



# Q1 Financial Report 2021

Santander Consumer Bank Nordic Group  
and Santander Consumer Bank AS

All



together



 Santander Consumer Bank

now

At a glance

# Highlights Q1

In Q1 the Group's gross outstanding loans decreased with 4% (7,5 Bn NOK) compared to year end 2020, mainly driven by a stronger NOK towards, SEK, DKK and EUR.

Net interest income decreased with 4% in Q1 2021 compared to Q1 2020. The reduction is driven by a significantly stronger NOK, but a shift in the portfolio mix from high yield unsecured products to secured products have also had a negative impact on the interest income.

In Q1 the Auto business has delivered strong sales and both new and used car sales was above Q1 2020 levels. For unsecured credit card sales and transactions is reduced as the COVID-19 pandemic have changed consumer behaviour and declined sales in the travel and tourism segments.

Net impairment losses in Q1 2021 was 403 MM NOK compared to 523 MM NOK in Q1 2020. The decrease in losses driven by better underlying performance in the portfolios.

The Group's profit before tax was 814 MM NOK in Q1 2021 reflecting an increase of 15% compared to the same period last year.

**814**  
**+15%**

PBT

**173 804**  
**-4%**

Gross Outstanding Loans

**1 816**  
**-4%**

Net Interest Income

**79 864**  
**-2%**

Deposits

**80%**

Auto

**20%**

Unsecured

% of Gross Outstanding

# A strong foundation in a new business environment

Every day we proudly serve 1.5 million customers across the four Nordic countries. We follow our principles of being Simple, Personal and Fair, with the purpose of making people and business prosper. Our aim is to be the best open financial services platform, by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and communities.



Since the start of the pandemic we have all had to adjust how we live our lives. The Nordic region has been better equipped than most at handling the economic effects of the pandemic, but we have not been immune to disruption in our economies. We have worked hard to help our business partners and customers in these difficult times.

We have seen big shifts in peoples spending behaviour. For obvious reasons we travel less and eat less in restaurants. E-commerce is growing rapidly in all retail segments. We buy more groceries and spend more on do it yourself – home improvement. And we save more of our money. The Groups largest 'business, auto finance has also seen challenges throughout the pandemic. Local lockdowns have had its effect on auto dealers. However, the business has also proven resilient and the last quarter has provided solid results in the region as a whole.

We have seen what the consequences of the lockdown in our society has had. It is more difficult to be certain on what the long term effects will be, although there is no shortage in predictions. During the last year, Santander in the Nordics has adjusted to the new business environment. We have transformed into an all out Nordic structure with strong teams dedicated to serving our different customers in the best way possible. We are drawing on the strengths and experiences in the different local markets in our product development, and we are improving our digital capabilities.

We are eagerly awaiting the roll out of vaccines and the long awaited opening of societies again. And although not all will go back to how it was pre-pandemic, it is sure to say that we will see more mobility, across borders and in our daily lives, bringing back important markets for the Group.

As we take steps towards the new normal the Group is conscious of our responsibility to invest in sustainable-friendly way. We are steadily growing our green portfolio, from green bonds through our Green Bonds framework, and our share in low carbon products. The Groups finance penetration on electric vehicles continues to be higher and growing faster than other vehicles.

We believe that our business model with strong presence in the local markets combined with being a part of the global Santander Group, makes us well prepared for changing market conditions.

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

Michael Hvidsten, CE

# Q1 Financial Report of the Board of Directors 2021

Key figures Santander Consumer Bank Group

All amounts in millions of NOK	** Q1 2021	** Q1 2020	** 2020	2019	2018
<b>Net interest income</b>	<b>1 816</b>	<b>1 900</b>	<b>7 638</b>	<b>7 174</b>	<b>6 919</b>
<i>Growth*</i>	-4%	7%	6%	4%	5%
<b>Gross margin</b>	<b>1 949</b>	<b>1 882</b>	<b>7 816</b>	<b>7 595</b>	<b>7 384</b>
<i>Growth*</i>	4%	-2%	3%	3%	1%
<b>Profit before tax</b>	<b>814</b>	<b>709</b>	<b>2 701</b>	<b>3 611</b>	<b>4 134</b>
<i>Growth*</i>	15%	-11%	-25%	-13%	3%
<b>Profit after tax</b>	<b>608</b>	<b>636</b>	<b>2 130</b>	<b>2 869</b>	<b>3 139</b>
<i>Growth*</i>	-4%	6%	-26%	-9%	3%
<b>Total assets</b>	<b>192 626</b>	<b>213 466</b>	<b>198 892</b>	<b>181 105</b>	<b>176 108</b>
<i>Growth*</i>	-10%	22%	10%	3%	11%
<b>Net Loans to customers</b>	<b>168 808</b>	<b>188 407</b>	<b>176 263</b>	<b>161 392</b>	<b>159 284</b>
<i>Growth*</i>	-10%	20%	9%	1%	10%
<b>Customer deposits</b>	<b>79 864</b>	<b>72 764</b>	<b>81 142</b>	<b>65 484</b>	<b>54 645</b>
<i>Growth*</i>	10%	25%	24%	20%	8%

\* Year on year

\*\* Figures starting 2020 are affected by the acquisition of Forso Nordic AB.

# Financial performance

## FINANCIAL PERFORMANCE FOR THE FIRST QUARTER OF 2021

The Group's result for the first quarter show a slight decrease in net interest income, but a stronger gross margin than last year. The quarter is affected by the ongoing pandemic that create variations in the Nordic Markets where the Auto segment is doing well while the Unsecured segment see challenges.

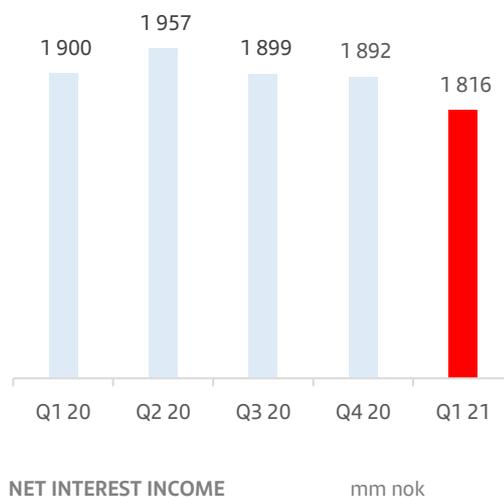
The Group's financial results for the first quarter show a decrease in net interest income of 4% compared to Q1 last year whereas net loans to customers have decreased with 10% since Q1 2020. The decrease is mainly driven by a significantly stronger NOK, and a shift from high yield unsecured products to secured products have had a negative impact on the interest income, but some of the of the negative impact was netted out with a lower cost of funding mainly due to lower interest rate on deposits.

Net fee and commission income show a slight increase of 2 MM NOK compared to last year, financial fees are down due to less use of credit cards, but insurance fees are up compared to last year as more customer want insurances on their loan due to uncertainties from the COVID-19 pandemic. The Gross Margin also benefit from a FX gain of 68 MM NOK from open positions as the NOK is significantly stronger than Q1 last year where FX impact from open positions was a loss of 97 MM NOK. The gross margin ends out 4% stronger than in Q1 2020 due to these factors.

Operating expenses for the period were 733 MM NOK, compared to 813 MM NOK as of first quarter in 2020. The decrease of 80 MM NOK is mainly driven by less restructuring cost of 91 MM NOK, on the other side higher depreciation and amortization costs have netted out some of this effect.

Other income and cost decreased with 162 MM NOK compared to Q1 last year mainly due to the recognized badwill from the acquisition of Forso Nordic AB in 2020. Net impairment losses decreased with 119 MM NOK compared to last year, the decrease is driven by better performances in the portfolios compared to last year. There was no ssale of non-performing loan portfolios in the first quarters of 2021 or 2020 impacting loan loss reserves.

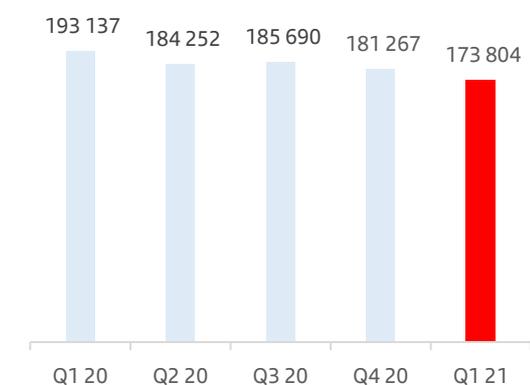
The Group's profit before tax as of Q1 2021 was 814 MM NOK, an increase of 15% compared to the same period last year due to the reasons explained above.



# Loans and deposits performance

## LOANS TO CUSTOMERS

The Group's outstanding loans to customers were 173.8 Bn NOK at Q1 2021, a decrease of 4% or 7.5 Bn NOK compared to Q4 2020. A stronger NOK towards SEK, DKK and EUR explains 6.1 Bn NOK of the decrease and portfolio decrease the remaining 1.4 Bn NOK. The underlying lending in local currencies show growth in the Auto portfolio and a decrease in the Unsecured portfolio compared to year end 2020.



GROSS LOANS TO CUSTOMERS

mm nok

Loans to Customers

4%

Decrease

## AUTO AND LEISURE FINANCING

The quarter is marked by strong contrasts in the Nordic Market, with growth where COVID-19 restrictions have started to ease, and the economies are recovering. The consequence of local lockdowns has been decrease in sales. The sales of new passenger cars and light commercial vehicles (PC & LCV) across the Nordics has grown by 17.6% to 204.134 versus Q1 2020.

### An improved market, but variations between the countries

In Denmark initially the lockdown and closure of dealership led to a significant drop in the car sales in January and February, only to recover in March. During Q1 the new car sales were almost stable compared to 2020 at 24.879 (-0.8%). Strong campaigns on new financed vehicles has ensured that the YTD finance penetration has grown, however the share on Used car financing has decreased.

For Finland the surge of COVID-19 at the start of the year reduced consumer confidence. Restrictions in the market allowed for dealerships to remain open, sales however have been impacted with new car sales down 4.3% to 29.985 vehicles YTD. Used cars remained at a similar level (+0.3%) in the quarter. The Group managed to maintain and grow its share of financing in used cars (+1.5%), where changes in campaign strategy from partners and the competitive landscape caused a decrease in new car financing.

The Swedish market has been influenced by upcoming tax changes applicable from April 1st, 2021. Manufacturers were encouraged to register new vehicles before this date to avoid tax increases on higher emission vehicles. Similarly Electrical Vehicles (and other low emission vehicles) could benefit when registering after April 1st. The total new cars market in Q1 therefore grew to 104.513 vehicles, up by 45.6% versus Q1 2020. Thanks to the strong partnerships the Group has, the growth also translated in an increased finance penetration.

The Norwegian market particularly continues to grow with new EVs being launched, also prompting new entrants to choose the Norwegian market as their point of entry. There are over 15 new brands who have indicated to start sales in 2021/2022. The new car vehicles sales have been up by 10.6% in Q1 2021 versus Q1 2020, reaching 44.757 vehicles. The Group's number of financed vehicles grew even faster (up by 26.6%).

### Less impact on the used car market

The impact on used vehicles sales has been quite different and initially showed less decline than new car sales during the COVID-19 outbreak first phase, therefore the recovery also being smaller. In Q1 used car sales are at 734.794, up by 8.9% vs Q1 2020.

Leisure sales, especially those of motorcycles has slowed down compared to their excessive growth earlier during the pandemic. Some of the slowdown is due to supply issues by manufacturers and imposed import tariffs on certain products manufactured in for example the United States.

The Group has financed 20.030 new and 41.100 used cars, up 29.7% and 4.8% respectively compared to the same period in 2020. Balancing growth and profitability is a key priority for the Group.

**The pandemic pushes market innovation**

The Group continues to execute on the several actions related to COVID-19 throughout the region aiming to help customer as well as dealers with their payments, while protecting profitability and ultimately prevent or limit write offs, which have been less used than expected. The Group has set aside sufficient reserves for adverse market conditions. In these circumstances the Group experiences an increased demand from partners for customized integrated digital solutions for sales and finance. Online sales options for customers increasing in each of the Nordic markets.

Expectations for the full year 2021 vary due to the uncertainties in the market and the development of COVID-19. Current outlook for the total new car sales is between 850.000 and 900.000 units which is a moderate increase of 2020 numbers. Present outstanding volume is 140.6 Bn NOK vs 143.9 Bn NOK March 2020, a decrease of 11% compared to last year. Continued good performance will depend on the finance penetrations achieved with dealer and manufacturer partners as well market circumstances such as the development of COVID-19 across the region. The expectation is that used cars sales will be back (and beyond) pre-COVID-19 levels, where new cars sales are expected to be back at pre-COVID-19 levels by the end of 2021.

**Financing the green shift**

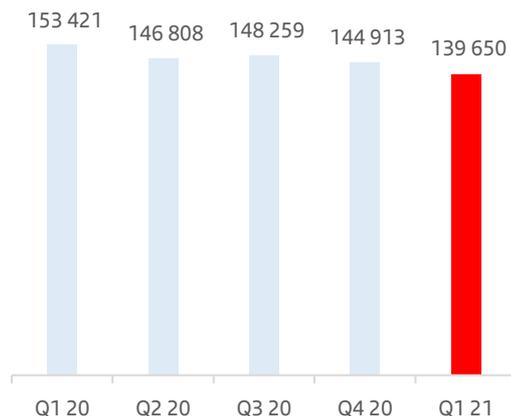
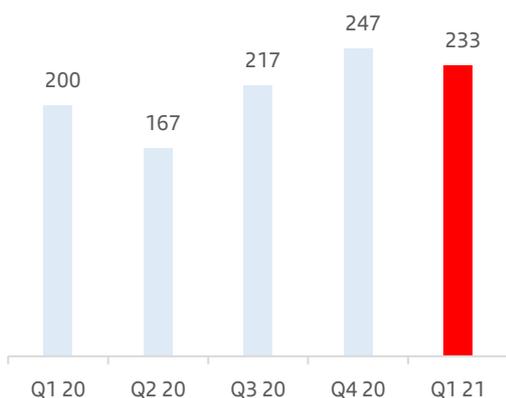
In all markets, there is increased sales of hybrid and electrical cars. Norway is the frontrunner where more than 50% of all new cars sold are fully electric. Sweden's share is increasing the fastest. Executing on the Responsible Banking initiatives, the Groups finance penetration on EVs continues to be higher and growing faster than other vehicles.

The EU legislation regarding emissions (CAFÉ) 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 a fee to be paid by the manufacturer if the target is not met. Manufacturers continue to launch new EVs and PHEVs to meet the targets. 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. The Group have several initiatives to support their partners in this transformation. The Group continues to invest in capabilities to implement local and EU regulations and guidelines (e.g. EBA). It is anticipated that emission based taxation will increase. The Swedish increase of incentives for low emission and increased taxation on high emission vehicles per April 1st 2021 being an example.

The Group is expanding their partnerships, which will present new opportunities and a strengthened position across the region, especially with new entrants into the Nordic Markets. Some of the existing Captive Agreements coming into their renewal phase and preparations are being made to ensure continued success.

**SALES OF NEW CARS (PC AND LCV\*)**

Units in thousands (Market in total)



\*Personal cars and Light commercial vehicles

**GROSS AUTO FINANCING**

mm nok

## CONSUMER

### Consumer Loans

Consumer loans continues to be the primary unsecured financing product in the Nordic markets for the Group, making up 80% of total outstanding consumer lending volumes. The Groups consumer loan portfolio decreased 13% in outstanding volume compared to Q1 2020 with the Norwegian market seeing the largest decrease of 25% and the Finnish market managed to grow the portfolio by 12% due to strong performance previous year. The Groups sales in consumer loans had a significant drop of -27% compared to Q1 2020. The drop in the Danish market was the most severe (-49%) and the Swedish market performed the strongest (-13%). It is important to note that part of Q1 2020 comparison includes pre COVID-19 sales volume.

### Adjusting to tightening regulations

COVID-19 has continued to impact consumer demand and risk appetite. In addition the FSA and EBA have tightened the regulatory landscape in the Nordic markets due to increased focused on consumer protection. Stricter regulation of the Finnish and Swedish market is expected to be introduced in 2021. The Group is monitoring the regulatory development closely and ensuring that relevant and responsible measures are taken.

The competitive landscape for consumer loans continues to intensify with merger and acquisition activity among both financial institutions and brokers in the Nordics, a trend that is expected to continue. The Group holds to its strategy of establishing partnerships with relevant brokers in the growing Danish market, serving our existing partners and also continuing its focus on harmonizing products. The goal is to improve customer value propositions and price optimization across the Nordic markets in order to be well positioned for the post COVID-19 state.

## SALES FINANCE & DURABLES

During Q1 2021 the focus has been centered around mitigating and adjusting to the situation and measures taken as a result of the COVID-19 situation. Spending categories has shifted, with a growth towards retailers in DIY (Do it yourself) and home electronics. There has also been a dramatic growth, especially in the first quarter of the year from physical stores to e-commerce.

In this context the Group is well positioned with our extensive coverage of retailers in the DIY and Home Electronics segments. The move to e-commerce will be beneficial as the Group have solutions in place in most of the countries in the region.

The Group continues the focus towards becoming a true regional player with the ability to offer our merchants a single set of products through one end-point/API, an area where the Group believe that great value can be added to Nordic retailers.

To further strengthen our position, the Group has signed on new merchants and re-signed current across the Nordics. In addition the Group is moving into new target segments like Green energy financing, primarily the financing of solar panels and ground water

heating systems. The Group consider this an attractive and growing market segment which fits well with our Responsible Banking agenda. Our Danish and Finnish businesses have established agreements with a range of dealers and anticipate further business growth in this sector.

### Future Expectations

Looking ahead in 2021 the Group believes e-commerce will increase it's share of sales volumes across all retail segments. In 2021 the Group have many interesting development initiatives that will drive growth and further strengthen our position. Pay by Invoice and Renewal programs are examples. In addition, the Group also see a potential consolidation phase taking place in 2021. This trend has already started with key players across the region that are pulling out of the market. As vaccine programs are being rolled out, the pandemic will put less pressure on society as a whole, increase mobility and potentially bring back important markets for the Group. All of this adds to a market outlook for the rest of 2021 that looks promising for our Sales Finance business in the Nordics.



