



**Second quarter report 2017**  
Santander Consumer Bank Nordic Group  
and  
Santander Consumer Bank AS

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# Management review of the first half-year 2017

This review will give an update of the second quarter of this year and our views on the future for both Santander Consumer Bank AS (hereafter SCB AS) and the Santander Consumer Bank Group (hereafter the Group). The Group consists of SCB AS, Santander Consumer Finance Oy, and special entities for funding as listed in note 13 in the AS.

## Highlights

- The Group's profit before tax year to date Q2 2017 was 2 072 MM NOK, compared to 1 518 MM NOK year to date Q2 2016
- Increase in deposits of 5 415 MM NOK since 31.12.2016 for the Group. Total 46 386 MM NOK per Q2 2017 for the Group.
- The Group's net loans to customers increased by 10 668 MM NOK year to date in 2017, which is an increase of 8.8% since 31.12.2016.
- Bad debt sale performed in June 2017 resulting in recoveries of approximately 600 MM NOK.

## Half-year financial performance

The Group's profit before tax of 2 072 MM NOK year to date Q2 2017 is an increase of 37% compared to the same period last year. The increase in results are mainly due to income resulting from bad debt sales, lower costs of funding and lower impairment losses.

Total assets for the Group were 151 160 MM NOK per Q2 2017 where loans to customers represented 88% (132 367 MM NOK). Per Q2 2016 the total assets for the Group were 137 620 MM NOK of which loans to customers represented 85% (117 535 MM NOK).

SCB AS accounts show a profit before tax of 1 741 MM NOK year to date Q2 2017 compared to 1 789 MM NOK year to date Q2 2016. The decrease in results are mainly due to a dividend received from the subsidiary in Finland of 513 MM NOK in 2016. The total assets was 137 153 MM NOK per Q2 2017 compared to 127 546 MM NOK per Q2 2016.

## Loans and deposits performance

### Auto and leisure financing

Outstanding on Auto & leisure financing ended at 106 525 MM NOK, which is an increase compared to Q2 2016 by 15%. The growth is driven by good market conditions with increased focus on financing as a tool to increase sales of cars - and customer loyalty. Due to these elements, the share of customer loyalty products as private leasing is increasing. During the first half of 2017 Santander has also expanded into new captive agreements.

Total sales of cars (new and used) in the Nordic market increased by 36 384 units (1.9%) compared to Q2 2016. Denmark was having the highest growth of 5.9%, followed by an increase of 2.0% in Norway and 1.7% in Sweden. Finland faced a slight drop of 2.8%. During the same time Santander has increased the number of financed vehicles by 9.0%. The Bank is expecting the good and stable market situation to continue in the second half of 2017 as well.

### Unsecured financing

Q2 ended up with outstanding volume for unsecured equivalent to 32 644 MM NOK, 7% growth compared to Q2 2016. The biggest share of the growth comes from Sweden. From a product perspective, personal loans, made up nearly 80% of total outstanding balance in Q2 (cards 19% and durables 1%). The personal loan portfolio has increased in line with the market during Q2 and is expected to do so throughout the rest of the year.

From a Sales Finance perspective, a number of large retailers have been signed during the period. The penetration of online transactions over Point-of-Sales transactions, are increasing in amount and demanding a new way of interacting with customers online. Hence, the focus in Q2 have been, and will continue to be, on developing and accelerating the penetration of a new commerce platform in the market.

The positive development of the business is expected to continue in Q3 and Q4.

### Deposits

Customer deposits are a strategic priority for the Group. Deposit-taking capabilities have been developed in Norway, Sweden and Denmark during the last years, and the focus in the first half of 2017 has primarily been on optimizing the existing portfolio and developing new products.

Total outstanding volumes is 46 386 MM NOK across the three countries, representing an increase of 5 415 MM NOK year to date Q2 2017.

## Risk management

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

### Credit Risk

The Group's Credit Risk profile at Q2 2017 remains stable for the secure and unsecure portfolio respectively from Year End 2016 despite continuing loan growth. The consolidated Non-Performing Loans (NPL) Ratio was 1.98% in Q2 2017, which has been decreased compared with 2016 Q4 2.07%.

The YTD Loan Loss Provisions (LLP) until Q2 2017 was -112 MM NOK (income due to bad debt sales), compared to 517 MM NOK for the same period in 2016. Consolidated Loan Loss Reserves (LLR) was 3 080 MM NOK per Q2 2017 compared to 2 926 MM NOK at Year End 2016.

### Liquidity and Interest Rate Risk

The Group manages interest rate risk by aiming to match the repricing of the liabilities with the repricing of the underlying assets (loan to customers). The Group does not speculate in interest rate developments, but rather aims to manage positions quite tight. Interest rate risk in the Group is measured using the Net Interest Margin sensitivity and Market Value of Equity sensitivity. The sensitivities are measured through various shifts in the underlying market rates. Both metrics were at satisfactory low levels for all currencies during first half of 2017. Santander uses a number of metrics and models to manage the Liquidity risk. Among them are the regulatory metrics Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), in addition to internally developed stress tests models. Overall, the Group's has a healthy liquidity profile with a portfolio of LCR Level 1a investments denominated in all four currencies the Group operates in. Liquidity Management is coordinated from the Nordic level, which helps ensure an efficient use of liquidity across the Group. At the end of Q2 2017 the LCR in the Group was 127.04% and the NSFR was 95.40%.

### Foreign currency risk

The Group operates in countries with various currencies and will inevitably be exposed to some currency risks from these operations. The Group's strategy is to have a composition of the balance sheet that minimizes currency risk by ensuring that the assets and liabilities are denominated in the same currency. The Group does not take speculative positions in currencies. When the Group raises funding through the international debt markets, FX derivatives are used to swap liquidity to the currency where funds are needed. The derivatives also ensures closure of the open position created. The open currency exposure as of end of Q2 2017 was NOK equivalent 1 027 MM in SEK, DKK and EUR exposures.

## Funding

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

Customer deposits are a strategic priority for the Group. Deposit-taking capabilities have been developed in Norway, Sweden and Denmark. Total outstanding volumes is 46 386 MM NOK across the three countries, representing an increase of 5 415 MM NOK year to date Q2 2017.

The Group is well-established in the Norwegian senior unsecured bond market and has increased issuance under its Euro Medium Term Note program (EMTN). The bank has year-to-date issued 500 MM EUR of senior unsecured bonds in the Euro-market, 1 500 MM SEK senior unsecured bonds in the Swedish market and 2 450 MM NOK senior unsecured bonds in the Norwegian markets (see note 11 for further details). Total outstanding issuance is equivalent of 34 358 MM NOK, with an average remaining term to maturity of 2 years.

Issuance of asset backed securities is also an important funding source for the Group, with plans to continue its use during the remainder of 2017.

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

The Group has had good access to well-functioning credit markets during the first half year 2017.

## Solvency and capital adequacy

The bank is supervised by the Norwegian FSA and has to comply with the capital requirements for banks in Norway. The bank has to comply with the capital requirements both at group level and at stand-alone level (SCB AS). The bank had per June 2017 a strong capital adequacy position.

Norwegian banks are subject to ongoing capital adequacy requirements, which implement EU Directives and Regulations based on the Basel III regime. In line with the recommendations of the Basel Committee on Banking Supervision (the "Basel Committee"), the

regulatory approach in the Financial Undertakings Act is divided into three pillars;

**Pillar 1 - Calculation of minimum regulatory capital:** Norwegian banks shall at all times satisfy capital adequacy requirements reflecting credit risk, operational risk and market risk. The minimum capital adequacy requirement of 8% shall consist of at least 4.5% common equity tier 1 capital ("CET1 capital") and the remaining 3.5% may consist of other eligible capital instruments. In addition, Norwegian banks need to hold a capital conservation buffer of 2.5% CET1 capital, a systemic risk buffer of 3% CET1 capital and a bank specific countercyclical buffer ("CCB") ranging between 0 and 2.5%. The CCB requirement for the bank is based on the CCB requirements in the four countries where the bank operates and is currently 1.5% in Norway, 2% in Sweden and 0% in Denmark and Finland. The requirement is calculated as a weighted share of the Risk Weighted Assets in the countries. In Norway the CCB requirement will increase to 2% from 31.12.2017. The countercyclical buffer requirement was per June 2017 1.0% for SCB Group and 1.23% for SCB AS.

**Pillar 2 - Assessment of overall capital needs and individual supervisory review:** The bank conducts at least annually an internal capital adequacy assessment process (ICAAP) assessing capital adequacy and thus its Pillar 2 capital requirement. The combined Pillar 1 and Pillar 2 requirements will be the basis for the bank's target capital ratios set by the Board of Directors. For 2017, the Pillar 2 requirement for the bank is set at 2.2% by the Norwegian FSA and must be met by CET1 capital.

Per June 2017, SCB Group had 14.56% CET1-ratio, 16.70% Tier-1 ratio and 17.85% Tier 2-ratio, while SCB AS had 14.88% CET1-ratio, 17.14% Tier-1 ratio and 18.36% Tier 2-ratio.

In addition to the above capital ratios, the bank is from 30.06.2017 required to publish leverage ratios. The requirement for leverage ratio for the bank is 5%. Per June 2017, SCB Group had a leverage ratio of 11.32%, while SCB AS had a leverage ratio of 12.15%.

**Pillar 3 - Disclosure of information:** The bank is required to disclose relevant information on their activities, risk profile and capital situation. The Bank's Pillar 3 Disclosure Report is published at least on an annual basis, latest on March 22<sup>nd</sup> 2017. The Board approves the policy for the disclosure requirements under Pillar 3, whilst the Capital Committee, consisting of Senior Management, approves the disclosure information.

Please see Note 7 "Capital adequacy" for details on risk weighted exposure and capital ratios for the bank per 30.06.2017.

## **FUTURE PROSPECTS**

The Group's strategic initiatives will continue with investments in innovation, in its employees and by launching new products. The Group is facing increased competition by existing, as well as new market players, in all the four countries. Hence, the Group has a continued focus on monitoring external factors in every day decisions, one of which is the new guidelines from the Norwegian FSA for credit practice on unsecured financing with the purpose of ensuring sounder lending practices. The Group will report compliance with the new guidelines to the Board of Directors as from the fourth quarter of 2017.

The Group will also continue to have a close follow up of the effects on its current and future asset and funding portfolio. The Group's focus on funding and liquidity remains on securing a diverse and robust supply. Customer deposits, senior unsecured bonds, securitization and intra group funding form the main funding pillars.

