first brokers have entered the market with success and are expected to grow rapidly, putting pressure on acquisition cost, as well as on yield. However, it is also an opportunity to attract more customers and new segments.

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. The competition is intensifying with online players moving aggressively into the point-of-sale (physical) environment, building on the same value proposition as online with ease of mind for the consumer and increased conversion for the retailer. In the third 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.

Santander, and other banks across Europe, are now operating in a PSD II-environment with increased standards, enhanced security and improved transparency for consumers. Open APIs for account information services and payment initiations, as well as additional requirement on strong customer authentication, have removed pain-points and addressed key risks affecting consumers and the overall market. PSD II provides opportunity for us as a bank to find suitable partners, in a growing financial services ecosystem, to co-develop banking services that meet new customer demands. Santander views this as the starting point of a wider movements of banks and non-banks coming together to securely and effectively deliver the next generation of banking.

Deposits

Customer deposits are the largest funding source of the Group and it continues to be a strategic priority to grow in this area. Deposit-taking capabilities have been developed in Norway, Sweden and Denmark over the last years. The focus in the third quarter of 2019 has been on optimizing the existing portfolio and developing new products, while also searching for new opportunities and adjust to changed legal requirements as e.g. new calculation methods for Deposits guarantee fund and Resolution Fund. Total outstanding volumes is 64 613 MM NOK per September 2019, representing an increase of 11 494 MM NOK (22%), compared to September 2018.



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 Q3 2019 remains stable for the total portfolio, with only a marginal change in risk profile compared to Q3 2018, in line with business strategy. The consolidated Non-Performing Loans (NPL) Ratio ended at 2.22% in Q3 2019, compared to 2.02% in Q3 2018.

The loan loss reserves have increased in proportion with increase in Non-performing portfolio, from 3 448 MM NOK per Q3 2018 to 3 598 MM NOK per Q3 2019. The total reserves as of Q3 2019 of 3 598 MM NOK include 3 329 MM NOK related to loans to customers and 81 MM NOK connected to off-balance exposures. See note 3, 4 and 5 for further information.

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 September 2019, the Group's LCR was 162%. The latest available NSFR as of March 2019 was 100.90%. 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 Q3 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 Q3 2019 was 1 683 MMNOK 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 six years, the Group has developed deposit products across three of its four markets, it has been active in the Norwegian, Danish 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 75% per Q3 2019, with parent funding providing the remaining 25%.



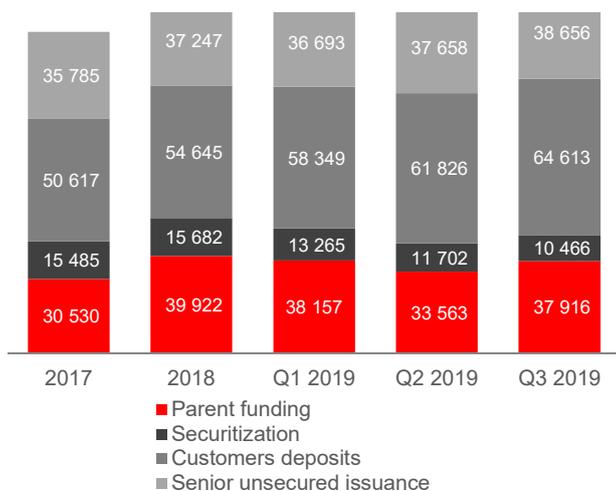
Customer deposits are the largest source of funding, comprising 41% of total funding per September 2019. The total outstanding volume sums to 64 613 MM NOK across the three Nordic markets where the Group is present. Deposit volumes have increased 18% (9 967 MM NOK) from year-end 2018, with expectations of continued significant importance.

Senior unsecured issuance and certificates comprises 24% of our funding per Q3 2019. Senior unsecured issuance and certificates year-to-date Q3 2019 includes 2 000 MM EUR in the Euro market, 8 055 MM SEK in the Swedish market, 1 250 MM DKK in the Danish market and 7 150 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 1 720 MM SEK currently outstanding as of end of Q3 2019.

Total outstanding bond and certificate issuance equals 38 656 MM NOK per September 2019, an increase of 1 409 MM NOK (4%) from end of 2018. The weighted average remaining term to maturity, excluding certificate issuances, is 2.47 years. This number fluctuates somewhat and typically remains around 2 years.

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.

Funding composition MM NOK



The Group has not accessed the asset-backed securities market year-to-date Q3 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 in 2016. The loss of funding from the Norwegian securitization program has caused total outstanding securitization volumes across the Group to trend downwards, currently equaling 10 466 MM NOK, or 7% 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 (Regulation (EU) 2017/2402), together with the amendment to the Capital Requirements Regulation (Regulation (EU) 2017/2401). The new Securitization Regulation establishes a standardized framework for securitization and creates a specific framework for simple, transparent and standardized securitizations. The Norwegian Ministry of Finance released in June a consultation paper on the adoption of the new regulations. The deadline for responses to the consultation paper was September 2019.

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.

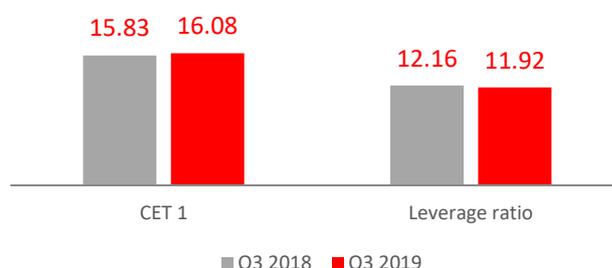
Solvency and Capital Adequacy

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 September

2019 a strong capital adequacy position well above regulatory requirements. The figures presented below include profit after tax attributable to the first half of 2019, assuming a dividend payout ratio of 50%.

Following implementation of IFRS 9 in 2018, the Group publishes capital ratios both using the transitional rules for IFRS 9 impact (2019 allows for an 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 third quarter 2019, allowing for phase-in of IFRS 9 impact, was 16.08% for the Group and 16.60% for SCB AS. The CET1-ratio per end of third quarter 2019 with the full IFRS 9 impact was 15.81% for the Group and 16.36% for SCB AS.

Capital ratios SCB Group Percent



The required leverage ratio for the Group is 5%. Per end of third quarter 2019, the Group had a leverage ratio, allowing for phase-in of IFRS 9 impact, of 11.92%, while SCB AS established a leverage ratio of 13.16%.

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

Regulatory Changes

There are several regulatory initiatives in the financial sector, mainly EU driven, but also from a local national perspective. The Bank also strives to take an active role in the public debate and in legislative processes related to Norwegian banks.

During the third quarter of this year, the Ministry of Finance issued a proposal for a new Norwegian Act on loan mediation. The obligation to report unsecured debt to the licensed national Debt Registries in Norway entered into force and proposal for changes to the Mortgage Regulation and the Regulation on Unsecured Lending was submitted for consultation, all expected to further enhance consumer protection. In September, the PSD II requirements on strong customer authentication entered into force, although with a delay for certain transactions, and the Consultation deadline for the new Norwegian legislation implementing the EU Securitization Regulation expired.

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, Santander Group launched its Digital Transformation Program 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 continues its focus 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 support of this initiative, in Q1 2019, the bank mobilized the ONE IT program. In Q3 2019 the new Nordic IT Management structure

was set and a transformation of the whole IT organization was initiated. Balancing the organizational changes and ensuring that ongoing activities and operational risk is within agreed parameters is of high importance to the new Nordic IT organization in the time to come.

During Q3 the ONE IT projects have moved to the implementation phase. Agile principles to deliveries and results on the project implementation and adoption plans, have resulted in closer relationships between business and IT and also across the region.

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 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.

Finding ways to contribute to the UN's Sustainable Development Goals is important to the Bank. As part of the Banco Santander family, our approach is guided by the goals recently established by our Chairwoman, Ana Botin, as a signatory on the UN-led global initiative Principles for Responsible Banking. She has identified 8 key areas for all of Banco Santander's businesses to focus on. These include 1) Top Employer 2) Women in Leadership 3) Equal Pay 4) Financial Empowerment 5) Green Economy 6) Environmental Footprint 7) Universal Education and 8) Supporting Communities.

The Bank already has in place initiatives supporting several of these key goals, and looks to incorporate them more comprehensively in its strategy going forward.

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 November 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)

Profit and Loss - Santander Consumer Bank Nordic Group

| <i>All amounts in millions of NOK</i> | Note | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|---|-------------|--------------|--------------|----------------|----------------|--------------|
| Total interest income | | 2 203 | 2 063 | 6 440 | 6 118 | 8 158 |
| Total interest expenses | | -371 | -340 | -1 068 | -982 | -1 239 |
| Net interest income | 9 | 1 832 | 1 723 | 5 372 | 5 136 | 6 919 |
| Fee and commission income | | 137 | 152 | 440 | 418 | 561 |
| Fee and commission expenses | | -55 | -30 | -150 | -94 | -132 |
| Value change and gain/loss on foreign exchange and securities | | -9 | -4 | 19 | 36 | 27 |
| Other operating income | | 67 | 57 | 188 | 163 | 216 |
| Other operating expenses | | -58 | -52 | -159 | -161 | -208 |
| Gross margin | 9 | 1 914 | 1 847 | 5 710 | 5 498 | 7 384 |
| Salaries and personnel expenses | | -321 | -308 | -1 024 | -989 | -1 339 |
| Administrative expenses | | -399 | -332 | -1 193 | -1 111 | -1 744 |
| Depreciation and amortisation | | -49 | -30 | -149 | -128 | -162 |
| Net operating income | | 1 146 | 1 178 | 3 345 | 3 269 | 4 139 |
| Other income and costs | | -9 | -166 | 7 | -203 | -189 |
| Impairment losses on loan, guarantees etc. | 3, 4, 5, 13 | -475 | -265 | -376 | -274 | 184 |
| Profit before tax | | 662 | 746 | 2 976 | 2 792 | 4 134 |
| Income tax expense | | -174 | -182 | -727 | -691 | -995 |
| Profit after tax | | 488 | 565 | 2 250 | 2 101 | 3 139 |
| Allocation of profit after tax | | | | | | |
| Transferred to other earned equity | | 452 | 521 | 2 146 | 1 974 | 2 969 |
| Transferred to additional Tier 1 capital | 16 | 36 | 43 | 104 | 127 | 170 |
| Total allocations | | 488 | 565 | 2 250 | 2 101 | 3 139 |
| Profit after tax | | | | | | |
| | | 488 | 565 | 2 250 | 2 101 | 3 139 |
| <i>Items not to be recycled to profit and loss</i> | | | | | | |
| Actuarial gain/loss on post-employment benefit obligations | | - | - | -34 | -15 | -37 |
| <i>Items to be recycled to profit and loss</i> | | | | | | |
| Net exchange differences on translating foreign operations | | 70 | -14 | -15 | -93 | 48 |
| Measured at FVTOCI | | 4 | - | 4 | - | 3 |
| Cash flow hedge | | -21 | -15 | -8 | -39 | -41 |
| Net investment hedge | | - | 4 | - | 37 | -11 |
| Other comprehensive income for the period net of tax | | 53 | -24 | -53 | -107 | -37 |
| Total comprehensive income for the period | | 541 | 540 | 2 197 | 1 994 | 3 102 |

Balance Sheet - Santander Consumer Bank Group

| <i>All amounts in millions of NOK</i> | Note | Q3 2019 | Q3 2018 | FY 2018 |
|---|-----------------|--------------------|--------------------|--------------------|
| Assets | | | | |
| Cash and receivables on central banks | 10 | 66 | 65 | 65 |
| Deposits with and receivables on financial institutions | 10 | 3 957 | 3 934 | 2 982 |
| Loans to customers | 3, 4, 5, 10, 12 | 161 975 | 151 290 | 159 284 |
| Commercial papers and bonds | 10, 11 | 11 944 | 9 438 | 10 363 |
| Financial derivatives | 10, 11 | 46 | 38 | 64 |
| Reposessed assets | | 22 | 12 | 12 |
| Other ownership interests | 10, 11 | 30 | 26 | 26 |
| Intangible assets | | 1 064 | 1 018 | 1 093 |
| Deferred tax assets | | - | 265 | - |
| Fixed assets | | 1 174 | 644 | 691 |
| Other assets | | 1 747 | 1 061 | 1 528 |
| Total assets | | 182 024 | 167 791 | 176 108 |
| Liabilities | | | | |
| Debt to credit institutions | 10, 15 | 38 175 | 43 747 | 40 253 |
| Deposits from customers | | 64 613 | 53 119 | 54 645 |
| Debt established by issuing securities | 10, 14 | 49 122 | 43 519 | 52 929 |
| Financial derivatives | 10, 11 | 26 | 15 | 45 |
| Tax payable | | 382 | 465 | 140 |
| Other financial liabilities | | 443 | 337 | 345 |
| Deferred tax | | 646 | 594 | 259 |
| Pension liabilities | | 162 | 98 | 126 |
| Other liabilities | | 2 303 | 1 944 | 2 298 |
| Subordinated loan capital | 10, 15 | 1 698 | 1 692 | 1 731 |
| Total liabilities | | 157 569 | 145 530 | 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 | | 11 649 | 9 472 | 10 478 |
| OCl items | | 12 | -5 | 65 |
| Total equity | | 24 455 | 22 261 | 23 336 |
| Total liabilities and equity | | 182 024 | 167 791 | 176 108 |

Cash Flow - Santander Consumer Bank Group

| <i>All amounts in millions of NOK</i> | Note | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--|------|---------------|---------------|----------------|----------------|---------------|
| Cash flow from operations | | | | | | |
| Profit before tax | | 662 | 746 | 2 976 | 2 792 | 4 134 |
| Adjustments for: | | | | | 0 | |
| - Depreciation, amortisation and impairment on fixed and intangible assets | | 80 | 57 | 238 | 206 | 266 |
| - Net interest income | 9 | -1 832 | -1 723 | -5 372 | -5 136 | -6 919 |
| - Value change and gain/loss on foreign exchange and securities | | 9 | 4 | -19 | -36 | -27 |
| - Dividends on financial assets at FVOCI | | - | - | - | - | - |
| Changes in: | | | | | | |
| - Loans to customers | 12 | -1 432 | -9 080 | -4 530 | -13 100 | -14 711 |
| - Operational lease | | -64 | 183 | -173 | 1 055 | -151 |
| - Repossessed assets | | -2 | - | -10 | 1 | 1 |
| - Other assets | | -283 | 397 | -218 | 584 | 116 |
| - Deposits from customers | | 2 787 | 2 327 | 9 967 | 4 358 | 4 028 |
| - Other liabilities and provisions | | -928 | 548 | 96 | 192 | 751 |
| Interests received | | 2 220 | 2 067 | 6 487 | 6 120 | 8 158 |
| Dividends received | | - | - | - | - | - |
| Interests paid | | -120 | -513 | -806 | -1 205 | -1 216 |
| Net income taxes paid | | -118 | -83 | -617 | -332 | -1 008 |
| Net cash flow from operations | | 979 | -5 071 | 8 019 | -4 500 | -6 579 |
| Cash flow from investments | | | | | | |
| Purchase of bonds | | -7 311 | -4 807 | -12 153 | -10 623 | -13 924 |
| Proceeds from matured bonds | | 3 402 | 1 959 | 10 535 | 8 283 | 10 397 |
| Purchase of fixed and intangible assets | | -25 | -167 | -98 | -97 | -156 |
| Proceeds from sale of fixed and intangible assets | | 2 | 9 | 5 | 7 | 9 |
| Net cash flow from investments | | -3 932 | -3 005 | -1 711 | -2 431 | -3 674 |
| Cash flow from financing | | | | | | |
| Proceeds from issued securities | | 7 526 | 2 055 | 17 673 | 10 074 | 12 169 |
| Repayments of issued securities | | -8 088 | -431 | -20 394 | -16 590 | -10 834 |
| Change in loans and deposits from credit institutions | | 3 817 | 7 837 | -1 461 | 14 528 | 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 | - | -43 | -68 | -127 | -170 |
| Net cash flow from financing | | 3 255 | 9 418 | -5 250 | 7 535 | 9 995 |
| Exchange gains / (losses) on cash and cash equivalents | | -109 | -3 | -41 | 103 | 14 |
| Net change in cash and cash equivalents | | 194 | 1 340 | 1 017 | 708 | -244 |
| Cash and cash equivalents at the beginning of the period | | 3 653 | 2 659 | 3 047 | 3 291 | 3 291 |
| Cash and cash equivalents at the end of the period | | 3 737 | 3 999 | 4 023 | 3 999 | 3 047 |