## CARDS & PAYMENTS

Entering Q1, the Group has seen the typical lag in spending in the following months after the holidays, however the Group note a market increase in new business volume in March as spending is resuming. The mixed news on new lockdowns in Europe and the Nordics along with accelerating vaccine availability, may be able to account for an increase in spending in different categories. Approximately 25% of all the Group's card spend is online, while contactless payments account for one third of in store purchases by volume, highlighting the shift in spending behavior due to COVID-19.

During Q1, the Group have been working on ensuring our PSD2 solutions are compliant along with focus on the upcoming EBA regulatory requirements on setting the appropriate questions for all incoming applications. This work is highly dependent on other product CRM flows.

### Implementing new technology

Looking ahead towards Q2, the Group are preparing for the EBA Cross Border regulation coming mid-April, requiring the Group to communicate to customers for transactions conducted in a non-domestic currency. Commercially the Group have finalized testing on the "MyCards Fast Check Out" feature, allowing our customers to use our MyCards-app as a way for Biometric Signing of 3DS transactions. The feature is planned for launch mid-May in Norway and Denmark.

The Group also are fully preparing for the planned migration of our Swedish cards into one common platform prior to the summer. In addition, our new re-organization will put us in a position to

capitalize on working closer between our Sales Finance product and Direct Cards.

The Group is implementing a Marketing cloud project which follows the estimated timeline and it is ready for a technical launch. The tools Email Studio, Mobile connect and Webstudio are tested and from a marketing perspective is also loaded with content. The Group are still working on the Cyber Security process but are hoping to see Swedish customers in the system within April. The other countries will follow in May.

During Q1 the Group launched the Sales Finance and credit card boost campaign. This is a cross border activity where the Group have set up campaigns in Norway, Sweden and Denmark. Most activities have been sent to the customers and plans for summer campaigns have started.



## DEPOSITS

Volumes in Q1 were adjusted slightly downwards following the strong growth in 2020. Deposits balances have reached a robust level. Maintaining these levels and a loyal customer base remain strategic priorities for the Group.

2%

Decrease

### Managing balances in a liquid market

With the pandemic triggering a slowdown in consumer spending, availability of deposits has been high across the Nordics. As a result, after achieving strong growth in its deposits portfolios last year, the focus for Q1 was stabilization.

Total outstanding volumes for the Group is 79 864 MM NOK as of Q1 2021, representing a small decrease of 1 277 MM NOK (2%) compared to year end 2020. The Group operates deposit platforms in three of its four home markets; Denmark, Norway and Sweden.

Over the past year, volumes in the Danish platform have grown to be the largest amount of deposits of the three markets. Outstanding balances as of Q1 2021 were 29 226 MM NOK, ending the quarter at essentially the same level as of year-end 2020. The high level of balances reflects the dynamics in the Danish deposit market, where the Group is one of the few banks offering non-negative yields. The Danish business also has the most diverse product range by offering a demand product, a notification product and term deposits. The notification product requires customers to notify any withdrawals 31 days in advance of the actual withdrawal. In the Danish market, the Bank also offers its only deposit product with fixed interest rates, with deposits locked for two years.

The Norwegian business currently has only demand products. The customers can choose between a saving account receiving a higher yield when the balance is above 100.000 NOK, and a regular saving account with interest from the first krone. The Norwegian business had an outstanding balance of 26 695 MM NOK per Q1 2021, representing a 3% reduction compared to year-end 2020.

The Swedish business unit has offered two different savings products for the past four years, consisting of the regular demand product and a notification product. In addition, the unit has an ongoing cooperation with a broker. The cooperation expands the number of customer channels, which provides additional flexibility in managing the Swedish deposits portfolio. Outstanding volumes in Sweden stand at

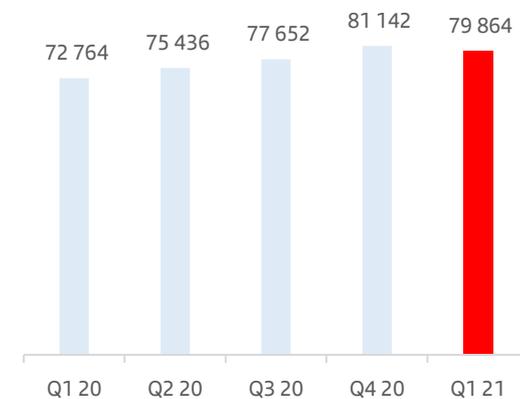
23 943 MM NOK per

Q1 2021, which is a 1% decrease compared to year-end 2020.

### Helping people prosper

The Group continues to focus on improving the customer experience, through the optimization of mobile responsive onboarding solutions, net banks, apps and chat bots. In the Danish market, a new Private Netbank and App were launched in 2020. In addition, new features, such as saving goals and the possibility to view personal balances in third party banks, were introduced in the Danish market through the Group's new financial tool named Prosper. During 2021 the bank will look to roll-out similar customer solutions for the Norwegian and Swedish platforms.

The Bank is member of the Norwegian Banks' Guarantee Fund. Customer Deposits are covered according to the local guarantee limits, providing our Deposits customers guaranteed amount per debtor of 100.000 EUR in the Danish and Swedish market, and 2 MM NOK in the Norwegian market.



GROSS CUSTOMER DEPOSITS

mm nok

# Risk Management

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

## Credit Risk

The Group's Credit Risk profile in Q1 2021 remains stable for the total portfolio, in line with business strategy. Due to the Forso Auto portfolio integration recently formed, the secured products outstanding has increased. The consolidated Non-Performing Loans (NPL) Ratio ended at 2.85% (1.37% for Secured and 8.90% for Unsecured portfolios) in Q1 2021, compared to 2.85% in Q1 2020 (1.40% for Secured and 8.42% for Unsecured). The NPL ratio has remained mostly stable during the last year.

The total loan loss reserves have increased from 4803 MM NOK per Q1 2020 to 5042 MM NOK per Q1 2021. The total reserves as of Q1 2021 of 5042 MM NOK include 4995 MM NOK related to loans to customers and 47 MM NOK connected to off-balance exposures. On December 2020 a COVID-19 reserve Overlay (on top of the model reserves) of 409 MM NOK was booked to cover for potential losses derived from the current pandemic.

The overlay of 409 MM NOK is distributed in three different categories: macroeconomic scenario deterioration of 166 MM NOK, payment holidays expected of 210 MM NOK loss and sector degradation of 33 MM NOK. Macroeconomic scenario refers to the overall worsening of the macroeconomic indicators that will lead to increased losses. Payment holidays (PH) reserves are booked to cover for the potential losses for customers that cannot deliver on upcoming payments after the PH requested are expired, while sector degradation reserves are booked to cover for potential losses due to sectors more heavily affected by COVID-19, i.e.

Transportation and Rent-a-Car. Upon analysis off the COVID-19 overlay, no changes are required during Q1 2021. The Group is continuously reassessing COVID-19 impact and it will continue to adopt new measures as necessary.

## Liquidity Risk and interest rate risk

Liquidity Risk in the Group is measured using the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Liquidity stress testing. Both LCR and NSFR are regulatory metrics used to measure short and long-term liquidity risk. The Group has a strong liquidity position, managed at Nordic level to ensure efficient use of liquidity across the Group and the liquidity risk management has been further strengthened during 2020, and continues to be strong during Q1 2021. As of March 2021, the Group's LCR was 242 % and the NSFR was 111,26 %. Both metrics are comfortably exceeding the regulatory requirements.

The Group's balance sheet composition is designed to ensure that the interest rate risk is managed at prudent levels and within established limits. The Group is not to actively take on interest rate risk in its operations and continuously monitors the sensitivity of its net interest income and equity value to changes in interest rates. The exposure to interest changes on both metrics are within defined limits per end of March 2021. The Group has a credit line with the parent company and can utilize this line to manage short term liquidity needs and to the extent external funding might become unavailable or is considered unfavorable. The liquidity situation of the Group has been healthy and stable throughout 2020 and continues to be so during Q1 2021.

## Foreign currency risk

The Group is exposed to currency risks through its activities in the Swedish, Danish and Finnish market and from funding activities in the Euro-markets. The main source of currency exposures is retained earnings in EUR, which are accumulated in the Finnish subsidiary to meet its solvency targets. The Group minimizes currency risk by ensuring assets are funded by liabilities in the similar currency. The risk is measured through an FX exposure report, covering all significant currency for the Group. When raising funds through international debt markets, any net open currency exposure is managed through derivatives. The total open currency exposure as of end of Q1 2021 was 2 719 MM NOK equivalent for consolidated SEK, DKK, and EUR exposures, which is comfortably inside the defined FX exposure limits for the Group in 2021.

## Operational risk

The Group defines operational risk as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". It includes events that may arise due to legal or regulatory risk, system failures or fraud but does not include events arising due to strategic or reputational risk. The aim pursued by the Group in operational risk control and management is primarily to identify, measure/assess, control/mitigate and report on this risk. Operational risk is reduced through securing a good internal control environment. The Group uses Basic Indicator Approach for the calculation of regulatory capital for operational risk. Apart from reacting to incidents, the Group continuously strives to improve the internal control environment in order to cover the full scope of its activities and implement preventive controls remediating inherent risks. In general, Operational Risk management is at a satisfactory level, and the Group is prepared to continue operating within a medium-low range of operational risk appetite in 2021.

# Funding

The Group continues to pursue a diversified funding strategy. Developments in the markets due to COVID-19 have resulted in a shift towards deposits and some reduction in capital markets funding. Reliance on parent funding remains stable, with no increased dependence due to the pandemic.

82%

Self-funding

## SELF-FUNDING RATIO

### A diversified funding platform

Over the past nine years, the Group has developed multiple funding channels ranging from deposit products across three of its four markets, unsecured bonds in the Norwegian, Danish, Swedish and European bond markets, including a Swedish green bond, and securitization transactions with assets from all four Nordic countries. Parent funding provides a buffer where needed. The Group aims to maintain a consistent self-funding strategy, with variations due to seasonal fluctuations and timing of transactions.

Self-funding sources totaled 82% per Q1 2021, with parent company loans providing the remaining 18%. Customer deposits is the largest funding source, comprising 51% of total funding at end of Q1 2021 and have a total outstanding volume of 79 864 MM NOK across the three Nordic markets where the Group is present. Conversely, unsecured issuance has been limited to offset the strong amount of deposits funding. Total outstanding bond and certificate issuance decreased in Q1 2021, standing at 34 013MM NOK or 22% of total funding. Senior unsecured issuance and certificates outstanding end of Q1 2021 include 2 000 MM EUR in the Euro market, 7 105 MM SEK in the Swedish market, 1 251 MM DKK in the Danish market and 5 318 MM NOK in the Norwegian market. The Group have temporarily scaled back our presence in the certificates of deposits market in Norway and Sweden, and currently do not have any outstanding certificates as of end Q1 2021.

The weighted average remaining term to maturity, excluding certificate issuances, is 1.74 years. This number fluctuates somewhat and typically remains around 2 years.

### The Green Bond program

The Group launched its inaugural Green Bond issuance in February 2020, following the publication of the Green Bond Framework in December 2019. The transaction was issued in the Swedish market, with a size of 1 000 MM SEK. In Q1, the Group issued a second Green transaction of 500 MM SEK. Consistent with the Framework, the transactions are supported solely by the sizeable EV portfolio in the Norwegian market.

While providing an opportunity to further diversify the Group's funding base, the Green Bond program also forms a key part of

the Group's Responsible Banking strategy, and it represents a contribution to the environmental progress of the communities in which the Group operates.

### Ratings

The Group is rated by Fitch (A-/F2/Outlook Negative) and Moody's (A3/P2/Outlook Stable). The rating was first received in 2016 and has been maintained at the same level since then. However, due to challenges presented from the COVID-19 situation, Fitch placed the Bank on Negative Outlook in April 2020. Fitch took a similar action for multiple banks across the sector. The revision of outlook on the rating to Negative from Stable has had no direct impact on the Group and reflects the rating action, which was placed on the Group's ultimate parent bank, Banco Santander S.A. At the same time Fitch upgraded the Group's senior debt from -A to A which indicates financial stability and strong ability to repay senior unsecured debt.



## Securitisations

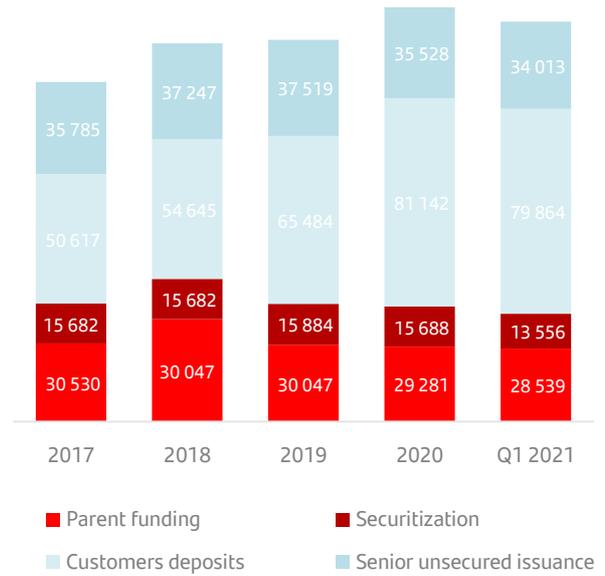
The Group has not accessed the asset-backed securities market year-to-date Q1 2021. Securitisation issuance in Norway has been paused due to the change in Norwegian law in 2016. Securitizing the Finnish portfolio, however, remains a consistent source of funding, since SCF OY was not impacted by the regulatory change. As a result, the amount of funding received from the securitisation markets has remained stable over the past five years, providing approximately 10% of the Group's funding since 2016. Total outstanding volumes in securitisations currently equals 13 556 MM NOK.

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. In June 2019 the Norwegian Ministry of Finance (MoF) released a consultation paper on the adoption of the new regulations. In December 2020, the MoF published a proposal to implement the EU Securitisation Regulation into Norwegian law, which was approved by the Parliament on 23 March 2021. The legislation awaits the adoption by the EEA, and once incorporated, the Norwegian securitisation legal framework will be aligned with that of other European financial institutions.

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 maturities.

## FUNDING COMPOSITION

mm nok



# Solvency and Capital Adequacy

## Capital position

The Group maintained a strong capital position with a common equity Tier 1 ratio (CET1) of 19.92% at the end of March 2021 with a good margin of 710 bps over the CET1 regulatory requirement and up from 19.39% at the end of December 2020.

The solid capital position is driven by a 2 Bn NOK equity injection from the parent company in February 2020 to support the acquisition of Forso AB, an overall decrease in capital requirements during 2020 and no dividend distributions from 2019 and 2020. The Board of Directors has not proposed any dividend distribution of 2019 and 2020 profits in light of the communication by the Ministry of Finance on 20th of January 2021 urging banks to refrain from dividend payments until 30th of September 2021 due to uncertainty related to the Covid pandemic.

The CET1 ratios for both SCB Group and SCB AS have improved from last quarter driven by a decrease in risk weighted assets (RWA) mostly explained by exchange rate effects. With a strengthening of NOK, RWA in the other currencies will reduce when translated into NOK all else equal.

The leverage ratio for the SCB Group and SCB AS at March 2021 was 14.17% and 15.43%, respectively, which is substantially above the minimum regulatory leverage requirement of 5%.

There has during the quarter been an increase in Exposure in default for the standard portfolios. This is due to the introduction of the new default definition for capital reporting purposes from January 2021 and not due to a deterioration of credit quality. For the IRB portfolios the change in default definition was introduced in November 2020.

## CAPITAL ADEQUACY WITH IFRS9 TRANSITIONAL RULES

SCB Group	Q1-2021	Q4-2020	Q1-2020
CET1 ratio	19.22 %	19.39 %	16.66 %
Tier 1 ratio	21.69 %	21.10 %	18.23 %
Total capital ratio	23.62 %	23.23 %	20.00 %
RWA* (in billion NOK)	127	132	144
Leverage ratio	14.17 %	13.78 %	12.14 %

SCB AS	Q1-2021	Q4-2020	Q1-2020
CET1 ratio	20.31 %	19.78 %	17.48 %
Tier 1 ratio	22.21%	21.62%	19.22%
Total capital ratio	24.30 %	23.91 %	21.18 %
RWA* (in billion NOK)	118	122	130
Leverage ratio	15.43 %	15.07 %	13.38 %

\*Risk weighted assets (RWA)

## CAPITAL RATIOS GROUP

Percent

Capital ratios SCB Group (transitional rules\*)  
Percent



(\*) Capital ratios using IFRS9 transitional rules

## Current and future capital requirements

In December 2020, the Group received feedback from the Norwegian FSA on the annual Supervisory Review and Evaluation Process (SREP). Due to the COVID-19 pandemic, the FSA performed a pragmatic assessment and maintained their previous decision communicated in December 2019: Pillar 2 requirement (P2R) of 3.3% and Pillar 2 guidance (P2G) of 1.0% for the Group.

During the first quarter of 2021, regulators in the Nordics have indicated that the countercyclical buffer ("CCyB") in Norway, Sweden and Denmark will gradually increase as the COVID-19 situation is expected to improve. The Group is well positioned to meet such increase in capital requirements.

The Norwegian FSA has confirmed that the implementation of the new capital regulation under CRD V and CRR II (the Banking package) will not be introduced in Norway in June 2021 when the regulation comes into play in the EU. They will revert with further information on when we can expect such introduction, but the expectation is during 2021 or 2022.

The Group has not received any MREL requirements from the Norwegian FSA or issued any internal MREL debt.

For further details regarding Capital Adequacy, please see Note 7 "Capital adequacy"

# Regulatory Changes

There are several ongoing regulatory initiatives in the financial sector, mainly EU driven, but also nationally. The Group works continuously to ensure compliance and strives to take an active role in legislative processes through Finans Norge and other finance associations and networks.

## Risk Reduction Package

In 2019 the EU adopted the “Risk Reduction Package”/“the EU Banking Package”, including changes to the EU’s capital requirements legislation, the Bank Recovery and Resolution Directive, CRR II, CRD V, BRRD II, which are entering into force in the EU in the first half of 2021. The legislation is EEA relevant and is expected to be implemented in the EEA agreement.

In October last year the Norwegian Financial Supervisory Authority submitted the result of their review as well as proposal for the Norwegian implementation to the Ministry of Finance. The Ministry issued the proposal for consultation with deadline early January this year. The proposal includes the COVID-19 related changes adopted by the EU last year.

## Sustainable Finance

In July 2020, the framework regulation for the establishment of an EU Taxonomy entered into force. The Taxonomy is a framework to facilitate environmentally and socially sustainable investments, and it will be applicable in the EU from 1 January 2022.