The Group always strive to optimize and perfect the setup for system and process support, its innovation capabilities and margin management. The Bank plans for another year of sustainable growth in both the top and bottom line.

## Profit and Loss - Santander Consumer Bank Nordic Group

All amounts in millions of NOK

	Note	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	Financial year 2016
<b>Interest income and similar income</b>						
Interest and similar income on loans to and receivables from credit institutions		18	3	39	9	29
Interest and similar income on loans to and receivables from customers		1 888	1 846	3 723	3 686	7 479
Interest and similar income on comm. paper, bonds and other securities		26	39	65	75	149
<b>Total interest income and similar income</b>		<b>1 932</b>	<b>1 888</b>	<b>3 827</b>	<b>3 770</b>	<b>7 657</b>
<b>Interest expenses and similar expenses</b>						
Interest and similar expenses on debt to credit institutions		-49	-46	-110	-115	-219
Interest and similar expenses on deposits from and debt to customers		-146	-134	-281	-259	-505
Interest and similar expenses on issued securities		-113	-108	-213	-234	-441
Interest on subordinated loan capital		-51	-58	-102	-106	-210
Other interest expenses and similar expenses		0	0	1	-8	-29
<b>Total interest expenses and similar expenses</b>	<b>6</b>	<b>-360</b>	<b>-347</b>	<b>-704</b>	<b>-721</b>	<b>-1 405</b>
<b>Net interest income</b>		<b>1 572</b>	<b>1 541</b>	<b>3 123</b>	<b>3 048</b>	<b>6 252</b>
<b>Commissions and fees</b>						
Commission and fee income		150	192	306	368	676
Commission and fee expenses		-22	-33	-43	-65	-301
<b>Net commissions and fees</b>		<b>128</b>	<b>160</b>	<b>263</b>	<b>303</b>	<b>375</b>
<b>Other product and funding related income and costs</b>						
Value change and gain/loss on foreign exchange and securities		3	1	-21	28	17
Received dividend from investments		-	42	-	42	42
Operational leasing income		28	32	56	66	124
Depreciation of operational leasing		-26	-27	-49	-53	-102
Other product and funding related income and costs		-6	14	-9	-24	-11
<b>Other product and funding related income and costs</b>		<b>0</b>	<b>63</b>	<b>-23</b>	<b>59</b>	<b>70</b>
<b>Gross margin</b>		<b>1 701</b>	<b>1 763</b>	<b>3 363</b>	<b>3 410</b>	<b>6 697</b>
<b>Operating costs</b>						
Salaries and personnel expenses		-328	-295	-610	-591	-1 161
Administration expenses		-355	-334	-732	-674	-1 303
Ordinary depreciation fixed assets		-26	-27	-52	-54	-109
<b>Total operating costs</b>		<b>-709</b>	<b>-656</b>	<b>-1 394</b>	<b>-1 318</b>	<b>-2 573</b>
<b>Net margin</b>		<b>992</b>	<b>1 108</b>	<b>1 969</b>	<b>2 092</b>	<b>4 124</b>
Other income and costs		-8	-57	-9	-57	-70
Impairment losses on other assets		-	-	-	-1	-1
Total losses on loans, guarantees etc		220	-245	112	-517	-977
<b>Profit before tax</b>		<b>1 204</b>	<b>805</b>	<b>2 072</b>	<b>1 518</b>	<b>3 076</b>
Income tax		-270	-188	-475	-370	-765
<b>Profit after tax</b>		<b>934</b>	<b>617</b>	<b>1 597</b>	<b>1 147</b>	<b>2 311</b>
Allocation of profit after tax						
<b>Transferred to other earned equity</b>		<b>934</b>	<b>617</b>	<b>1 597</b>	<b>1 147</b>	<b>2 311</b>
<b>Total allocations</b>		<b>934</b>	<b>617</b>	<b>1 597</b>	<b>1 147</b>	<b>2 311</b>

<i>All amounts in millions of NOK</i>	<b>Note</b>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>YTD Q2 2017</b>	<b>YTD Q2 2016</b>	<b>Financial year 2016</b>
Profit after tax for the period		934	617	1 597	1 147	2 311
<i>Items not to be recycled to profit and loss</i>						
Actuarial gain/loss on post employment benefit obligations		-48	-54	-48	-54	24
<i>Items to be recycled to profit and loss</i>						
Net exchange differences on translating foreign operations		85	-27	111	-74	-135
Value change of assets held for sale		2	-24	5	-22	-20
Cash flow hedge		-4	-2	21	-4	-27
Net investment hedge		-40	13	-48	27	24
<b>Other comprehensive income for the period net of tax</b>		<b>-5</b>	<b>-94</b>	<b>41</b>	<b>-126</b>	<b>-134</b>
<b>Total comprehensive income for the period</b>		<b>929</b>	<b>523</b>	<b>1 639</b>	<b>1 021</b>	<b>2 177</b>

## Balance Sheet - Assets - Santander Consumer Bank Group

All amounts in millions of NOK

	Note	Q2 / YTD 2017	Q2 / YTD 2016	Financial year 2016
<b>Deposits with external institutions</b>				
Cash and receivables on central banks		60	57	60
Deposits with and receivables on financial institutions		3 553	4 139	3 897
<b>Total deposits with external institutions</b>	<b>9</b>	<b>3 613</b>	<b>4 195</b>	<b>3 957</b>
<b>Loans to customers</b>				
Credit Card		5 702	6 906	5 743
Unsecured loans		24 877	21 947	23 139
Auto loans		101 788	88 682	92 817
<b>Total loans to customers</b>	<b>3, 4</b>	<b>132 367</b>	<b>117 535</b>	<b>121 698</b>
<b>Other financial assets</b>				
Commercial papers and bonds	9, 10, 12	8 038	10 149	10 944
Financial trading derivatives	10	336	567	362
Loans to subsidiaries and SPV's		-	46	-
Ownership interest in credit institutions		-	-	-
Other ownership interests		20	18	18
<b>Total other financial assets</b>		<b>8 394</b>	<b>10 780</b>	<b>11 325</b>
<b>Intangible assets</b>				
Goodwill		763	742	725
Deferred tax assets		245	237	258
Other intangible assets		282	238	260
<b>Total intangible assets</b>		<b>1 290</b>	<b>1 217</b>	<b>1 242</b>
<b>Fixed assets</b>				
Repossessed assets		20	13	6
Machinery, fittings and vehicles		71	87	77
Operational leasing		444	473	447
Consignment		3 279	2 486	3 228
<b>Total fixed assets</b>		<b>3 815</b>	<b>3 059</b>	<b>3 758</b>
<b>Other non-financial assets</b>				
Earned income not received and prepaid expenses		387	238	442
Other non-financial assets		1 295	595	307
<b>Total other assets</b>		<b>1 681</b>	<b>833</b>	<b>749</b>
<b>Total assets</b>		<b>151 160</b>	<b>137 620</b>	<b>142 729</b>

## Balance sheet - Liabilities and Equity - Santander Consumer Bank Nordic Group

<i>All amounts in millions of NOK</i>				
	Note	Q2 / YTD 2017	Q2 / YTD 2016	Financial year 2016
<b>Debt to credit institutions</b>				
Loans and deposits from credit institutions with an agreed term	12	33 286	38 022	35 019
<b>Total loans and deposits from financial institutions</b>		<b>33 286</b>	<b>38 022</b>	<b>35 019</b>
<b>Deposits from customers</b>				
Customer deposits		46 386	39 736	40 971
<b>Total deposits from customers</b>		<b>46 386</b>	<b>39 736</b>	<b>40 971</b>
<b>Debt established by issuing securities</b>				
Bonded debt	11	47 202	36 425	42 609
<b>Total debt established by issuing securities</b>		<b>47 202</b>	<b>36 425</b>	<b>42 609</b>
<b>Other financial liabilities</b>				
Financial derivatives	10	260	518	291
Other financial liabilities		144	138	153
<b>Total other financial liabilities</b>		<b>404</b>	<b>656</b>	<b>444</b>
<b>Other non-financial liabilities</b>				
Expenses incurred and earned income not received		686	872	853
Pension liabilities		276	327	218
Deferred tax		801	684	723
Other Allowances		29	112	60
Other Liabilities		1 052	731	1 262
<b>Total other non-financial liabilities</b>		<b>2 843</b>	<b>2 725</b>	<b>3 116</b>
<b>Subordinated loan capital</b>				
Other subordinated loan capital	12	3 607	3 782	3 576
<b>Total subordinated loan capital</b>		<b>3 607</b>	<b>3 782</b>	<b>3 576</b>
<b>Total liabilities</b>		<b>133 728</b>	<b>121 347</b>	<b>125 735</b>
<b>Paid-in equity</b>				
Share capital		9 652	9 652	9 652
Share capital premium		891	891	891
<b>Total paid-in equity</b>		<b>10 544</b>	<b>10 544</b>	<b>10 544</b>
<b>Earned equity</b>				
Retained earnings		7 000	5 874	6 603
OCI items		-112	-145	-153
<b>Total other equity</b>		<b>6 888</b>	<b>5 729</b>	<b>6 450</b>
<b>Total equity</b>	7	<b>17 432</b>	<b>16 273</b>	<b>16 993</b>
<b>Total liabilities and equity</b>		<b>151 160</b>	<b>137 620</b>	<b>142 729</b>