Statement of changes in equity - Santander Consumer Bank Nordic Group

Q3 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 30 June 2019 | 9 652 | 891 | 2 250 | 11 189 | 140 | 26 | -7 | -61 | -140 | 23 940 |
| Profit for the period | - | - | 36 | 452 | - | - | - | - | - | 488 |
| OCI movements (net of tax) | - | - | - | - | 70 | 4 | -26 | 6 | - | 54 |
| Interest payments additional Tier 1 capital | - | - | -36 | - | - | - | - | - | - | -36 |
| Tax on interest payment additional Tier 1 capital | - | - | - | 9 | - | - | - | - | - | 9 |
| Share dividend | - | - | - | - | - | - | - | - | - | - |
| Balance at 30 September 2019 | 9 652 | 891 | 2 250 | 11 650 | 210 | 30 | -33 | -55 | -140 | 24 455 |

YTD Q3 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 | 225 | 26 | -20 | -61 | -106 | 23 336 |
| Profit for the period | - | - | 104 | 2 146 | - | - | - | - | - | 2 250 |
| OCI movements (net of tax) | - | - | - | - | -15 | 4 | -13 | 6 | -34 | -52 |
| Interest payments additional Tier 1 capital | - | - | -104 | - | - | - | - | - | - | -104 |
| Tax on interest payment additional Tier 1 capital | - | - | - | 26 | - | - | - | - | - | 26 |
| Share dividend | - | - | - | -1 000 | - | - | - | - | - | -1 000 |
| Balance at 30 September 2019 | 9 652 | 891 | 2 250 | 11 650 | 210 | 30 | -33 | -55 | -140 | 24 455 |

Total shares registered as at September 30, 2019, was 965 241 842.

Restricted capital as at September 30, 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 | - | -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 | 177 | 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 and unrestricted capital was 13 684 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 | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|---|-------------|--------------|--------------|----------------|----------------|--------------|
| Total interest income | | 1 925 | 1 765 | 5 601 | 5 243 | 7 004 |
| Total interest expenses | | -351 | -297 | -1 013 | -891 | -1 161 |
| Net interest income | 9 | 1 574 | 1 469 | 4 589 | 4 353 | 5 844 |
| Fee and commission income | | 124 | 145 | 407 | 398 | 532 |
| Fee and commission expenses | | -49 | -24 | -132 | -77 | -109 |
| Value change and gain/loss on foreign exchange and securities | | -10 | -4 | 11 | 34 | 22 |
| Other operating income | | 39 | 26 | 100 | 73 | 96 |
| Other operating expenses | | -32 | -25 | -80 | -83 | -105 |
| Gross margin | | 1 646 | 1 587 | 4 896 | 4 698 | 6 280 |
| Salaries and personnel expenses | | -283 | -265 | -918 | -857 | -1 328 |
| Administrative expenses | | -308 | -295 | -948 | -960 | -1 301 |
| Depreciation and amortisation | | -43 | -27 | -131 | -120 | -149 |
| Net operating income | | 1 013 | 1 001 | 2 898 | 2 761 | 3 501 |
| Other income and costs | | -19 | -167 | 8 | -204 | -190 |
| Impairment losses on loan, guarantees etc. | 3, 4, 5, 13 | -415 | -234 | -372 | -186 | 159 |
| Profit before tax | | 578 | 600 | 2 534 | 2 372 | 3 469 |
| Income tax expense | | -157 | -152 | -638 | -607 | -862 |
| Profit after tax | | 421 | 447 | 1 896 | 1 765 | 2 607 |
| Allocation of profit after tax | | | | | | |
| Transferred to other earned equity | | 385 | 404 | 1 792 | 1 638 | 2 437 |
| Transferred to additional Tier 1 capital | 16 | 36 | 43 | 104 | 127 | 170 |
| Total allocations | | 421 | 447 | 1 896 | 1 765 | 2 607 |
| Profit after tax | | | | | | |
| | | 421 | 447 | 1 896 | 1 765 | 2 607 |
| <i>Items not to be recycled to profit and loss</i> | | | | | | |
| Actuarial gain/loss on post-employment benefit obligations | | - | - | -34 | -15 | -37 |
| <i>Items to be recycled to profit and loss</i> | | | | | | |
| Net exchange differences on translating foreign operations | | 3 | - | -4 | 4 | 2 |
| Measured at FVTOCI | | 4 | - | 4 | 3 | 3 |
| Cash flow hedge | | -1 | -17 | 2 | -39 | -35 |
| Other comprehensive income for the period net of tax | | 6 | -17 | -32 | -47 | -66 |
| Total comprehensive income for the period | | 427 | 430 | 1 864 | 1 718 | 2 541 |

Balance Sheet - Santander Consumer Bank AS

| <i>All amounts in millions of NOK</i> | Note | Q3 2019 | Q3 2018 | FY 2018 |
|---|-----------------|----------------|----------------|----------------|
| Assets | | | | |
| Cash and receivables on central banks | 10 | 66 | 65 | 65 |
| Deposits with and receivables on financial institutions | 10 | 2 369 | 2 569 | 1 216 |
| Loans to customers | 3, 4, 5, 10, 12 | 126 543 | 121 246 | 125 624 |
| Commercial papers and bonds | 10, 11 | 8 813 | 7 361 | 8 025 |
| Financial derivatives | 10, 11 | 16 | 37 | 50 |
| Reposessed assets | | 10 | 8 | 7 |
| Loans to subsidiaries and SPV's | 10, 15 | 12 453 | 8 545 | 8 872 |
| Investments in subsidiaries | | 1 285 | 1 229 | 1 292 |
| Other ownership interests | 10, 11 | 30 | 26 | 26 |
| Intangible assets | | 634 | 605 | 653 |
| Deferred tax assets | | - | 77 | - |
| Fixed assets | | 724 | 247 | 256 |
| Other assets | | 1 639 | 1 074 | 1 314 |
| Total assets | | 154 581 | 143 088 | 147 400 |
| Liabilities | | | | |
| Debt to credit institutions | 10, 15 | 23 696 | 30 620 | 29 269 |
| Deposits from customers | | 64 613 | 53 119 | 54 645 |
| Debt established by issuing securities | 10, 14 | 38 656 | 33 791 | 37 247 |
| Financial derivatives | 10, 11 | 5 | 15 | 38 |
| Tax payable | | 382 | 465 | 140 |
| Other financial liabilities | | 427 | 333 | 343 |
| Deferred tax | | 803 | 598 | 468 |
| Pension liabilities | | 162 | 98 | 126 |
| Other liabilities | | 1 744 | 1 540 | 1 784 |
| Subordinated loan capital | 10, 15 | 1 698 | 1 692 | 1 731 |
| Total liabilities | | 132 186 | 122 270 | 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 | | 9 739 | 8 110 | 8 920 |
| OCI items | | -137 | -86 | -105 |
| Total equity | | 22 395 | 20 818 | 21 609 |
| Total liabilities and equity | | 154 581 | 143 088 | 147 400 |

Cash Flow - Santander Consumer Bank AS

| <i>All amounts in millions of NOK</i> | Note | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--|------|---------------|---------------|----------------|----------------|---------------|
| Cash flow from operations | | | | | | |
| Profit before tax | | 578 | 600 | 2 534 | 2 372 | 3 469 |
| Adjustments for: | | | | | - | |
| - Depreciation, amortisation and impairment on fixed and intangible assets | | 50 | 30 | 148 | 128 | 162 |
| - Net interest income | 9 | -1 574 | -1 469 | -4 589 | -4 353 | -5 844 |
| - Value change and gain/loss on foreign exchange and securities | | 10 | 4 | -11 | -34 | -22 |
| - Dividends on financial assets at FVOCI | | - | - | - | - | - |
| Changes in: | | | | | | |
| - Loans to customers | 12 | -941 | -6 721 | -2 926 | -8 209 | -8 645 |
| - Operational lease | | -58 | -7 | -169 | 316 | -45 |
| - Repossessed assets | | 1 | 1 | -3 | -2 | 1 |
| - Other assets | | -1 | -11 | -325 | 375 | 134 |
| - Deposits from customers | | 2 787 | 2 327 | 9 967 | 4 358 | 4 028 |
| - Other liabilities and provisions | | 619 | 140 | 851 | 50 | 512 |
| Interests received | | 1 940 | 1 772 | 5 650 | 5 254 | 7 021 |
| Dividends received | | - | - | - | - | - |
| Interests paid | | -120 | -473 | -799 | -1 128 | -1 176 |
| Net income taxes paid | | -84 | -51 | -517 | -230 | -876 |
| Net cash flow from operations | | 3 207 | -3 861 | 9 811 | -1 102 | -1 281 |
| Cash flow from investments | | | | | | |
| Purchase of bonds | | -3 043 | -1 716 | -7 594 | -4 473 | -6 875 |
| Proceeds from matured bonds | | 2 572 | 1 768 | 6 845 | 4 778 | 5 200 |
| Purchase of fixed and intangible assets | | -21 | -25 | -76 | -79 | -132 |
| Proceeds from sale of fixed and intangible assets | | 1 | 2 | 3 | 3 | 4 |
| Net cash flow from investments | | -492 | 29 | -822 | 228 | -1 804 |
| Cash flow from financing | | | | | | |
| Proceeds from issued securities | | 7 526 | 2 055 | 17 673 | 10 074 | 12 154 |
| Repayments of issued securities | | -7 071 | 794 | -15 925 | -10 834 | -10 833 |
| Change in loans to and deposits from credit institutions | | -3 135 | 3 066 | -8 448 | 3 736 | 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 | - | -43 | -68 | -127 | -170 |
| Net cash flow from financing | | -2 680 | 5 873 | -7 768 | 2 499 | 2 933 |
| Exchange gains / (losses) on cash and cash equivalents | | -65 | -5 | -34 | 48 | 17 |
| Net change in cash and cash equivalents | | -30 | 1 581 | 1 187 | 1 218 | -135 |
| Cash and cash equivalents at the beginning of the period | | 2 388 | 1 053 | 1 281 | 1 416 | 1 416 |
| Cash and cash equivalents at the end of the period | | 2 293 | 2 634 | 2 434 | 2 634 | 1 281 |

Statement of changes in equity - Santander Consumer Bank AS

| <u>Q3 2019</u> | Translation differences from foreign currencies | | | | | | | | |
|---|---|-----------------------|---------------------------|--------------|-----------------|-----------------|---------------------|-------------|---------------|
| | Share Capital | Share Capital Premium | Additional Tier 1 Capital | Other Equity | Measured FVTOCI | Cash flow hedge | Actuarial gain/loss | Total | |
| <i>All amounts in millions of NOK</i> | | | | | | | | | |
| Balance at 30 June 2019 | 9 652 | 891 | 2 250 | 9 344 | -17 | 26 | -12 | -140 | 21 995 |
| Profit for the period | - | - | 36 | 385 | - | - | - | - | 421 |
| OCI movements (net of tax) | - | - | - | - | 3 | 4 | -1 | -0 | 6 |
| Interest payments additional Tier 1 capital | - | - | -36 | - | - | - | - | - | -36 |
| Tax on interest payment additional Tier 1 capital | - | - | - | 9 | - | - | - | - | 9 |
| Share dividend | - | - | - | - | - | - | - | - | - |
| Balance at 30 September 2019 | 9 652 | 891 | 2 250 | 9 739 | -14 | 30 | -13 | -140 | 22 395 |

YTD Q3 2019

| <u>YTD Q3 2019</u> | Translation differences from foreign currencies | | | | | | | | |
|---|---|-----------------------|---------------------------|--------------|-----------------|-----------------|---------------------|-------------|---------------|
| | Share Capital | Share Capital Premium | Additional Tier 1 Capital | Other Equity | Measured FVTOCI | Cash flow hedge | Actuarial gain/loss | Total | |
| <i>All amounts in millions of NOK</i> | | | | | | | | | |
| Balance at 1 January 2019 | 9 652 | 891 | 2 250 | 8 920 | -9 | 26 | -15 | -106 | 21 609 |
| Profit for the period | - | - | 104 | 1 792 | - | - | - | - | 1 896 |
| OCI movements (net of tax) | - | - | - | - | -4 | 4 | 2 | -34 | -32 |
| Interest payments additional Tier 1 capital | - | - | -104 | - | - | - | - | - | -104 |
| Tax on interest payment additional Tier 1 capital | - | - | - | 26 | - | - | - | - | 26 |
| Share dividend | - | - | - | -1 000 | - | - | - | - | -1 000 |
| Balance at 30 September 2019 | 9 652 | 891 | 2 250 | 9 739 | -13 | 30 | -13 | -140 | 22 395 |

Total shares registered as at September 30, 2019, was 965 241 842, each with a par value of 10 NOK.

Restricted capital as at September 30, 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

| <u>Financial Year 2018</u> | Translation differences from foreign currencies | | | | | | | | |
|---|---|-----------------------|---------------------------|--------------|-----------------|-----------------|---------------------|-------------|---------------|
| | Share Capital | Share Capital Premium | Additional Tier 1 Capital | Other Equity | Measured FVTOCI | Cash flow hedge | Actuarial gain/loss | Total | |
| <i>All amounts in millions of NOK</i> | | | | | | | | | |
| 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 | -107 | 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.

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.