The EU Taxonomy is the first step of the EU Commission Action Plan on Financing Sustainable Growth, and more detailed legislation will follow under the Taxonomy regulation. Sustainable finance has an important role in mobilising the necessary capital to deliver on the

policy objectives under the European Green Deal as well as the EU’s international commitments on climate and sustainability objectives.

## Consumer Lending

In Sweden, the Swedish Financial Supervisory Authority has announced that they will have a greater focus on consumer protection during 2021. Updated guidelines for consumer lending in Sweden were published in March and are expected to enter into force on 1 November 2021. In addition, the Swedish Consumer Agency has issued a report on consumer credits entailing focus areas where actions can be taken to improve consumer protection. In Norway, updated guidelines to the Norwegian Lending Regulation was published in January.

The proposal for a new Norwegian Financial Agreements Act is expected to enter into force later this year.

# Strategic priorities to stay in the lead

## THE BANKING SECTOR LANDSCAPE

Prior to the onset of COVID-19 in March 2020, the macroeconomic environment was characterised by low growth and low interest rates, conditions not overly supportive of traditional bank business models. The COVID-19 pandemic has reinforced those pre-existing conditions whilst adding some additional challenges – increased unemployment and increased credit risk. The combination of these factors have served to assert additional pressure on bank sector profitability.

On a relative basis, the Nordic region has held up well and remains an economically strong and stable region. Forecasts of 2021 GDP point to growth of 3.4% in Norway, 4.2% in Sweden, 5.0% in Denmark and 3.2% in Finland.

The continued trend of new banking sector entrants and other competitors targeting specific parts of the bank value chains, is increasing competition and contestability within financial products and services. Whilst a threat, the advancements in technology and regulation does enable banks to develop new business and operational models that can leverage existing strengths to support future growth.

### Corporate strategy

The Group's overarching commitment is to do business in a responsible and sustainable way. This is reinforced by the corporate purpose to help people and businesses prosper and underpinned by a value platform that ensures everything the Group does is simple, personal and fair.

The Group has a clearly defined strategic ambition of being the leading Nordic consumer finance platform. This means striving to meet all customer and partner needs in a seamless and collaborative manner. The aim is to generate long-term, sustainable value creation for the Group's shareholder, Banco Santander. Within this context, the Group also strives to generate value for a broader group of stakeholders including employees, customers, partners, and society at large.

As part of the Group corporate strategy, four long-term primary measures were determined that reflects the commitment to delivering long term stakeholder value.

- No. 1 customer and partner satisfaction in core markets
- Employee satisfaction greater than 85%
- Cost to income below 35%
- RoRWA (Return on Risk Weighted Assets) greater than 2%

To support and guide strategic execution in pursuit of these measures, the following three strategic pillars have been defined:

- **Grow selectively** – Continue to build on the Group's strengths, focusing on extracting greater value from existing business and, taking a disciplined approach to new business opportunities.
- **Operate efficiently** – Deliver a modern infrastructure platform, simplify and standardise processes and products and, optimise the allocation of resources to enhance productivity and performance.
- **Work collaboratively** – Embrace the full potential of collaboration, both internally and externally, in order to deliver a value proposition that customers and partners desire, in a cost effective, seamless and timely manner.

### Strategic focus areas

During Q1 2021, the Group begun to operationalise and execute on the corporate strategy established in 2020. Key areas of progress made include:

- Completed the process to reorganise the Group to operate as a Nordic organisation, diminishing the presence of operational siloes and increasing efficiencies.
- Developed the foundations of a Responsible Banking agenda that is reflective of the Group's strategic aspiration and fully supportive of the Group's "Net Zero by 2050" sustainability ambition.
- Continued to support mobility electrification, a strategic focus area, by financing 3 596 new electric vehicles ("EVs"), representing 12,5% of all EVs purchased in the Nordic region in Q1 2021.
- Maintained good progress with respect to digital capability transformation, ensuring that the Group possesses a modern infrastructure that will enable greater connectivity to customers and partners whilst releasing desired efficiencies.

Lysaker, 14<sup>th</sup> May 2021

# The Board of Directors of Santander Consumer Bank

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**Henning Strøm**  
Chair

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**Federico Ysart**  
Deputy Chair

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**Javier Anton**  
Board Member

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**Anne Kvam**  
Board Member

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**Ramón Billordo**  
Board Member

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**Tina Stiegler**  
Board Member

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**Tone Bergsaker Strømsnes**  
Employee Representative

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**Sara Norberg**  
Employee Representative

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**Michael Hvidsten**  
Chief Executive Officer

## PROFIT AND LOSS – SANTANDER CONSUMER BANK NORDIC GROUP

All amounts in millions of NOK	Note	Q1 2021	Q1 2020	2020
Total interest income*		2 057	2 279	9 008
Total interest expenses		-241	-379	-1 369
<b>Net interest income</b>	9	<b>1 816</b>	<b>1 900</b>	<b>7 638</b>
Fee and commission income		136	134	553
Fee and commission expenses		-63	-62	-291
Value change and gain/loss on foreign exchange and securities		68	-97	-92
Other operating income		75	71	310
Other operating expenses		-83	-64	-302
<b>Gross margin</b>	9	<b>1 949</b>	<b>1 882</b>	<b>7 816</b>
Salaries and personnel expenses		-371	-378	-1 439
Administrative expenses		-300	-386	-1 735
Depreciation and amortisation		-62	-48	-196
<b>Net operating income**</b>		<b>1 216</b>	<b>1 069</b>	<b>4 446</b>
Other income and costs		0	162	237
Impairment losses on loan, guarantees etc.	3, 4, 5, 13	-403	-523	-1 983
<b>Profit before tax</b>		<b>814</b>	<b>709</b>	<b>2 701</b>
Income tax expense		-205	-72	-571
<b>Profit after tax</b>		<b>608</b>	<b>636</b>	<b>2 130</b>
<b>Allocation of profit after tax</b>				
Transferred to other earned equity		579	588	1 994
Translation differences from foreign currencies		-	10	-
Transferred to additional Tier 1 capital	16	30	38	136
<b>Total allocations</b>		<b>608</b>	<b>636</b>	<b>2 130</b>
<b>Profit after tax</b>		<b>608</b>	<b>636</b>	<b>2 130</b>
<i>Items not to be recycled to profit and loss</i>				
Actuarial gain/loss on post-employment benefit obligations		-	-	-4
<i>Items to be recycled to profit and loss</i>				
Net exchange differences on translating foreign operations		-268	533	208
Measured at FVTOCI		-1	-	7
Cash flow hedge		10	4	-
Net investment hedge		158	-162	-141
<b>Other comprehensive income for the period net of tax</b>		<b>-100</b>	<b>375</b>	<b>71</b>
<b>Total comprehensive income for the period</b>		<b>508</b>	<b>1 011</b>	<b>2 201</b>

\* Total interest income calculated using the effective interest method

\*\* Net operating income before impairment losses on loans

## BALANCE SHEET – SANTANDER CONSUMER BANK NORDIC GROUP

<i>All amounts in millions of NOK</i>	Note	Q1 2021	Q1 2020	2020
<b>Assets</b>				
Cash and receivables on central banks	10	4 886	2 875	3 363
Deposits with and receivables on financial institutions	10	10 043	7 242	7 238
Loans to customers	3, 4, 5, 10, 12	168 808	188 407	176 263
Commercial papers and bonds	10	4 392	9 493	6 813
Financial derivatives	10, 11	13	21	18
Reposessed assets		50	28	16
Other ownership interests	10, 11	37	31	38
Intangible assets		1 263	1 244	1 315
Fixed assets		1 142	1 416	1 247
Other assets		1 992	2 710	2 581
<b>Total assets</b>		<b>192 626</b>	<b>213 466</b>	<b>198 892</b>
<b>Liabilities</b>				
Debt to credit institutions	10, 15	28 580	48 801	29 363
Deposits from customers		79 864	72 764	81 142
Debt established by issuing securities	10, 14	47 569	56 539	51 216
Financial derivatives	10, 11	5	18	25
Tax payable		9	9	221
Other financial liabilities		359	675	490
Deferred tax		982	802	1 166
Pension liabilities		139	157	147
Other liabilities		3 010	3 072	3 129
Subordinated loan capital	10, 15	2 474	2 566	2 821
<b>Total liabilities</b>		<b>162 992</b>	<b>185 404</b>	<b>169 720</b>
<b>Equity</b>				
Share capital		10 618	10 618	10 618
Share capital premium		1 926	1 926	1 926
Additional Tier 1 capital		2 250	2 250	2 250
Other equity		14 815	12 830	14 253
OCI items		26	438	125
<b>Total equity</b>		<b>29 634</b>	<b>28 062</b>	<b>29 172</b>
<b>Total liabilities and equity</b>		<b>192 626</b>	<b>213 466</b>	<b>198 892</b>

## CASH FLOW – SANTANDER CONSUMER BANK NORDIC GROUP

<i>All amounts in millions of NOK</i>	Note	YTD Q1 2021	YTD Q1 2020	FY 2020
<b>Cash flow from operations</b>				
Profit before tax		814	709	2 701
Adjustments for:				
- Depreciation, amortisation and impairment on fixed and intangible assets		101	85	350
- Net interest income	9	-1 816	-1 900	-7 638
- Value change and gain/loss on foreign exchange and securities		-68	97	92
- Dividends on financial assets at FVOCI		-	-	-
Changes in:				
- Loans to customers	12	1 319	-6 444	-7 841
- Operational lease		75	-181	-99
- Repossessed assets		-33	-17	-5
- Other assets		283	-1 122	-987
- Deposits from customers		1 549	1 863	12 435
- Other liabilities and provisions		-643	387	808
Interests received		2 057	2 282	9 057
Dividends received		-	-	-17
Interests paid		-290	-437	-1 365
Net income taxes paid		-223	-369	-782
<b>Net cash flow from operations</b>		<b>3 123</b>	<b>-5 047</b>	<b>6 708</b>
<b>Cash flow from investments</b>				
Purchase of bonds		-855	-2 700	-10 161
Proceeds from matured bonds		3 138	7 731	15 607
Purchase of shares		-	-1 072	-
Acquisition of Forso		-	-	-369
Purchase of fixed and intangible assets		-31	-18	-286
Proceeds from sale of fixed and intangible assets		1	1	8
<b>Net cash flow from investments</b>		<b>2 254</b>	<b>3 942</b>	<b>4 799</b>
<b>Cash flow from financing</b>				
Proceeds from issued securities		489	14 022	13 972
Repayments of issued securities		-2 076	-10 554	-15 995
Change in loans and deposits from credit institutions		769	3 561	-3 293
Proceeds from issue of subordinated loans	15	-	-	500
Repayment of subordinated loans	15	-250	-	-250
Dividend payments		-	-	-
Interest payments on additional Tier 1 capital	16	-30	-38	-136
<b>Net cash flow from financing</b>		<b>-1 097</b>	<b>6 991</b>	<b>-5 201</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>		<b>48</b>	<b>195</b>	<b>261</b>
Net change in cash and cash equivalents		4 328	6 082	6 306
Cash and cash equivalents at the beginning of the period		10 601	10 601	4 034
<b>Cash and cash equivalents at the end of the period</b>		<b>14 929</b>	<b>10 116</b>	<b>10 601</b>

## STATEMENT OF CHANGES IN EQUITY – SANTANDER CONSUMER BANK NORDIC GROUP

2021

<i>All amounts in millions of NOK</i>	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation Difference		Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
					From Foreign currencies	Measured at FVTOCI				
<b>Balance at 1 January 2021</b>	<b>10 618</b>	<b>1 926</b>	<b>2 250</b>	<b>14 253</b>	<b>418</b>	<b>38</b>	<b>-11</b>	<b>-193</b>	<b>-126</b>	<b>29 172</b>
Profit for the period	-	-	30	579	-	-	-	-	-	608
Adjustment of equity from merger with Forso	-	-	-	-17	-	-	-	-	-	-17
OCI movements (net of tax)	-	-	-	-	-268	-1	10	158	-	-100
Interest payments additional Tier 1 capital	-	-	-30	-	-	-	-	-	-	-30
Capital increase	-	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>10 618</b>	<b>1 926</b>	<b>2 250</b>	<b>14 815</b>	<b>150</b>	<b>37</b>	<b>-</b>	<b>-35</b>	<b>-126</b>	<b>29 634</b>

Total shares registered as at March 31, 2021, was 965 241 842, each with a par value of 11 NOK.

Restricted capital as at March 31, 2021, was 10 618 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, are published on [www.santanderconsumer.com](http://www.santanderconsumer.com).

2020

<i>All amounts in millions of NOK</i>	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation Differences		Cash Flow hedge	New investment hedge	Actuarial gain/loss	Total
					From Foreign currencies	Measured at FVTOCI				
<b>Balance at 1 January 2020</b>	<b>9 652</b>	<b>891</b>	<b>2 250</b>	<b>12 242</b>	<b>209</b>	<b>31</b>	<b>-11</b>	<b>-52</b>	<b>-122</b>	<b>25 090</b>
Profit for the period	-	-	136	1 994	-	-	-	-	-	2 130
Equity from merger with Forso	-	-	-	17	-	-	-	-	-	17
OCI movements (net of tax)	-	-	-	-	208	7	-	-141	-4	70
Interest payments additional Tier 1 capital	-	-	-136	-	-	-	-	-	-	-136
Capital increase	965	1 035	-	-	-	-	-	-	-	2 000
Dividend	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>10 618</b>	<b>1 926</b>	<b>2 250</b>	<b>14 253</b>	<b>418</b>	<b>38</b>	<b>-11</b>	<b>-193</b>	<b>-126</b>	<b>29 172</b>

Total shares registered as at December 31, 2020, was 965 241 842, each with a par value of 11 NOK.

Restricted capital as at December 31, 2020, was 10 618 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, are published on [www.santanderconsumer.com](http://www.santanderconsumer.com).

## PROFIT AND LOSS – SANTANDER CONSUMER BANK AS

<i>All amounts in millions of NOK</i>	Note	Q1 2021	Q1 2020	2020
Total interest income*		1 754	1 928	7 618
Total interest expenses		-221	-343	-1 288
<b>Net interest income</b>	9	<b>1 533</b>	<b>1 585</b>	<b>6 330</b>
Fee and commission income		119	120	487
Fee and commission expenses		-58	-57	-267
Value change and gain/loss on foreign exchange and securities		52	-92	-74
Other operating income		40	38	173
Other operating expenses		-45	-35	-167
<b>Gross margin</b>		<b>1 641</b>	<b>1 559</b>	<b>6 481</b>
Salaries and personnel expenses		-308	-340	-1 252
Administrative expenses		-254	-267	-1 351
Depreciation and amortisation		-53	-41	-169
<b>Net operating income**</b>		<b>1 026</b>	<b>911</b>	<b>3 710</b>
Other income and costs		-0	7	195
Impairment losses on loan, guarantees etc.	3, 4, 5, 13	-331	-397	-1 686
<b>Profit before tax</b>		<b>694</b>	<b>521</b>	<b>2 219</b>
Income tax expense		-181	-50	-493
<b>Profit after tax</b>		<b>513</b>	<b>471</b>	<b>1 726</b>
<b>Allocation of profit after tax</b>				
Transferred to other earned equity		483	432	1 591
Transferred to additional Tier 1 capital	16	30	38	136
<b>Total allocations</b>		<b>513</b>	<b>470</b>	<b>1 726</b>
<b>Profit after tax</b>		<b>513</b>	<b>471</b>	<b>1 726</b>
<i>Items not to be recycled to profit and loss</i>				
Actuarial gain/loss on post-employment benefit obligations		-	-	-4
<i>Items to be recycled to profit and loss</i>				
Net exchange differences on translating foreign operations		-84	46	75
Measured at FVTOCI		-1	-	7
Cash flow hedge		13	8	-1
Net investment hedge		10	-	22
<b>Other comprehensive income for the period net of tax</b>		<b>-61</b>	<b>54</b>	<b>99</b>
<b>Total comprehensive income for the period</b>		<b>452</b>	<b>524</b>	<b>1 825</b>

\*Total interest income calculated using the effective interest method

\*\*Net operating income before impairment losses on loans

## BALANCE SHEET – SANTANDER CONSUMER BANK AS

<i>All amounts in millions of NOK</i>	Note	Q1 2021	Q1 2020	2020
<b>Assets</b>				
Cash and receivables on central banks	10	4 886	2 875	3 363
Deposits with and receivables on financial institutions	10	7 454	3 002	5 261
Loans to customers	3, 4, 5, 10, 12	132 359	135 844	137 157
Commercial papers and bonds	10	4 297	9 217	6 094
Financial derivatives	10, 11	1	-	-
Repossessed assets		13	3	-3
Loans to subsidiaries and SPV's	10, 15	13 507	18 380	14 163
Investments in subsidiaries		1 652	2 587	1 733
Other ownership interests	10, 11	37	31	38
Intangible assets		844	755	876
Fixed assets		650	809	714
Other assets		2 038	2 600	2 531
<b>Total assets</b>		<b>167 737</b>	<b>176 103</b>	<b>171 927</b>
<b>Liabilities</b>				
Debt to credit institutions	10, 15	19 570	30 008	20 428
Deposits from customers		79 864	72 764	81 142
Debt established by issuing securities	10, 14	34 013	40 769	35 528
Financial derivatives	10, 11	-	-	8
Tax payable		9	-	199
Other financial liabilities		348	639	477
Deferred tax		1 243	939	1 462
Pension liabilities		139	153	147
Other liabilities		2 472	2 331	2 577
Subordinated loan capital	10, 15	2 474	2 566	2 821
<b>Total liabilities</b>		<b>140 132</b>	<b>150 168</b>	<b>144 789</b>
<b>Equity</b>				
Share capital		10 618	10 618	10 618
Share capital premium		1 926	1 926	1 926
Additional Tier 1 capital		2 250	2 250	2 250
Other equity		12 893	11 206	12 364
OCI items		-81	-65	-20
<b>Total equity</b>		<b>27 606</b>	<b>25 934</b>	<b>27 138</b>
<b>Total liabilities and equity</b>		<b>167 737</b>	<b>176 103</b>	<b>171 927</b>