## Cash Flow - Santander Consumer Bank Nordic Group

<i>All amounts in millions of NOK</i>	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	Financial year 2016
<b>Cash flow from operations</b>					
Profit before tax	1 204	805	2 072	1 518	3 076
Taxes paid in the period	-378	-303	-561	-414	-698
Depreciation and impairment	26	52	49	105	103
Change in net loans to customers	-6 904	-2 532	-10 668	-3 823	-8 032
Change in repossessed assets	-6	1	-14	0	7
Value adjustments over P&L	-3	926	21	-28	-17
Change in net loans from consignment and operational lease	-161	-74	-49	-307	-578
Change in prepayments and earned income	-7	35	56	81	-132
Change in loans and deposits from customers	2 500	-108	5 415	2 351	3 590
Change in other debt	10	-185	-418	26	188
Differences in expensed pensions and payments in/out of the pension scheme	48	3	25	-16	-10
Change in other provisions	-260	26	-877	-376	1 082
<b>Net cash flow from operations</b>	<b>-3 931</b>	<b>-1 352</b>	<b>-4 950</b>	<b>-883</b>	<b>-1 421</b>
<b>Cash flow from investments</b>					
Purchased bonds	-1 310	-5 424	-1 447	-8 461	-14 224
Matured bonds	2 479	7 515	4 354	7 515	12 482
Net proceeds from purchase and sale of fixed assets	-58	-201	-69	-237	-122
<b>Net cash flow from investments</b>	<b>1 110</b>	<b>1 890</b>	<b>2 837</b>	<b>-1 183</b>	<b>-1 864</b>
<b>Cash flow from financing</b>					
Receipts on issued bonds	1 307	700	8 327	5 907	18 342
Repayments on issued bonds	-1 355	-11 677	-3 735	-11 677	-17 219
Change in loans and deposits from financial institutions	3 433	8 646	-1 733	5 129	1 447
Change in subordinated loans	24	-26	31	-45	-252
Paid out dividend	-	-	-1 200	-	-500
Paid in share capital	-	-	-	-	-
<b>Net cash flow from financing</b>	<b>3 409</b>	<b>-2 358</b>	<b>1 691</b>	<b>-686</b>	<b>1 819</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>	<b>61</b>	<b>4</b>	<b>77</b>	<b>-25</b>	<b>-426</b>
Net change in cash and cash equivalents	649	-694	-344	-1 654	-1 892
Cash and cash equivalents at the beginning of the period	2 964	4 889	3 958	5 850	5 850
<b>Cash and cash equivalents at the end of the period</b>	<b>3 613</b>	<b>4 195</b>	<b>3 613</b>	<b>4 195</b>	<b>3 957</b>

## Statement of changes in equity - Santander Consumer Bank Nordic Group

### Q2 2017

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 April 2017	9 652	891	6 066	-10	32	-23	16	-123	16 503
Profit for the period	-	-	934	-	-	-	-	-	934
OCI movements (net of tax)	-	-	-	85	2	-4	-40	-48	-5
Capital increase	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>9 652</b>	<b>891</b>	<b>7 000</b>	<b>75</b>	<b>34</b>	<b>-27</b>	<b>-24</b>	<b>-171</b>	<b>17 432</b>

### YTD Q2 2017

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 January 2017	9 652	891	6 603	-36	29	-48	24	-123	16 993
Profit for the period	-	-	1 597	-	-	-	-	-	1 597
OCI movements (net of tax)	-	-	-	111	5	21	-48	-48	41
Capital increase	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-1 200	-	-	-	-	-	-1 200
<b>Balance at 30 June 2017</b>	<b>9 652</b>	<b>891</b>	<b>7 000</b>	<b>75</b>	<b>34</b>	<b>-27</b>	<b>-24</b>	<b>-171</b>	<b>17 432</b>

### Financial Year 2016

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 January 2016	9 652	891	4 727	99	49	-20	-	-147	15 251
Profit for the period	-	-	2 311	-	-	-	-	-	2 311
OCI movements (net of tax)	-	-	-	-70	-20	-27	24	24	-69
Capital increase	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-500	-	-	-	-	-	-500
Correction previous years	-	-	65	-65	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>9 652</b>	<b>891</b>	<b>6 603</b>	<b>-36</b>	<b>29</b>	<b>-48</b>	<b>24</b>	<b>-123</b>	<b>16 993</b>

1) Total shares registered as at June 30, 2017, was 965 241 842

2) Restricted capital as at June 30, 2017, was 9 652 MM NOK, unrestricted capital was 7 780 MM NOK. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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

## Profit and Loss - Santander Consumer Bank AS

*All amounts in millions of NOK*

	Note	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	Financial year 2016
<b>Interest income and similar income</b>						
Interest and similar income on loans to and receivables from credit institutions		136	171	271	348	660
Interest and similar income on loans to and receivables from customers		1 495	1 367	2 946	2 692	5 619
Interest and similar income on comm. paper, bonds and other securities		40	76	88	154	290
<b>Total interest income and similar income</b>		<b>1 670</b>	<b>1 614</b>	<b>3 306</b>	<b>3 194</b>	<b>6 569</b>
<b>Interest expenses and similar expenses</b>						
Interest and similar expenses on debt to credit institutions		-44	-46	-93	-97	-205
Interest and similar expenses on deposits from and debt to customers		-146	-134	-281	-259	-505
Interest and similar expenses on issued securities		-95	-73	-172	-150	-302
Interest on subordinated loan capital		-51	-52	-102	-106	-210
Other interest expenses and similar expenses		-2	2	-4	-1	-13
<b>Total interest expenses and similar expenses</b>	<b>6</b>	<b>-338</b>	<b>-302</b>	<b>-651</b>	<b>-613</b>	<b>-1 236</b>
<b>Net interest income</b>		<b>1 332</b>	<b>1 312</b>	<b>2 654</b>	<b>2 581</b>	<b>5 333</b>
<b>Commissions and fees</b>						
Commission and fee income		146	210	302	396	701
Commission and fee expenses		-15	-27	-31	-53	-270
<b>Net commissions and fees</b>		<b>130</b>	<b>183</b>	<b>271</b>	<b>342</b>	<b>431</b>
<b>Other product and funding related income and costs</b>						
Value change and gain/loss on foreign exchange and securities		3	3	-23	32	14
Received dividend from investments		-	554	-	554	554
Operational leasing income		0	0	0	0	-
Depreciation of operational leasing		-2	-1	-4	-1	-5
Other product and funding related income and costs		-7	11	-10	-30	-22
<b>Other product and funding related income and costs</b>		<b>-6</b>	<b>568</b>	<b>-37</b>	<b>555</b>	<b>542</b>
<b>Gross margin</b>		<b>1 456</b>	<b>2 063</b>	<b>2 888</b>	<b>3 479</b>	<b>6 306</b>
<b>Operating costs</b>						
Salaries and personnel expenses		-290	-266	-539	-534	-1 031
Administration expenses		-315	-304	-656	-610	-1 174
Ordinary depreciation fixed assets		-23	-25	-47	-50	-101
<b>Total operating costs</b>		<b>-628</b>	<b>-595</b>	<b>-1 241</b>	<b>-1 193</b>	<b>-2 306</b>
<b>Net margin</b>		<b>828</b>	<b>1 468</b>	<b>1 647</b>	<b>2 286</b>	<b>4 000</b>
Other income and costs		-8	-57	-9	-58	-71
Impairment losses on other assets		-	-	-	-	-
Total losses on loans, guarantees etc		201	-219	103	-439	-850
<b>Profit before tax</b>		<b>1 021</b>	<b>1 191</b>	<b>1 741</b>	<b>1 789</b>	<b>3 080</b>
Income tax		-233	-162	-409	-323	-649
<b>Profit after tax</b>		<b>788</b>	<b>1 029</b>	<b>1 332</b>	<b>1 467</b>	<b>2 431</b>
Allocation of profit after tax						
<b>Transferred to other earned equity</b>		<b>788</b>	<b>1 029</b>	<b>1 332</b>	<b>1 467</b>	<b>2 431</b>
<b>Total allocations</b>		<b>788</b>	<b>1 029</b>	<b>1 332</b>	<b>1 467</b>	<b>2 431</b>

<i>All amounts in thousands of NOK</i>	Note	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	Financial year 2016
Profit after tax for the period		788	1 029	1 332	1 467	2 431
<i>Items not to be recycled to profit and loss</i>						
Actuarial gain/loss on post employment benefit obligations		-48	-54	-48	-54	24
<i>Items to be recycled to profit and loss</i>						
Net exchange differences on translating foreign operations		9	-14	10	-15	-31
Value change of assets held for sale		2	-26	6	-23	-23
Cash flow hedge		-3	-2	8	-6	-18
<b>Other comprehensive income for the period net of tax</b>		<b>-41</b>	<b>-96</b>	<b>-25</b>	<b>-99</b>	<b>-48</b>
<b>Total comprehensive income for the period</b>		<b>747</b>	<b>934</b>	<b>1 307</b>	<b>1 368</b>	<b>2 382</b>

## Balance Sheet - Assets - Santander Consumer Bank AS

All amounts in millions of NOK

	Note	Q2 / YTD 2017	Q2 / YTD 2016	Financial year 2016
<b>Deposits with external institutions</b>				
Cash and receivables on central banks		60	57	60
Deposits with and receivables on financial institutions		1 572	696	1 500
<b>Total deposits with external institutions</b>		<b>1 632</b>	<b>753</b>	<b>1 560</b>
<b>Loans to customers</b>				
Credit Card		5 695	6 900	5 743
Unsecured loans		22 531	19 803	21 054
Auto loans		82 731	73 777	76 936
<b>Total loans to customers</b>	3, 4	<b>110 957</b>	<b>100 479</b>	<b>103 733</b>
<b>Other financial assets</b>				
Commercial papers and bonds	9, 10, 12	10 071	15 667	12 552
Financial trading derivatives	10	331	561	355
Loans to subsidiaries and SPV's		8 945	6 533	6 494
Ownership interest in credit institutions		1 243	1 207	1 180
Other ownership interests		20	18	18
<b>Total other financial assets</b>		<b>20 610</b>	<b>23 987</b>	<b>20 598</b>
<b>Intangible assets</b>				
Goodwill		368	358	350
Deferred tax assets		84	113	80
Other intangible assets		267	229	251
<b>Total intangible assets</b>		<b>719</b>	<b>700</b>	<b>680</b>
<b>Fixed assets</b>				
Repossessed assets		10	8	5
Machinery, fittings and vehicles		54	69	61
Operational leasing		137	122	141
Consignment		1 557	1 117	1 348
<b>Total fixed assets</b>		<b>1 759</b>	<b>1 316</b>	<b>1 556</b>
<b>Other non-financial assets</b>				
Earned income not received and prepaid expenses		335	210	298
Other non-financial assets		1 141	101	91
<b>Total other assets</b>		<b>1 475</b>	<b>310</b>	<b>389</b>
<b>Total assets</b>		<b>137 153</b>	<b>127 546</b>	<b>128 517</b>