Lysaker, 14 November 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

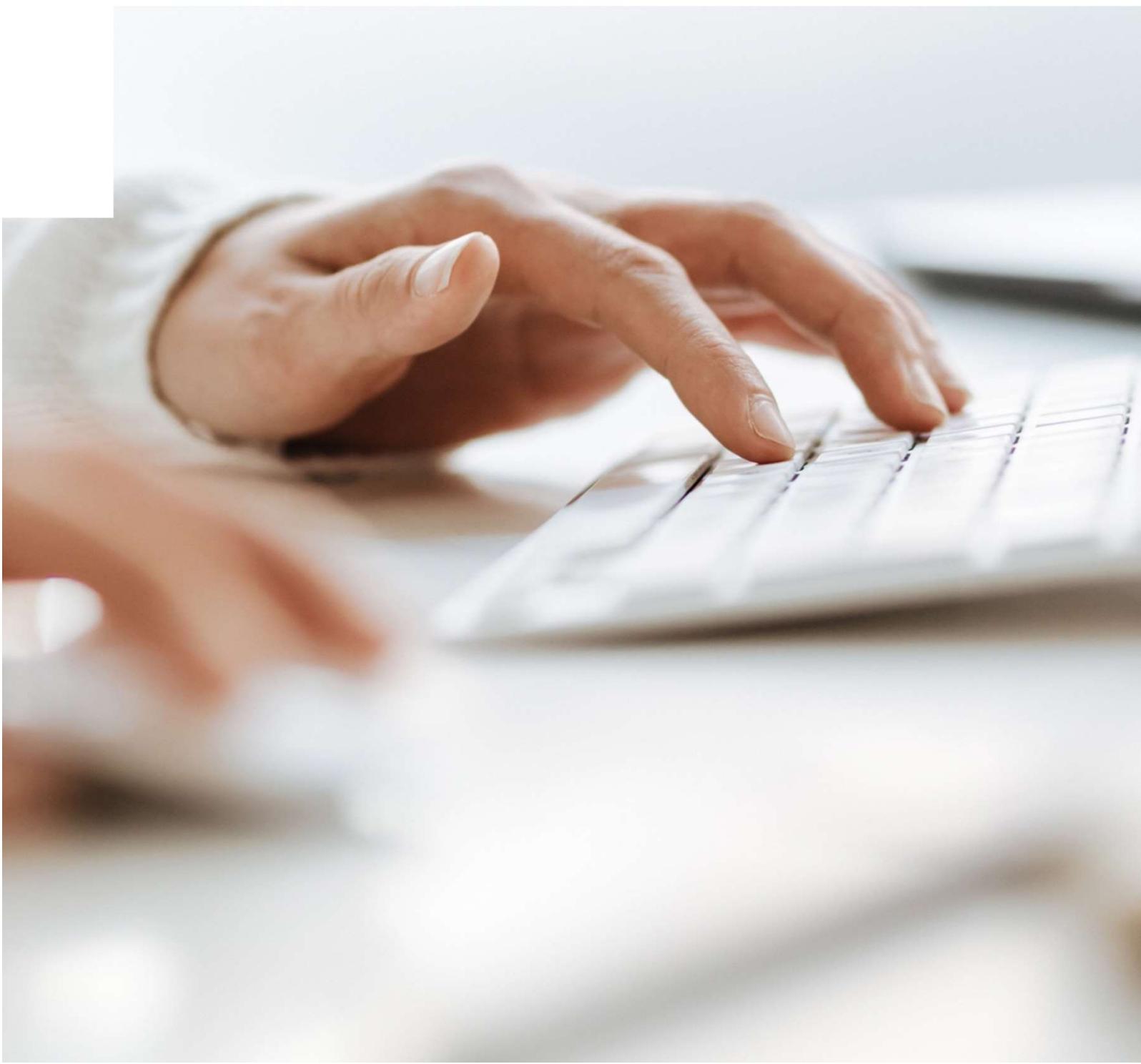
Henning Strøm

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 third 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.

These interim financial statements were approved by the Board of Directors on 14th November 2019.

Note 2 - Accounting principles

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.

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.

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|---------------|
| Unsecured loans | | | | |
| Credit grade | | | | |
| Loans not past due date | 30 044 | 775 | - | 30 818 |
| Standard monitoring | 1 095 | 1 504 | - | 2 599 |
| Special monitoring | - | 177 | - | 177 |
| Default | - | - | 2 130 | 2 130 |
| Gross carrying amount | 31 139 | 2 455 | 2 130 | 35 724 |
| Loss allowance | -488 | -361 | -1 225 | -2 074 |
| Carrying amount | 30 651 | 2 095 | 905 | 33 650 |
| Loss allowance (off balance exposures) | 48 | 17 | 16 | 81 |

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.

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------|
| Secured loans | | | | |
| Credit grade | | | | |
| Loans not past due date | 119 990 | 2 472 | - | 122 462 |
| Standard monitoring | 3 718 | 1 861 | - | 5 578 |
| Special monitoring | 1 | 247 | 20 | 268 |
| Default | - | - | 1 542 | 1 542 |
| Gross carrying amount | 123 708 | 4 579 | 1 562 | 129 850 |
| Loss allowance | -553 | -206 | -767 | -1 525 |
| Carrying amount | 123 155 | 4 374 | 796 | 128 325 |

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.

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|------------------------------------|----------------------------|----------------------------|----------------------------|-------|
| Commercial papers and bonds | | | | |
| Credit grade | | | | |
| Investment grade | 11 945 | - | - | - |
| Standard monitoring | - | - | - | - |
| Special monitoring | - | - | - | - |
| Default | - | - | - | - |
| Gross carrying amount | 11 945 | - | - | - |
| Loss allowance | -1 | - | - | - |
| Carrying amount | 11 944 | - | - | - |

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 | - |

Q3 2018

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------|
| Loans to customers | | | | |
| Credit grade | | | | |
| Loans not past due date | 132 177 | 8 199 | - | 140 376 |
| Standard monitoring | 4 423 | 3 134 | - | 7 557 |
| Special monitoring | - | 464 | - | 464 |
| Default | - | - | 3 144 | 3 144 |
| Gross carrying amount | 136 600 | 11 797 | 3 144 | 151 541 |
| Loss allowance | -1 115 | -560 | -1 773 | -3 448 |
| Carrying amount | 135 485 | 11 237 | 1 371 | 148 093 |

Q3 2018

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|------------------------------------|----------------------------|----------------------------|----------------------------|--------------|
| Commercial papers and bonds | | | | |
| Credit grade | | | | |
| Investment grade | 9 197 | - | - | 9 197 |
| Standard monitoring | - | - | - | - |
| Special monitoring | - | - | - | - |
| Default | - | - | - | - |
| Gross carrying amount | 9 197 | - | - | 9 197 |
| Loss allowance | -1 | - | - | -1 |
| Carrying amount | 9 196 | - | - | 9 196 |

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 | 38 |

Note 4 - Risk classification

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

| <i>All amounts in millions of NOK</i> | Balance | | | Loss reserves | | |
|---------------------------------------|----------------|----------------|----------------|---------------|---------------|---------------|
| | Q3 2019 | Q3 2018 | FY 2018 | Q3 2019 | Q3 2018 | FY 2018 |
| Current - not past due date | 153 708 | 140 376 | 150 742 | -1 110 | -1 151 | -1 029 |
| Current - past due date | 8 194 | 8 021 | 8 741 | -497 | -524 | -574 |
| Total impaired loans | 3 672 | 3 144 | 3 319 | -1 991 | -1 773 | -1 915 |
| Total gross loans to customers | 165 574 | 151 541 | 162 802 | -3 599 | -3 448 | -3 518 |

| <i>Ageing of past due but not impaired loans</i> | Balance | | | Loss reserves | | |
|--|--------------|--------------|--------------|---------------|-------------|-------------|
| | Q3 2019 | Q3 2018 | FY 2018 | Q3 2019 | Q3 2018 | FY 2018 |
| 1 - 29 days | 6 396 | 6 082 | 7 129 | -200 | -268 | -286 |
| 30 - 59 days | 1 319 | 1 117 | 1 174 | -182 | -160 | -177 |
| 60 - 89 days | 480 | 375 | 437 | -115 | -95 | -112 |
| Total loans due but not impaired | 8 194 | 7 573 | 8 741 | -497 | -524 | -574 |

| <i>Ageing of impaired loans</i> | Balance | | | Loss reserves | | |
|---------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|
| | Q3 2019 | Q3 2018 | FY 2018 | Q3 2019 | Q3 2018 | FY 2018 |
| 90 - 119 days | 313 | 240 | 273 | -145 | -125 | -142 |
| 120 - 149 days | 231 | 188 | 222 | -114 | -99 | -112 |
| 150 - 179 days | 204 | 167 | 184 | -100 | -85 | -96 |
| 180 + days | 1 394 | 902 | 1 110 | -797 | -574 | -709 |
| Economic doubtful* | 1 530 | 1 646 | 1 530 | -835 | -891 | -855 |
| Total impaired loans | 3 672 | 3 144 | 3 319 | -1 991 | -1 773 | -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:

Q3 2019

| 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 | -188 | 807 | - | 619 |
| Transfer from Stage 1 to Stage 3 | -7 | - | 112 | 105 |
| Transfer from Stage 2 to Stage 3 | - | -552 | 872 | 321 |
| Transfer from Stage 2 to Stage 1 | 72 | -492 | - | -419 |
| Transfer from Stage 3 to Stage 2 | - | 34 | -183 | -149 |
| Transfer from Stage 3 to Stage 1 | 0 | - | -0 | -0 |
| Assets remaining in same Stage | 74 | 218 | -131 | 161 |
| Methodological changes | -21 | 59 | -81 | -43 |
| Financial assets derecognised that are not write-offs | -49 | -20 | -89 | -158 |
| <i>of which 'account that have closed in the period'</i> | -49 | -20 | -89 | -158 |
| <i>of which 'foreclosed'</i> | - | - | - | - |
| <i>of which 'sold'</i> | - | - | - | - |
| <i>of which 'change of perimeter'</i> | - | - | - | - |
| Write-offs | - | - | -466 | -466 |
| New financial assets originated or purchased | 111 | - | - | 111 |
| Changes in PDs/LGDs/EADs | - | - | - | - |
| Modification of contractual cash flows of financial assets | - | - | - | - |
| FX and other movements | -10 | -3 | -14 | -27 |
| Loss allowance as at 30 September 2019 | 488 | 361 | 1 225 | 2 074 |

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|--------------|
| Secured loans | | | | |
| Loss allowance as at 1 January 2019 | 535 | 281 | 683 | 1 499 |
| Transfers: | - | - | - | - |
| Transfer from Stage 1 to Stage 2 | -124 | 405 | - | 282 |
| Transfer from Stage 1 to Stage 3 | -14 | - | 206 | 193 |
| Transfer from Stage 2 to Stage 3 | - | -180 | 471 | 291 |
| Transfer from Stage 2 to Stage 1 | 46 | -245 | - | -200 |
| Transfer from Stage 3 to Stage 2 | - | 33 | -222 | -189 |
| Transfer from Stage 3 to Stage 1 | 0 | - | -1 | -1 |
| Assets remaining in same Stage | -21 | 54 | 74 | 106 |
| Methodological changes | 7 | -100 | 9 | -84 |
| Financial assets derecognised that are not write-offs | -109 | -41 | -108 | -258 |
| <i>of which 'account that have closed in the period'</i> | -109 | -41 | -108 | -258 |
| <i>of which 'foreclosed'</i> | - | - | - | - |
| <i>of which 'sold'</i> | - | - | - | - |
| <i>of which 'change of perimeter'</i> | - | - | - | - |
| Write-offs | - | - | -345 | -345 |
| New financial assets originated or purchased | 240 | - | - | 240 |
| Changes in PDs/LGDs/EADs | - | - | - | - |
| Modification of contractual cash flows of financial assets | - | - | - | - |
| FX and other movements | -6 | -1 | -2 | -9 |
| Loss allowance as at 30 September 2019 | 553 | 206 | 767 | 1 525 |

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|----------|
| Commercial papers and bonds | | | | |
| 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 | - | - | - |
| 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 30 September 2019 | 1 | - | - | 1 |

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|------------|
| Off balance exposure | | | | |
| Loss allowance as at 1 January 2019 | 82 | 14 | 27 | 122 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | -8 | 36 | - | 29 |
| Transfer from Stage 1 to Stage 3 | - | - | 8 | 8 |
| Transfer from Stage 2 to Stage 3 | - | -6 | 14 | 8 |
| Transfer from Stage 2 to Stage 1 | 5 | -36 | - | -30 |
| Transfer from Stage 3 to Stage 2 | - | 4 | -20 | -15 |
| Transfer from Stage 3 to Stage 1 | - | - | - | - |
| Assets remaining in same Stage | -6 | 5 | 5 | 4 |
| Methodological changes | -38 | 1 | -5 | -42 |
| Financial assets derecognised that are not write-offs | -6 | -1 | -8 | -16 |
| <i>of which 'account that have closed in the period'</i> | -6 | -1 | -8 | -16 |
| <i>of which 'foreclosed'</i> | - | - | - | - |
| <i>of which 'sold'</i> | - | - | - | - |
| <i>of which 'change of perimeter'</i> | - | - | - | - |
| Write-offs | - | - | -5 | -5 |
| New financial assets originated or purchased | 20 | - | - | 20 |
| Changes in PDs/LGDs/EADs | - | - | - | - |
| Modification of contractual cash flows of financial assets | - | - | - | - |
| FX and other movements | -2 | - | - | -2 |
| Loss allowance as at 30 September 2019 | 48 | 17 | 16 | 81 |

Q3 2018

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|--------------|
| Loans to customers | | | | |
| Loss allowance as at 1 January 2018 | 1 170 | 542 | 1 709 | 3 420 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | -72 | 267 | - | 195 |
| Transfer from Stage 1 to Stage 3 | -22 | - | 449 | 427 |
| Transfer from Stage 2 to Stage 3 | 22 | -121 | - | -99 |
| Transfer from Stage 2 to Stage 1 | - | -67 | 230 | 163 |
| Transfer from Stage 3 to Stage 2 | - | 12 | -102 | -90 |
| Transfer from Stage 3 to Stage 1 | 5 | - | -5 | - |
| Assets remaining in same Stage | - | - | - | - |
| Methodological changes | -227 | -19 | 25 | -221 |
| Financial assets derecognised that are not write-offs | -170 | -78 | -157 | -404 |
| <i>of which 'account that have closed in the period'</i> | -170 | -78 | -157 | -404 |
| <i>of which 'foreclosed'</i> | - | - | - | - |
| <i>of which 'sold'</i> | - | - | - | - |
| <i>of which 'change of perimeter'</i> | - | - | - | - |
| Write-offs | -17 | -86 | -504 | -607 |
| New financial assets originated or purchased | 385 | 123 | 157 | 665 |
| Changes in PDs/LGDs/EADs | - | - | - | - |
| Modification of contractual cash flows of financial assets | - | - | - | - |
| FX and other movements | - | - | - | - |
| Loss allowance as at 30 September 2018 | 1 073 | 573 | 1 802 | 3 448 |

Q3 2018

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|----------|
| Commercial papers and bonds | | | | |
| 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 | - | - | - | - |
| Methodological changes | - | - | - | - |
| Financial assets derecognised that are not write-offs | -2 | - | - | -2 |
| <i>of which 'account that have closed in the period'</i> | -2 | - | - | - |
| <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 | 1 | - | - | 1 |
| Changes in PDs/LGDs/EADs | - | - | - | - |
| Modification of contractual cash flows of financial assets | - | - | - | - |
| FX and other movements | - | - | - | - |
| Loss allowance as at 30 September 2018 | 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 fulfils the minimum LCR requirements.

| Liquidity Coverage Ratio (LCR) % | Q3 2019 | Q3 2018 | Q4 2018 |
|---|----------------|----------------|----------------|
| Liquidity Coverage Ratio (LCR) Total | 162 | 123 | 134 |
| Liquidity Coverage Ratio (LCR) NOK | 118 | 94 | 88 |
| Liquidity Coverage Ratio (LCR) SEK | 133 | 155 | 129 |
| Liquidity Coverage Ratio (LCR) DKK | 878 | 154 | 219 |
| Liquidity Coverage Ratio (LCR) EUR | 136 | 115 | 142 |

Note 7 - Capital adequacy

All amounts in millions of NOK

| Balance sheet equity | Q3 2019 | Q3 2018 | FY 2018 |
|----------------------|---------------|---------------|---------------|
| Paid in equity | 9 652 | 9 652 | 9 652 |
| Share premium | 891 | 891 | 891 |
| Other equity | 11 649 | 9 472 | 10 478 |
| Tier 1 Capital | 2 250 | 2 250 | 2 250 |
| Other reserves | 12 | -5 | 65 |
| Total Equity | 24 455 | 22 261 | 23 336 |

Common Equity Tier 1 Capital

| | | | |
|---|---------------|---------------|---------------|
| (-) Profit not eligible as capital | -1 369 | -1 102 | -1 000 |
| Cash-flow hedge adjustment | - | - | - |
| IRB Expected Loss - Reserves | -428 | -337 | -327 |
| Goodwill | -699 | -672 | -705 |
| Other intangible assets | -279 | -266 | -302 |
| Deferred tax assets | - | - | - |
| Adjustment Prudent Valuation (AVA) | -12 | -9 | -10 |
| Tier 1 Capital | -2 250 | -2 250 | -2 250 |
| Total common Equity Tier 1 Capital (with full IFRS9 impact) | 19 419 | 17 625 | 18 741 |
| Capital adjustment according to IFRS9 Transitional rules | 389 | 434 | 434 |
| Total common Equity Tier 1 Capital (with IFRS9 transitional rules) | 19 808 | 18 059 | 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) | 21 669 | 19 875 | 20 991 |
| Total Tier 1 Capital (after IFRS9 transitional rules) | 22 058 | 20 309 | 21 425 |