## CASH FLOW – SANTANDER CONSUMER BANK AS

<i>All amounts in millions of NOK</i>	Note	YTD Q1 2021	YTD Q1 2020	FY 2020
<b>Cash flow from operations</b>				
Profit before tax		694	521	2 219
Adjustments for:				
- Depreciation, amortisation and impairment on fixed and intangible assets		67	50	209
- Net interest income	9	-1 533	-1 585	-6 330
- Value change and gain/loss on foreign exchange and securities		-52	92	74
- Dividends on financial assets at FVOCI		-	-	-
Changes in:				
- Loans to customers	12	9	-2 042	-8 324
- Operational lease		40	-72	-34
- Repossessed assets		-16	3	9
- Other assets		191	-1 071	-1 013
- Deposits from customers		1 549	1 863	12 668
- Other liabilities and provisions		-758	-34	863
Interests received		1 748	1 931	7 664
Dividends received		-	-	-17
Interests paid		-287	-422	-1 363
Net income taxes paid		-161	-354	-703
<b>Net cash flow from operations</b>		<b>1 490</b>	<b>-1 121</b>	<b>5 921</b>
<b>Cash flow from investments</b>				
Purchase of bonds		-855	-2 700	-7 852
Proceeds from matured bonds		2 487	4 911	11 262
Purchase of shares		-	-1 072	-
Acquisition of Forso AB		-	-	-1 020
Merge Forso AB		-	-	1 043
Purchase of fixed and intangible assets		-31	-17	-281
Proceeds from sale of fixed and intangible assets		1	-	4
<b>Net cash flow from investments</b>		<b>1 602</b>	<b>1 123</b>	<b>3 157</b>
<b>Cash flow from financing</b>				
Proceeds from issued securities		489	4 368	6 933
Repayments of issued securities		-490	-6 471	-8 488
Change in loans and deposits from credit institutions		722	5 452	-1 730
Proceeds from issue of subordinated loans	15	-	-	500
Repayment of subordinated loans	15	-250	-	-250
Dividend payments		-	-	-
Interest payments on additional Tier 1 capital	16	-30	-38	-136
<b>Net cash flow from financing</b>		<b>442</b>	<b>3 311</b>	<b>-3 171</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>		<b>182</b>	<b>64</b>	<b>109</b>
Net change in cash and cash equivalents		3 716	3 377	6 016
Cash and cash equivalents at the beginning of the period		8 624	2 499	2 499
<b>Cash and cash equivalents at the end of the period</b>		<b>12 340</b>	<b>5 877</b>	<b>8 624</b>

## STATEMENT OF CHANGES IN EQUITY – SANTANDER CONSUMER BANK AS

2021

<i>All amounts in millions of NOK</i>	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation Differences	Measured at F VTOCI	Cash Flow hedge	Net Invest- ment hedge	Actuarial gain/loss	Total
					From Foreign currencies					
<b>Balance at 1 January 2021</b>	<b>10 618</b>	<b>1 926</b>	<b>2 250</b>	<b>12 364</b>	<b>62</b>	<b>38</b>	<b>-16</b>	<b>22</b>	<b>-126</b>	<b>27 138</b>
Profit for the period	-	-	30	483	-	-	-	-	-	513
Adjustment of equity from merger with Forso	-	-	-	46	-	-	-	-	-	46
OCI movements (net of tax)	-	-	-	-	-84	-1	13	10	-	-61
Interest payments additional Tier 1 capital	-	-	-30	-	-	-	-	-	-	-30
Capital increase	-	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>10 618</b>	<b>1 926</b>	<b>2 250</b>	<b>12 893</b>	<b>-22</b>	<b>37</b>	<b>-3</b>	<b>32</b>	<b>-126</b>	<b>27 606</b>

Total shares registered as at March 31, 2021, was 965 241 842, each with a par value of 11 NOK.

Restricted capital as at March 31, 2021, was 10 618 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, are published on [www.santanderconsumer.com](http://www.santanderconsumer.com).

2020

<i>All amounts in millions of NOK</i>	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation Differences	Measured at FVTOCI	Cash Flow hedge	Net Invest- ment hedge	Actuarial gain/loss	Total
					From Foreign currencies					
<b>Balance at 1 January 2020</b>	<b>9 652</b>	<b>891</b>	<b>2 250</b>	<b>10 774</b>	<b>-13</b>	<b>31</b>	<b>-15</b>	<b>-</b>	<b>-122</b>	<b>23 448</b>
Profit for the period	-	-	136	1 591	-	-	-	-	-	1 726
OCI movements (net of tax)	-	-	-	-	75	7	-1	22	-4	99
Interest payments additional Tier 1 capital	-	-	-136	-	-	-	-	-	-	-136
Capital increase	965	1 035	-	-	-	-	-	-	-	2 000
Dividend	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>10 618</b>	<b>1 926</b>	<b>2 250</b>	<b>12 364</b>	<b>62</b>	<b>38</b>	<b>-16</b>	<b>22</b>	<b>-126</b>	<b>27 138</b>

Total shares registered as at December 31, 2020, was 965 241 842, each with a par value of 11 NOK

Restricted capital as at December 31, 2020, was 10 618 MM NOK. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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Lysaker, 14<sup>th</sup> May 2021

# The Board of Directors of Santander Consumer Bank

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**Henning Strøm**  
Chair

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**Federico Ysart**  
Deputy Chair

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**Javier Anton**  
Board Member

---

**Anne Kvam**  
Board Member

---

**Ramón Billordo**  
Board Member

---

**Tina Stiegler**  
Board Member

---

**Tone Bergsaker Strømsnes**  
Employee Representative

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**Sara Norberg**  
Employee Representative

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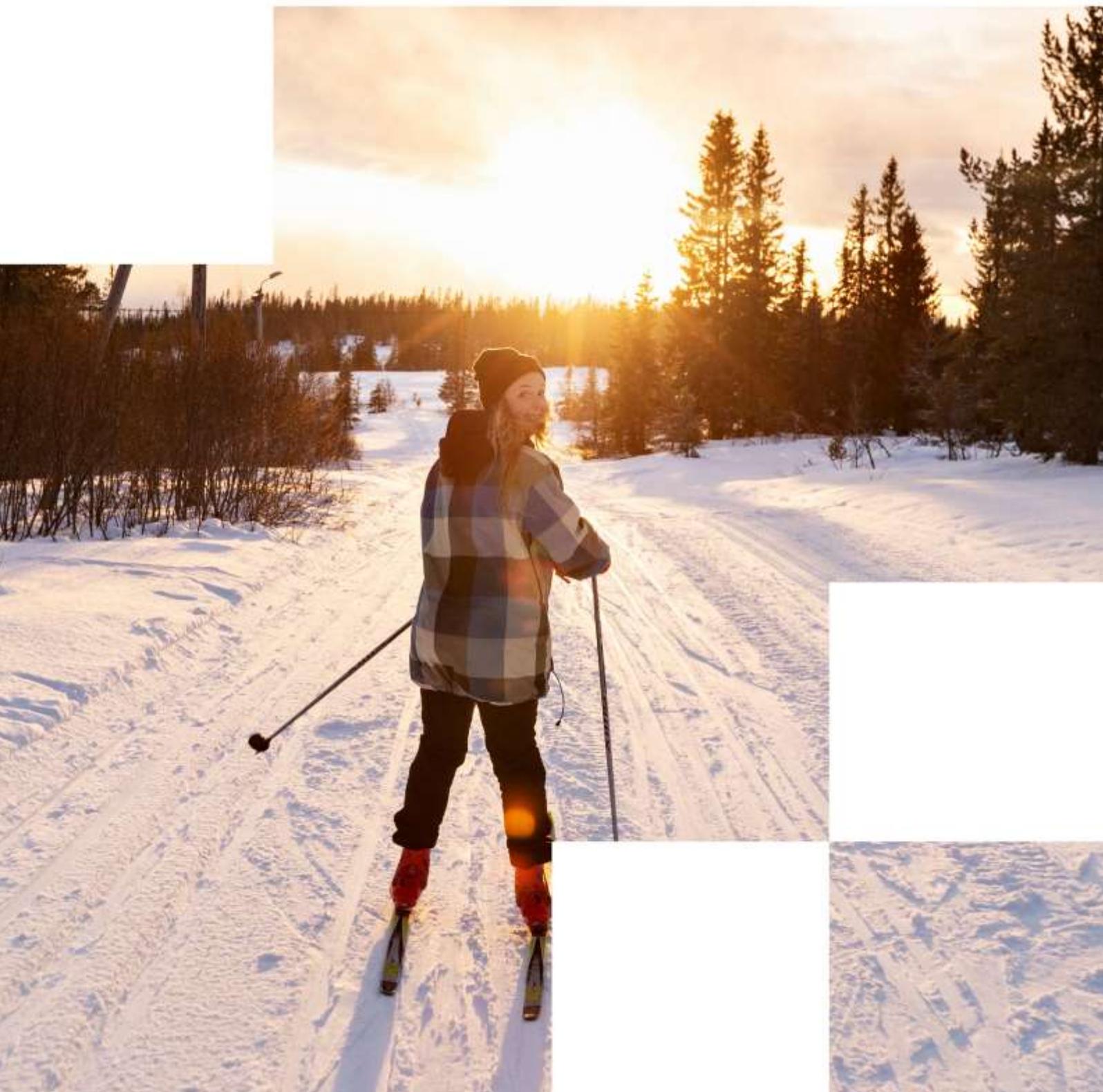
**Michael Hvidsten**  
Chief Executive Officer



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# Notes

Santander Consumer Bank Nordic Group



## **NOTE 1 - BASIS OF PREPARATION**

The accounts show the activities of the Group which includes Santander Consumer Bank AS, Santander Consumer Finance OY and the special purpose entities. All figures and notes were prepared under the assumption that the business is a going concern.

The Santander Consumer Bank interim accounts for the first quarter of 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual report for the year ended 31 December 2020. The annual report for 2020 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting [www.santander.no](http://www.santander.no).

These interim financial statements were authorised by the Board of Directors on 14th of May 2021.

## **NOTE 2 - ACCOUNTING PRINCIPLES**

The Group's accounting principles are consistent with those of the previous financial year as described in the 2020 annual report.

## 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.

Loans not past due date includes exposures that are not in arrears and not in default. Standard monitoring includes exposures in early arrears.

	Q1 2021				Q1 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Unsecured loans</b>								
<b>Credit grade</b>								
Loans not past due date	27 975	1 357	-	29 332	33 319	698	-	34 017
Standard monitoring	713	817	-	1 530	898	1 263	-	2 161
Special monitoring	-	253	-	253	-	193	-	193
Default	-	-	3 039	3 039	-	-	3 345	3 345
<b>Gross carrying amount</b>	<b>28 688</b>	<b>2 427</b>	<b>3 039</b>	<b>34 154</b>	<b>34 217</b>	<b>2 154</b>	<b>3 345</b>	<b>39 716</b>
Loss allowance	-660	-397	-1 875	-2 932	-538	-355	-1 978	-2 871
<b>Carrying amount</b>	<b>28 028</b>	<b>2 030</b>	<b>1 164</b>	<b>31 222</b>	<b>33 679</b>	<b>1 799</b>	<b>1 367</b>	<b>36 845</b>
Loss allowance (off balance exposures)	-21	-8	-18	-47	42	10	x20	72
Loss allowance (%)				8,59%				7,79%

	Q1 2021				Q1 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Secured loans</b>								
<b>Credit grade</b>								
Loans not past due date	130 266	2 320	-	132 586	140 465	3 501	-	143 966
Standard monitoring	3 353	1 373	-	4 726	4 614	2 341	-	6 955
Special monitoring	-	428	-	428	-	347	-	347
Default	-	-	1 911	1 911	-	-	2 153	2 153
<b>Gross carrying amount</b>	<b>133 619</b>	<b>4 121</b>	<b>1 911</b>	<b>139 651</b>	<b>145 079</b>	<b>6 189</b>	<b>2 153</b>	<b>153 421</b>
Loss allowance	-798	-234	-1 031	-2 063	-584	-244	-1 031	-1 859
<b>Carrying amount</b>	<b>132 821</b>	<b>3 887</b>	<b>880</b>	<b>137 588</b>	<b>144 495</b>	<b>5 945</b>	<b>1 122</b>	<b>151 562</b>
Loss allowance (%)				1,48%				1,23%

	Q1 2021				Q1 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Commercial papers and bonds</b>								
<b>Credit grade</b>								
Investment grade	4 393	-	-	4 393	9 494	-	-	9 494
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
<b>Gross carrying amount</b>	<b>4 393</b>	<b>-</b>	<b>-</b>	<b>4 393</b>	<b>9 494</b>	<b>-</b>	<b>-</b>	<b>9 494</b>
Loss allowance	-	-	-	-	-1	-	-	-1
<b>Carrying amount</b>	<b>4 393</b>	<b>-</b>	<b>-</b>	<b>4 393</b>	<b>9 493</b>	<b>-</b>	<b>-</b>	<b>9 493</b>
Loss allowance (%)				0,00%				0,01%

### 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 and liabilities not subject to impairment (i.e. FVTPL):

	Maximum exposure to credit risk	Q1 2021	Q1 2020
Financial derivatives Assets		13	-
Financial derivatives Liabilities		5	18

## NOTE 4 - RISK CLASSIFICATION

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

<i>All amounts in millions of NOK</i>	Balance			Loss reserves		
	Q1 2021	Q1 2020	FY 2020	Q1 2021	Q1 2020	FY 2020
Current - not past due date	162 593	178 553	169 789	-1 771	-1 122	-1 846
Current - past due date	6 259	9 086	6 518	-349	-599	-379
Total impaired loans	4 952	5 498	4 960	-2 922	-3 009	-2 825
<b>Total gross loans to customers - submitted</b>	<b>173 804</b>	<b>193 137</b>	<b>181 267</b>	<b>-5 042</b>	<b>-4 730</b>	<b>-5 050</b>

<i>Ageing of past due but not impaired loans</i>	Q1 2021	Q1 2020	FY 2020	Q1 2021	Q1 2020	FY 2020
1 - 29 days	4 795	6 969	4 948	-121	-281	-127
30 - 59 days	1 042	1 547	1 115	-150	-186	-164
60 - 89 days	422	570	455	-78	-132	-87
<b>Total loans due but not impaired</b>	<b>6 259</b>	<b>9 086</b>	<b>6 518</b>	<b>-349</b>	<b>-599</b>	<b>-378</b>

<i>Ageing of impaired loans</i>	Balance			Loss reserves		
	Q1 2021	Q1 2020	FY 2020	Q1 2021	Q1 2020	FY 2020
90 - 119 days	292	458	302	-132	-198	-140
120 - 149 days	227	348	240	-112	-170	-115
150 - 179 days	179	284	180	-92	-138	-91
180 + days	2 327	2 493	2 213	-1 478	-1 475	-1 379
Economic doubtful*	1 927	1 915	2 025	-1 108	-1 028	-1 100
<b>Total impaired loans</b>	<b>4 952</b>	<b>5 498</b>	<b>4 960</b>	<b>-2 922</b>	<b>-3 009</b>	<b>-2 825</b>

\* 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:

	Q1 2021				Q1 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Unsecured loans</b>								
<b>Loss allowance as at 1 January</b>	<b>712</b>	<b>452</b>	<b>1 838</b>	<b>3 002</b>	<b>476</b>	<b>355</b>	<b>1 515</b>	<b>2 346</b>
Transfers:								
Transfer from Stage 1 to Stage 2	-41	285	-	244	-33	329	-15	281
Transfer from Stage 1 to Stage 3	-2	-	31	29	-2	-	43	41
Transfer from Stage 2 to Stage 3	-	-140	234	94	-	-229	354	125
Transfer from Stage 2 to Stage 1	28	-204	-	-176	20	-206	-	-186
Transfer from Stage 3 to Stage 2	-	21	-62	-41	-	13	-65	-52
Transfer from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
Assets remaining in same Stage	-12	5	86	79	7	97	60	164
Methodological changes	-	-	-	-	-	-	-	-
Financial assets derecognised that are not write-offs	-30	-14	-49	-93	-15	-5	-19	-39
<i>of which 'account that have closed in the period'</i>	-30	-14	-49	-93	-15	-5	-19	-39
<i>of which 'foreclosed'</i>	-	-	-	-	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-	-	-	-	-
Write-offs	-	-	-136	-136	-	-	-29	-29

New financial assets originated or purchased	36	-	-	36	36	-	-	36
Changes in PDs/LGDs/EADs	-	-	-	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-	-	-	-
FX and other movements	-31	-8	-67	-106	49	1	134	184
<b>Loss allowance as at 31 March</b>	<b>660</b>	<b>397</b>	<b>1 875</b>	<b>2 932</b>	<b>538</b>	<b>355</b>	<b>1 978</b>	<b>2 871</b>

	Q1 2021				Q1 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Secured loans</b>								
<b>Loss allowance as at 1 January</b>	<b>794</b>	<b>240</b>	<b>968</b>	<b>2 002</b>	<b>538</b>	<b>220</b>	<b>835</b>	<b>1 593</b>
Transfers:								
Transfer from Stage 1 to Stage 2	-25	167	-	142	-27	161	-	134
Transfer from Stage 1 to Stage 3	-5	-	90	85	-4	-	79	75
Transfer from Stage 2 to Stage 3	-	-52	159	107	-	-76	217	141
Transfer from Stage 2 to Stage 1	17	-120	-	-103	21	-109	-	-88
Transfer from Stage 3 to Stage 2	-	26	-123	-97	-	14	-101	-87
Transfer from Stage 3 to Stage 1	-	-	-2	-2	-	-	-	-
Assets remaining in same Stage	-19	-1	196	176	-79	35	49	5
Methodological changes	-	-	-	-	-	-	-	-
Financial assets derecognised that are not write-offs	-53	-25	-153	-231	-31	-12	-36	-79
of which 'account that have closed in the period'	-53	-25	-153	-231	-31	-12	-36	-79
of which 'foreclosed'	-	-	-	-	-	-	-	-
of which 'sold'	-	-	-	-	-	-	-	-
of which 'change of perimeter'	-	-	-	-	-	-	-	-
Write-offs	-	-	-89	-89	-	-	-96	-96
New financial assets originated or purchased	107	-	-	107	119	5	30	154
Changes in PDs/LGDs/EADs	-	-	-	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-	-	-	-
FX and other movements	-18	-1	-15	-34	47	6	54	107
<b>Loss allowance as at 31 March</b>	<b>798</b>	<b>234</b>	<b>1 031</b>	<b>2 063</b>	<b>584</b>	<b>244</b>	<b>1 031</b>	<b>1 859</b>

	Q1 2021				Q1 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Commercial papers and bonds</b>								
<b>Loss allowance as at 1 January</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
Transfers:								
Transfer from Stage 1 to Stage 2	-	-	-	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
Assets remaining in same Stage	-	-	-	-	1	-	-	1
Methodological changes	-	-	-	-	-	-	-	-
Financial assets derecognised that are not write-offs	-	-	-	-	-	-	-	-
of which 'account that have closed in the period'	-	-	-	-	-	-	-	-
of which 'foreclosed'	-	-	-	-	-	-	-	-
of which 'sold'	-	-	-	-	-	-	-	-
of which 'change of perimeter'	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-	-	-	-
FX and other movements	-	-	-	-	-	-	-	-
<b>Loss allowance as at 31 March</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>

	Q1 2021				Q1 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime		12-month	Lifetime	Lifetime	
<b>Off balance exposure*</b>	<b>ECL</b>	<b>ECL</b>	<b>ECL</b>		<b>ECL</b>	<b>ECL</b>	<b>ECL</b>	
<b>Loss allowance as at 1 January</b>	<b>21</b>	<b>7</b>	<b>18</b>	<b>46</b>	<b>46</b>	<b>14</b>	<b>22</b>	<b>82</b>
Transfers:								
Transfer from Stage 1 to Stage 2	-1	6	-	5	-1	11	-	10
Transfer from Stage 1 to Stage 3	-	-	2	2	-	-	4	4
Transfer from Stage 2 to Stage 3	-	-1	3	2	-	-2	4	2
Transfer from Stage 2 to Stage 1	1	-6	-	-5	2	-14	-	-12
Transfer from Stage 3 to Stage 2	-	2	-4	-2	-	1	-3	-2
Transfer from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
Assets remaining in same Stage	1	-	2	3	-2	1	2	1
Methodological changes	-	-	-	-	-	-	-	-
Financial assets derecognised that are not write-offs	-2	-1	-3	-6	-5	-1	-9	-15
<i>of which 'account that have closed in the period'</i>	-2	-1	-3	-6	-5	-1	-9	-15
<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	1	-	-	1
Changes in PDs/LGDs/EADs	-	-	-	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-	-	-	-
FX and other movements	-	1	-	1	1	-	-	1
<b>Loss allowance as at 31 March</b>	<b>21</b>	<b>8</b>	<b>18</b>	<b>47</b>	<b>42</b>	<b>10</b>	<b>20</b>	<b>72</b>

\*Provisions related to off-balance credit exposures are recognized in the financial statement line other income and costs.