## Balance sheet - Liabilities and Equity - Santander Consumer Bank AS

*All amounts in millions of NOK*

	Note	Q2 / YTD 2017	Q2 / YTD 2016	Financial year 2016
<b>Debt to credit institutions</b>				
Loans and deposits from credit institutions with an agreed term	12	33 540	45 180	38 420
<b>Total loans and deposits from financial institutions</b>		<b>33 540</b>	<b>45 180</b>	<b>38 420</b>
<b>Deposits from customers</b>				
Customer deposits		46 386	39 736	40 971
<b>Total deposits from customers</b>		<b>46 386</b>	<b>39 736</b>	<b>40 971</b>
<b>Debt established by issuing securities</b>				
Bonded debt	11	34 379	20 114	26 473
<b>Total debt established by issuing securities</b>		<b>34 379</b>	<b>20 114</b>	<b>26 473</b>
<b>Other financial liabilities</b>				
Financial derivatives	10	256	511	287
Other financial liabilities		141	128	161
<b>Total other financial liabilities</b>		<b>397</b>	<b>639</b>	<b>449</b>
<b>Other non-financial liabilities</b>				
Expenses incurred and earned income not received		602	793	772
Pension liabilities		276	327	218
Deferred tax		780	684	711
Other Allowances		29	112	60
Other Liabilities		923	566	740
<b>Total other non-financial liabilities</b>		<b>2 609</b>	<b>2 481</b>	<b>2 502</b>
<b>Subordinated loan capital</b>				
Other subordinated loan capital	12	3 607	3 782	3 576
<b>Total subordinated loan capital</b>		<b>3 607</b>	<b>3 782</b>	<b>3 576</b>
<b>Total liabilities</b>		<b>120 918</b>	<b>111 933</b>	<b>112 390</b>
<b>Paid-in equity</b>				
Share capital		9 652	9 652	9 652
Share capital premium		891	891	891
<b>Total paid-in equity</b>		<b>10 544</b>	<b>10 544</b>	<b>10 544</b>
<b>Earned equity</b>				
Retained earnings		5 867	5 270	5 735
OCI items		-176	-202	-151
<b>Total other equity</b>		<b>5 690</b>	<b>5 068</b>	<b>5 583</b>
<b>Total equity</b>	7	<b>16 234</b>	<b>15 612</b>	<b>16 127</b>
<b>Total liabilities and equity</b>		<b>137 153</b>	<b>127 546</b>	<b>128 517</b>

## Cash Flow - Santander Consumer Bank AS

*All amounts in millions of NOK*

	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	Financial year 2016
<b>Cash flow from operations</b>					
Profit before tax	1 021	1 191	1 741	1 789	3 080
Taxes paid in the period	-330	-232	-489	-333	-536
Depreciation and impairment	2	25	4	50	5
Change in net loans to customers	-4 735	-1 719	-7 224	-2 632	-5 937
Change in repossessed assets	-2	0	-5	1	4
Value adjustments over P&L	-3	-306	23	36	-14
Change in net loans from consignment and operational lease	-105	-335	-204	-173	-422
Change in prepayments and earned income	20	13	-37	-7	-101
Change in loans and deposits from customers	2 500	-108	5 415	2 351	3 590
Change in other debt	116	-168	-39	27	-113
Differences in expensed pensions and payments in/out of the pension scheme	48	3	25	-16	-10
Change in other provisions	-273	-127	-1 011	-456	55
<b>Net cash flow from operations</b>	<b>-1 739</b>	<b>-1 763</b>	<b>-1 801</b>	<b>636</b>	<b>-400</b>
<b>Cash flow from investments</b>					
Purchased bonds	-1 232	-4 713	-1 232	-7 593	-12 327
Matured bonds	1 879	7 701	3 713	7 701	15 549
Net proceeds from purchase and sale of fixed assets	-47	-193	-56	-226	-109
<b>Net cash flow from investments</b>	<b>600</b>	<b>2 795</b>	<b>2 425</b>	<b>-118</b>	<b>3 113</b>
<b>Cash flow from financing</b>					
Receipts on issued bonds	1 307	700	8 327	5 907	13 405
Repayments on issued bonds	101	-5 304	-421	-5 304	-6 315
Loans and deposits from financial institutions	429	3 547	-7 331	-1 294	-8 173
Change in subordinated loans	24	-26	31	-45	-252
Paid out/in dividend	-	-	-1 200	-	-500
Paid in share capital	-	-	-	-	-
<b>Net cash flow from financing</b>	<b>1 861</b>	<b>-1 083</b>	<b>-594</b>	<b>-735</b>	<b>-1 834</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>	<b>39</b>	<b>9</b>	<b>44</b>	<b>-12</b>	<b>-302</b>
Net change in cash and cash equivalents	760	-42	73	-229	578
Cash and cash equivalents at the beginning of the period	872	794	1 559	981	981
<b>Cash and cash equivalents at the end of the period</b>	<b>1 632</b>	<b>753</b>	<b>1 632</b>	<b>753</b>	<b>1 560</b>

## Statement of changes in equity - Santander Consumer Bank AS

### Q2 2017

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Actuarial gain/loss	Total
Balance at 1 April 2017	9 652	891	5 079	-22	30	-21	-123	15 487
Profit for the period	-	-	788	-	-	-	-	788
OCI movements (net of tax)	-	-	-	9	2	-3	-48	-41
Capital increase	-	-	-	-	-	-	-	-
Share dividend	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>9 652</b>	<b>891</b>	<b>5 866</b>	<b>-13</b>	<b>32</b>	<b>-24</b>	<b>-171</b>	<b>16 234</b>

### YTD Q2 2017

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Actuarial gain/loss	Total
Balance at 1 January 2017	9 652	891	5 734	-22	26	-32	-123	16 127
Profit for the period	-	-	1 332	-	-	-	-	1 332
OCI movements (net of tax)	-	-	-	10	6	8	-48	-25
Capital increase	-	-	-	-	-	-	-	-
Share dividend	-	-	-1 200	-	-	-	-	-1 200
<b>Balance at 30 June 2017</b>	<b>9 652</b>	<b>891</b>	<b>5 866</b>	<b>-13</b>	<b>32</b>	<b>-24</b>	<b>-171</b>	<b>16 234</b>

### Financial Year 2016

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Actuarial gain/loss	Total
Balance at 1 January 2016	9 652	891	3 803	8	50	-14	-147	14 244
Profit for the period	-	-	2 431	-	-	-	-	2 431
OCI movements (net of tax)	-	-	-	-31	-23	-18	24	-48
Capital increase	-	-	-	-	-	-	-	-
Share dividend	-	-	-500	-	-	-	-	-500
<b>Balance at 31 December 2016</b>	<b>9 652</b>	<b>891</b>	<b>5 734</b>	<b>-22</b>	<b>26</b>	<b>-32</b>	<b>-123</b>	<b>16 127</b>

1) Total shares registered as at June 30, 2017, was 965 241 842

2) Restricted capital as at June 30, 2017, was 9 652 MM NOK, unrestricted capital was 6 582 MM NOK. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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

Lysaker, 18<sup>th</sup> August 2017

The Board of Directors of Santander Consumer Bank

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Erik Kongelf  
(Chairman)

---

Bruno Montalvo Wilmot  
(Deputy Chairman)

---

Manuel Angel Menendez  
Barrero

---

Francisco Javier Anton San  
Pablo

---

Niels Christian Aall

---

Henning Strøm

---

Sigrid Dale  
(Employee Representative)

---

Jyri Vilamo  
(Deputy Employee  
Representative)

---

Michael Hvidsten  
(Chief Executive Officer)



# Santander Consumer Bank Group

## Notes

## Note 1 - Basis of preparation

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The accounts show the activities of the company in Norway, Sweden and Denmark (Santander Consumer Bank AS). In the group accounts, the Finnish subsidiary (Santander Consumer Finance OY) and the special purpose entities (as listed in note 13) are included.

All figures and notes were prepared under the assumption that the business is a going concern.

The Santander Consumer Bank interim accounts for the second quarter of 2017 are prepared in accordance with IAS 34 Interim Financial reporting as adopted by EU.

The annual report for 2016 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting [www.santander.no](http://www.santander.no).

## Note 2 - Accounting policies

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The Group's accounting policies are consistent with those of the previous financial year as described in the 2016 Annual Report except as described below.

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

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

In preparing these condensed interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016, with the exception of changes in methodology that are required in determining the provision for income taxes. The estimates and assumptions that are deemed critical to the consolidated financial statements are listed in the Santander Consumer Bank 2016 annual report.

## Note 3 - Risk classification

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

<i>All amounts in millions of NOK</i>	Balance			Loss reserves		
	Q2 2017	Q2 2016	FY 2016	Q2 2017	Q2 2016	FY 2016
Current - not past due date	126 699	112 456	115 699	-1 152	-1 170	-1 084
Current - past due date	6 067	5 457	6 349	-260	-255	-251
Total impaired loans	2 680	2 352	2 577	-1 668	-1 305	-1 592
<b>Total gross loans to customers</b>	<b>135 446</b>	<b>120 265</b>	<b>124 625</b>	<b>-3 080</b>	<b>-2 730</b>	<b>-2 926</b>

<i>Ageing of past due but not impaired loans</i>	Balance			Loss reserves		
	Q2 2017	Q2 2016	FY 2016	Q2 2017	Q2 2016	FY 2016
1 - 29 days	4 847	4 368	5 172	-111	-109	-110
30 - 59 days	901	799	893	-80	-78	-77
60 - 89 days	318	291	284	-70	-68	-64
<b>Total loans due but not impaired</b>	<b>6 067</b>	<b>5 457</b>	<b>6 349</b>	<b>-260</b>	<b>-255</b>	<b>-251</b>

<i>Ageing of impaired loans</i>	Balance			Loss reserves		
	Q2 2017	Q2 2016	FY 2016	Q2 2017	Q2 2016	FY 2016
90 - 119 days	215	229	213	-74	-84	-72
120 - 149 days	172	192	148	-74	-90	-65
150 - 179 days	156	121	121	-73	-79	-63
180 + days	957	875	929	-696	-677	-711
Economic doubtful*	1 181	934	1 166	-751	-374	-679
<b>Total impaired loans</b>	<b>2 680</b>	<b>2 352</b>	<b>2 577</b>	<b>-1 668</b>	<b>-1 305</b>	<b>-1 592</b>

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

After the legal merge with Santander Consumer Bank AB (former GE Money Bank AB), the SCB portfolio now consists of 77% of Auto Finance and 23% Unsecured finance (credit cards, consumer loans, sales finance); where for auto finance the underlying assets serve as collateral.

Auto Finance, collateral is held as security. Carrying amount in relationship with object value and financed amount is influenced by specific mileage, use and maintenance among others, which varies from object to object. This value is embedded into Write Downs calculation as part of recoveries.