Total Capital

| | | | |
|--|---------------|---------------|---------------|
| Paid up subordinated loans | 1 694 | 1 689 | 1 711 |
| Subordinated loans not eligible | - | - | - |
| Total Capital (with full IFRS9 impact) | 23 363 | 21 563 | 22 702 |
| Total Capital (with IFRS9 transitional rules) | 23 752 | 21 998 | 23 136 |

Risk exposure on Standard Approach

| | | | |
|--|---------------|---------------|---------------|
| Regional governments or local authorities | 64 | 63 | 73 |
| Institutions | 637 | 751 | 836 |
| Corporates | 8 631 | 4 851 | 9 156 |
| Retail Standard Approach | 57 080 | 53 121 | 56 206 |
| Exposures in default SA | 1 208 | 921 | 999 |
| Covered bonds | 396 | 417 | 466 |
| Other Exposures | 3 541 | 6 750 | 3 490 |
| Total Risk exposure amount on Standard Approach | 71 557 | 66 875 | 71 226 |

Risk exposure on Internal Rating Based Approach

| | | | |
|---|---------------|---------------|---------------|
| Retail Other | 36 388 | 33 819 | 35 571 |
| Total Risk exposure amount on Internal Rating Based Approach | 36 388 | 33 819 | 35 571 |

Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries

| | | | |
|--|----------------|----------------|----------------|
| | 107 945 | 100 694 | 106 797 |
| Foreign exchange (zero if under threshold) | 1 675 | 1 042 | 1 472 |

| | | | |
|--|----------------|----------------|----------------|
| Risk exposure amount for position, foreign exchange and commodities risks | 1 675 | 11 896 | 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 | 68 | 99 | 105 |
| Risk exposure amount for credit valuation adjustment | 68 | 99 | 105 |
| Total risk exposure amount (with full IFRS9 impact) | 122 856 | 113 731 | 121 542 |
| Risk Exposure adjustment according to IFRS9 Transitional rules | 340 | 380 | 380 |
| Total risk exposure amount (with IFRS9 transitional rules) | 123 196 | 114 110 | 121 921 |

Total exposure for Leverage Ratio

| | | | |
|--|----------------|----------------|----------------|
| Derivatives: Add-on under market-to-market method | 423 | 493 | 642 |
| Off-balance sheet items with 10% CCF | 2 653 | 2 458 | 2 399 |
| Off-balance sheet items with 20% CCF | 756 | 867 | 788 |
| Off-balance sheet items with 50% CCF | 37 | 34 | 37 |
| Adjusted On balance sheet exposure | 180 607 | 162 655 | 174 763 |
| Total exposure for Leverage Ratio (with full IFRS9 impact) | 184 476 | 166 507 | 178 630 |
| Exposure adjustment according to IFRS9 Transitional rules | 511 | 571 | 571 |
| Total exposure for Leverage Ratio (with IFRS9 transitional rules) | 184 987 | 167 078 | 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) | 1,45 % | 1,13 % | 1,13 % |
| Conservation Buffer | 2,50 % | 2,50 % | 2,50 % |
| Systemic Risk Buffer | 3,00 % | 3,00 % | 3,00 % |
| Minimum Regulatory Capital ratio (CET1) | 14,05 % | 13,43 % | 13,44 % |

Minimum Regulatory Capital

| | | | |
|--|---------------|---------------|---------------|
| Minimum Core Equity | 5 529 | 5 118 | 5 469 |
| Pillar 2 Requirement | 3 194 | 2 616 | 2 795 |
| Countercyclical Buffer (combined) | 1 781 | 1 285 | 1 386 |
| Conservation Buffer | 3 071 | 2 843 | 3 039 |
| Systemic Risk Buffer | 3 686 | 3 412 | 3 646 |
| Minimum Regulatory Capital amount (full IFRS9 impact) | 17 261 | 15 274 | 16 335 |
| Surplus of Core Equity Tier 1 capital (full IFRS9 impact) | 2 158 | 2 351 | 2 406 |
| | | 0 | |
| Minimum Regulatory Capital amount (with IFRS9 transitional rules) | 17 309 | 15 325 | 16 386 |
| Surplus of Core Equity Tier 1 capital (after IFRS9 transitional rules) | 2 499 | 2 734 | 2 789 |

| | | | |
|---|----------------|----------------|----------------|
| Common equity tier 1 capital ratio (full IFRS9 impact) | 15,81 % | 15,50 % | 15,42 % |
| Common equity tier 1 capital ratio (with IFRS9 transitional rules) | 16,08 % | 15,83 % | 15,73 % |
| CET1 regulatory requirements | 14,05 % | 13,43 % | 13,44 % |

| | | | |
|---|----------------|----------------|----------------|
| Tier 1 capital ratio (full IFRS9 impact) | 17,64 % | 17,48 % | 17,27 % |
| Tier 1 capital ratio (with IFRS9 transitional rules) | 17,90 % | 17,80 % | 17,57 % |
| Tier 1 regulatory requirements | 15,55 % | 14,93 % | 14,94 % |

| | | | |
|--|----------------|----------------|----------------|
| Total capital ratio (full IFRS9 impact) | 19,02 % | 18,96 % | 18,68 % |
| Total capital ratio (with IFRS9 transitional rules) | 19,28 % | 19,28 % | 18,98 % |
| Total capital regulatory requirements | 17,55 % | 16,93 % | 16,94 % |

| | | | |
|---|----------------|----------------|----------------|
| Leverage ratio (full IFRS9 impact) | 11,75 % | 11,94 % | 11,75 % |
| Leverage ratio (with IFRS9 transitional rules) | 11,92 % | 12,16 % | 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) | 0,27 % |
| * 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)

Q3 2019

| | Unsecured loans | Secured loans | Financial lease | Operational lease | Total |
|--------------|-----------------|----------------|-----------------|-------------------|----------------|
| Norway | 10 410 | 37 966 | 10 623 | - | 59 000 |
| Sweden | 14 748 | 17 439 | 5 349 | - | 37 537 |
| Denmark | 6 995 | 23 752 | 2 387 | 401 | 33 535 |
| Finland | 3 570 | 29 883 | 2 450 | 439 | 36 343 |
| Total | 35 724 | 109 040 | 20 810 | 840 | 166 414 |

Q3 2018

| | Unsecured loans | Secured loans | Financial lease | Operational lease | Total |
|--------------|-----------------|----------------|-----------------|-------------------|----------------|
| Norway | 11 097 | 37 176 | 10 780 | - | 59 053 |
| Sweden | 13 472 | 16 264 | 4 865 | - | 34 601 |
| Denmark | 5 811 | 22 103 | 2 623 | 198 | 30 735 |
| Finland | 2 646 | 25 470 | 2 432 | 384 | 30 932 |
| Total | 33 027 | 101 012 | 20 701 | 582 | 155 320 |

P&L and Balance sheet per country

Q3 2019

| | Norway | Sweden | Denmark | Finland | Eliminations | Total Group |
|---|------------|------------|------------|------------|--------------|--------------|
| Total interest income | 1 072 | 457 | 463 | 156 | 55 | 2 203 |
| Total interest expenses | -271 | -101 | -37 | 105 | -68 | -371 |
| Net interest income | 802 | 355 | 426 | 261 | -13 | 1 832 |
| Fee and commission income | 49 | 46 | 31 | 27 | -16 | 137 |
| Fee and commission expenses | -38 | -12 | -6 | -15 | 16 | -55 |
| Value change and gain/loss on foreign exchange and securities | -10 | 1 | - | - | - | -9 |
| Other operating income | 10 | 2 | 27 | 29 | - | 67 |
| Other operating expenses | -12 | -6 | -14 | -26 | - | -58 |
| Gross margin | 799 | 387 | 464 | 277 | -12 | 1 914 |
| Salaries and personnel expenses | -148 | -77 | -58 | -33 | -4 | -320 |
| Administrative expenses | -111 | -105 | -101 | -98 | 17 | -399 |
| Depreciation and amortisation | -22 | -11 | -10 | -6 | - | -49 |
| Net operating income | 518 | 194 | 294 | 139 | - | 1 146 |
| Other income and costs | -9 | 2 | -2 | - | - | -9 |
| Impairment losses on loan, guarantees etc. | -201 | -116 | -102 | -56 | 1 | -475 |
| Profit before taxes | 307 | 80 | 191 | 83 | 1 | 662 |
| Income tax expense | -70 | -19 | -68 | -17 | - | -174 |
| Profit after tax | 237 | 61 | 123 | 66 | 1 | 488 |

YTD Q3 2019

| | Norway | Sweden | Denmark | Finland | Eliminations | Total Group |
|---|--------------|--------------|--------------|------------|--------------|--------------|
| Total interest income | 3 104 | 1 338 | 1 364 | 1 355 | -721 | 6 440 |
| Total interest expenses | -781 | -299 | -115 | -586 | 713 | -1 068 |
| Net interest income | 2 323 | 1 039 | 1 249 | 769 | -8 | 5 372 |
| Fee and commission income | 136 | 141 | 133 | 94 | -64 | 440 |
| Fee and commission expenses | -99 | -37 | -20 | -59 | 64 | -150 |
| Value change and gain/loss on foreign exchange and securities | 15 | 1 | -4 | 7 | - | 19 |
| Other operating income | 24 | 6 | 70 | 88 | - | 188 |
| Other operating expenses | -27 | -15 | -38 | -79 | - | -159 |
| Gross margin | 2 372 | 1 136 | 1 390 | 820 | -8 | 5 710 |
| Salaries and personnel expenses | -483 | -238 | -198 | -102 | -4 | -1 024 |
| Administrative expenses | -334 | -313 | -301 | -255 | 10 | -1 193 |
| Depreciation and amortisation | -69 | -31 | -31 | -17 | - | -149 |
| Net operating income | 1 486 | 553 | 861 | 446 | -1 | 3 345 |
| Other income and costs | 19 | -2 | -9 | -1 | - | 7 |
| Impairment losses on loan, guarantees etc. | -238 | -36 | -101 | -3 | 1 | -376 |
| Profit before taxes | 1 267 | 516 | 751 | 442 | - | 2 976 |
| Income tax expense | -337 | -119 | -182 | -88 | - | -727 |
| Profit after tax | 931 | 397 | 569 | 354 | - | 2 250 |

| | | | | | | |
|---|---------------|---------------|---------------|---------------|----------------|----------------|
| Cash and receivables on central banks | 66 | - | - | - | - | 66 |
| Deposits with and receivables on financial institutions | 649 | 1 368 | 713 | 1 227 | - | 3 957 |
| Total gross loans to customers | 58 999 | 37 537 | 33 135 | 35 903 | - | 165 574 |
| Write-downs | -1 472 | -853 | -803 | -471 | - | -3 599 |
| Commercial papers and bonds | 3 187 | 3 418 | 2 209 | 5 568 | -2 438 | 11 944 |
| Financial derivatives | 16 | - | - | 30 | - | 46 |
| Investments in subsidiaries | 1 285 | - | - | - | -1 285 | - |
| Other assets | 20 825 | 428 | 1 704 | 8 902 | -27 823 | 4 038 |
| Total assets | 83 554 | 41 898 | 36 958 | 51 159 | -31 545 | 182 024 |

Santander Consumer Bank

| | | | | | | |
|--|----------------|----------------|----------------|----------------|---------------|-----------------|
| Debt to credit institutions | -3 492 | -7 081 | -15 487 | -31 926 | 19 812 | -38 175 |
| Deposits from customers | -26 495 | -19 419 | -18 699 | - | - | -64 613 |
| Debt established by issuing securities | -28 616 | -13 653 | -1 729 | -7 561 | 2 438 | -49 121 |
| Financial derivatives | -5 | - | - | -21 | - | -26 |
| Other liabilities | -2 795 | -1 610 | -933 | -8 740 | 8 445 | -5 634 |
| Equity | -22 152 | -135 | -109 | -2 911 | 851 | -24 456 |
| Total liabilities and equity | -83 554 | -41 898 | -36 958 | -51 159 | 31 545 | -182 024 |

Q3 2018

| | Norway | Sweden | Denmark | Finland | Eliminations | Total Group |
|---|------------|------------|------------|------------|--------------|--------------|
| Total interest income | 967 | 392 | 429 | 289 | -14 | 2 063 |
| Total interest expenses | -220 | -36 | -48 | -26 | -11 | -339 |
| Net interest income | 747 | 356 | 381 | 263 | - | 1 724 |
| Fee and commission income | 57 | 36 | 45 | 15 | - | 152 |
| Fee and commission expenses | -18 | -1 | -6 | -4 | - | -29 |
| Value change and gain/loss on foreign exchange and securities | -7 | 0 | 4 | -0 | - | -4 |
| Other operating income | 10 | 1 | 14 | 31 | - | 57 |
| Other operating expenses | -8 | -5 | -12 | -26 | - | -52 |
| Gross margin | 781 | 386 | 427 | 278 | - | 1 847 |
| Salaries and personnel expenses | -97 | -95 | -72 | -44 | - | -308 |
| Administration expenses | -134 | -89 | -71 | -61 | - | -332 |
| Depreciation and amortisation | -14 | -4 | -8 | -3 | - | -31 |
| Net operating income | 536 | 197 | 275 | 170 | - | 1 177 |
| Other income and costs | -162 | -3 | -1 | -- | - | -167 |
| Impairment losses on other assets | - | - | - | - | - | - |
| Impairment losses on loan, guarantees etc. | -92 | -77 | -74 | -23 | - | -265 |
| Profit before taxes | 282 | 117 | 201 | 147 | - | 745 |
| Income tax expense | -73 | -28 | -52 | -29 | - | -181 |
| Profit after tax | 209 | 90 | 149 | 118 | - | 565 |

YTD Q3 2018

| | Norway | Sweden | Denmark | Finland | Eliminations | Total Group |
|---|--------------|--------------|--------------|------------|--------------|--------------|
| Total interest income | 2 853 | 1 179 | 1 283 | 844 | -41 | 6 118 |
| Total interest expenses | -657 | -108 | -149 | -85 | 16 | -982 |
| Net interest income | 2 196 | 1 071 | 1 134 | 759 | - | 5 136 |
| Fee and commission income | 134 | 109 | 131 | 45 | - | 418 |
| Fee and commission expenses | -58 | -5 | -17 | -14 | - | -94 |
| Value change and gain/loss on foreign exchange and securities | 22 | -1 | 14 | 2 | - | 36 |
| Other operating income | 23 | 5 | 44 | 90 | - | 163 |
| Other operating expenses | -28 | -17 | -38 | -77 | - | -161 |
| Gross margin | 2 289 | 1 161 | 1 269 | 804 | - | 5 498 |
| Salaries and personnel expenses | -359 | -275 | -222 | -133 | - | -989 |
| Administration expenses | -460 | -290 | -210 | -174 | 23 | -1 111 |
| Depreciation and amortisation | -80 | -12 | -27 | -9 | - | -128 |
| Net operating income | 1 390 | 583 | 809 | 488 | - | 3 269 |
| Other income and costs | -164 | -37 | -2 | 1 | - | -203 |
| Impairment losses on other assets | - | - | - | - | - | - |
| Impairment losses on loan, guarantees etc. | 30 | -77 | -161 | -67 | - | -274 |
| Profit before taxes | 1 256 | 469 | 647 | 422 | - | 2 792 |
| Income tax expense | -355 | -109 | -143 | -84 | - | -691 |
| Profit after tax | 901 | 361 | 504 | 338 | - | 2 101 |