## 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 = liquidity assets / (cash outflows - cash inflows). The minimum LCR level (CRD IV) is 100% from 31 December 2017. With a stable basis of High Quality Liquid Assets, The Group fulfills the minimum LCR requirements.

<b>Liquidity Coverage Ratio (LCR) %</b>	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>2020</b>
Liquidity Coverage Ratio (LCR) Total	242	156	237
Liquidity Coverage Ratio (LCR) NOK	246	110	130
Liquidity Coverage Ratio (LCR) SEK	164	154	175
Liquidity Coverage Ratio (LCR) DKK	1 103	166	1 097
Liquidity Coverage Ratio (LCR) EUR	225	186	283

## NOTE 7 – CAPITAL ADEQUACY

All amounts in millions of NOK

	Q1 2021	Q1 2020	FY 2020
<b>Balance sheet equity</b>			
Paid in equity	10 618	10 618	10 618
Share premium	1 926	1 926	1 926
Other equity	14 815	12 829	14 253
Tier 1 Capital	2 250	2 250	2 250
Other reserves	26	439	125
<b>Total Equity</b>	<b>29 634</b>	<b>28 062</b>	<b>29 172</b>
<b>Common Equity Tier 1 Capital</b>			
(-) Profit not eligible as capital	-608	-636	-
Cash-flow hedge adjustment	-	-	-
IRB Expected Loss - Reserves	-359	-387	-410
Goodwill	-797	-827	-834
Other intangible assets	-465	-332	-482
Deferred tax assets	-	-	-
Adjustment Prudent Valuation (AVA)	-4	-8	-6
Tier 1 Capital	-2 250	-2 250	-2 250
<b>Total common Equity Tier 1 Capital (with full IFRS9 impact)</b>	<b>25 151</b>	<b>23 621</b>	<b>25 191</b>
Capital adjustment according to IFRS9 Transitional rules	229	320	320
<b>Total common Equity Tier 1 Capital with IFRS9 transitional rules)</b>	<b>25 379</b>	<b>23 941</b>	<b>25 511</b>
<b>Tier 1 Capital</b>			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
<b>Total Tier 1 Capital (with full IFRS9 impact)</b>	<b>27 401</b>	<b>25 871</b>	<b>27 441</b>
<b>Total Tier 1 Capital (after IFRS9 transitional rules)</b>	<b>27 629</b>	<b>26 191</b>	<b>27 761</b>
<b>Total Capital</b>			
Paid up subordinated loans	2 469	2 561	2 816
Subordinated loans not eligible	-	-	-23
<b>Total Capital (with full IFRS9 impact)</b>	<b>29 869</b>	<b>28 432</b>	<b>30 234</b>
<b>Total Capital (with IFRS9 transitional rules)</b>	<b>30 098</b>	<b>28 752</b>	<b>30 554</b>
<b>Risk exposure on Standard Approach</b>			
Regional governments or local authorities	64	63	73
Institutions	716	809	988
Corporates	9 325	12 196	11 180
Retail Standard Approach	55 899	67 431	59 065
Exposures in default SA	3 430	2 146	1 209
Covered bonds	96	409	100
Other Exposures	4 328	5 688	4 030
<b>Total Risk exposure amount on Standard Approach</b>	<b>73 858</b>	<b>88 743</b>	<b>76 645</b>
<b>Risk exposure on Internal Rating Based Approach</b>			
Retail Other	36 339	38 761	37 864
<b>Total Risk exposure amount on Internal Rating Based Approach</b>	<b>36 339</b>	<b>38 761</b>	<b>37 864</b>
<b>Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries</b>	<b>110 197</b>	<b>127 504</b>	<b>114 509</b>
Foreign exchange (zero if under threshold)	2 719	2 161	2 472
<b>Risk exposure amount for position, foreign exchange and commodities risks</b>	<b>2 719</b>	<b>2 161</b>	<b>2 472</b>
Basic indicator approach	14 247	13 730	14 247
<b>Risk exposure amount for operational risk</b>	<b>14 247</b>	<b>13 730</b>	<b>14 247</b>

	Q1 2021	Q1 2020	FY 2020
Standardized method	41	69	46
<b>Risk exposure amount for credit valuation adjustment</b>	<b>41</b>	<b>69</b>	<b>46</b>
<b>Total risk exposure amount (with full IFRS9 impact)</b>	<b>127 204</b>	<b>143 464</b>	<b>131 275</b>
Risk Exposure adjustment according to IFRS9 Transitional rules	200	280	280
<b>Total risk exposure amount (with IFRS9 transitional rules)</b>	<b>127 404</b>	<b>143 744</b>	<b>131 555</b>
<b>Total exposure for Leverage Ratio</b>			
Derivatives: Add-on under market-to-market method	426	482	518
Off-balance sheet items with 10% CCF	2 875	3 039	3 012
Off-balance sheet items with 20% CCF	357	331	323
Off-balance sheet items with 50% CCF	37	38	38
Adjusted On balance sheet exposure	191 001	211 600	197 161
<b>Total exposure for Leverage Ratio (with full IFRS9 impact)</b>	<b>194 696</b>	<b>215 490</b>	<b>201 052</b>
Exposure adjustment according to IFRS9 Transitional rules	301	421	421
<b>Total exposure for Leverage Ratio (with IFRS9 transitional rules)</b>	<b>194 997</b>	<b>215 910</b>	<b>201 473</b>
<b>Minimum Regulatory Capital</b>			
Minimum Core Equity	4,50%	4,50%	4,50%
Pillar 2 Requirement	3,30%	3,30%	3,30%
Pillar 2 Guidance	1,00%	1,00%	1,00%
Countercyclical Buffer (combined)	0,28%	0,30%	0,26%
Conservation Buffer	2,50%	2,50%	2,50%
Systemic Risk Buffer	1,24%	3,00%	1,18%
<b>Minimum Regulatory Capital ratio (CET1)</b>	<b>12,82%</b>	<b>14,60%</b>	<b>12,74%</b>
<b>Minimum Regulatory Capital</b>			
Minimum Core Equity	5 724	6 456	5 907
Pillar 2 Requirement	4 198	4 734	4 332
Pillar 2 Guidance	1 272	1 435	1 313
Countercyclical Buffer (combined)	351	430	341
Conservation Buffer	3 180	3 587	3 282
Systemic Risk Buffer (combined)	1 582	4 304	1 549
<b>Minimum Regulatory Capital amount (full IFRS9 impact)</b>	<b>16 306</b>	<b>20 946</b>	<b>16 724</b>
Surplus of Core Equity Tier 1 capital (full IFRS9 impact)	8 844	2 687	8 466
<b>Minimum Regulatory Capital amount (with IFRS9 transitional rules)</b>	<b>16 332</b>	<b>23 633</b>	<b>16 760</b>
Surplus of Core Equity Tier 1 capital (after IFRS9 transitional rules)	9 048	2 967	8 751
<b>Common equity tier 1 capital ratio (full IFRS9 impact)</b>	<b>19,77%</b>	<b>16,47%</b>	<b>19,19%</b>
<b>Common equity tier 1 capital ratio (with IFRS9 transitional rules)</b>	<b>19,92%</b>	<b>16,66%</b>	<b>19,39%</b>
CET1 regulatory requirements	12,82%	14,60%	12,74%
<b>Tier 1 capital ratio (full IFRS9 impact)</b>	<b>21,54%</b>	<b>18,04%</b>	<b>20,90%</b>
<b>Tier 1 capital ratio (with IFRS9 transitional rules)</b>	<b>21,69%</b>	<b>18,23%</b>	<b>21,10%</b>
Tire 1 regulatory requirements	14,32%	16,10%	14,24%
<b>Total capital ratio (full IFRS9 impact)</b>	<b>23,48%</b>	<b>19,81%</b>	<b>23,03%</b>
<b>Total capital ratio (with IFRS9 transitional rules)</b>	<b>23,62%</b>	<b>20,00%</b>	<b>23,23%</b>
Total capital regulatory requirements	16,32%	18,10%	16,24%
<b>Leverage ratio (full IFRS9 impact)</b>	<b>14,07%</b>	<b>12,01%</b>	<b>13,65%</b>
<b>Leverage ratio (with IFRS9 transitional rules)</b>	<b>14,17%</b>	<b>12,14%</b>	<b>13,78%</b>
LR regulatory requirements	5,00%	5,00%	5,00%

	Q1 2021	Q1 2020	FY 2020
<b>Specification of IFRS Transition rules (based on initial impact)</b>			
IFRS 9 Increase in Loss Reserves	-601	-601	-601
- whereof Internal Rating Based	-	-	-
Tax impact from increased loss reserves	144	144	144
Deferred tax assets impact on capital	-	-	-
Initial IFRS9 net impact on capital	<b>-457</b>	<b>-457</b>	<b>-457</b>
Base amount for IFRS9 transitional rule on capital	457	457	457
Transition %	50%	70%	70%
<b>Capital adjustment due to Transitional rule</b>	<b>229</b>	<b>320</b>	<b>320</b>
Std Approach value adjustments Spec Reserves	-601	-601	-601
- whereof Retail (75%RW)	-600	-600	-600
- whereof Covered Bonds (10%RW)	-2	-2	-2
Deferred tax assets impact on Risk Exposure Amount (250%RW) *	20	20	20
Initial IFRS9 net impact on Risk Exposure Amount	-400	-400	-400
Base amount for IFRS9 transitional rule on Risk Exposure Amount	400	400	400
Transition %	50%	70%	70%
<b>Risk Exposure adjustment due to Transitional rule</b>	<b>200</b>	<b>280</b>	<b>280</b>
Impact from Tranlational rules on capital ratios (same impact for Tier 1 and 2)	0,15%	0,19%	0,20%
* 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](http://www.santander.no). The Pillar 3 Disclosure report is be published at [www.santanderconsumer.no](http://www.santanderconsumer.no).

## NOTE 8 – SEGMENT INFORMATION

All amounts in millions of NOK

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

Segment information is based on the internal financial reporting as it is reported to SCB Group management. SCB Group management uses the segment reporting as an element to assess historical and expected future development and allocation of resources. Reporting from the segments is based on Santander's governance model and the SCB Group's accounting policies. The figures are based on a number of assumptions and estimates. The Segments are responsible for profits after tax, with the corresponding return on allocated capital according to the SCB Group's governance model. All the SCB Group's trade activities are divided into the reported segments with corresponding balances, income and expenses. Deficit liquidity from the segments are funded by the SCB Group treasury at market conditions. Surplus liquidity is transferred to the SCB Group treasury at market conditions. Internal agreements at market conditions or simulated market conditions are made when segments cooperate on the delivery of financial services to customers. Services provided by the Group's central functions and staff are charged segments based on an allocation agreement.

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

	Q1 2021				
	Unsecured loans	Secured loans	Financial lease	Operational lease	Total
Norway	7 701	38 860	11 718	-	58 279
Sweden	15 618	18 947	9 492	-	44 057
Denmark	6 305	24 937	3 092	419	34 753
Finland	4 529	29 823	2 782	496	37 630
<b>Total</b>	<b>34 153</b>	<b>112 567</b>	<b>27 084</b>	<b>915</b>	<b>174 719</b>

	Q1 2020				
	Unsecured loans	Secured loans	Financial lease	Operational lease	Total
Norway	9 916	38 636	12 250	-	60 803
Sweden	16 917	20 845	7 463	-	45 225
Denmark	8 253	30 446	3 791	500	42 990
Finland	4 630	36 688	3 301	576	45 196
<b>Total</b>	<b>39 716</b>	<b>126 615</b>	<b>26 805</b>	<b>1 076</b>	<b>194 213</b>

### P&L and Balance sheet per country

	Q1 2021					Total Group
	Norway	Sweden	Denmark	Finland	Eliminations	
Total interest income	805	519	453	522	-242	2 057
Total interest expenses	-137	-85	-18	-242	241	-241
<b>Net interest income</b>	<b>668</b>	<b>434</b>	<b>435</b>	<b>280</b>	<b>-1</b>	<b>1 816</b>
Fee and commission income	44	46	30	38	-21	137
Fee and commission expenses	-29	-25	-7	-22	20	-63
Value change and gain/loss on foreign exchange and securities	53	-	-1	17	-1	68
Other operating income	9	3	27	36	-	75
Other operating expenses	-12	-8	-25	-38	-	-83
<b>Gross margin</b>	<b>733</b>	<b>450</b>	<b>459</b>	<b>311</b>	<b>-3</b>	<b>1 951</b>
Salaries and personnel expenses	-138	-95	-75	-64	-	-372
Administrative expenses	-102	-87	-65	-47	-	-301
Depreciation and amortisation	-27	-18	-8	-9	-	-62
<b>Net operating income</b>	<b>466</b>	<b>250</b>	<b>310</b>	<b>191</b>	<b>-3</b>	<b>1 216</b>
Other income and costs	-1	-	1	-	-	-
Impairment losses on loan, guarantees etc.	-153	-109	-70	-69	-	-401
<b>Profit before taxes</b>	<b>312</b>	<b>141</b>	<b>242</b>	<b>122</b>	<b>-3</b>	<b>815</b>
Income tax expense	-98	-30	-53	-26	-	-207
<b>Profit after tax</b>	<b>214</b>	<b>111</b>	<b>189</b>	<b>96</b>	<b>-3</b>	<b>608</b>

	Norway	Sweden	Denmark	Finland	Eliminations	Total Group
Cash and receivables on central banks	65	4 821	-	-	-	4 886
Deposits with and receivables on financial institutions	3 899	836	2 907	2 401	-	10 043
Total gross loans to customers	58 279	44 057	34 334	37 134	-	173 804
Write-downs	-1 811	-1 206	-1 294	-685	-	-4 996
Commercial papers and bonds	2 403	948	945	572	-476	4 392
Financial derivatives	1	-	-	12	-	13
Investments in subsidiaries	1 652	-	-	-	-1 652	-
Other assets	21 547	694	2 611	22 024	-42 392	4 484
<b>Total assets</b>	<b>86 035</b>	<b>50 150</b>	<b>39 503</b>	<b>61 458</b>	<b>-44 520</b>	<b>192 626</b>
Debt to credit institutions	4 305	14 002	7 175	24 141	-21 043	28 580
Deposits from customers	26 695	23 943	29 226	-	-	79 864
Debt established by issuing securities	25 330	8 739	1 723	12 253	-476	47 569
Financial derivatives	-	-	-	5	-	5
Other liabilities	2 874	3 322	748	21 815	-21 785	6 974
Equity	26 831	144	631	3 244	-1 216	29 634
<b>Total liabilities and equity</b>	<b>86 035</b>	<b>50 150</b>	<b>39 503</b>	<b>61 458</b>	<b>-44 520</b>	<b>192 626</b>

	Q1 2020					
	Norway	Sweden	Denmark	Finland	Eliminations	Total Group
Total interest income	1 034	487	499	493	-233	2 279
Total interest expenses	-267	-104	-35	-203	230	-379
<b>Net interest income</b>	<b>767</b>	<b>383</b>	<b>464</b>	<b>290</b>	<b>-3</b>	<b>1 900</b>
Fee and commission income	45	51	25	28	-15	134
Fee and commission expenses	-28	-27	-8	-14	15	-62
Value change and gain/loss on foreign exchange and securities	-94	2	2	-4	-2	-97
Other operating income	7	3	28	33	-	71
Other operating expenses	-12	-7	-16	-29	-	-64
<b>Gross margin</b>	<b>685</b>	<b>404</b>	<b>495</b>	<b>304</b>	<b>-6</b>	<b>1 882</b>
Salaries and personnel expenses	-173	-89	-86	-31	-0	-378
Administrative expenses	-108	-115	-82	-89	8	-386
Depreciation and amortisation	-26	-11	-4	-6	-	-48
<b>Net operating income</b>	<b>378</b>	<b>189</b>	<b>322</b>	<b>178</b>	<b>2</b>	<b>1 069</b>
Other income and costs	7	1	-1	-	154	162
Impairment losses on loan, guarantees etc.	-162	-107	-174	-80	-	-523
<b>Profit before taxes</b>	<b>224</b>	<b>83</b>	<b>147</b>	<b>98</b>	<b>156</b>	<b>709</b>
Income tax expense	11	-22	-37	-25	-	-72
<b>Profit after tax</b>	<b>235</b>	<b>61</b>	<b>111</b>	<b>73</b>	<b>156</b>	<b>636</b>