## Note 4 – Loan reserves

All amounts in millions of NOK

	Q2 2017	Q2 2016	FY 2016		
<b>Specific loan reserves</b>					
Specific loan reserves 01.01.	1 555	1 520	1 520		
+/- Rate adjustment opening balance	20	-20	-33		
Reclassification between specific and generic loan reserves	38	-	-58		
+ Specific loan reserves for the period	52	-196	126		
<b>= Specific loan reserves period end</b>	<b>1 666</b>	<b>1 305</b>	<b>1 555</b>		
<b>Generic loan reserves</b>					
Generic loan reserves 01.01	1 371	1 111	1 111		
+/- Rate adjustment opening balance	39	-30	-50		
Release of reserves related to bad debt sale	-	-8	-19		
Reclassification between specific and generic loan reserves	-38	-	58		
+/- Generic loan reserves for the year	42	352	270		
<b>= Generic loan reserves period end</b>	<b>1 414</b>	<b>1 425</b>	<b>1 371</b>		
<b>Total Loan Reserves in Balance Sheet</b>	<b>3 080</b>	<b>2 730</b>	<b>2 926</b>		
<b>Loan losses expenses</b>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>YTD Q2 2017</b>	<b>YTD Q2 2016</b>	<b>FY 2016</b>
Change in loan reserves provision	-180	-61	-94	-156	-397
+/- Fx rate adjustment opening balance	4	1	4	1	-1
+ Total realized losses	-394	-390	-756	-740	-1 472
- Recoveries on previously realized losses	790	205	958	379	893
<b>= Loan losses in the period</b>	<b>220</b>	<b>-245</b>	<b>112</b>	<b>-517</b>	<b>-977</b>

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

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

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

## Note 5 - Liquidity coverage ratio

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

Liquidity Coverage Ratio (LCR) %	Q2 2017	Q2 2016	Q4 2016
Liquidity Coverage Ratio (LCR) Total	127	115	119
Liquidity Coverage Ratio (LCR) NOK	145	127	124
Liquidity Coverage Ratio (LCR) SEK	118	83	129
Liquidity Coverage Ratio (LCR) DKK	-	154	66
Liquidity Coverage Ratio (LCR) EUR	99	122	98

## Note 6 - Interest Expenses

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

*All amounts in millions of NOK*

	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	FY 2016
<b>To credit institutions</b>					
Interest expenses	-49	-46	-110	-115	-219
Average loan	31 569	34 378	34 152	36 136	34 295
<b>Average nominal interest rate</b>	<b>0,63%</b>	<b>0,54%</b>	<b>0,64%</b>	<b>0,64%</b>	<b>0,64%</b>
<b>To customers</b>					
Interest expenses	-146	-134	-281	-259	-505
Average deposit	45 135	39 786	43 678	38 556	39 176
<b>Average nominal interest rate</b>	<b>1,30%</b>	<b>1,34%</b>	<b>1,29%</b>	<b>1,34%</b>	<b>1,29%</b>
<b>To bondholders</b>					
Interest expenses	-113	-108	-213	-234	-441
Average issued notes and bonds	47 226	39 270	44 906	38 602	42 309
<b>Average nominal interest rate</b>	<b>0,95%</b>	<b>1,10%</b>	<b>0,95%</b>	<b>1,21%</b>	<b>1,04%</b>
<b>Subordinated loan capital</b>					
Interest expenses	-51	-58	-102	-106	-210
Average subordinated loan capital	3 595	3 796	3 592	3 805	3 702
<b>Average nominal interest rate</b>	<b>5,67%</b>	<b>6,16%</b>	<b>5,67%</b>	<b>5,56%</b>	<b>5,68%</b>
<b>Total of tables above:</b>					
Interest expenses	-359	-347	-705	-714	-1 376
Loan	127 526	117 230	126 328	117 099	119 482
<b>Average nominal interest rate</b>	<b>1,13%</b>	<b>1,18%</b>	<b>1,12%</b>	<b>1,22%</b>	<b>1,15%</b>

**Note 7 - Capital adequacy**

<i>All amounts in millions of NOK</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>FY 2016</b>
<b>Balance sheet equity</b>			
Paid in equity	9 652	9 652	9 652
Share premium	891	891	891
Retained earnings	7 000	5 874	6 603
Other reserves	-112	-145	-153
<b>Total Equity</b>	<b>17 432</b>	<b>16 273</b>	<b>16 993</b>
<b>Common Equity Tier 1 Capital</b>			
(-) Year to date profit not-eligible (Not audited)	-799	-1 147	-
(-) Profit not eligible as capital	-	-	-1 200
Cash-flow hedge adjustment	-	-	-
IRB Expected Loss - Reserves	-365	-273	-236
Goodwill	-683	-742	-647
Other intangible assets	-282	-238	-260
Deferred tax assets	-	-237	-
Adjustment Prudent Valuation (AVA)	-9	-11	-12
<b>Total common Equity Tier 1 Capital</b>	<b>15 294</b>	<b>13 624</b>	<b>14 639</b>
<b>Tier 1 Capital</b>			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
<b>Total Tier 1 Capital</b>	<b>17 544</b>	<b>15 874</b>	<b>16 889</b>
<b>Total Capital</b>			
Paid up subordinated loans	1 291	1 471	1 291
Subordinated loans not eligible	-80	-244	-80
<b>Total Capital</b>	<b>18 755</b>	<b>17 101</b>	<b>18 100</b>
<b>Risk exposure</b>			
Regional governments or local authorities	67	66	63
Institutions	1 310	1 203	1 522
Corporates	6 558	6 099	6 178
Retail Standard Approach	49 218	44 420	45 017
Retail Internal Rating Based	29 248	24 704	25 699
Exposures in default SA	834	733	901
Covered bonds	653	708	864
Other Exposures	6 076	4 500	5 820
<b>Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries</b>	<b>93 964</b>	<b>82 432</b>	<b>86 065</b>
Foreign exchange (zero if under threshold)	1 027	-	854
<b>Risk exposure amount for position, foreign exchange and commodities risks</b>	<b>1 027</b>	<b>-</b>	<b>854</b>
Basic indicator approach	9 835	7 672	9 835
<b>Risk exposure amount for operational risk</b>	<b>9 835</b>	<b>7 672</b>	<b>9 835</b>
Standardized method	236	307	269
<b>Risk exposure amount for credit valuation adjustment</b>	<b>236</b>	<b>307</b>	<b>269</b>
Allowance which apply on the standardized approach for credit risk	-	-	-
<b>Deductions of risk exposure amount</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total risk exposure amount</b>	<b>105 062</b>	<b>90 411</b>	<b>97 023</b>

	Q2 2017	Q2 2016	FY 2016
<b>Common equity tier 1 capital ratio</b>	<b>14,56%</b>	<b>15,07%</b>	<b>15,09%</b>
<b>Tier 1 capital ratio</b>	<b>16,70%</b>	<b>17,56%</b>	<b>17,41%</b>
<b>Total capital ratio</b>	<b>17,85%</b>	<b>18,91%</b>	<b>18,66%</b>
<b>Leverage ratio</b>	<b>11,30%</b>	<b>11,34%</b>	<b>11,63%</b>

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

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

## Note 8 - Segment information

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

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

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

The Segments are responsible for profits after tax, with the corresponding return on allocated capital according to the SCB Group's governance model. All the SCB Group's trade activities are divided into the reported segments with corresponding balances, income and expenses. Deficit liquidity from the segments are funded by the SCB Group treasury at market conditions. Surplus liquidity is transferred to the SCB Group treasury at market conditions.

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

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

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

30 June 2017

<i>All amounts in millions of NOK</i>	Unsecured loans	Secured loans	Financial lease	Operational lease	Consignment	Total
Norway	10 911	34 058	9 290	-	-	54 258
Sweden	13 765	13 272	4 729	-	1 254	33 020
Denmark	5 398	19 866	2 360	137	304	28 065
Finland	2 570	17 647	1 581	307	1 722	23 827
<b>Total</b>	<b>32 644</b>	<b>84 843</b>	<b>17 959</b>	<b>444</b>	<b>3 279</b>	<b>139 169</b>

30 June 2016

<i>All amounts in millions of NOK</i>	Unsecured loans	Secured loans	Financial lease	Operational lease	Consignment	Total
Norway	10 608	31 525	8 159	-	-	50 292
Sweden	12 697	11 240	4 095	-	906	28 937
Denmark	4 936	17 676	1 887	122	212	24 833
Finland	2 391	13 776	1 274	352	1 369	19 162
<b>Total</b>	<b>30 632</b>	<b>74 218</b>	<b>15 415</b>	<b>473</b>	<b>2 486</b>	<b>123 225</b>

### Balance sheet and P&L per country

30 June 2017 (only Q2)

<i>All amounts in millions of NOK</i>	Norway	Sweden	Denmark	Finland	Eliminations*	Total Group
Net interest income	657	348	341	221	6	1 572
Net fees and commissions	46	35	37	8	3	128
Other product and funding related income and costs	-6	-3	4	6	0	0
Total operating costs	-311	-184	-133	-72	-9	-709
Other income and costs	-8	0	-1	0	-	-8
Impairment losses on other assets	-	-	-	-	-	-
Total losses on loans, guarantees etc	148	50	1	20	-	220
<b>Operating result</b>	<b>525</b>	<b>247</b>	<b>249</b>	<b>182</b>	<b>0</b>	<b>1 204</b>
Total tax	-124	-54	-55	-36	-	-270
<b>Profit after tax</b>	<b>401</b>	<b>192</b>	<b>194</b>	<b>146</b>	<b>0</b>	<b>934</b>