Santander Consumer Bank

| | | | | | | |
|---|---------------|---------------|---------------|---------------|----------------|----------------|
| Cash and receivables on central banks | 65 | - | - | - | - | 65 |
| Deposits with and receivables on financial institutions | 824 | 1 690 | 604 | 815 | - | 3 934 |
| Total gross loans to customers | 59 053 | 33 457 | 30 247 | 28 785 | - | 151 541 |
| Write-downs | -1 773 | -668 | -503 | -504 | - | -3 448 |
| Commercial papers and bonds | 1 981 | 1 877 | 1 529 | 4 051 | - | 9 438 |
| Financial derivatives | 37 | - | - | 1 | - | 38 |
| Investments in subsidiaries | - | - | - | - | - | - |
| Other assets | 336 | 1 448 | 1 684 | 2 403 | 351 | 6 222 |
| Total assets | 60 524 | 37 803 | 33 561 | 35 552 | 351 | 167 791 |
| Debt to credit institutions | 4 893 | 12 932 | 16 075 | 27 954 | -18 108 | 43 747 |
| Deposits from customers | 22 601 | 14 576 | 15 941 | - | - | 53 119 |
| Debt established by issuing securities | 28 862 | 9 099 | 653 | 4 906 | - | 43 519 |
| Financial derivatives | 15 | - | - | - | - | 15 |
| Other liabilities | 2 533 | 1 307 | 930 | 410 | -49 | 5 130 |
| Equity | 20 964 | -110 | -37 | 2 278 | -834 | 22 261 |
| Total liabilities and equity | 79 868 | 37 804 | 33 562 | 35 548 | -18 991 | 167 791 |

Note 9 - Net interest income

All amounts in millions of NOK

| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--|--------------|--------------|----------------|----------------|---------------|
| Interest and similar income on loans to and receivables from credit institutions | 37 | 25 | 47 | 73 | 86 |
| Interest and similar income on loans to and receivables from customers | 2 149 | 2 025 | 6 334 | 5 990 | 8 028 |
| Interest and similar income on comm. paper, bonds and other securities | 17 | 14 | 59 | 55 | 44 |
| Total interest income | 2 203 | 2 063 | 6 440 | 6 118 | 8 158 |
| Interest and similar expenses on debt to credit institutions | -48 | -45 | -143 | -148 | -206 |
| Interest and similar expenses on deposits from and debt to customers | -207 | -168 | -581 | -502 | -666 |
| Interest and similar expenses on issued securities | -101 | -88 | -301 | -260 | -321 |
| Interest on subordinated loan capital | -13 | -12 | -39 | -34 | -46 |
| Other interest expenses and similar expenses | -2 | -28 | -4 | -39 | - |
| Total interest expense | -371 | -340 | -1 068 | -982 | -1 239 |
| Net interest income | 1 832 | 1 723 | 5 372 | 5 136 | 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 | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--------------------------------------|---------------|---------------|----------------|----------------|---------------|
| Interest expenses | -48 | -45 | -143 | -148 | -206 |
| Average loan | 42 000 | 39 479 | 42 000 | 39 479 | 35 637 |
| Average nominal interest rate | 0,46 % | 0,46 % | 0,68 % | 0,75 % | 0,58 % |

| To customers | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--------------------------------------|---------------|---------------|----------------|----------------|---------------|
| Interest expenses | -207 | -168 | -581 | -502 | -666 |
| Average deposit | 53 882 | 50 708 | 53 882 | 50 708 | 52 631 |
| Average nominal interest rate | 1,53 % | 1,32 % | 2,16 % | 1,98 % | 1,27 % |

| To bondholders | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--------------------------------------|---------------|---------------|----------------|----------------|---------------|
| Interest expenses | -101 | -88 | -301 | -260 | -321 |
| Average issued notes and bonds | 48 224 | 43 803 | 48 224 | 43 803 | 52 100 |
| Average nominal interest rate | 0,84 % | 0,80 % | 1,25 % | 1,19 % | 0,62 % |

| Subordinated loan capital* | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--------------------------------------|---------------|---------------|----------------|----------------|---------------|
| Interest expenses | -13 | -12 | -39 | -34 | -46 |
| Average subordinated loan capital | 1 712 | 1 754 | 1 712 | 1 754 | 1 742 |
| Average nominal interest rate | 3,14 % | 2,64 % | 4,51 % | 3,86 % | 2,64 % |

| Total of tables above: | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--------------------------------------|---------------|---------------|----------------|----------------|---------------|
| Interest expenses | -370 | -312 | -1 063 | -944 | -1 239 |
| Loan | 145 818 | 135 744 | 145 818 | 135 744 | 142 110 |
| Average nominal interest rate | 1,01 % | 0,92 % | 1,46 % | 1,39 % | 0,87 % |

Note 10 - Classification of financial instruments

All amounts in millions of NOK

| Classification of financial assets 30 September 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 | - | - | 66 | 66 |
| Deposits with and receivables on financial institutions | - | - | 3 957 | 3 957 |
| Loans to customers | - | - | 161 975 | 161 975 |
| Commercial papers and bonds | - | - | 11 944 | 11 944 |
| Financial derivatives | 46 | - | - | 46 |
| Other ownership interests | - | 30 | - | 30 |
| Total financial assets | 46 | 30 | 177 942 | 178 018 |
| | | | | Non-financial assets 4 006 |
| | | | | Total assets 182 024 |

| Classification of financial liabilities 30 September 2019 | Financial assets at fair value through P&L | Financial assets at fair value through OCI | Amortized cost | Book value |
|---|--|--|----------------|---|
| Debt to credit institutions | - | - | 38 175 | 38 175 |
| Deposits from customers | - | - | 64 613 | 64 613 |
| Debt established by issuing securities | - | - | 49 122 | 49 122 |
| Financial derivatives | 26 | - | - | 26 |
| Other financial liabilities | - | - | 443 | 443 |
| Subordinated loan capital | - | - | 1 698 | 1 698 |
| Total financial liabilities | 26 | - | 154 050 | 154 076 |
| | | | | Non-financial liabilities and equity 27 948 |
| | | | | Total liabilities and equity 182 024 |

| Classification of financial assets 31 December 2018 | Financial assets at | Financial assets at | Amortized cost | Book value |
|---|---------------------|---------------------|----------------|----------------|
| | fair value through | fair value through | | |
| | P&L | OCI | | |
| 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 |
| Other financial assets | - | - | - | - |
| Total financial assets | 64 | 26 | 172 693 | 172 783 |

| | |
|----------------------|----------------|
| Non-financial assets | 3 325 |
| Total assets | 176 108 |

| Classification of financial liabilities 31 December 2018 | Financial assets at | Financial assets at | Amortized cost | Book value |
|--|---------------------|---------------------|----------------|----------------|
| | fair value through | fair value through | | |
| | P&L | OCI | | |
| Debt to credit institutions | - | - | 40 253 | 40 253 |
| 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 | - | - | 149 904 | 149 949 |

| | |
|--------------------------------------|----------------|
| Non-financial liabilities and equity | 26 159 |
| Total liabilities and equity | 176 108 |

Note 11 - Valuation Hierarchy

All amounts in millions of NOK

Q3 2019

| | | | Quoted market price | Using Observable inputs | With significant unobservable inputs | Total |
|--|---------------------|-----------------|---------------------------|-------------------------------|---|------------|
| | | | Level 1 | Level 2 | Level 3 | |
| Financial instruments measured at fair value | | | | | | |
| Financial assets | | | | | | |
| Name | Type | Notional | | | | |
| Bilkreditt 7 Fixed | Cross Currency Swap | MM EUR 25 | - | 16 | - | 16 |
| KIMI5 Pass Through | Interest Rate Swap | MM EUR 27 | - | - | - | - |
| KIMI6 Pass Through | Interest Rate Swap | MM EUR 172 | - | 6 | - | 6 |
| KIMI7 Pass Through | Interest Rate Swap | MM EUR 370 | - | 24 | - | 24 |
| Total financial trading derivatives | | | - | 46 | - | 46 |
| Name | Type | | | | | |
| VISA | Equity | | - | 30 | - | 30 |
| Total other ownership interests | | | - | 30 | - | 30 |
| Total Assets | | | - | 76 | - | 76 |
| Financial liabilities | | | | | | |
| Name | Type | Notional | | | | |
| KIMI6 Fixed | Interest Rate Swap | MM EUR 171 | - | 4 | - | 4 |
| Bilkreditt 7 Pass Through | Cross Currency Swap | MM EUR 8 | - | 5 | - | 5 |
| KIMI5 | Interest Rate Swap | MM EUR 27 | - | - | - | - |
| KIMI7 Fixed | Interest Rate Swap | MM EUR 353 | - | 18 | - | 18 |
| KIMI5 Fixed | Interest Rate Swap | MM EUR 36 | - | - | - | - |
| Total financial derivatives | | | - | 26 | - | 26 |
| Total Liabilities | | | - | 26 | - | 26 |
| Derivatives designated for hedge accounting - assets | | | | | | |
| Name | Type | Notional | | | | |
| Bilkreditt 7 | Cross Currency Swap | MM EUR 8 | - | 5 | - | 5 |
| DK EMTN MEUR 250 | Cross Currency Swap | MM EUR 250 | - | 17 | - | 17 |
| DK EMTN MEUR 200 | Cross Currency Swap | MM EUR 200 | - | 73 | - | 73 |
| DK EMTN MEUR 150 | Cross Currency Swap | MM EUR 150 | - | 20 | - | 20 |
| Total derivatives designated for hedging - assets* | | | - | 115 | - | 115 |
| Derivatives designated for hedge accounting - liabilities | | | | | | |
| Name | Type | Notional | | | | |
| DK EMTN MEUR 150 | Cross Currency Swap | MM EUR 150 | - | 10 | - | 10 |
| KIMI6 | Interest Rate Swap | MM EUR 172 | - | 6 | - | 6 |
| KIMI7 | Interest Rate Swap | MM EUR 370 | - | 24 | - | 24 |
| Total derivatives designated for hedging - liabilities* | | | - | 40 | - | 40 |

* 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 are 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.

Q3 2018

| | | | 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 | | | | | | |
| Name | Type | Notional | | | | |
| Bilkreditt 6 Fixed | Cross Currency Swap | MM EUR 14 | - | 19 | - | 19 |
| Bilkreditt 7 Fixed | Cross Currency Swap | MM EUR 95 | - | 18 | - | 18 |
| KIMI4 Pass Through | Interest Rate Swap | MM EUR 0 | - | - | - | - |
| KIMI5 Fixed | Interest Rate Swap | MM EUR 139 | - | - | - | - |
| KIMI6 Pass Through | Interest Rate Swap | MM EUR 383 | - | - | - | - |
| KIMI6 Fixed | Interest Rate Swap | MM EUR 365 | - | 1 | - | 1 |
| Total financial trading derivatives | | | - | 38 | - | 38 |
| Other ownership interests | | | | | | |
| Name | Type | | | | | |
| VISA | Equity | | - | 26 | - | 26 |
| Total other ownership interests | | | - | 26 | - | 26 |
| Total Assets | | | - | 64 | - | 64 |
| Financial liabilities | | | | | | |
| Name | Type | Notional | | | | |
| KIMI5 | Interest Rate Swap | MM EUR 135 | - | - | - | - |
| Bilkreditt 7 Pass Through | Cross Currency Swap | MM EUR 77 | - | 15 | - | 15 |
| KIMI4 Fixed | Interest Rate Swap | MM EUR 10 | - | - | - | - |
| KIMI5 Pass Through | Interest Rate Swap | MM EUR 135 | - | - | - | - |
| Total financial derivatives | | | - | 15 | - | 15 |
| Total Liabilities | | | - | 15 | - | 15 |
| Derivatives designated for hedge accounting - assets | | | | | | |
| Name | Type | Notional | | | | |
| Bilkreditt 7 | Cross Currency Swap | MM EUR 77 | - | 15 | - | 15 |
| DK EMTN MEUR 250 | Cross Currency Swap | MM EUR 250 | - | 6 | - | 6 |
| DK EMTN MEUR 240 | Cross Currency Swap | MM EUR 240 | - | 6 | - | 6 |
| SW EMTN MEUR 100 | Cross Currency Swap | MM EUR 100 | - | 66 | - | 66 |
| DK EMTN MEUR 245 | Cross Currency Swap | MM EUR 245 | - | 2 | - | 2 |
| DK EMTN MEUR 200 | Cross Currency Swap | MM EUR 200 | - | 20 | - | 20 |
| Total derivatives designated for hedging - assets* | | | - | 115 | - | 115 |
| Derivatives designated for hedge accounting - liabilities | | | | | | |
| Name | Type | Notional | | | | |
| KIMI6 | Interest Rate Swap | MM EUR 383 | - | 1 | - | 1 |
| Total derivatives designated for hedging - liabilities* | | | - | 1 | - | 1 |

* 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

All amounts in millions of NOK

| | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|---------------------------------------|----------------|----------------|----------------|
| Credit Card | 6 820 | 6 732 | 27 372 |
| Unsecured loans | 28 903 | 26 294 | 7 030 |
| Auto loans | 129 851 | 121 712 | 128 400 |
| - Instalment loans | 109 041 | 101 012 | 106 981 |
| - Financial leasing | 20 810 | 20 701 | 21 419 |
| Total gross loans to customers | 165 575 | 154 738 | 162 802 |
| - Loan loss allowance - Stage 1 | -1 041 | -1 115 | -1 039 |
| - Loan loss allowance - Stage 2 | -567 | -560 | -591 |
| - Loan loss allowance - Stage 3 | -1 991 | -1 773 | -1 888 |
| Total net loans to customers | 161 976 | 151 290 | 159 284 |

Note 13 - Impairment losses on loan, guarantees etc.