Cash and receivables on central banks	766	2 108	-	-	-	2 875
Deposits with and receivables on financial institutions	4 177	3 388	811	1 751	-2 885	7 242
Total gross loans to customers	60 803	45 225	42 490	44 620	-	193 137
Write-downs	-1 714	-1 154	-1 237	-625	-	-4 730
Commercial papers and bonds	4 018	2 892	2 306	2 176	-1 901	9 493
Financial derivatives	-0	-	-	21	-	21
Investments in subsidiaries	2 587	351	-	-	-2 938	-
Other assets	25 818	672	2 781	20 010	-43 853	5 429
<b>Total assets</b>	<b>96 456</b>	<b>53 482</b>	<b>47 150</b>	<b>67 953</b>	<b>-51 576</b>	<b>213 466</b>
Debt to credit institutions	10 600	13 440	19 195	31 411	-25 844	48 801
Deposits from customers	25 839	22 418	24 507	-	-	72 764
Debt established by issuing securities	29 971	12 631	1 964	13 874	-1 901	56 539
Financial derivatives	-	-	-	18	-	18
Other liabilities	2 805	4 662	916	19 246	-20 347	7 282
Equity	26 148	332	569	3 405	-2 392	28 062
<b>Total liabilities and equity</b>	<b>95 363</b>	<b>53 482</b>	<b>47 150</b>	<b>67 953</b>	<b>-50 483</b>	<b>213 466</b>

## NOTE 9 - NET INTEREST INCOME

All amounts in millions of NOK	Q1 2021	Q1 2020	FY 2020
Interest and similar income on loans to and receivables from credit institutions	5	6	18
Interest and similar income on loans to and receivables from customers	2 031	2 250	8 900
Interest and similar income on comm. paper, bonds and other securities	5	14	21
Interest and similar income on loans to subsidiaries, branches and SPVs	16	9	69
Other interest income and similar income	-	-	-
<b>Total interest income</b>	<b>2 057</b>	<b>2 279</b>	<b>9 008</b>
Interest and similar expenses on debt to credit institutions	-15	-36	-153
Interest and similar expenses on deposits from and debt to customers	-127	-205	-759
Interest and similar expenses on issued securities	-79	-118	-376
Interest on subordinated loan capital	-14	-18	-67
Other interest expenses and similar expenses	-7	-2	-14
<b>Total interest expense</b>	<b>-241</b>	<b>-379</b>	<b>-1 369</b>
<b>Net interest income</b>	<b>1 816</b>	<b>1 900</b>	<b>7 638</b>

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

To credit institutions	Q1 2021	Q1 2020	FY 2020
Interest expenses	-15	-36	-153
Average loan	28 971	39 487	29 768
<b>Average nominal interest rate</b>	<b>0,20%</b>	<b>0,36%</b>	<b>0,52%</b>

To customers	Q1 2021	Q1 2020	FY 2020
Interest expenses	-127	-205	-759
Average deposit	80 503	69 124	73 313
<b>Average nominal interest rate</b>	<b>0,63%</b>	<b>1,18%</b>	<b>1,04%</b>

To bondholders	Q1 2021	Q1 2020	FY 2020
Interest expenses	-79	-118	-376
Average issued notes and bonds	49 392	54 971	52 309
<b>Average nominal interest rate</b>	<b>0,64%</b>	<b>0,86%</b>	<b>0,72%</b>

Subordinated loan capital*	Q1 2021	Q1 2020	FY 2020
Interest expenses	-14	-18	-67
Average subordinated loan capital	2 648	2 494	2 621
<b>Average nominal interest rate</b>	<b>2,12%</b>	<b>2,97%</b>	<b>2,56%</b>

Total of tables above:	Q1 2021	Q1 2020	FY 2020
Interest expenses	-234	-377	-1 356
Loan	161 515	166 077	158 012
<b>Average nominal interest rate</b>	<b>0,58%</b>	<b>0,91%</b>	<b>0,86%</b>

## NOTE 10 - CLASSIFICATION OF FINANCIAL INSTRUMENTS

All amounts in millions of NOK

Classification of financial assets 31 March 2021	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	-	-	4 886	4 886
Deposits with and receivables on financial institutions	-	-	10 043	10 043
Loans to customers	-	-	168 808	168 808
Commercial papers and bonds	-	-	4 392	4 392
Financial derivatives	13	-	-	13
Other ownership interests	-	37	-	37
<b>Total financial assets</b>	<b>13</b>	<b>37</b>	<b>188 130</b>	<b>188 179</b>
			Non financial assets	4 447
			<b>Total assets</b>	<b>192 626</b>

Classification of financial liabilities 31 March 2021	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	28 580	28 580
Deposits from customers	-	-	79 864	79 864
Debt established by issuing securities	-	-	47 569	47 569
Financial derivatives	5	-	-	5
Other financial liabilities	-	-	359	359
Subordinated loan capital	-	-	2 474	2 474
<b>Total financial liabilities</b>	<b>5</b>	<b>-</b>	<b>158 847</b>	<b>158 852</b>
			Non financial liabilities and equity	33 774
			<b>Total liabilities and equity</b>	<b>192 626</b>

2020

Classification of financial assets 31 March 2020	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	-	-	2 875	2 875
Deposits with and receivables on financial institutions	-	-	7 242	7 242
Loans to customers	-	-	188 377	188 377
Commercial papers and bonds	-	-	9 493	9 493
Financial derivatives	21	-	-	21
Other ownership interests	-	31	-	31
<b>Total financial assets</b>	<b>21</b>	<b>31</b>	<b>207 986</b>	<b>208 038</b>
			Non financial assets	5 428
			<b>Total assets</b>	<b>213 466</b>

Classification of financial liabilities 31 March 2020	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	48 801	48 801
Deposits from customers	-	-	72 764	72 764
Debt established by issuing securities	-	-	56 539	56 539
Financial derivatives	18	-	-	18
Other financial liabilities	-	-	675	675
Subordinated loan capital	-	-	2 566	2 566
<b>Total financial liabilities</b>	<b>18</b>	<b>-</b>	<b>181 346</b>	<b>181 364</b>

Non financial liabilities  
and equity 32 102

**Total liabilities  
and equity 213 466**

## NOTE 11 - VALUATION HIERARCHY

### Q1 2021

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<b>Financial assets</b>						
<b>Name</b>	<b>Type</b>	<b>Notional</b>				
KIMI7 Pass Through	Interest Rate Swap	MM EUR 143	-	3	-	3
KIMI8A Pass Through	Interest Rate Swap	MM EUR 335	-	3	-	3
KIMI8B Pass Through	Interest Rate Swap	MM EUR 37	-	-	-	-
KIMI9A Pass Through	Interest Rate Swap	MM EUR 592	-	4	-	4
KIMI9A Fixed	Interest Rate Swap	MM EUR 592	-	1	-	1
KIMI9B Fixed	Interest Rate Swap	MM EUR 31	-	-	-	-
FX Swap EUR/DKK	Cross Currency Swap	MM EUR 100	-	1	-	1
<b>Total financial trading derivatives</b>			-	<b>13</b>	-	<b>13</b>
<b>Name</b>	<b>Type</b>					
VISA	Equity	-	-	37	-	37
<b>Total other ownership interests</b>			-	<b>37</b>	-	<b>37</b>
<b>Total Assets</b>			-	<b>50</b>	-	<b>50</b>
<b>Financial liabilities</b>						
<b>Name</b>	<b>Type</b>	<b>Notional</b>				
KIMI7 Fixed	Interest Rate Swap	MM EUR 140	-	4	-	4
KIMI8A Fixed	Interest Rate Swap	MM EUR 320	-	1	-	1
KIMI8B Fixed	Interest Rate Swap	MM EUR 35	-	-	-	-
KIMI9B Pass Through	Interest Rate Swap	MM EUR 31	-	-	-	-
<b>Total financial derivatives</b>			-	<b>5</b>	-	<b>5</b>
<b>Total Liabilities</b>			-	<b>5</b>	-	<b>5</b>

### Derivatives designated for hedge accounting - assets

Name	Type	Notional				
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	34	-	34
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	2	-	2
<b>Total derivatives designated for hedging - assets*</b>			-	<b>36</b>	-	<b>36</b>

### Derivatives designated for hedge accounting - liabilities

Name	Type	Notional				
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	1	-	1
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	10	-	10
KIMI7	Interest Rate Swap	MM EUR 143	-	3	-	3
KIMI8A	Interest Rate Swap	MM EUR 335	-	4	-	4
KIMI8B	Interest Rate Swap	MM EUR 37	-	-	-	-
KIMI9A	Interest Rate Swap	MM EUR 592	-	4	-	4
KIMI9B	Interest Rate Swap	MM EUR 31	-	-	-	-
<b>Total derivatives designated for hedging - liabilities*</b>				<b>22</b>		<b>22</b>

\* 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.

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

Q1 2020

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unob-servable inputs Level 3	Total
<b>Financial assets</b>						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
KIMI6 Pass Through	Interest Rate Swap	MM EUR 98	-	1	-	1
KIMI7 Pass Through	Interest Rate Swap	MM EUR 275	-	11	-	11
KIMI8B Pass Through	Interest Rate Swap	MM EUR 42	-	-	-	-
KIMI8B Fixed	Interest Rate Swap	MM EUR 42	-	1	-	1
KIMI8A Fixed	Interest Rate Swap	MM EUR 566	-	8	-	8
<b>Total financial trading derivatives</b>			-	<b>21</b>	-	<b>21</b>
<i>Name</i>	<i>Type</i>					
VISA	Equity		-	31	-	31
<b>Total other ownership interests</b>			-	<b>31</b>	-	<b>31</b>
<b>Total Assets</b>			-	<b>52</b>	-	<b>52</b>
<b>Financial liabilities</b>						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
KIMI6 Fixed	Interest Rate Swap	MM EUR 104	-	1	-	1
KIMI7 Fixed	Interest Rate Swap	MM EUR 263	-	10	-	10
KIMI5 Fixed	Interest Rate Swap	MM EUR 1	-	-	-	-
KIMI8A Pass Through	Interest Rate Swap	MM EUR 581	-	7	-	7
<b>Total financial derivatives</b>			-	<b>18</b>	-	<b>18</b>
<b>Total Liabilities</b>			-	<b>18</b>	-	<b>18</b>
<b>Derivatives designated for hedge accounting - assets</b>						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	58	-	58
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	8	-	8
KIMI8A	Interest Rate Swap	MM EUR 581	-	6	-	6
<b>Total derivatives designated for hedging - assets*</b>			-	<b>72</b>	-	<b>72</b>
<b>Derivatives designated for hedge accounting - liabilities</b>						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	19	-	19
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	1	-	1
KIMI6	Interest Rate Swap	MM EUR 98	-	2	-	2
KIMI7	Interest Rate Swap	MM EUR 275	-	11	-	11
KIMI8B	Interest Rate Swap	MM EUR 42	-	-	-	-
<b>Total derivatives designated for hedging - liabilities*</b>			-	<b>33</b>	-	<b>33</b>

\* 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

<i>All amounts in millions of NOK</i>	Q1 2021	Q1 2020	FY 2020
Credit Card	5 698	6 926	6 055
Unsecured loans	28 457	32 790	30 299
Auto loans	139 650	153 421	144 913
- <i>Installment loans</i>	112 566	126 615	117 716
- <i>Financial leasing</i>	27 085	26 805	27 197
<b>Total gross loans to customers</b>	<b>173 804</b>	<b>193 137</b>	<b>181 267</b>
- Loan loss allowance - Stage 1	-1 458	-1 122	-1 506
- Loan loss allowance - Stage 2	-632	-599	-692
- Loan loss allowance - Stage 3	-2 906	-3 009	-2 806
<b>Total net loans to customers</b>	<b>168 808</b>	<b>188 407</b>	<b>176 263</b>

## 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:

	Q1 2021	Q1 2020
Change in loss allowance – Unsecured loans	-51	-303
Change in loss allowance – Secured loans	-104	-109
Change in loss allowance – Commercial papers and bonds	-	-
+/- Fx rate adjustment opening balance	-	-
+ Total realized losses	-301	-178
- Recoveries on previously realized losses	52	61
- Gain on sold portfolios	-	-
<b>Impairment losses on loan, guarantees etc.</b>	<b>-403</b>	<b>-530</b>

## NOTE 14 - ISSUED SECURITIES

All amounts in millions of NOK

	Q1 2021	Q1 2020	FY 2020
Issued certificates	-	2 190	-
Senior unsecured issued securities	34 013	38 579	35 528
Asset backed issued securities	13 556	15 770	15 688
<b>Total issued securities</b>	<b>47 569</b>	<b>56 539</b>	<b>51 216</b>

## NOTE 15 - RECEIVABLES AND LIABILITIES TO RELATED PARTIES

Amounts in millions of NOK

Debt to related parties:	Q1 2021	Accrued Interest Q1 2021	Q1 2020	Accrued Interest Q1 2020	FY 2020	Accrued Interest FY 2020
Santander Consumer Finance S.A.	28 537	2	47 722	7	29 278	3
<b>Total</b>	<b>28 537</b>	<b>2</b>	<b>47 722</b>	<b>7</b>	<b>29 278</b>	<b>3</b>

### Balance sheet line: "Subordinated loan capital" - Bonds

MNOK 250, maturity March 2025, 3 months NIBOR + 2.2575% (Santander Consumer Finance S.A)	-	-	250	-	-	-
MNOK 250, maturity July 2025, 3 months NIBOR + 3.135% (Santander Consumer Finance S.A)	-	-	250	1	250	1
MNOK 500, maturity September 2027, 3 months NIBOR + 2,12% (Santander Consumer Finance S.A)	500	1	500	3	500	2
MNOK 500, maturity June 2031, 3 months NIBOR + 2,62% (Santander Consumer Finance S.A)	500	4	-	-	500	1
MSEK 750, maturity December 2029, 3 months STIBOR + 2.08% (Santander Consumer Finance S.A)	734	1	780	1	783	1
MSEK 750, maturity December 2030, 3 months STIBOR + 2.29% (Santander Consumer Finance S.A)	734	-	780	-	783	-
<b>Total</b>	<b>2 469</b>	<b>5</b>	<b>2 561</b>	<b>5</b>	<b>2 816</b>	<b>5</b>

\*Subordinated loan at MNOK 250 with maturity July 2025 was redeemed by exercising the call option in January 2021.

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](http://www.santander.no)

## NOTE 16 - TRANSACTIONS WITH RELATED PARTIES

All amounts in millions of NOK

The group is controlled by Santander Consumer Finance S.A. which owns 100% of the company's shares. The group's ultimate parent is Grupo Santander. All companies within Grupo Santander are considered to be 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:

	Q1 2021	Q1 2020	FY 2020
Interest income	2	4	7
Interest expenses	-21	-31	-133
Interest payments additional Tier 1 capital	-30	-38	-136
Fees	-	-	-
Other	-5	-14	-18
<b>Net transactions</b>	<b>-53</b>	<b>-79</b>	<b>-280</b>

Santander Consumer Bank Group had transactions with the following related parties per 31 March 2021:

Banco Santander S.A.

Santander Consumer Finance S.A.

Santander Global Technology, S.L.

Santander Seguros Y Reaseguros, S.A.



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## Notes

Santander Consumer Bank AS



## **NOTE 1 - BASIS OF PREPARATION**

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

The Santander Consumer Bank interim accounts for the first quarter of 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Company's last annual report for the year ended 31 December 2020.

The annual report for 2020 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting [www.santander.no](http://www.santander.no).

These interim financial statements were authorised by the Board of Directors the 14th of May 2021.

## **NOTE 2 - ACCOUNTING PRINCIPLES**

The Group's accounting policies are consistent with those of the previous financial year as described in the 2020 annual report.

## 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. Loans not past due date includes exposures that are not in arrears and not in default. Standard monitoring includes exposures in early arrears.