30 June 2017

*All amounts in millions of NOK*

	Norway	Sweden	Denmark	Finland	Eliminations*	Total Group
Net interest income	1 332	694	665	420	11	3 123
Net fees and commissions	109	71	64	16	3	263
Other product and funding related income and costs	-29	-5	-2	13	1	-23
Total operating costs	-605	-381	-256	-137	-14	-1 394
Other income and costs	-8	-	-1	0	-	-9
Impairment losses on other assets	-	-	-	-	-	-
Total losses on loans, guarantees etc	102	22	-31	18	-	112
<b>Operating result</b>	<b>900</b>	<b>401</b>	<b>440</b>	<b>331</b>	<b>1</b>	<b>2 072</b>
Total tax	-224	-88	-97	-66	-	-475
<b>Profit after tax</b>	<b>676</b>	<b>313</b>	<b>344</b>	<b>265</b>	<b>1</b>	<b>1 597</b>
Cash and receivables on central banks	60	-	-	-	-	60
Deposits with and loans to financial institutions	2 445	525	2	581	-	3 553
Total gross loans to customers	54 258	31 767	27 624	21 798	-	135 446
Write-downs	-1 723	-572	-396	-389	-	-3 080
Commercial papers and bonds	3 338	2 459	990	1 251	-	8 038
Financial trading derivatives	331	-	-	6	-	336
Ownership interests in group companies and other entities	1 263	-	-	-	-1 243	20
Other assets	21 503	1 578	1 538	2 271	-20 105	6 786
<b>Total assets</b>	<b>81 476</b>	<b>35 756</b>	<b>29 758</b>	<b>25 518</b>	<b>-21 348</b>	<b>151 160</b>
Debt to credit institutions	8 749	10 666	16 315	18 252	-20 696	33 286
Deposits from customers	20 120	13 782	12 484	-	-	46 386
Bonded debt	32 501	9 743	-11	4 969	-	47 202
Financial derivatives	256	-	-	4	-	260
Other liabilities	3 856	1 464	838	220	217	6 595
Equity	15 994	101	133	2 072	-868	17 432
<b>Total liabilities and equity</b>	<b>81 476</b>	<b>35 756</b>	<b>29 758</b>	<b>25 518</b>	<b>-21 347</b>	<b>151 160</b>

## Note 9 – Classification of financial instruments

All amounts in millions of NOK

Classification of financial assets 30 June 2017	Financial assets at fair value through P&L	Available for sale financial assets at fair value	Held to maturity investments	Loans and receivables	Book value
Cash and receivables on central banks	-	-	-	60	60
Deposits with and receivables on financial institutions	-	-	-	3 553	3 553
Net loans to costumers	-	-	-	132 367	132 367
Commercial papers and bonds	-	8 038	-	-	8 038
Financial trading derivatives	336	-	-	-	336
Other ownership interests	-	20	-	-	20
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>336</b>	<b>8 058</b>	<b>-</b>	<b>135 980</b>	<b>144 374</b>
				<b>Non financial assets</b>	<b>6 786</b>
				<b>Total assets</b>	<b>151 160</b>

	Financial liabilities at fair value through P&L	Financial liabilities measured at amortized cost	Booked value
Loans and deposits from credit institutions	-	33 286	33 286
Customer deposits	-	46 386	46 386
Bonded debt	-	47 202	47 202
Financial derivatives	260	-	260
Other financial liabilities	-	144	144
Subordinated loan capital	-	3 607	3 607
<b>Total financial liabilities</b>	<b>260</b>	<b>130 625</b>	<b>130 884</b>
			<b>Non financial liabilities and equity</b>
			<b>20 275</b>
			<b>Total liabilities</b>
			<b>151 160</b>

<b>Classification of financial assets 31 December 2016</b>	<b>Financial assets at fair value through P&amp;L</b>	<b>Available for sale financial assets at fair value</b>	<b>Held to maturity investments</b>	<b>Loans and receivables</b>	<b>Book value</b>
Cash and receivables on central banks	-	-	-	60	60
Deposits with and receivables on financial institutions	-	-	-	3 897	3 897
Net loans to costumers	-	-	-	121 698	121 698
Commercial papers and bonds	-	10 944	-	-	10 944
Financial trading derivatives	362	-	-	-	362
Other ownership interests	-	18	-	-	18
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>362</b>	<b>10 963</b>	<b>-</b>	<b>125 655</b>	<b>136 980</b>
				<b>Non financial assets</b>	5 749
				<b>Total assets</b>	<b>142 729</b>

<b>Classification of financial liabilities 31 December 2016</b>	<b>Financial liabilities at fair value through P&amp;L</b>	<b>Financial liabilities measured at amortized cost</b>	<b>Booked value</b>
Loans and deposits from credit institutions	-	35 019	35 019
Customer deposits	-	40 971	40 971
Bonded debt	-	42 609	42 609
Financial derivatives	291	-	291
Other financial liabilities	-	153	153
Subordinated loan capital	-	3 576	3 576
<b>Total financial liabilities</b>	<b>291</b>	<b>122 328</b>	<b>122 619</b>
			<b>Non financial liabilities and equity</b>
			<b>Total liabilities</b>
			20 110
			<b>142 729</b>

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

## Note 10 - Valuation Hierarchy

### Financial instruments measured at fair value

		Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<i>All amounts in millions of NOK</i>					
<b>Financial assets</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 4	Fixed amort.profile BK4	-	22	-	22
Bilkreditt 5	Fixed amort.profile BK5	-	47	-	47
Bilkreditt 6	Fixed amort.profile BK6	-	197	-	197
Bilkreditt 7	Fixed amort.profile BK7	-	64	-	64
KIMI5	Fixed amort.profile KIMI5	-	4	-	4
KIMI4	Pass-through swap KIMI4	-	1	-	1
<b>Total financial trading derivatives</b>		-	<b>336</b>	-	<b>336</b>
<i>Name</i>	<i>Type</i>				
Government bonds and Treasury Bills	Bonds	1 060	-	-	1 060
Covered Bonds	Bonds	6 978	-	-	6 978
<b>Total commercial papers and bonds *</b>		<b>8 038</b>	-	-	<b>8 038</b>
<b>Total Assets</b>		<b>8 038</b>	<b>336</b>	-	<b>8 374</b>
<b>Financial liabilities</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 4	Pass-through swap BK4	-	5	-	5
Bilkreditt 5	Pass-through swap BK5	-	30	-	30
Bilkreditt 6	Pass-through swap BK6	-	160	-	160
Bilkreditt 7	Pass-through swap BK7	-	62	-	62
KIMI5	Pass-through swap KIMI5	-	2	-	2
KIMI4	Fixed swap KIMI4	-	2	-	2
<b>Total financial derivatives</b>		-	<b>260</b>	-	<b>260</b>
<b>Total Liabilities</b>		-	<b>260</b>	-	<b>260</b>
<b>Derivatives designated for hedge accounting - assets</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 4	Front swap BK4	-	5	-	5
Bilkreditt 5	Front swap BK5	-	30	-	30
Bilkreditt 6	Front swap BK6	-	160	-	160
Bilkreditt 7	Front swap BK7	-	62	-	62
KIMI5	Front swap Kimi5	-	0	-	0
EMTN SEK	EMTN SEK	-	2	-	2
<b>Total derivatives designated for hedging - assets*</b>		-	<b>259</b>	-	<b>259</b>
<b>Derivatives designated for hedge accounting - liabilities</b>					
<i>Name</i>	<i>Type</i>				
EMTN MEUR 350	EMTN FV hedge fixed floating	-	8	-	8
EMTN MEUR 100	EMTN CF hedge fixed fixed	-	6	-	6
EMTN MEUR 240	EMTN FV hedge fixed floating	-	3	-	3
DK EMTN MEUR 245	DK EMTN FV hedge	-	14	-	14
SW EMTN MEUR 100	SW EMTN FV hedge	-	1	-	1
DK EMTN MEUR 250	DK EMTN FV hedge	-	5	-	5
KIMI4	Front swap Kimi4	-	1	-	1
<b>Total derivatives designated for hedging - liabilities*</b>		-	<b>39</b>	-	<b>39</b>

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.

## Note 11 - Issued securities

<i>All amounts in millions of NOK</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>FY 2016</b>
Senior unsecured issued securities	34 379	20 114	26 473
Asset backed issued securities	12 822	16 311	16 136
<b>Total issued securities</b>	<b>47 202</b>	<b>36 425</b>	<b>42 609</b>

*Santander Consumer Bank AS issued bonds on the Oslo stock exchange in January to a value of 1 500 MM NOK*

*Santander Consumer Bank AS issued bonds on the Oslo stock exchange in February to a value of 500 MM NOK*

*Santander Consumer Bank AS issued bonds on the Irish stock exchange in February to a value of 500 MM EUR (4 432 MM NOK)*

*Santander Consumer Bank AS issued bonds on the Oslo stock exchange in March to a value of 200 MM NOK*

*Santander Consumer Bank AS issued bonds on the Irish stock exchange in March to a value of 400 MM SEK (388 MM NOK)*

*Santander Consumer Bank AS issued bonds on the Irish stock exchange in May to a value of 600 MM SEK (574 MM NOK)*

*Santander Consumer Bank AS issued bonds on the Irish stock exchange in June to a value of 500 MM SEK (483 MM NOK)*

*Santander Consumer Bank AS issued bonds on the Oslo stock exchange in June to a value of 250 MM NOK*

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

## Note 12 - Receivables and liabilities to related parties

<b>Debt to related parties:</b>		<b>Accrued interest</b>		<b>Accrued interest</b>		<b>Accrued interest</b>
<i>Amounts in millions of NOK</i>	<b>Q2 2017</b>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>Q2 2016</b>	<b>FY 2016</b>	<b>FY 2016</b>
Balance sheet line: "Loans and deposits from credit institutions with an agreed term"						
<i>Santander Benelux</i>	566	2	3 258	13	2 028	10
<i>Santander Consumer Finance S.A.</i>	32 236	13	32 822	11	32 230	14
<i>Banco Madasant</i>	-	-	1 944	-	754	-
<b>Total</b>	<b>32 803</b>	<b>16</b>	<b>38 023</b>	<b>25</b>	<b>35 012</b>	<b>24</b>
Balance sheet line: "Subordinated loan capital" – Bonds						
MMNOK 180, maturity September 2016, 3 months NIBOR +0.55% (Banco Santander S.A)	-	-	180	-	-	-
MMNOK 80, maturity October 2017, 3 months NIBOR +1.75% (Santander Consumer Finance S.A)	80	-	80	-	80	-
MMNOK 250, maturity March 2025, 3 months NIBOR +2.2575% (Santander Consumer Finance S.A)	250	2	250	2	250	-
Hybrid capital - perpetual bond, 3M NIBOR +6.50% (Santander Consumer Finance S.A)	2 250	30	2 250	29	2 250	29
MMNOK 250, maturity July 2025, 3 months NIBOR +3.135% (Santander Consumer Finance S.A)	250	-	250	-	250	2
MMSEK 750, maturity December 2024, 3 months STIBOR+2.2825% (Santander Consumer Finance S.A)	745	-	740	-	713	-
<b>Total</b>	<b>3 575</b>	<b>32</b>	<b>3 750</b>	<b>32</b>	<b>3 543</b>	<b>32</b>

The interest rate on intercompany loans are priced in accordance with marked conditions for parties at arm's length.

Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no)

## Note 13 - Transaction with related parties

All amounts in millions of NOK

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

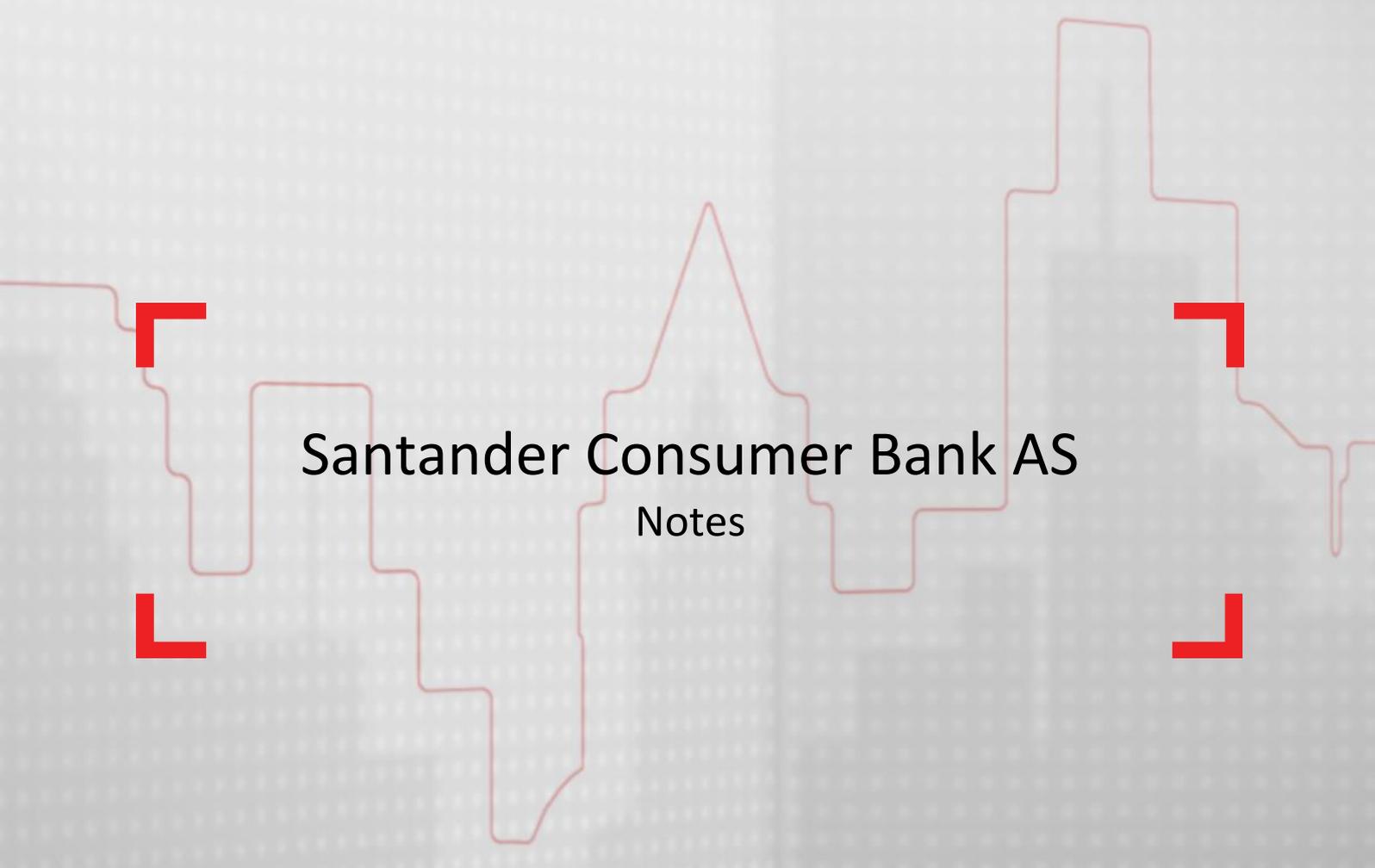
Transactions with related parties are mostly interest on funding from the parent company, ultimate parent or from Santander Benelux.

The following transactions were carried out with related parties:

	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	Financial year 2016
Interest income	9	3	21	8	39
Interest expenses	-96	-106	-200	-224	-513
Fees	18	40	41	67	133
Other	-1	-	-1	-	-
<b>Net transactions</b>	<b>-70</b>	<b>-62</b>	<b>-138</b>	<b>-149</b>	<b>-341</b>

Santander Consumer Bank Group had transactions with the following related parties per 31 March 2017:

Banco Santander S.A  
 Santander Benelux B.V.  
 Santander Consumer Finance S.A.  
 Santander Insurance Europe Ltd.  
 Santander Insurance Services Ireland Ltd.  
 Banco Madasant  
 Abbey National Treasury Services plc  
 Santander Global Facilities S.L  
 Santander Securities Services, S.A  
 Ingeniería de Software Bancario, S.L.



# Santander Consumer Bank AS

## Notes

## Note 1 Basis of preparation

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The accounts show the activities of the company in Norway, Sweden and Denmark (Santander Consumer Bank AS). In the group accounts, the Finnish subsidiary (Santander Consumer Finance OY) and the special purpose entities (as listed in note 13) are included.

All figures and notes were prepared under the assumption that the business is a going concern.

The Santander Consumer Bank interim accounts for the second quarter of 2017 are prepared in accordance with IAS 34 Interim Financial reporting as endorsed by EU.

The annual report for 2016 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting [www.santander.no](http://www.santander.no).

## Note 2 Accounting policies

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The Group's accounting policies are consistent with those of the previous financial year as described in the 2016 Annual Report except as described below.

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

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

In preparing these condensed interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016, with the exception of changes in methodology that are required in determining the provision for income taxes. The estimates and assumptions that are deemed critical to the consolidated financial statements are listed in the Santander Consumer Bank 2016 annual report.

## Note 3 - Risk classification

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

<i>All amounts in millions of NOK</i>	Balance			Loss reserves		
	Q2 2017	Q2 2016	FY 2016	Q2 2017	Q2 2016	FY 2016
Current - not past due date	106 688	96 404	99 056	-900	-896	-818
Current - past due date	4 446	4 192	4 784	-214	-213	-210
Total impaired loans	2 514	2 228	2 432	-1 577	-1 236	-1 511
<b>Total gross loans to customers</b>	<b>113 648</b>	<b>102 824</b>	<b>106 272</b>	<b>-2 691</b>	<b>-2 345</b>	<b>-2 539</b>

<i>Ageing of past due but not impaired loans</i>	Balance			Loss reserves		
	Q2 2017	Q2 2016	FY 2016	Q2 2017	Q2 2016	FY 2016
1 - 29 days	3 428	3 286	3 807	-86	-88	-89
30 - 59 days	743	659	730	-67	-66	-66
60 - 89 days	275	247	247	-61	-59	-56
<b>Total loans due but not impaired</b>	<b>4 446</b>	<b>4 192</b>	<b>4 784</b>	<b>-214</b>	<b>-213</b>	<b>-210</b>

<i>Ageing of impaired loans</i>	Balance			Loss reserves		
	Q2 2017	Q2 2016	FY 2016	Q2 2017	Q2 2016	FY 2016
90 - 119 days	189	207	191	-65	-77	-66
120 - 149 days	156	178	136	-68	-83	-60
150 - 179 days	147	112	114	-69	-74	-59
180 + days	955	874	927	-694	-676	-710
Economic doubtful*	1 068	857	1 063	-681	-326	-616
<b>Total impaired loans</b>	<b>2 514</b>	<b>2 228</b>	<b>2 432</b>	<b>-1 577</b>	<b>-1 236</b>	<b>-1 511</b>

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

After the legal merge with Santander Consumer Bank AB (former GE Money Bank AB), the SCB portfolio now consists of 75% of Auto Finance and 25% Unsecured finance (credit cards, consumer loans, sales finance); where for auto finance the underlying assets serve as collateral. Auto Finance, collateral is held as security. Carrying amount in relationship with object value and financed amount is influenced by specific mileage, use and maintenance among others, which varies from object to object. This value is embedded into Write Downs calculation as part of recoveries.

## Note 4 – Loan reserves

All amounts in millions of NOK

	Q2 2017	Q2 2016	FY 2016
<b>Specific loan reserves</b>			
Specific loan reserves 01.01.	1 475	1 444	1 444
+/- Rate adjustment opening balance	16	-17	-29
Reclassification between specific and generic loan reserves	38	-	-58
+ Specific loan reserves for the period	48	-191	118
<b>= Specific loan reserves period end</b>	<b>1 577</b>	<b>1 235</b>	<b>1 475</b>
<b>Generic loan reserves</b>			
Generic loan reserves 01.01	1 064	783	783
+/- Rate adjustment opening balance	23	-19	-32
Release of reserves related to bad debt sale	-	-8	-19
Reclassification between specific and generic loan reserves	-38	-	58
+/- Generic loan reserves for the year	65	354	274
<b>= Generic loan reserves period end</b>	<b>1 114</b>	<b>1 110</b>	<b>1 064</b>
<b>Total Loan Reserves in Balance Sheet</b>	<b>2 691</b>	<b>2 345</b>	<b>2 539</b>

	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	FY 2016
<b>Loan losses expenses</b>					
Change in loan reserves provision	-172	-76	-113	-163	-392
+/- Fx rate adjustment opening balance	5	1	4	1	-1
+ Total realized losses	-345	-337	-659	-636	-1 247
- Recoveries on previously realized losses	714	193	871	358	790
<b>= Loan losses in the period</b>	<b>201</b>	<b>-219</b>	<b>103</b>	<b>-439</b>	<b>-850</b>

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

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

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

## Note 5 - Liquidity Coverage Ratio

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

Liquidity Coverage Ratio (LCR) %	Q2 2017	Q2 2016	Q4 2016
Liquidity Coverage Ratio (LCR) Total	128	115	117
Liquidity Coverage Ratio (LCR) NOK	145	127	124
Liquidity Coverage Ratio (LCR) SEK	118	83	129
Liquidity Coverage Ratio (LCR) DKK	-	154	66
Liquidity Coverage Ratio (LCR) EUR	-	121	-