All amounts in millions of NOK

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

| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 |
|--|-------------|-------------|-------------|-------------|
| Change in loss allowance - Unsecured loans | -218 | 20 | -97 | -77 |
| Change in loss allowance - Secured loans | -21 | 15 | -36 | -55 |
| Change in loss allowance - Commercial papers and bonds | - | - | - | 1 |
| +/- Fx rate adjustment opening balance | - | - | - | - |
| + Total realized losses | -277 | -420 | -1 221 | -1 501 |
| - Recoveries on previously realized losses | 41 | 120 | 221 | 488 |
| - Gain on sold portfolios | - | - | 757 | 869 |
| Impairment losses on loan, guarantees etc. | -475 | -265 | -376 | -274 |

Note 14 - Issued securities

All amounts in millions of NOK

| | Q3 2019 | Q3 2018 | FY 2018 |
|------------------------------------|---------------|---------------|---------------|
| Issued certificates | 2 498 | 903 | 1 751 |
| Senior unsecured issued securities | 36 158 | 32 888 | 35 495 |
| Asset backed issued securities | 10 466 | 9 728 | 15 683 |
| Total issued securities | 49 122 | 43 519 | 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 bonds on the Irish Stock exchange in January to a value of EUR 500 MM (NOK 4 872)
 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 April to a value of DKK 750 MM (NOK 969 MM)
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in April to a value of SEK 200 MM (NOK 185 MM)
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in April to a value of SEK 150 MM (NOK 137 MM)
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in May to a value of SEK 100 MM (NOK 91 MM)
 Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exchange in May to a value of NOK 250 MM
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in May to a value of SEK 100 MM (NOK 91 MM)
 Santander Consumer Bank AS issued bonds on the Irish Stock exchange in May to a value of SEK 105 MM (NOK 96 MM)
 Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in May to a value of NOK 300 MM
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in June to a value of SEK 100 MM (NOK 92 MM)
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in June to a value of SEK 200 MM (NOK 184 MM)
 Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exchange in June to a value of NOK 150 MM
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in June to a value of SEK 70 MM (NOK 64 MM)
 Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exchange in July to a value of NOK 250 MM (NOK 250 MM)
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in July to a value of SEK 100 MM (NOK 91 MM)
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in July to a value of SEK 250 MM (NOK 230)
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in July to a value of SEK 350 MM (NOK 321 MM)
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in July to a value of SEK 100 MM (NOK 92 MM)
 Santander Consumer Bank AS issued bonds on the Irish Stock exchange in July to a value of SEK 1 000 MM (NOK 912)
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in September to a value of SEK 100 MM (NOK 93 MM)
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in September to a value of SEK 100 MM (NOK 93 MM)
 Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in September to a value of SEK 70 MM (NOK 65 MM)
 Santander Consumer Bank AS issued bonds on the Irish Stock exchange in September to a value of EUR 500 MM (NOK 4 937)
 Santander Consumer Bank AS issued bonds on the Irish Stock exchange in September to a value of SEK 500 MM (NOK 461)

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: | Q3 2019 | Accrued interest | | Accrued interest | | |
|---------------------------------|---------------|------------------|---------------|------------------|---------------|--------------------------|
| | | Q3 2019 | Q3 2018 | Q3 2018 | FY 2018 | Accrued interest FY 2018 |
| Santander Benelux | - | - | 254 | - | - | - |
| Santander Consumer Finance S.A. | 37 895 | 8 | 43 301 | 8 | 39 912 | 10 |
| Total | 37 895 | 8 | 43 555 | 8 | 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 | - | 250 | - | 250 | - |
| MNOK 250, maturity July 2025, 3 months NIBOR+3.135% (Santander Consumer Finance S.A) | 250 | 3 | 250 | 2 | 250 | 2 |
| MSEK 750, maturity December 2024, 3 months STIBOR+2.2825% (Santander Consumer Finance S.A) | 694 | - | 689 | - | 728 | - |
| MNOK 500, maturity September 2027, 3 months NIBOR + 1,66% (Santander Consumer Finance S.A) | 500 | 1 | 500 | 1 | 500 | - |
| Total | 1 694 | 4 | 1 689 | 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:

| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | Financial year 2018 |
|---|------------|------------|-------------|-------------|---------------------|
| Interest income | - | -3 | - | 9 | 13 |
| Interest expenses | -32 | -2 | -104 | -74 | -132 |
| Interest payments additional Tier 1 capital | -36 | -43 | -104 | -127 | -169 |
| Fees | - | 2 | - | 7 | 10 |
| Other | -7 | -2 | -18 | -2 | -22 |
| Net transactions | -74 | -48 | -225 | -187 | -301 |

Santander Consumer Bank Group had transactions with the following related parties per 30 September 2019:

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

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 third 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.

These interim financial statements were authorised by the Board of Directors the 14th of November 2019.

Note 2 - Accounting principles

The Santander Consumer Banks AS's accounting policies are consistent with those of the previous financial year as described in the 2018 annual report and in the Q1 2019 report where accounting principles of Leases was updated according to IFRS 16.

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.

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|---------------|
| Unsecured loans | | | | |
| Credit grade | | | | |
| Loans not past due date | 26 912 | 766 | - | 27 678 |
| Standard monitoring | 852 | 1 437 | - | 2 289 |
| Special monitoring | - | 173 | - | 173 |
| Default | - | - | 2 014 | 2 014 |
| Gross carrying amount | 27 764 | 2 376 | 2 014 | 32 153 |
| Loss allowance | -442 | -339 | -1 179 | -1 960 |
| Carrying amount | 27 322 | 2 036 | 835 | 30 193 |
| Loss allowance (off balance exposures) | 48 | 17 | 16 | 81 |

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.

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|------------------------------|----------------------------|----------------------------|----------------------------|---------------|
| Secured loans | | | | |
| Credit grade | | | | |
| Loans not past due date | 91 303 | 1 306 | - | 92 610 |
| Standard monitoring | 2 264 | 1 190 | - | 3 454 |
| Special monitoring | - | 220 | 3 | 223 |
| Default | - | - | 1 230 | 1 230 |
| Gross carrying amount | 93 567 | 2 716 | 1 233 | 97 517 |
| Loss allowance | -388 | -148 | -631 | -1 167 |
| Carrying amount | 93 180 | 2 568 | 602 | 96 350 |

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.

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|------------------------------------|----------------------------|----------------------------|----------------------------|--------------|
| Commercial papers and bonds | | | | |
| Credit grade | | | | |
| Investment grade | 8 814 | - | - | 8 814 |
| Standard monitoring | - | - | - | - |
| Special monitoring | - | - | - | - |
| Default | - | - | - | - |
| Gross carrying amount | 8 814 | - | - | 8 814 |
| Loss allowance | -1 | - | - | -1 |
| Carrying amount | 8 813 | - | - | 8 813 |

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 | 16 |

Q3 2018

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------|
| Loans to customers | | | | |
| Credit grade | | | | |
| Loans not past due date | 107 484 | 6 544 | - | 114 028 |
| Standard monitoring | 3 163 | 2 229 | - | 5 392 |
| Special monitoring | - | 427 | - | 427 |
| Default | - | - | 2 910 | 2 910 |
| Gross carrying amount | 110 647 | 9 199 | 2 910 | 122 756 |
| Loss allowance | -864 | -418 | -1 662 | -2 944 |
| Carrying amount | 109 783 | 8 781 | 1 248 | 119 812 |

Q3 2018

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|------------------------------------|----------------------------|----------------------------|----------------------------|--------------|
| Commercial papers and bonds | | | | |
| Credit grade | | | | |
| Investment grade | 5 156 | - | - | 5 156 |
| Standard monitoring | - | - | - | - |
| Special monitoring | - | - | - | - |
| Default | - | - | - | - |
| Gross carrying amount | 5 156 | - | - | 5 156 |
| Loss allowance | -1 | - | - | -1 |
| Carrying amount | 5 156 | - | - | 5 156 |

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 | 37 |

Note 4 - Risk classification

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

| <i>All amounts in millions of NOK</i> | Balance | | | Loss reserves | | |
|---------------------------------------|----------------|----------------|----------------|---------------|---------------|---------------|
| | Q3 2019 | Q3 2018 | FY 2018 | Q3 2019 | Q3 2018 | FY 2018 |
| Current - not past due date | 120 672 | 114 028 | 119 880 | -881 | -867 | -783 |
| Current - past due date | 5 755 | 5 819 | 5 728 | -436 | -415 | -442 |
| Total impaired loans | 3 244 | 2 910 | 3 007 | -1 810 | -1 662 | -1 766 |
| Total gross loans to customers | 129 670 | 122 756 | 128 615 | -3 127 | -2 944 | -2 991 |

| <i>Ageing of past due but not impaired loans</i> | Balance | | | Loss reserves | | |
|--|--------------|--------------|--------------|---------------|-------------|-------------|
| | Q3 2019 | Q3 2018 | FY 2018 | Q3 2019 | Q3 2018 | FY 2018 |
| 1 - 29 days | 4 325 | 4 191 | 4 455 | -179 | -204 | -206 |
| 30 - 59 days | 1 032 | 885 | 908 | -156 | -129 | -143 |
| 60 - 89 days | 397 | 324 | 365 | -101 | -82 | -94 |
| Total loans due but not impaired | 5 755 | 5 401 | 5 728 | -436 | -415 | -442 |

| <i>Ageing of impaired loans</i> | Balance | | | Loss reserves | | |
|---------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|
| | Q3 2019 | Q3 2018 | FY 2018 | Q3 2019 | Q3 2018 | FY 2018 |
| 90 - 119 days | 265 | 216 | 243 | -131 | -114 | -129 |
| 120 - 149 days | 209 | 170 | 203 | -107 | -90 | -104 |
| 150 - 179 days | 182 | 158 | 168 | -93 | -80 | -89 |
| 180 + days | 1 335 | 899 | 1 077 | -774 | -572 | -693 |
| Economic doubtful* | 1 253 | 1 467 | 1 316 | -706 | -805 | -751 |
| Total impaired loans | 3 244 | 2 910 | 3 007 | -1 810 | -1 662 | -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:

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|--------------|
| Unsecured loans | | | | |
| Loss allowance as at 1 January 2019 | 469 | 240 | 1 161 | 1 870 |
| Transfers: | - | - | - | - |
| Transfer from Stage 1 to Stage 2 | -166 | 743 | - | 577 |
| Transfer from Stage 1 to Stage 3 | -6 | - | 109 | 103 |
| Transfer from Stage 2 to Stage 3 | - | -506 | 826 | 319 |
| Transfer from Stage 2 to Stage 1 | 68 | -459 | - | -392 |
| Transfer from Stage 3 to Stage 2 | - | 32 | -177 | -146 |
| Transfer from Stage 3 to Stage 1 | - | - | - | - |
| Assets remaining in same Stage | 81 | 208 | -141 | 149 |
| Methodological changes | -43 | 100 | -67 | -10 |
| Financial assets derecognised that are not write-offs | -44 | -17 | -89 | -149 |
| <i>of which 'account that have closed in the period'</i> | -44 | -17 | -89 | -149 |
| <i>of which 'foreclosed'</i> | - | - | - | - |
| <i>of which 'sold'</i> | - | - | - | - |
| <i>of which 'change of perimeter'</i> | - | - | - | - |
| Write-offs | - | - | -430 | -430 |
| New financial assets originated or purchased | 93 | - | - | 93 |
| Changes in PDs/LGDs/EADs | - | - | - | - |
| Modification of contractual cash flows of financial assets | - | - | - | - |
| FX and other movements | -10 | -2 | -13 | -24 |
| Loss allowance as at 30 September 2019 | 442 | 339 | 1 179 | 1 960 |

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|--------------|
| Secured loans | | | | |
| Loss allowance as at 1 January 2019 | 345 | 198 | 578 | 1 121 |
| Transfers: | - | - | - | - |
| Transfer from Stage 1 to Stage 2 | -90 | 308 | - | 218 |
| Transfer from Stage 1 to Stage 3 | -10 | - | 169 | 159 |
| Transfer from Stage 2 to Stage 3 | - | -147 | 374 | 227 |
| Transfer from Stage 2 to Stage 1 | 39 | -203 | - | -164 |
| Transfer from Stage 3 to Stage 2 | - | 28 | -192 | -164 |
| Transfer from Stage 3 to Stage 1 | - | - | -1 | -1 |
| Assets remaining in same Stage | 2 | 53 | 38 | 93 |
| Methodological changes | 22 | -62 | 25 | -15 |
| Financial assets derecognised that are not write-offs | -88 | -27 | -80 | -195 |
| <i>of which 'account that have closed in the period'</i> | -88 | -27 | -80 | -195 |
| <i>of which 'foreclosed'</i> | - | - | - | - |
| <i>of which 'sold'</i> | - | - | - | - |
| <i>of which 'change of perimeter'</i> | - | - | - | - |
| Write-offs | - | - | -278 | -278 |
| New financial assets originated or purchased | 171 | - | - | 171 |
| Changes in PDs/LGDs/EADs | - | - | - | - |
| Modification of contractual cash flows of financial assets | - | - | - | - |
| FX and other movements | -4 | -1 | -2 | -7 |
| Loss allowance as at 30 September 2019 | 388 | 148 | 631 | 1 167 |

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|----------|
| Commercial papers and bonds | | | | |
| 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 | - | - | - |
| 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 30 September 2019 | 1 | - | - | 1 |

Q3 2019

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|------------|
| Off balance exposure | | | | |
| Loss allowance as at 1 January 2019 | 82 | 14 | 27 | 122 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | -8 | 36 | - | 29 |
| Transfer from Stage 1 to Stage 3 | - | - | 8 | 8 |
| Transfer from Stage 2 to Stage 3 | - | -6 | 14 | 8 |
| Transfer from Stage 2 to Stage 1 | 5 | -36 | - | -30 |
| Transfer from Stage 3 to Stage 2 | - | 4 | -20 | -15 |
| Transfer from Stage 3 to Stage 1 | - | - | - | - |
| Assets remaining in same Stage | -6 | 5 | 5 | 4 |
| Methodological changes | -38 | 1 | -5 | -42 |
| Financial assets derecognised that are not write-offs | -6 | -1 | -8 | -16 |
| <i>of which 'account that have closed in the period'</i> | -6 | -1 | -8 | -16 |
| <i>of which 'foreclosed'</i> | - | - | - | - |
| <i>of which 'sold'</i> | - | - | - | - |
| <i>of which 'change of perimeter'</i> | - | - | - | - |
| Write-offs | - | - | -5 | -5 |
| New financial assets originated or purchased | 20 | - | - | 20 |
| Changes in PDs/LGDs/EADs | - | - | - | - |
| Modification of contractual cash flows of financial assets | - | - | - | - |
| FX and other movements | -2 | - | - | -2 |
| Loss allowance as at 30 September 2019 | 48 | 17 | 16 | 81 |

Q3 2018

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|--------------|
| Loans to customers | | | | |
| Loss allowance as at 1 January 2018 | 908 | 406 | 1 607 | 2 920 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | -51 | 208 | - | 157 |
| Transfer from Stage 1 to Stage 3 | -21 | - | 415 | 394 |
| Transfer from Stage 2 to Stage 3 | 18 | -99 | - | -81 |
| Transfer from Stage 2 to Stage 1 | - | -60 | 203 | 143 |
| Transfer from Stage 3 to Stage 2 | - | 11 | -97 | -86 |
| Transfer from Stage 3 to Stage 1 | 5 | - | -5 | - |
| Assets remaining in same Stage | - | - | - | - |
| Methodological changes | -186 | -3 | 25 | -164 |
| Financial assets derecognised that are not write-offs | -137 | -57 | -137 | -331 |
| <i>of which 'account that have closed in the period'</i> | -137 | -57 | -137 | -331 |
| <i>of which 'foreclosed'</i> | - | - | - | - |
| <i>of which 'sold'</i> | - | - | - | - |
| <i>of which 'change of perimeter'</i> | - | - | - | - |
| Write-offs | -16 | -69 | -460 | -546 |
| New financial assets originated or purchased | 303 | 95 | 140 | 538 |
| Changes in PDs/LGDs/EADs | - | - | - | - |
| Modification of contractual cash flows of financial assets | - | - | - | - |
| FX and other movements | - | - | - | - |
| Loss allowance as at 30 September 2018 | 823 | 430 | 1 691 | 2 944 |

Q3 2018

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|--|----------------------------|----------------------------|----------------------------|-----------|
| Commercial papers and bonds | | | | |
| 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 | - | - | - | - |
| Methodological changes | - | - | - | - |
| Financial assets derecognised that are not write-offs | -2 | - | - | -2 |
| <i>of which 'account that have closed in the period'</i> | -2 | - | - | -2 |
| <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 | 1 | - | - | - |
| Changes in PDs/LGDs/EADs | - | - | - | - |
| Modification of contractual cash flows of financial assets | - | - | - | - |
| FX and other movements | - | - | - | - |
| Loss allowance as at 30 September 2018 | 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, SCB AS fulfils the minimum LCR requirements.

| Liquidity Coverage Ratio (LCR) % | Q3 2019 | Q3 2018 | Q4 2018 |
|---|----------------|----------------|----------------|
| Liquidity Coverage Ratio (LCR) Total | 184 | 126 | 126 |
| Liquidity Coverage Ratio (LCR) NOK | 118 | 94 | 88 |
| Liquidity Coverage Ratio (LCR) SEK | 133 | 155 | 129 |
| Liquidity Coverage Ratio (LCR) DKK | 878 | 154 | 219 |
| Liquidity Coverage Ratio (LCR) EUR | - | - | - |

Note 7 - Capital adequacy

All amounts in millions of NOK

| Balance sheet equity | Q3 2019 | Q3 2018 | FY 2018 |
|----------------------|---------------|---------------|---------------|
| Paid in equity | 9 652 | 9 652 | 9 652 |
| Share premium | 891 | 891 | 891 |
| Other equity | 9 739 | 8 110 | 8 920 |
| Tier 1 Capital | 2 250 | 2 250 | 2 250 |
| Other reserves | -137 | -86 | -105 |
| Total Equity | 22 395 | 20 818 | 21 609 |