	Q1 2021				Q1 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Unsecured loans</b>								
<b>Credit grade</b>								
Loans not past due date	24 118	1 306	-	25 424	29 323	680	-	30 003
Standard monitoring	503	718	-	1 221	602	1 171	-	1 773
Special monitoring	-	244	-	244	-	189	-	189
Default	-	-	2 735	2 735	-	-	3 121	3 121
<b>Gross carrying amount</b>	<b>24 621</b>	<b>2 268</b>	<b>2 735</b>	<b>29 624</b>	<b>29 925</b>	<b>2 040</b>	<b>3 121</b>	<b>35 086</b>
Loss allowance	-555	-365	-1 720	-2 640	-467	-326	-1 888	-2 681
<b>Carrying amount</b>	<b>24 066</b>	<b>1 903</b>	<b>1 015</b>	<b>26 984</b>	<b>29 458</b>	<b>1 714</b>	<b>1 233</b>	<b>32 405</b>
Loss allowance (off balance exposures)	-21	-8	-18	-47	-42	-10	-20	-72
Loss allowance (%)				8,91%				7,64%

	Q1 2021				Q1 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Secured loans</b>								
<b>Credit grade</b>								
Loans not past due date	100 557	1 684	-	102 241	98 098	1 203	-	99 301
Standard monitoring	1 995	890	-	2 885	2 228	1 335	-	3 563
Special monitoring	-	400	-	400	-	314	-	314
Default	-	-	1 520	1 520	-	-	1 617	1 617
<b>Gross carrying amount</b>	<b>102 552</b>	<b>2 974</b>	<b>1 520</b>	<b>107 046</b>	<b>100 326</b>	<b>2 852</b>	<b>1 617</b>	<b>104 795</b>
Loss allowance	-613	-191	-868	-1 672	-357	-169	-830	-1 356
<b>Carrying amount</b>	<b>101 939</b>	<b>2 783</b>	<b>652</b>	<b>105 374</b>	<b>99 969</b>	<b>2 683</b>	<b>787</b>	<b>103 439</b>
Loss allowance (%)				1,56%				1,29%

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

	Q1 2021				Q1 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Commercial papers and bonds</b>								
<b>Credit grade</b>								
Investment grade	4 297	-	-	4 297	9 218	-	-	9 218
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
<b>Gross carrying amount</b>	<b>4 297</b>	<b>-</b>	<b>-</b>	<b>4 297</b>	<b>9 218</b>	<b>-</b>	<b>-</b>	<b>9 218</b>
Loss allowance	-	-	-	-	-1	-	-	-1
<b>Carrying amount</b>	<b>4 297</b>	<b>-</b>	<b>-</b>	<b>4 297</b>	<b>9 217</b>	<b>-</b>	<b>-</b>	<b>9 217</b>
Loss allowance (%)				-				0,01%

### 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 and liabilities not subject to impairment (i.e. FVTPL):

	Maximum exposure to credit risk	Q1 2021	Q1 2020
Financial derivatives Assets		1	-
Financial derivatives Liabilities		-	-

## NOTE 4 - RISK CLASSIFICATION

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

<i>All amounts in millions of NOK</i>	Balance			Loss reserves		
	Q1 2021	Q1 2020	FY 2020	Q1 2021	Q1 2020	FY 2020
Current - not past due date	128 311	129 805	132 900	-1 471	-824	-1 545
Current - past due date	4 103	5 337	4 299	-283	-495	-309
Total impaired loans	4 256	4 738	4 287	-2 604	-2 718	-2 522
<b>Total gross loans to customers - submitted</b>	<b>136 670</b>	<b>139 880</b>	<b>141 486</b>	<b>-4 358</b>	<b>-4 037</b>	<b>-4 376</b>

<i>Ageing of past due but not impaired loans</i>	Q1 2021	Q1 2020	FY 2020	Q1 2021	Q1 2020	FY 2020
1 - 29 days	3 045	3 898	3 154	-94	-234	-100
30 - 59 days	745	1 013	802	-123	-150	-134
60 - 89 days	313	426	343	-66	-111	-75
<b>Total loans due but not impaired</b>	<b>4 103</b>	<b>5 337</b>	<b>4 299</b>	<b>-283</b>	<b>-495</b>	<b>-309</b>

<i>Ageing of impaired loans</i>	Q1 2021	Q1 2020	FY 2020	Q1 2021	Q1 2020	FY 2020
90 - 119 days	222	352	246	-109	-156	-120
120 - 149 days	196	302	203	-101	-157	-102
150 - 179 days	155	248	156	-83	-128	-82
180 + days	2 099	2 301	2 002	-1 359	-1 396	-1 269
Economic doubtful*	1 584	1 535	1 680	-952	-881	-949
<b>Total impaired loans</b>	<b>4 256</b>	<b>4 738</b>	<b>4 287</b>	<b>-2 604</b>	<b>-2 718</b>	<b>-2 522</b>

\* 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 re

	Q1 2021				Q1 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime		12-month	Lifetime	Lifetime	
<b>Unsecured loans</b>	<b>ECL</b>	<b>ECL</b>	<b>ECL</b>		<b>ECL</b>	<b>ECL</b>	<b>ECL</b>	
<b>Loss allowance as at 1 January</b>	<b>608</b>	<b>421</b>	<b>1 687</b>	<b>2 716</b>	<b>431</b>	<b>329</b>	<b>1 449</b>	<b>2 209</b>
Transfers:								
Transfer from Stage 1 to Stage 2	-35	257	-	222	-42	299	-	257
Transfer from Stage 1 to Stage 3	-2	-	29	27	-2	-	41	39
Transfer from Stage 2 to Stage 3	-	-127	212	85	-	-209	335	126
Transfer from Stage 2 to Stage 1	25	-192	-	-167	18	-191	-	-173
Transfer from Stage 3 to Stage 2	-	20	-56	-36	-	11	-62	-51
Transfer from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
Assets remaining in same Stage	-19	6	82	69	9	91	51	151
Methodological changes	-	-	-	-	-	-	-	-
Financial assets derecognised that are not write-offs	-26	-14	-46	-86	-12	-5	-19	-36
of which 'account that have closed in the period'	-26	-14	-46	-86	-12	-5	-19	-36
of which 'foreclosed'	-	-	-	-	-	-	-	-
of which 'sold'	-	-	-	-	-	-	-	-
of which 'change of perimeter'	-	-	-	-	-	-	-	-
Write-offs	-	-	-129	-129	-	-	-29	-29
New financial assets originated or purchased	31	-	-	31	26	-	-	26
Changes in PDs/LGDs/EADs	-	-	-	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-	-	-	-
FX and other movements	-27	-6	-59	-92	39	1	122	162
<b>Loss allowance as at 31 March</b>	<b>555</b>	<b>365</b>	<b>1 720</b>	<b>2 640</b>	<b>467</b>	<b>326</b>	<b>1 888</b>	<b>2 681</b>

	Q1 2021				Q1 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime		12-month	Lifetime	Lifetime	
<b>Secured loans</b>	<b>ECL</b>	<b>ECL</b>	<b>ECL</b>		<b>ECL</b>	<b>ECL</b>	<b>ECL</b>	
<b>Loss allowance as at 1 January</b>	<b>599</b>	<b>197</b>	<b>817</b>	<b>1 613</b>	<b>387</b>	<b>161</b>	<b>693</b>	<b>1 241</b>
Transfers:								
Transfer from Stage 1 to Stage 2	-20	129	-	109	-20	132	-	112
Transfer from Stage 1 to Stage 3	-4	-	80	76	-3	-	67	64
Transfer from Stage 2 to Stage 3	-	-42	119	77	-	-63	171	108
Transfer from Stage 2 to Stage 1	14	-94	-	-80	18	-96	-	-78
Transfer from Stage 3 to Stage 2	-	23	-101	-78	-	11	-78	-67
Transfer from Stage 3 to Stage 1	-	-	-2	-2	-	-	-	-
Assets remaining in same Stage	-11	1	174	164	-67	33	29	-5
Methodological changes	-	-	-	-	-	-	-	-
Financial assets derecognised that are not write-offs	-38	-22	-139	-199	-22	-9	-23	-54
of which 'account that have closed in the period'	-38	-22	-139	-199	-22	-9	-23	-54
of which 'foreclosed'	-	-	-	-	-	-	-	-
of which 'sold'	-	-	-	-	-	-	-	-
of which 'change of perimeter'	-	-	-	-	-	-	-	-
Write-offs	-	-	-69	-69	-	-	-65	-65
New financial assets originated or purchased	87	-	-	87	43	-	-	43
Changes in PDs/LGDs/EADs	-	-	-	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-	-	-	-
FX and other movements	-14	-1	-11	-26	21	-	36	57
<b>Loss allowance as at 31 March</b>	<b>613</b>	<b>191</b>	<b>868</b>	<b>1 672</b>	<b>357</b>	<b>169</b>	<b>830</b>	<b>1 356</b>

	Q1 2021				Q1 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime		12-month	Lifetime	Lifetime	
<b>Commercial papers and bonds</b>	ECL	ECL	ECL		ECL	ECL	ECL	
<b>Loss allowance as at 1 January</b>	-	-	-	-	1	-	-	1
Transfers:								
Transfer from Stage 1 to Stage 2	-	-	-	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
Assets remaining in same Stage	-	-	-	-	1	-	-	1
Methodological changes	-	-	-	-	-	-	-	-
Financial assets derecognised that are not write-offs	-	-	-	-	-	-	-	-
<i>of which 'account that have closed in the period'</i>	-	-	-	-	-	-	-	-
<i>of which 'foreclosed'</i>	-	-	-	-	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-	-	-	-
FX and other movements	-	-	-	-	-	-	-	-
<b>Loss allowance as at 31 March</b>	-	-	-	-	1	-	-	1

	Q1 2021				Q1 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime		12-month	Lifetime	Lifetime	
<b>Off balance exposure*</b>	ECL	ECL	ECL		ECL	ECL	ECL	
<b>Loss allowance as at 1 January</b>	21	7	18	46	46	15	22	83
Transfers:								
Transfer from Stage 1 to Stage 2	-1	6	-	5	-1	10	-	9
Transfer from Stage 1 to Stage 3	-	-	2	2	-	-	4	4
Transfer from Stage 2 to Stage 3	-	-1	3	2	-	-2	4	2
Transfer from Stage 2 to Stage 1	1	-6	-	-5	2	-14	-	-12
Transfer from Stage 3 to Stage 2	-	2	-4	-2	-	1	-3	-2
Transfer from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
Assets remaining in same Stage	1	-	2	3	-2	1	2	1
Methodological changes	-	-	-	-	-	-	-	-
Financial assets derecognised that are not write-offs	-2	-1	-3	-6	-5	-1	-9	-15
<i>of which 'account that have closed in the period'</i>	-2	-1	-3	-6	-5	-1	-9	-15
<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	1	-	-	1
Changes in PDs/LGDs/EADs	-	-	-	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-	-	-	-
FX and other movements	-	1	-	1	1	-	-	1
<b>Loss allowance as at 31 March</b>	21	8	18	47	42	10	20	72

\*Provisions related to off-balance credit exposures are recognized in the financial statement line other income and costs.

## 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 = liquidity assets / (cash outflows - cash inflows). The minimum LCR level (CRD IV) is 100% from 31 December 2017. With a stable basis of High Quality Liquid Assets, SCB AS fulfills the minimum LCR requirements.

Liquidity Coverage Ratio (LCR) %	Q1 2021	Q1 2020	2020
Liquidity Coverage Ratio (LCR) Total	267	303	252
Liquidity Coverage Ratio (LCR) NOK	246	193	130
Liquidity Coverage Ratio (LCR) SEK	166	310	190
Liquidity Coverage Ratio (LCR) DKK	1 103	542	1 097
Liquidity Coverage Ratio (LCR) EUR	519	213	2 484

## NOTE 7 - CAPITAL ADEQUACY

All amounts in millions of NOK

	Q1 2021	Q1 2020	FY 2020
<b>Balance sheet equity</b>			
Paid in equity	10 618	10 618	10 618
Share premium	1 926	1 926	1 926
Other equity	12 893	11 206	12 364
Tier 1 Capital	2 250	2 250	2 250
Other reserves	-81	-65	-20
<b>Total Equity</b>	<b>27 606</b>	<b>25 934</b>	<b>27 138</b>
<b>Common Equity Tier 1 Capital</b>			
(-) Profit not eligible as capital	-513	-471	-
Cash-flow hedge adjustment	-30	-	-6
IRB Expected Loss - Reserves	-105	-152	-159
Goodwill	-384	-352	-401
Other intangible assets	-461	-318	-475
Deferred tax assets	-	-	-
Adjustment Prudent Valuation (AVA)	-3	-7	-5
Tier 1 Capital	-2 250	-2 250	-2 250
<b>Total common Equity Tier 1 Capital (with full IFRS9 impact)</b>	<b>23 861</b>	<b>22 385</b>	<b>23 841</b>
Capital adjustment according to IFRS9 Transitional rules	187	262	262
<b>Total common Equity Tier 1 Capital (with IFRS9 transitional rules)</b>	<b>24 047</b>	<b>22 647</b>	<b>24 103</b>
<b>Tier 1 Capital</b>			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
<b>Total Tier 1 Capital (with full IFRS9 impact)</b>	<b>26 111</b>	<b>24 635</b>	<b>26 091</b>
<b>Total Tier 1 Capital (with IFRS9 transitional rules)</b>	<b>26 297</b>	<b>24 897</b>	<b>26 353</b>
<b>Total Capital</b>			
Paid up subordinated loans	2 469	2 561	2 816
Subordinated loans not eligible	-	-	-23
<b>Total Capital (with full IFRS9 impact)</b>	<b>28 579</b>	<b>27 196</b>	<b>28 884</b>
<b>Total Capital (with IFRS9 transitional rules)</b>	<b>28 766</b>	<b>27 458</b>	<b>29 146</b>
<b>Risk exposure on Standard Approach</b>			
Regional governments or local authorities	58	63	67
Institutions	378	522	593
Corporates	7 550	13 007	10 969
Retail Standard Approach	48 324	53 032	50 845

Exposures in default SA	2 962	1 854	1 134
	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>FY 2020</b>
Covered bonds	96	409	100
Other Exposures	20 901	22 992	19 635
<b>Total Risk exposure amount on Standard Approach</b>	<b>80 269</b>	<b>91 878</b>	<b>83 343</b>
<b>Risk exposure on Internal Rating Based Approach</b>			
Retail Other	24 414	24 171	24 942
<b>Total Risk exposure amount on Internal Rating Based Approach</b>	<b>24 414</b>	<b>24 171</b>	<b>24 942</b>
<b>Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries</b>	<b>104 683</b>	<b>116 048</b>	<b>108 285</b>
Foreign exchange (zero if under threshold)	1 135	563	920
<b>Risk exposure amount for position, foreign exchange and commodities risks</b>	<b>1 135</b>	<b>563</b>	<b>920</b>
Basic indicator approach	12 354	12 577	12 354
<b>Risk exposure amount for operational risk</b>	<b>12 354</b>	<b>12 577</b>	<b>12 354</b>
Standardized method	41	85	55
<b>Risk exposure amount for credit valuation adjustment</b>	<b>41</b>	<b>85</b>	<b>55</b>
	<b>118</b>	<b>129</b>	<b>121 614</b>
<b>Total risk exposure amount (with full IFRS9 impact)</b>	<b>213</b>	<b>273</b>	
Risk Exposure adjustment according to IFRS9 Transitional rules	186	261	261
<b>Total risk exposure amount (with IFRS9 transitional rules)</b>	<b>118</b>	<b>129</b>	<b>121 874</b>
	<b>399</b>	<b>534</b>	
<b>Total exposure for Leverage Ratio</b>			
Derivatives: Add-on under market-to-market method	281	372	366
Off-balance sheet items with 10% CCF	2 722	2 897	2 828
Off-balance sheet items with 20% CCF	346	318	310
Off-balance sheet items with 50% CCF	37	38	38
Adjusted On balance sheet exposure	166 819	182 113	170 994
<b>Total exposure for Leverage Ratio (with full IFRS9 impact)</b>	<b>170 205</b>	<b>185 739</b>	<b>174 535</b>
Exposure adjustment according to IFRS9 Transitional rules	249	348	348
<b>Total exposure for Leverage Ratio (with IFRS9 transitional rules)</b>	<b>170 454</b>	<b>186 087</b>	<b>174 884</b>
<b>Minimum Regulatory Capital</b>			
Minimum Core Equity	4,50%	4,50%	4,50%
Pillar 2 Requirement	0,00%	3,30%	0,00%
Pillar 2 Guidance	0,00%	1,00%	0,00%
Countercyclical Buffer (combined)	0,46%	0,40%	0,45%
Conservation Buffer	2,50%	2,50%	2,50%
Systemic Risk Buffer	2,09%	3,00%	2,04%
<b>Minimum Regulatory Capital ratio (CET1)</b>	<b>9,55%</b>	<b>14,70%</b>	<b>9,49%</b>
<b>Minimum Regulatory Capital</b>			
Minimum Core Equity	5 320	5 817	5 473
Pillar 2 Requirement	4 000	4 266	-
Pillar 2 Guidance	-	1 293	-
Countercyclical Buffer (combined)	548	517	547
Conservation Buffer	2 955	3 232	3 040
Systemic Risk Buffer (combined)	2 465	3 878	2 475
<b>Minimum Regulatory Capital amount (full IFRS9 impact)</b>	<b>15 287</b>	<b>19 003</b>	<b>11 535</b>
Surplus of Core Equity Tier 1 capital (full IFRS9 impact)	8 573	3 382	12 306

	11 305	19 041	11 560
<b>Minimum Regulatory Capital amount (with IFRS9 transitional rules)</b>			
Surplus of Core Equity Tier 1 capital (after IFRS9 transitional rules)	12 742	3 605	12 543
	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>FY 2020</b>
<b>Common equity tier 1 capital ratio (full IFRS9 impact)</b>	<b>20,18%</b>	<b>17,32%</b>	<b>19,60%</b>
<b>Common equity tier 1 capital ratio (with IFRS9 transitional rules)</b>	<b>20,31%</b>	<b>17,48%</b>	<b>19,78%</b>
CET1 regulatory requirements	9,55%	14,70%	9,49%
<b>Tier 1 capital ratio (full IFRS9 impact)</b>	<b>22,09%</b>	<b>19,06%</b>	<b>21,45%</b>
<b>Tier 1 capital ratio (with IFRS9 transitional rules)</b>	<b>22,21%</b>	<b>19,22%</b>	<b>21,62%</b>
Tire 1 regulatory requirements	11,05%	16,20%	15,29%
<b>Total capital ratio (full IFRS9 impact)</b>	<b>24,18%</b>	<b>21,02%</b>	<b>23,75%</b>
<b>Total capital ratio (with IFRS9 transitional rules)</b>	<b>24,30%</b>	<b>21,18%</b>	<b>23,91%</b>
Total capital regulatory requirements	13,05%	18,20%	17,29%
<b>Leverage ratio (full IFRS9 impact)</b>	<b>15,34%</b>	<b>13,26%</b>	<b>14,95%</b>
<b>Leverage ratio (with IFRS9 transitional rules)</b>	<b>15,43%</b>	<b>13,38%</b>	<b>15,07%</b>
LR regulatory requirements	5,00%	5,00%	5,00%
<b>Specification of IFRS Transition rules (based on initial impact)</b>			
IFRS 9 Increase in Loss Reserves	-498	-498	-498
- whereof Internal Rating Based	-	-	-
Tax impact from increased loss reserves	124	124	124
Deferred tax assets impact on capital	-	-	-
<b>Initial IFRS9 net impact on capital</b>	<b>-374</b>	<b>-374</b>	<b>-374</b>
Base amount for IFRS9 transitional rule on capital	374	374	374
Transition %	50%	70%	70%
<b>Capital adjustment due to Transitional rule</b>	<b>187</b>	<b>262</b>	<b>262</b>
<b>Std Approach value adjustments Spec Reserves</b>			
Std Approach value adjustments Spec Reserves	-498	-498	-498
- whereof Retail (75%RW)	-496	-496	-496
- whereof Covered Bonds (10%RW)	-2	-2	-2
Deferred tax assets impact on Risk Exposure Amount (250%RW) *)	-	-	-
<b>Initial IFRS9 net impact on Risk Exposure Amount</b>	<b>-372</b>	<b>-372</b>	<b>-372</b>
Base amount for IFRS9 transitional rule on Risk Exposure Amount	372	372	372
Transition %	50%	70%	70%
<b>Risk Exposure adjustment due to Transitional rule</b>	<b>186</b>	<b>261</b>	<b>261</b>
Impact from Tranlational rules on capital ratios (same impact for Tier 1 and 2)	0,13%	0,17%	0,17%

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

Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no). The Pillar 3 Disclosure report is published at [www.santanderconsumer.no](http://www.santanderconsumer.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 Bank. Reported figures for the various segments reflect the SCB Bank'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 Bank management. SCB Bank 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 Bank'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 Bank's governance model. All the SCB Bank'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 Bank treasury at market conditions. Surplus liquidity is transferred to the SCB Bank 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 Bank's central functions and staff are charged segments based on an allocation agreement.