Common Equity Tier 1 Capital

| | | | |
|---|---------------|---------------|---------------|
| (-) Profit not eligible as capital | -1 158 | -909 | -1 000 |
| Cash-flow hedge adjustment | - | - | - |
| IRB Expected Loss - Reserves | -219 | -206 | -196 |
| Goodwill | -290 | -281 | -294 |
| Other intangible assets | -258 | -243 | -274 |
| Deferred tax assets | - | - | - |
| Adjustment Prudent Valuation (AVA) | -8 | -5 | -7 |
| Tier 1 Capital | -2 250 | -2 250 | -2 250 |
| Total common Equity Tier 1 Capital (with full IFRS9 impact) | 18 212 | 16 924 | 17 588 |
| Capital adjustment according to IFRS9 Transitional rules | 318 | 355 | 355 |
| Total common Equity Tier 1 Capital (with IFRS9 transitional rules) | 18 530 | 17 279 | 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) | 20 462 | 19 174 | 19 838 |
| Total Tier 1 Capital (with IFRS9 transitional rules) | 20 780 | 19 529 | 20 194 |

Total Capital

| | | | |
|--|---------------|---------------|---------------|
| Paid up subordinated loans | 1 694 | 1 689 | 1 711 |
| Subordinated loans not eligible | - | - | - |
| Total Capital (with full IFRS9 impact) | 22 156 | 20 863 | 21 549 |
| Total Capital (with IFRS9 transitional rules) | 22 474 | 21 218 | 21 905 |

Risk exposure on Standard Approach

| | | | |
|--|---------------|---------------|---------------|
| Regional governments or local authorities | 63 | 63 | 73 |
| Institutions | 347 | 434 | 386 |
| Corporates | 8 880 | 7 931 | 8 778 |
| Retail Standard Approach | 50 264 | 47 422 | 49 918 |
| Exposures in default SA | 997 | 858 | 902 |
| Covered bonds | 396 | 395 | 443 |
| Other Exposures | 15 075 | 12 431 | 11 075 |
| Total Risk exposure amount on Standard Approach | 76 023 | 69 532 | 71 575 |

Risk exposure on Internal Rating Based Approach

| | | | |
|---|---------------|---------------|---------------|
| Retail Other | 23 446 | 22 895 | 23 589 |
| Total Risk exposure amount on Internal Rating Based Approach | 23 446 | 22 895 | 23 589 |

Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries

| | | | |
|--|---------------|---------------|---------------|
| | 99 469 | 92 426 | 95 164 |
| Foreign exchange (zero if under threshold) | - | - | - |
| Risk exposure amount for position, foreign exchange and commodities risks | - | - | - |

| | | | |
|---|----------------|----------------|----------------|
| Basic indicator approach | 11 772 | 10 607 | 11 772 |
| Risk exposure amount for operational risk | 11 772 | 10 607 | 11 772 |
| Standardized method | 87 | 99 | 105 |
| Risk exposure amount for credit valuation adjustment | 87 | 99 | 105 |
| Total risk exposure amount (with full IFRS9 impact) | 111 328 | 103 132 | 107 040 |
| Risk Exposure adjustment according to IFRS9 Transitional rules | 316 | 354 | 354 |
| Total risk exposure amount (with IFRS9 transitional rules) | 111 644 | 103 485 | 107 394 |

Total exposure for Leverage Ratio

| | | | |
|--|----------------|----------------|----------------|
| Derivatives: Add-on under market-to-market method | 354 | 373 | 430 |
| Off-balance sheet items with 10% CCF | 2 488 | 2 249 | 2 286 |
| Off-balance sheet items with 20% CCF | 742 | 858 | 782 |
| Off-balance sheet items with 50% CCF | 37 | 34 | 37 |
| Adjusted On balance sheet exposure | 153 806 | 138 838 | 146 629 |
| Total exposure for Leverage Ratio (with full IFRS9 impact) | 157 428 | 142 352 | 150 164 |
| Exposure adjustment according to IFRS9 Transitional rules | 423 | 473 | 473 |
| Total exposure for Leverage Ratio (with IFRS9 transitional rules) | 157 851 | 142 825 | 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) | 1,87 % | 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) | 14,47 % | 13,76 % | 13,77 % |

Minimum Regulatory Capital

| | | | |
|--|---------------|---------------|---------------|
| Minimum Core Equity | 5 010 | 4 641 | 4 817 |
| Pillar 2 Requirement | 2 895 | 2 372 | 2 462 |
| Countercyclical Buffer (combined) | 2 082 | 1 506 | 1 573 |
| Conservation Buffer | 2 783 | 2 578 | 2 676 |
| Systemic Risk Buffer | 3 340 | 3 094 | 3 211 |
| Minimum Regulatory Capital amount (full IFRS9 impact) | 16 109 | 14 191 | 14 739 |
| Surplus of Core Equity Tier 1 capital (full IFRS9 impact) | 2 103 | 2 733 | 2 849 |
| Minimum Regulatory Capital amount (with IFRS9 transitional rules) | 16 155 | 14 240 | 14 788 |
| Surplus of Core Equity Tier 1 capital (after IFRS9 transitional rules) | 2 375 | 3 040 | 3 155 |

| | | | |
|---|----------------|----------------|----------------|
| Common equity tier 1 capital ratio (full IFRS9 impact) | 16,36 % | 16,41 % | 16,43 % |
| Common equity tier 1 capital ratio (with IFRS9 transitional rules) | 16,60 % | 16,70 % | 16,71 % |
| CET1 regulatory requirements | 14,47 % | 13,76 % | 13,77 % |
| Tier 1 capital ratio (full IFRS9 impact) | 18,38 % | 18,59 % | 18,53 % |
| Tier 1 capital ratio (with IFRS9 transitional rules) | 18,61 % | 18,87 % | 18,80 % |
| Tire 1 regulatory requirements | 15,97 % | 15,26 % | 15,27 % |
| Total capital ratio (full IFRS9 impact) | 19,90 % | 20,23 % | 20,13 % |
| Total capital ratio (with IFRS9 transitional rules) | 20,13 % | 20,50 % | 20,40 % |
| Total capital regulatory requirements | 17,97 % | 17,26 % | 17,27 % |
| Leverage ratio (full IFRS9 impact) | 13,00 % | 13,47 % | 13,21 % |
| Leverage ratio (with IFRS9 transitional rules) | 13,16 % | 13,67 % | 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) | 0,24 % |

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)

| | Q3 2019 | | | | Total |
|--------------|-----------------|---------------|-----------------|-------------------|----------------|
| | Unsecured loans | Secured loans | Financial lease | Operational lease | |
| Norway | 10 410 | 37 966 | 10 623 | - | 58 999 |
| Sweden | 14 748 | 17 439 | 5 349 | - | 37 537 |
| Denmark | 6 995 | 23 752 | 2 387 | 401 | 33 535 |
| Total | 32 153 | 79 157 | 18 360 | 401 | 130 071 |

| | Q3 2018 | | | | Total |
|--------------|-----------------|---------------|-----------------|-------------------|----------------|
| | Unsecured loans | Secured loans | Financial lease | Operational lease | |
| Norway | 11 097 | 37 176 | 10 780 | - | 59 053 |
| Sweden | 13 472 | 16 264 | 4 865 | - | 34 601 |
| Denmark | 5 811 | 22 103 | 2 623 | 198 | 30 735 |
| Total | 30 380 | 75 542 | 18 268 | 198 | 124 388 |

P&L and Balance sheet per country

| | Q3 2019 | | | | |
|---|------------|------------|------------|--------------|--------------|
| | Norway | Sweden | Denmark | Eliminations | Total |
| Total interest income | 1 055 | 407 | 463 | - | 1 925 |
| Total interest expenses | -256 | -58 | -37 | - | -351 |
| Net interest income | 799 | 349 | 426 | - | 1 574 |
| Fee and commission income | 48 | 45 | 31 | - | 124 |
| Fee and commission expenses | -37 | -6 | -6 | - | -49 |
| Value change and gain/loss on foreign exchange and securities | -10 | - | - | - | -10 |
| Other operating income | 10 | 2 | 27 | - | 39 |
| Other operating expenses | -12 | -6 | -14 | - | -32 |
| Gross margin | 797 | 385 | 464 | - | 1 646 |
| Salaries and personnel expenses | -148 | -77 | -58 | - | -283 |
| Administrative expenses | -111 | -105 | -101 | - | -318 |
| Depreciation and amortisation | -22 | -11 | -10 | - | -43 |
| Net operating income | 516 | 193 | 294 | - | 1 003 |
| Other income and costs | -9 | 2 | -2 | - | -9 |
| Impairment losses on loan, guarantees etc. | -199 | -115 | -102 | - | -415 |
| Profit before taxes | 308 | 80 | 191 | - | 578 |
| Income tax expense | -70 | -19 | -68 | - | -157 |
| Profit after tax | 238 | 61 | 123 | - | 421 |

| | YTD Q3 2019 | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | Norway | Sweden | Denmark | Eliminations | Total |
| Total interest income | 3 049 | 1 189 | 1 364 | - | 5 601 |
| Total interest expenses | -728 | -170 | -115 | - | -1 013 |
| Net interest income | 2 321 | 1 019 | 1 249 | - | 4 589 |
| Fee and commission income | 136 | 138 | 133 | - | 407 |
| Fee and commission expenses | -94 | -18 | -20 | - | -132 |
| Value change and gain/loss on foreign exchange and securities | 15 | - | -4 | - | 11 |
| Other operating income | 24 | 6 | 70 | - | 100 |
| Other operating expenses | -27 | -15 | -38 | - | -80 |
| Gross margin | 2 375 | 1 131 | 1 390 | - | 4 896 |
| Salaries and personnel expenses | -483 | -238 | -198 | - | -918 |
| Administrative expenses | -334 | -313 | -301 | - | -948 |
| Depreciation and amortisation | -69 | -31 | -31 | - | -131 |
| Net operating income | 1 488 | 549 | 861 | - | 2 898 |
| Other income and costs | 19 | -2 | -9 | - | 8 |
| Impairment losses on loan, guarantees etc. | -240 | -31 | -101 | - | -372 |
| Profit before taxes | 1 267 | 515 | 751 | - | 2 534 |
| Income tax expense | -337 | -119 | -182 | - | -638 |
| Profit after tax | 931 | 396 | 569 | - | 1 896 |

| | | | | | |
|---|---------------|---------------|---------------|---------------|----------------|
| Cash and receivables on central banks | 66 | - | - | - | 66 |
| Deposits with and receivables on financial institutions | 596 | 1 059 | 713 | - | 2 369 |
| Total gross loans to customers | 58 297 | 33 178 | 33 135 | 5 061 | 129 670 |
| Write-downs | -1 472 | -853 | -803 | - | -3 128 |
| Commercial papers and bonds | 3 187 | 3 418 | 2 209 | - | 8 813 |
| Financial derivatives | 16 | - | - | - | 16 |
| Investments in subsidiaries | 1 285 | - | - | - | 1 285 |
| Other assets | 20 821 | 428 | 1 704 | -7 463 | 15 490 |
| Total assets | 82 795 | 37 231 | 36 958 | -2 402 | 154 581 |

Santander Consumer Bank

| | | | | | |
|--|---------------|---------------|---------------|---------------|----------------|
| Debt to credit institutions | 3 487 | 7 081 | 15 487 | -2 359 | 23 696 |
| Deposits from customers | 26 495 | 19 419 | 18 699 | - | 64 613 |
| Debt established by issuing securities | 27 878 | 9 048 | 1 729 | - | 38 656 |
| Financial derivatives | 5 | - | - | - | 5 |
| Other liabilities | 2 778 | 1 548 | 933 | -42 | 5 216 |
| Equity | 22 152 | 135 | 109 | - | 22 395 |
| Total liabilities and equity | 82 795 | 37 231 | 36 958 | -2 402 | 154 581 |

P&L and Balance sheet per country

| | Q3 2018 | | | | |
|---|---------------|---------------|---------------|--------------|--------------|
| | Norway | Sweden | Denmark | Eliminations | Total |
| Total interest income | 954 | 382 | 429 | - | 1 765 |
| Total interest expenses | -215 | -33 | -48 | - | -296 |
| Net interest income | 739 | 349 | 380 | - | 1 469 |
| Fee and commission income | 59 | 41 | 45 | - | 144 |
| Fee and commission expenses | -16 | -2 | -6 | - | -24 |
| Value change and gain/loss on foreign exchange and securities | -8 | - | 4 | - | -4 |
| Other operating income | 10 | 2 | 14 | - | 26 |
| Other operating expenses | -8 | -5 | -12 | - | -25 |
| Gross margin | -1 394 | -664 | -709 | - | 1 587 |
| Salaries and personnel expenses | -98 | -95 | -72 | - | -265 |
| Administration expenses | -134 | -89 | -71 | - | -294 |
| Depreciation and amortisation | -14 | -4 | -8 | - | -27 |
| Net operating income | -1 668 | -869 | -899 | - | 1 001 |
| Other income and costs | -162 | -3 | -1 | - | -167 |
| Impairment losses on other assets | - | - | - | - | - |
| Impairment losses on loan, guarantees etc. | -86 | -75 | -74 | - | -235 |
| Profit before taxes | -1 997 | -960 | -1 000 | - | 600 |
| Income tax expense | -73 | -28 | -52 | - | -153 |
| Profit after tax | -2 186 | -1 098 | -1 214 | - | 448 |

| | YTD Q3 2019 | | | | |
|---|---------------|--------------|--------------|--------------|--------------|
| | Norway | Sweden | Denmark | Eliminations | Total |
| Total interest income | 2 809 | 1 151 | 1 283 | - | 5 243 |
| Total interest expenses | -640 | -101 | -149 | - | -890 |
| Net interest income | 2 169 | 1 050 | 1 134 | - | 4 353 |
| Fee and commission income | 142 | 125 | 131 | - | 397 |
| Fee and commission expenses | -55 | -5 | -17 | - | -77 |
| Value change and gain/loss on foreign exchange and securities | 21 | -1 | 14 | - | 34 |
| Other operating income | 23 | 6 | 44 | - | 73 |
| Other operating expenses | -28 | -17 | -38 | - | -83 |
| Gross margin | 102 | 108 | 134 | - | 4 698 |
| Salaries and personnel expenses | -360 | -275 | -222 | - | -857 |
| Administration expenses | -460 | -290 | -210 | - | -960 |
| Depreciation and amortisation | -80 | -12 | -27 | - | -120 |
| Net operating income | -826 | -487 | -363 | - | 2 761 |
| Other income and costs | -164 | -37 | -2 | - | -204 |
| Impairment losses on other assets | - | - | - | - | - |
| Impairment losses on loan, guarantees etc. | 48 | -73 | -161 | - | -186 |
| Profit before taxes | -1 023 | -610 | -552 | - | 2 372 |
| Income tax expense | -355 | -109 | -143 | - | -607 |
| Profit after tax | -1 494 | -829 | -858 | - | 1 765 |

Santander Consumer Bank

| | | | | | |
|---|---------------|---------------|---------------|---------------|----------------|
| Cash and receivables on central banks | 65 | - | - | - | 65 |
| Deposits with and receivables on financial institutions | 491 | 1 473 | 604 | - | 2 569 |
| Total gross loans to customers | 59 053 | 33 457 | 30 247 | - | 122 756 |
| Write-downs | -1 773 | -668 | -503 | - | -2 944 |
| Commercial papers and bonds | 3 475 | 2 356 | 1 529 | - | 7 361 |
| Financial derivatives | 37 | - | - | - | 37 |
| Investments in subsidiaries | - | - | - | - | - |
| Other assets | 19 900 | 1 509 | 1 684 | -9 850 | 13 243 |
| Total assets | 81 249 | 38 128 | 33 561 | -9 850 | 143 088 |
| Debt to credit institutions | 7 006 | 17 349 | 16 075 | -9 811 | 30 620 |
| Deposits from customers | 22 601 | 14 576 | 15 941 | - | 53 119 |
| Debt established by issuing securities | 28 130 | 5 008 | 653 | - | 33 791 |
| Financial derivatives | 15 | - | - | - | 15 |
| Other liabilities | 2 531 | 1 304 | 929 | -39 | 4 725 |
| Equity | 20 965 | -110 | -37 | - | 20 818 |
| Total liabilities and equity | 81 249 | 38 128 | 33 561 | -9 850 | 143 088 |

Note 9 - Net interest income

All amounts in millions of NOK

| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--|--------------|--------------|----------------|----------------|---------------|
| Interest and similar income on loans to and receivables from credit institutions | 37 | 92 | 47 | 294 | 398 |
| Interest and similar income on loans to and receivables from customers | -3 164 | 1 654 | 303 | 4 877 | 6 547 |
| Interest and similar income on comm. paper, bonds and other securities | 5 052 | 19 | 5 252 | 72 | 60 |
| Total interest income | 1 925 | 1 765 | 5 601 | 5 243 | 7 004 |
| Interest and similar expenses on debt to credit institutions | -41 | -37 | -129 | -117 | -156 |
| Interest and similar expenses on deposits from and debt to customers | -207 | -168 | -581 | -502 | -666 |
| Interest and similar expenses on issued securities | -88 | -81 | -260 | -235 | -288 |
| Interest on subordinated loan capital | -13 | -12 | -39 | -34 | -46 |
| Other interest expenses and similar expenses | -2 | - | -4 | -3 | -5 |
| Total interest expense | -351 | -297 | -1 013 | -891 | -1 161 |
| Net interest income | 1 574 | 1 469 | 4 589 | 4 353 | 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.

| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--------------------------------------|---------------|---------------|----------------|----------------|---------------|
| To credit institutions | | | | | |
| Interest expenses | -41 | -37 | -129 | -117 | -156 |
| Average loan | 27 158 | 30 437 | 27 158 | 30 437 | 29 657 |
| Average nominal interest rate | 0,61 % | 0,49 % | 0,95 % | 0,77 % | 0,53 % |

| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--------------------------------------|---------------|---------------|----------------|----------------|---------------|
| To customers | | | | | |
| Interest expenses | -207 | -168 | -581 | -502 | -666 |
| Average deposit | 58 866 | 50 708 | 58 866 | 50 708 | 52 631 |
| Average nominal interest rate | 1,40 % | 1,32 % | 1,97 % | 1,98 % | 1,27 % |

| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--------------------------------------|---------------|---------------|----------------|----------------|---------------|
| To bondholders | | | | | |
| Interest expenses | -88 | -81 | -260 | -235 | -288 |
| Average issued notes and bonds | 36 223 | 33 532 | 36 223 | 33 532 | 36 516 |
| Average nominal interest rate | 0,97 % | 0,96 % | 1,43 % | 1,40 % | 0,79 % |

| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--------------------------------------|---------------|---------------|----------------|----------------|---------------|
| Subordinated loan capital* | | | | | |
| Interest expenses | -13 | -12 | -39 | -34 | -46 |
| Average subordinated loan capital | 1 695 | 1 754 | 1 695 | 1 754 | 1 742 |
| Average nominal interest rate | 3,17 % | 2,64 % | 4,56 % | 3,86 % | 2,64 % |

| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | FY 2018 |
|--------------------------------------|---------------|---------------|----------------|----------------|---------------|
| Total of tables above: | | | | | |
| Interest expenses | -349 | -297 | -1 008 | -888 | -1 155 |
| Loan | 123 942 | 116 432 | 123 942 | 116 432 | 120 546 |
| Average nominal interest rate | 0,56 % | 1,02 % | 1,63 % | 1,53 % | 0,96 % |

Note 10 - Classification of financial instruments

All amounts in millions of NOK

| Classification of financial assets 30 September 2019 | Financial assets at | Financial assets at | Amortized cost | Book value |
|---|---------------------------|---------------------------|----------------------|----------------|
| | fair value through P&L | fair value through OCI | | |
| Cash and receivables on central banks | - | - | 65 | 65 |
| Deposits with and receivables on financial institutions | - | - | 2 369 | 2 369 |
| Loans to customers | - | - | 126 543 | 126 543 |
| Commercial papers and bonds | - | - | 8 813 | 8 813 |
| Financial derivatives | 16 | - | - | 16 |
| Loans to subsidiaries and SPV's | - | - | 12 453 | 12 453 |
| Other ownership interests | - | 30 | - | 30 |
| Total financial assets | 16 | 30 | 150 243 | 150 289 |
| | | | Non-financial assets | 4 292 |
| | | | Total assets | 154 581 |

| Classification of financial liabilities 30 September 2019 | Financial assets at | Financial assets at | Amortized cost | Book value |
|---|---------------------------|---------------------------|--------------------------------------|----------------|
| | fair value through P&L | fair value through OCI | | |
| Debt to credit institutions | - | - | 23 696 | 23 696 |
| Deposits from customers | - | - | 64 613 | 64 613 |
| Debt established by issuing securities | - | - | 38 656 | 38 656 |
| Financial derivatives | 5 | - | - | 5 |
| Other financial liabilities | - | - | 427 | 427 |
| Subordinated loan capital | - | - | 1 698 | 1 698 |
| Total financial liabilities | 5 | - | 129 090 | 129 095 |
| | | | Non-financial liabilities and equity | 25 486 |
| | | | Total liabilities and equity | 154 581 |

| Classification of financial assets 31 December 2018 | Financial assets at | Financial assets at | Amortized cost | Book value |
|---|---------------------------|---------------------------|----------------------|----------------|
| | fair value through P&L | fair value through OCI | | |
| 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 |

| Classification of financial liabilities 31 December 2018 | Financial assets at | Financial assets at | Amortized cost | Book value |
|--|---------------------------|---------------------------|--------------------------------------|----------------|
| | fair value through P&L | fair value through OCI | | |
| 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

All amounts in millions of NOK

Q3 2019

| | | | 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 | | | | | | |
| Name | Type | Notional | | | | |
| Bilkreditt 7 Fixed | Cross Currency Swap | MM EUR 25 | - | 16 | - | 16 |
| Total financial trading derivatives | | | - | 16 | | 16 |
| Name | Type | | | | | |
| VISA | Equity | | - | 30 | - | 30 |
| Total other ownership interests | | | - | 30 | | 30 |
| Total Assets | | | - | 46 | | 46 |
| Financial liabilities | | | | | | |
| Name | Type | Notional | | | | |
| Bilkreditt 7 Pass Through | Cross Currency Swap | MM EUR 8 | - | 5 | - | 5 |
| Total financial derivatives | | | - | 5 | | 5 |
| Total Liabilities | | | - | 5 | | 5 |
| Derivatives designated for hedge accounting - assets | | | | | | |
| Name | Type | Notional | | | | |
| DK EMTN MEUR 250 | Cross Currency Swap | MM EUR 250 | - | 17 | | 17 |
| DK EMTN MEUR 200 | Cross Currency Swap | MM EUR 200 | - | 73 | | 73 |
| DK EMTN MEUR 150 | Cross Currency Swap | MM EUR 150 | - | 20 | | 20 |
| Total derivatives designated for hedging - assets* | | | - | 110 | | 110 |
| Derivatives designated for hedge accounting - liabilities | | | | | | |
| Name | Type | Notional | | | | |
| DK EMTN MEUR 150 | Cross Currency Swap | MM EUR 150 | - | 10 | | 10 |
| *Total derivatives designated for hedging - liabilities* | | | - | 10 | | 10 |

* 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.

Q3 2018

| | | | 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 | | | | | | |
| Name | Type | Notional | | | | |
| Bilkreditt 6 Fixed | Cross Currency Swap | MM EUR 14 | - | 19 | - | 19 |
| Bilkreditt 7 Fixed | Cross Currency Swap | MM EUR 95 | - | 18 | - | 18 |
| Total financial trading derivatives | | | - | 37 | - | 37 |
| Name | Type | | | | | |
| VISA | Equity | | - | 26 | - | 26 |
| Total other ownership interests | | | - | 26 | - | 26 |
| Total Assets | | | - | 63 | - | 63 |
| Financial liabilities | | | | | | |
| Name | Type | Notional | | | | |
| Bilkreditt 7 Pass Through | Cross Currency Swap | MM EUR 77 | - | 15 | - | 15 |
| Total financial derivatives | | | - | 15 | - | 15 |
| Total Liabilities | | | - | 15 | - | 15 |
| Derivatives designated for hedge accounting - assets | | | | | | |
| Name | Type | Notional | | | | |
| DK EMTN MEUR 250 | Cross Currency Swap | MM EUR 250 | - | 6 | - | 6 |
| DK EMTN MEUR 240 | Cross Currency Swap | MM EUR 240 | - | 6 | - | 6 |
| SW EMTN MEUR 100 | Cross Currency Swap | MM EUR 100 | - | 66 | - | 66 |
| DK EMTN MEUR 245 | Cross Currency Swap | MM EUR 245 | - | 2 | - | 2 |
| DK EMTN MEUR 200 | Cross Currency Swap | MM EUR 200 | - | 20 | - | 20 |
| Total derivatives designated for hedging - assets* | | | - | 100 | - | 100 |

* 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

| | YTD Q3 2019 | YTD Q3 2018 | Financial year 2018 |
|---------------------------------------|----------------|----------------|------------------------|
| Credit Card | 6 820 | 6 728 | 24 625 |
| Unsecured loans | 25 333 | 23 651 | 7 026 |
| Auto loans | 97 517 | 93 811 | 96 964 |
| - Instalment loans | 79 157 | 75 542 | 78 226 |
| - Financial leasing | 18 360 | 18 268 | 18 738 |
| Total gross loans to customers | 129 670 | 124 190 | 128 614 |
| - Loan loss allowance - Stage 1 | -830 | -864 | -814 |
| - Loan loss allowance - Stage 2 | -487 | -418 | -438 |
| - Loan loss allowance - Stage 3 | -1 810 | -1 662 | -1 739 |
| Total net loans to customers | 126 543 | 121 246 | 125 624 |

Note 13 - Impairment losses on loan, guarantees etc.

All amounts in millions of NOK

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

| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 |
|--|-------------|-------------|-------------|-------------|
| Change in loss allowance - Unsecured loans | -202 | 1 | -117 | -64 |
| Change in loss allowance - Secured loans | -3 | 1 | -55 | -45 |
| Change in loss allowance - Commercial papers and bonds | - | - | - | 1 |
| +/- Fx rate adjustment opening balance | - | - | - | 0 |
| + Total realized losses | -247 | -351 | -1 102 | -1 311 |
| - Recoveries on previously realized losses | 38 | 115 | 200 | 454 |
| - Gain on sold portfolios | - | - | 702 | 780 |
| Impairment losses on loan, guarantees etc. | -414 | -234 | -372 | -185 |

Note 14 - Issued securities

All amounts in millions of NOK

| | Q3 2019 | Q3 2018 | FY 2018 |
|------------------------------------|---------------|---------------|---------------|
| Issued certificates | 2 498 | 903 | 1 751 |
| Senior unsecured issued securities | 36 158 | 32 888 | 35 496 |
| Asset backed issued securities | - | - | - |
| Total issued securities | 38 656 | 33 791 | 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 bonds on the Irish Stock exchange in January to a value of EUR 500 MM (NOK 4 872)

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 April to a value of DKK 750 MM (NOK 969 MM)

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

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in April to a value of SEK 150 MM (NOK 137 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in May to a value of SEK 100 MM (NOK 91 MM)

Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exchange in May to a value of NOK 250 MM

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in May to a value of SEK 100 MM (NOK 91 MM)

Santander Consumer Bank AS issued bonds on the Irish Stock exchange in May to a value of SEK 105 MM (NOK 96 MM)

Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in May to a value of NOK 300 MM

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in June to a value of SEK 100 MM (NOK 92 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in June to a value of SEK 200 MM (NOK 184 MM)

Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exchange in June to a value of NOK 150 MM

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in June to a value of SEK 70 MM (NOK 64 MM)

Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exchange in July to a value of NOK 250 MM (NOK 250 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in July to a value of SEK 100 MM (NOK 91 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in July to a value of SEK 250 MM (NOK 230)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in July to a value of SEK 350 MM (NOK 321 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in July to a value of SEK 100 MM (NOK 92 MM)

Santander Consumer Bank AS issued bonds on the Irish Stock exchange in July to a value of SEK 1 000 MM (NOK 912)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in September to a value of SEK 100 MM (NOK 93 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in September to a value of SEK 100 MM (NOK 93 MM)

Santander Consumer Bank AS issued certificates of deposits on the Irish Stock exchange in September to a value of SEK 70 MM (NOK 65 MM)

Santander Consumer Bank AS issued bonds on the Irish Stock exchange in September to a value of EUR 500 MM (NOK 4 937)

Santander Consumer Bank AS issued bonds on the Irish Stock exchange in September to a value of SEK 500 MM (NOK 461)

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: | Q3 2019 | Accrued interest Q3 2019 | Q3 2018 | Accrued interest Q3 2018 | FY 2018 | Accrued interest FY 2018 |
|--|----------------|---|----------------|---|----------------|---|
| Santander Benelux | - | - | 254 | - | - | - |
| Santander Consumer Finance S.A. | 18 372 | 7 | 23 648 | 6 | 23 149 | 8 |
| Debt to SPV on future cash flow of securitized loans | 5 061 | - | 6 551 | - | 5 822 | - |
| Total | 23 433 | 7 | 30 453 | 6 | 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 | - | 250 | - | 250 | - |
| MNOK 250, maturity July 2025, 3 months NIBOR +3.135% (Santander Consumer Finance S.A) | 250 | 3 | 250 | 2 | 250 | 2 |
| MSEK 750, maturity December 2024, 3 months STIBOR +2.2825% (Santander Consumer Finance S.A) | 694 | - | 689 | - | 728 | - |
| MNOK 500, maturity September 2027, 3 months NIBOR + 1,66% (Santander Consumer Finance S.A) | 500 | 1 | 500 | 1 | 500 | 1 |
| Total | 1 694 | 4 | 1 689 | 3 | 1 728 | 3 |

| Receivables on related parties: | Q3 2019 | Accrued interest Q3 2019 | Q3 2018 | Accrued interest Q3 2018 | FY 2018 | Accrued interest FY 2018 |
|---|----------------|---|----------------|---|----------------|---|
| Balance sheet line: "Commercial papers and bonds" <i>B and C notes issued by SPVs</i> | 1 145 | - | 1 973 | 1 | 1 168 | - |
| Balance sheet line: "Loans to subsidiaries and SPV's" <i>Loan to subsidiary (Santander Consumer Bank OY)</i> | 12 344 | 48 | 8 283 | 25 | 8 680 | 53 |
| <i>Subordinated loan to SPVs</i> | 61 | - | 242 | - | 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:

| | Q3 2019 | Q3 2018 | YTD Q3 2019 | YTD Q3 2018 | Financial year 2018 |
|---|----------|------------|----------------|----------------|------------------------|
| Interest income | 77 | 131 | 227 | 317 | 425 |
| Interest expenses | -36 | -194 | -102 | -308 | -461 |
| Interest payments additional Tier 1 capital | -35 | -43 | -104 | -127 | -169 |
| Fees | 7 | -16 | 22 | 8 | 10 |
| Other | -11 | 49 | -7 | 49 | 63 |
| Net transactions | 1 | -73 | 36 | -61 | -131 |

Santander Consumer Bank AS had transactions with the following related parties per 30 September 2019:

Banco Santander S.A.
 Santander Consumer Finance 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)