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

	Q1 2021				
	Unsecured loans	Secured loans	Financial lease	Operational lease	Total
Norway	7 701	38 860	11 718	-	58 279
Sweden	15 618	18 947	9 492	-	44 057
Denmark	6 305	24 937	3 092	419	34 753
<b>Total</b>	<b>29 624</b>	<b>82 744</b>	<b>24 302</b>	<b>419</b>	<b>137 089</b>

	Q1 2020				
	Unsecured loans	Secured loans	Financial lease	Operational lease	Total
Norway	9 916	37 566	10 256	-	57 738
Sweden	16 917	19 750	6 440	-	43 107
Denmark	8 253	28 007	2 775	500	39 535
<b>Total</b>	<b>35 086</b>	<b>85 324</b>	<b>19 471</b>	<b>500</b>	<b>140 381</b>

### P&L and Balance sheet per country

	Q1 2021				
	Norway	Sweden	Denmark	Eliminations	Total AS
Total interest income	805	496	453	-	1 754
Total interest expenses	-137	-65	-18	-1	-221
<b>Net interest income</b>	<b>668</b>	<b>431</b>	<b>435</b>	<b>-1</b>	<b>1 533</b>
Fee and commission income	44	45	30	-	119
Fee and commission expenses	-29	-22	-7	-	-58
Value change and gain/loss on foreign exchange and securities	53	-	-1	-	52
Other operating income	9	3	27	1	40
Other operating expenses	-12	-8	-25	-	-45
<b>Gross margin</b>	<b>733</b>	<b>449</b>	<b>459</b>	<b>-</b>	<b>1 641</b>
Salaries and personnel expenses	-138	-95	-75	-	-308
Administrative expenses	-102	-87	-65	-	-254
Depreciation and amortisation	-27	-18	-8	-	-53
<b>Net operating income</b>	<b>466</b>	<b>249</b>	<b>311</b>	<b>-</b>	<b>1 026</b>
Other income and costs	-1	-	1	-	-
Impairment losses on loan, guarantees etc.	-153	-108	-70	-1	-332
<b>Profit before taxes</b>	<b>312</b>	<b>141</b>	<b>242</b>	<b>-1</b>	<b>694</b>
Income tax expense	-98	-30	-53	-	-181
<b>Profit after tax</b>	<b>214</b>	<b>111</b>	<b>189</b>	<b>-1</b>	<b>513</b>

	Q1 2021				
	Norway	Sweden	Denmark	Eliminations	Total AS
Cash and receivables on central banks	65	4 820	-	1	4 886
Deposits with and receivables on financial institutions	3 899	648	2 907	-	7 454
Total gross loans to customers	58 279	42 433	34 334	1 624	136 670
Write-downs	-1 811	-1 207	-1 293	-	-4 311
Commercial papers and bonds	2 403	949	945	-	4 297
Financial derivatives	1	-	-	-	1
Investments in subsidiaries	1 652	-	-	-	1 652
Other assets	21 547	694	2 610	-7 763	17 088
<b>Total assets</b>	<b>86 035</b>	<b>48 337</b>	<b>39 503</b>	<b>-6 138</b>	<b>167 737</b>
Debt to credit institutions	4 305	14 002	7 174	-5 911	19 570
Deposits from customers	26 695	23 943	29 226	-	79 864
Debt established by issuing securities	25 330	6 960	1 723	-	34 013
Financial derivatives	0	-	-	-	-
Other liabilities	2 874	3 288	749	-227	6 684
Equity	26 831	144	631	-	27 606
<b>Total liabilities and equity</b>	<b>86 035</b>	<b>48 337</b>	<b>39 503</b>	<b>-6 138</b>	<b>167 737</b>

	Q1 2020				
	Norway	Sweden	Denmark	Eliminations	Total AS
Total interest income	1 013	439	488	-12	1 928
Total interest expenses	-254	-66	-35	12	-343
<b>Net interest income</b>	<b>759</b>	<b>373</b>	<b>454</b>	<b>-</b>	<b>1 585</b>
Fee and commission income	45	50	25	-	120
Fee and commission expenses	-28	-22	-8	-	-57
Value change and gain/loss on foreign exchange and securities	-93	-	2	-	-92
Other operating income	7	3	28	-	38
Other operating expenses	-12	-7	-16	-	-35
<b>Gross margin</b>	<b>678</b>	<b>397</b>	<b>484</b>	<b>-</b>	<b>1 559</b>
Salaries and personnel expenses	-171	-87	-82	-	-340
Administrative expenses	-96	-101	-70	-1	-267
Depreciation and amortisation	-26	-11	-4	-	-41
<b>Net operating income</b>	<b>386</b>	<b>198</b>	<b>328</b>	<b>-1</b>	<b>911</b>
Other income and costs	7	1	-1	-	7
Impairment losses on loan, guarantees etc.	-149	-96	-153	-	-398
<b>Profit before taxes</b>	<b>245</b>	<b>103</b>	<b>174</b>	<b>-1</b>	<b>521</b>
Income tax expense	11	-24	-37	-	-50
<b>Profit after tax</b>	<b>256</b>	<b>79</b>	<b>138</b>	<b>-</b>	<b>471</b>
Cash and receivables on central banks	766	2 108	-	-	2 875
Deposits with and receivables on financial institutions	3 850	1 238	795	-2 882	3 002
Total gross loans to customers	57 738	39 544	39 035	3 563	139 880
Write-downs	-1 695	-1 142	-1 200	-	-4 037
Commercial papers and bonds	4 018	2 892	2 306	-	9 217
Financial derivatives	-	-	-	-	-
Investments in subsidiaries	2 587	-	-	-	2 587
Other assets	25 796	614	1 901	-5 733	22 578
<b>Total assets</b>	<b>93 062</b>	<b>45 254</b>	<b>42 838</b>	<b>-5 051</b>	<b>176 103</b>
Debt to credit institutions	7 713	10 724	15 471	-3 900	30 008
Deposits from customers	25 839	22 418	24 507	-	72 764
Debt established by issuing securities	29 971	8 834	1 964	-	40 769
Financial derivatives	-	-	-	-	-
Other liabilities	2 723	3 187	775	-59	6 627
Equity	25 722	91	121	-	25 934
<b>Total liabilities and equity</b>	<b>91 969</b>	<b>45 254</b>	<b>42 838</b>	<b>-3 958</b>	<b>176 103</b>

## NOTE 9 - NET INTEREST INCOME

All amounts in millions of NOK	Q1 2021	Q1 2020	FY 2020
Interest and similar income on loans to and receivables from credit institutions	5	5	114
Interest and similar income on loans to and receivables from customers	1 710	1 848	7 289
Interest and similar income on comm. paper, bonds and other securities	5	48	24
Interest and similar income on loans to subsidiaries, branches and SPVs	34	27	191
Other interest income and similar income	-	-	-
<b>Total interest income</b>	<b>1 754</b>	<b>1 928</b>	<b>7 618</b>
Interest and similar expenses on debt to credit institutions	-20	-21	-153
Interest and similar expenses on deposits from and debt to customers	-124	-205	-759
Interest and similar expenses on issued securities	-61	-97	-297
Interest on subordinated loan capital	-14	-18	-67
Other interest expenses and similar expenses	-1	-1	-12
<b>Total interest expense</b>	<b>-221</b>	<b>-343</b>	<b>-1 288</b>
<b>Net interest income</b>	<b>1 533</b>	<b>1 585</b>	<b>6 330</b>

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

All amounts in millions of NOK

To credit institutions	Q1 2021	Q1 2020	FY 2020
Interest expenses	-20	-21	-153
Average loan	19 999	25 908	21 118
<b>Average nominal interest rate</b>	<b>0,40%</b>	<b>0,32%</b>	<b>0,72%</b>
To customers	Q1 2021	Q1 2020	FY 2020
Interest expenses	-124	-205	-759
Average deposit	80 503	69 124	73 313
<b>Average nominal interest rate</b>	<b>0,62%</b>	<b>1,18%</b>	<b>1,04%</b>
To bondholders	Q1 2021	Q1 2020	FY 2020
Interest expenses	-61	-97	-297
Average issued notes and bonds	34 771	39 144	36 523
<b>Average nominal interest rate</b>	<b>0,70%</b>	<b>0,99%</b>	<b>0,81%</b>
Subordinated loan capital*	Q1 2021	Q1 2020	FY 2020
Interest expenses	-14	-18	-67
Average subordinated loan capital	2 648	2 494	2 621
<b>Average nominal interest rate</b>	<b>2,12%</b>	<b>2,97%</b>	<b>2,56%</b>
Total of tables above:	Q1 2021	Q1 2020	FY 2020
Interest expenses	-219	-341	-1 276
Loan	137 920	136 670	133 575
<b>Average nominal interest rate</b>	<b>0,64%</b>	<b>1,00%</b>	<b>0,96%</b>

## NOTE 10 - CLASSIFICATION OF FINANCIAL INSTRUMENTS

All amounts in millions of NOK

Classification of financial assets 31 March 2021	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	-	-	4 886	4 886
Deposits with and receivables on financial institutions	-	-	7 454	7 454
Loans to customers	-	-	132 359	132 359
Commercial papers and bonds	-	-	4 297	4 297
Financial derivatives	1	-	-	1
Loans to subsidiaries and SPV's	-	-	13 507	13 507
Other ownership interests	-	37	-	37
<b>Total financial assets</b>	<b>1</b>	<b>37</b>	<b>162 503</b>	<b>162 540</b>
			Non financial assets	5 197
			<b>Total assets</b>	<b>167 737</b>

Classification of financial liabilities 31 March 2021	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	19 570	19 570
Deposits from customers	-	-	79 864	79 864
Debt established by issuing securities	-	-	34 013	34 013
Financial derivatives	-	-	-	-
Other financial liabilities	-	-	348	348
Subordinated loan capital	-	-	2 474	2 474
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>136 269</b>	<b>136 269</b>
			Non financial liabilities and equity	31 468
			<b>Total liabilities and equity</b>	<b>167 737</b>

## 2020

All amounts in millions of NOK

Classification of financial assets 31 March 2020	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	-	-	2 875	2 875
Deposits with and receivables on financial institutions	-	-	3 002	3 002
Loans to customers	-	-	135 844	135 844
Commercial papers and bonds	-	-	9 217	9 217
Financial derivatives	-	-	-	-
Loans to subsidiaries and SPV's	-	-	15 498	15 498
Other ownership interests	-	31	-	31
<b>Total financial assets</b>	<b>-</b>	<b>31</b>	<b>166 436</b>	<b>166 467</b>
			Non financial assets	9 636
			<b>Total assets</b>	<b>176 103</b>

Classification of financial liabilities 31 March 2020	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	30 008	30 008
Deposits from customers	-	-	72 764	72 764
Debt established by issuing securities	-	-	40 769	40 769
Financial derivatives	-	-	-	-
Other financial liabilities	-	-	639	639
Subordinated loan capital	-	-	2 566	2 566
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>146 746</b>	<b>146 746</b>
				Non financial liabilities and equity
				29 357
				<b>Total liabilities and equity</b>
				<b>176 103</b>

## NOTE 11 - VALUATION HIERARCHY

### Q1 2021

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<b>Financial assets</b>						
Name	Type	Notional				
FX Swap EUR/DKK	Cross Currency Swap	MM EUR 100	-	1	-	1
<b>Total financial trading derivatives</b>			<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
Name	Type					
VISA	Equity		-	37	-	37
<b>Total other ownership interests</b>			<b>-</b>	<b>37</b>	<b>-</b>	<b>37</b>
<b>Total Assets</b>			<b>-</b>	<b>38</b>	<b>-</b>	<b>38</b>
<b>Financial liabilities</b>						
Name	Type	Notional				
<b>Total financial derivatives</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Derivatives designated for hedge accounting - assets</b>						
Name	Type	Notional				
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	34	-	34
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	2	-	2

<b>Total derivatives designated for hedging - assets*</b>	-	<b>36</b>	-	<b>36</b>
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#### Derivatives designated for hedge accounting - liabilities

Name					
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	1	-
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	10	-
<b>*Total derivatives designated for hedging - liabilities*</b>			-	<b>11</b>	-

\* 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.

#### Q1 2020

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<b>Financial assets</b>						
Name	Type	Notional				
Bilkrædit 7 Fixed	Cross Currency Swap	MM EUR 25	-	-	-	-
<b>Total financial trading derivatives</b>						
			-	-	-	-
<b>Other financial assets</b>						
Name	Type					
VISA	Equity		-	31	-	31

<b>Total other ownership interests</b>			-	<b>31</b>	-	<b>31</b>
<b>Total Assets</b>			-	<b>31</b>	-	<b>31</b>
<b>Financial liabilities</b>						
Name	Type	Notional				
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 8	-	-	-	-
<b>Total financial derivatives</b>			-	-	-	-
<b>Total Liabilities</b>			-	-	-	-
<b>Derivatives designated for hedge accounting - assets</b>						
Name	Type	Notional				
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	-	-	-
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	58	-	58
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	8	-	8
<b>Total derivatives designated for hedging - assets*</b>			-	<b>66</b>	-	<b>66</b>
<b>Derivatives designated for hedge accounting - liabilities</b>						
Name	Type	Notional				
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	19	-	19
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	1	-	1
<b>*Total derivatives designated for hedging - liabilities*</b>			-	<b>20</b>	-	<b>20</b>

\* 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	Q1 2021	Q1 2020	FY 2020
Credit Card	5 698	6 926	6 055
Unsecured loans	23 927	28 160	25 652
Auto loans	107 046	104 795	109 779
- <i>Installment loans</i>	82 743	85 324	85 525
- <i>Financial leasing</i>	24 303	19 471	24 254
<b>Total gross loans to customers</b>	<b>136 670</b>	<b>139 880</b>	<b>141 486</b>
- Loan loss allowance - Stage 1	-1 168	-824	-1 207
- Loan loss allowance - Stage 2	-556	-495	-618
- Loan loss allowance - Stage 3	-2 588	-2 718	-2 504
<b>Total net loans to customers</b>	<b>132 359</b>	<b>135 844</b>	<b>137 157</b>

## 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:

	Q1 2021	Q1 2020
Change in loss allowance - Unsecured loans	-31	-275
Change in loss allowance - Secured loans	-88	-43
Change in loss allowance - Commercial papers and bonds	-	-
+/- Fx rate adjustment opening balance	-	-
+ Total realized losses	-260	-134
- Recoveries on previously realized losses	47	55
- Gain on sold portfolios	-	-
<b>Impairment losses on loan, guarantees etc.</b>	<b>-331</b>	<b>-397</b>

## NOTE 14 - ISSUED SECURITIES

All amounts in millions of NOK

	Q1 2021	Q1 2020	FY 2020
Issued certificates	-	2 190	-
Senior unsecured issued securities	34 013	38 579	35 528
<b>Total issued securities</b>	<b>34 013</b>	<b>40 769</b>	<b>35 528</b>

## NOTE 15 - RECEIVABLES AND LIABILITIES TO RELATED PARTIES

Amounts in millions of NOK

<b>Debt to related parties:</b>	<b>Q1 2021</b>	<b>Accrued Interest Q1 2021</b>	<b>Q1 2020</b>	<b>Accrued Interest Q1 2020</b>	<b>FY 2020</b>	<b>Accrued Interest FY 2020</b>
Santander Consumer Finance S.A.	17 914	1	25 373	4	18 231	1
Debt to SPV on future cash flow of securitized loans	1 624	-	3 563	-	2 127	-
<b>Total</b>	<b>19 538</b>	<b>1</b>	<b>28 936</b>	<b>4</b>	<b>20 358</b>	<b>1</b>

### Balance sheet line: "Subordinated loan capital" - Bonds

MNOK 250, maturity March 2025, 3 months NIBOR + 2.2575% (Santander Consumer Finance S.A)	-	-	250	-	-	-
MNOK 250, maturity July 2025, 3 months NIBOR + 3.135% (Santander Consumer Finance S.A)	-	-	250	1	250	1
MNOK 500, maturity September 2027, 3 months NIBOR + 2,12% (Santander Consumer Finance S.A)	500	1	500	3	500	2
MNOK 500, maturity June 2031, 3 months NIBOR + 2,62% (Santander Consumer Finance S.A)	500	4	-	-	500	1
MSEK 750, maturity December 2029, 3 months STIBOR + 2.08% (Santander Consumer Finance S.A)	734	1	780	1	783	1
MSEK 750, maturity December 2030, 3 months STIBOR + 2.29% (Santander Consumer Finance S.A)	734	-	780	-	783	-
<b>Total</b>	<b>2 469</b>	<b>5</b>	<b>2 561</b>	<b>5</b>	<b>2 816</b>	<b>5</b>

\*Subordinated loan at MNOK 250 with maturity July 2025 was redeemed by exercising the call option in January 2021.

<b>Receivables on related parties:</b>	<b>Q1 2021</b>	<b>Accrued interest Q1 2021</b>	<b>Q1 2020</b>	<b>Accrued interest Q1 2020</b>	<b>FY 2020</b>	<b>Accrued interest FY 2020</b>
Balance sheet line: "Commercial papers and bonds" <i>B and C notes issued by SPVs</i>	456	-	484	-	486	-
Balance sheet line : "Loans to subsidiaries and SPV's" <i>Loan to subsidiary (Santander Consumer Bank OY)</i>	13 492	15	15 481	18	14 093	70
<i>Loan to subsidiary (FORSO Nordic AB)</i>	-	-	2 882	5	-	-

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](http://www.santander.no)

## NOTE 16 - TRANSACTIONS WITH RELATED PARTIES

All amounts in millions of NOK

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

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

	Q1 2021	Q1 2020	FY 2020
Interest income	44	67	217
Interest expenses	-19	-33	-122
Interest payments additional Tier 1 capital	-30	-38	-136
Fees	3	5	16
Other	-5	-4	6
<b>Net transactions</b>	<b>-8</b>	<b>-3</b>	<b>-19</b>

Santander Consumer Bank AS had transactions with the following related parties per 31 March 2021:

Banco Santander S.A.

Santander Consumer Finance OY

Santander Consumer Finance S.A.

Santander Global Technology, S.L.

Santander Seguros Y Reaseguros, S.A.

SPV

SV Autofinans Warehousing 1 LTD (03104)



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