## Note 6 - Interest Expenses

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

*All amounts in millions of NOK*

	Q2 2017	Q2 2016	Q2 / YTD 2017	Q2 / YTD 2016	FY 2016
<b>To credit institutions</b>					
Interest expenses	-44	-46	-93	-97	-205
Average loan	33 165	43 526	35 980	45 946	42 506
<b>Average nominal interest rate</b>	<b>0,54%</b>	<b>0,42%</b>	<b>0,51%</b>	<b>0,42%</b>	<b>0,48%</b>
<b>To customers</b>					
Interest expenses	-146	-134	-281	-259	-505
Average deposit	45 135	39 786	43 678	38 556	39 176
<b>Average nominal interest rate</b>	<b>1,30%</b>	<b>1,34%</b>	<b>1,29%</b>	<b>1,34%</b>	<b>1,29%</b>
<b>To bondholders</b>					
Interest expenses	-95	-73	-172	-150	-302
Average issued notes and bonds	33 675	22 121	30 426	19 685	23 055
<b>Average nominal interest rate</b>	<b>1,12%</b>	<b>1,32%</b>	<b>1,13%</b>	<b>1,53%</b>	<b>1,31%</b>
<b>Subordinated loan capital</b>					
Interest expenses	-51	-52	-102	-106	-210
Average subordinated loan capital	3 595	3 410	3 592	3 805	3 702
<b>Average nominal interest rate</b>	<b>5,67%</b>	<b>6,12%</b>	<b>5,67%</b>	<b>5,56%</b>	<b>5,68%</b>
<b>Total of tables above:</b>					
Interest expenses	-336	-305	-647	-612	-1 223
Loan	115 571	108 843	113 676	107 992	108 439
<b>Average nominal interest rate</b>	<b>1,16%</b>	<b>1,12%</b>	<b>1,14%</b>	<b>1,13%</b>	<b>1,13%</b>

**Note 7 - Capital adequacy**

<i>All amounts in millions of NOK</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>FY 2016</b>
<b>Balance sheet equity</b>			
Paid in equity	9 652	9 652	9 652
Share premium	891	891	891
Retained earnings	5 867	5 270	5 735
Other reserves	-176	-202	-151
<b>Total Equity</b>	<b>16 234</b>	<b>15 612</b>	<b>16 127</b>
<b>Common Equity Tier 1 Capital</b>			
(-) Year to date profit not-eligible (Not audited)	-666	-1 467	-
(-) Profit not eligible as capital	-	-	-1 200
Cash-flow hedge adjustment	-	-	-
IRB Expected Loss - Reserves	-214	-168	-125
Goodwill	-288	-358	-272
Other intangible assets	-267	-229	-251
Deferred tax assets	-	-113	-
Adjustment Prudent Valuation (AVA)	-8	-10	-10
<b>Total common Equity Tier 1 Capital</b>	<b>14 791</b>	<b>13 267</b>	<b>14 269</b>
<b>Tier 1 Capital</b>			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
<b>Total Tier 1 Capital</b>	<b>17 041</b>	<b>15 517</b>	<b>16 519</b>
<b>Total Capital</b>			
Paid up subordinated loans	1 291	1 471	1 291
Subordinated loans not eligible	-80	-244	-80
<b>Total Capital</b>	<b>18 252</b>	<b>16 744</b>	<b>17 730</b>
<b>Risk exposure</b>			
Regional governments or local authorities	67	65	62
Institutions	681	332	789
Corporates	11 287	14 707	11 076
Retail Standard Approach	44 127	40 192	40 731
Retail Internal Rating Based	21 012	18 553	19 156
Exposures in default SA	787	767	863
Covered bonds	528	625	698
Other Exposures	11 985	7 644	8 708
<b>Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries</b>	<b>90 474</b>	<b>82 885</b>	<b>82 084</b>
Foreign exchange (zero if under threshold)	-	361	-
<b>Risk exposure amount for position, foreign exchange and commodities risks</b>	<b>-</b>	<b>361</b>	<b>-</b>
Basic indicator approach	8 718	6 377	8 741
<b>Risk exposure amount for operational risk</b>	<b>8 718</b>	<b>6 377</b>	<b>8 741</b>
Standardized method	235	279	265
<b>Risk exposure amount for credit valuation adjustment</b>	<b>235</b>	<b>279</b>	<b>265</b>
Allowance which apply on the standardized approach for credit risk	-	-	-
<b>Deductions of risk exposure amount</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total risk exposure amount</b>	<b>99 427</b>	<b>89 902</b>	<b>91 090</b>

	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>FY 2016</b>
<b>Common equity tier 1 capital ratio</b>	<b>14,88%</b>	<b>14,76%</b>	<b>15,67%</b>
<b>Tier 1 capital ratio</b>	<b>17,14%</b>	<b>17,26%</b>	<b>18,14%</b>
<b>Total capital ratio</b>	<b>18,36%</b>	<b>18,62%</b>	<b>19,46%</b>
<b>Leverage ratio</b>	<b>12,16%</b>	<b>12,00%</b>	<b>12,65%</b>

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

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

## Note 8 - Segment information

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

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

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

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

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

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

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

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

#### 30 June 2017

	Unsecure loans	Secured loans	Financial lease	Operational lease	Consignment	Total
<i>All amounts in millions of NOK</i>						
Norway	10 911	34 058	9 290	-	-	54 258
Sweden	13 764	13 274	4 729	-	1 254	33 020
Denmark	5 398	19 866	2 360	137	304	28 065
<b>Total</b>	<b>30 073</b>	<b>67 197</b>	<b>16 378</b>	<b>137</b>	<b>1 557</b>	<b>115 342</b>

#### 30 June 2016

	Unsecure loans	Secured loans	Financial lease	Operational lease	Consignment	Total
<i>All amounts in millions of NOK</i>						
Norway	10 608	31 525	8 159	-	-	50 292
Sweden	12 697	11 240	4 095	-	906	28 937
Denmark	4 936	17 676	1 887	122	212	24 833
<b>Total</b>	<b>28 241</b>	<b>60 442</b>	<b>14 142</b>	<b>122</b>	<b>1 117</b>	<b>104 063</b>

### Balance sheet and P&L per country

#### 30 June 2017 (Only Q2)

<i>All amounts in millions of NOK</i>	Norway	Sweden	Denmark	Eliminations*	Total Group
Net interest income	650	342	341	-	1 332
Net fees and commissions	53	41	37	-	130
Other product and funding related income and costs	-7	-3	4	-	-6
Total operating costs	-311	-184	-133	-	-628
Other income and costs	-8	0	-1	-	-8
Impairment losses on other assets	-	-	-	-	-
Total losses on loans, guarantees etc	149	51	1	-	201
<b>Profit before tax</b>	<b>525</b>	<b>247</b>	<b>249</b>	<b>-</b>	<b>1 021</b>
Income tax	-123	-54	-55	-	-233
<b>Profit after tax</b>	<b>402</b>	<b>192</b>	<b>194</b>	<b>-</b>	<b>788</b>

30 June 2017

	Norway	Sweden	Denmark	Eliminations *	Total Group
<i>All amounts in millions of NOK</i>					
Net interest income	1 308	681	665	-	2 654
Net fees and commissions	125	82	64	-	271
Other product and funding related income and costs	-31	-5	-2	-	-37
Total operating costs	-604	-381	-256	-	-1 241
Other income and costs	-8	-	-1	-	-9
Impairment losses on other assets	-	-	-	-	-
Total losses on loans, guarantees etc	110	24	-31	-	103
<b>Profit before tax</b>	<b>900</b>	<b>401</b>	<b>440</b>	<b>-</b>	<b>1 741</b>
Income tax	-224	-88	-97	-	-409
<b>Profit after tax</b>	<b>676</b>	<b>313</b>	<b>344</b>	<b>-</b>	<b>1 332</b>
Cash and receivables on central banks	60	-	-	-	60
Deposits with and loans to financial institutions	1 347	223	2	-	1 572
Total gross loans to customers	54 258	31 766	27 624	-	113 648
Write-downs	-1 723	-572	-396	-	-2 691
Commercial papers and bonds	6 104	2 977	990	-	10 071
Financial trading derivatives	331	-	-	-	331
Ownership interests in group companies and other entities	1 263	-	-	-	1 263
Other assets	21 829	1 645	1 538	-12 114	12 898
<b>Total assets</b>	<b>83 469</b>	<b>36 039</b>	<b>29 758</b>	<b>-12 114</b>	<b>137 153</b>
Debt to credit institutions	14 168	15 373	16 315	-12 316	33 540
Deposits from customers	20 120	13 782	12 484	-	46 386
Bonded debt	29 070	5 321	-11	-	34 379
Financial derivatives	256	-	-	-	256
Other liabilities	3 855	1 462	838	203	6 358
Equity	16 001	101	133	-	16 234
<b>Total liabilities and equity</b>	<b>83 469</b>	<b>36 039</b>	<b>29 758</b>	<b>-12 113</b>	<b>137 153</b>

\* Eliminations of other assets and debt to credit institutions are mainly intercompany loans between Norway and Denmark

## Note 9 – Classification of financial instruments

All amounts in millions of NOK

Classification of financial assets 30 June 2017	Financial assets at fair value through P&L	Available for sale financial assets at fair value	Held to maturity investments	Loans and receivables	Book value
Cash and receivables on central banks	-	-	-	60	60
Deposits with and receivables on financial institutions	-	-	-	1 572	1 572
Net loans to costumers	-	-	-	110 957	110 957
Commercial papers and bonds	-	6 787	3 285	-	10 071
Financial trading derivatives	331	-	-	-	331
Loans to subsidiaries and SPV's	-	-	-	8 945	8 945
Ownership interest in credit institutions	1 243	-	-	-	1 243
Other ownership interests	-	20	-	-	20
<b>Total financial assets</b>	<b>1 573</b>	<b>6 807</b>	<b>3 285</b>	<b>121 534</b>	<b>133 199</b>
				<b>Non financial assets</b>	3 953
				<b>Total assets</b>	<b>137 153</b>

Classification of financial liabilities 30 June 2017	Financial liabilities at fair value through P&L	Financial liabilities measured at amortized cost	Booked value
Loans and deposits from credit institutions	-	33 540	33 540
Customer deposits	-	46 386	46 386
Bonded debt	-	34 379	34 379
Financial derivatives	256	-	256
Other financial liabilities	-	141	141
Subordinated loan capital	-	3 607	3 607
<b>Total financial liabilities</b>	<b>256</b>	<b>118 053</b>	<b>118 309</b>
			<b>Non financial liabilities and equity</b> 18 844
			<b>Total liabilities</b> 137 153

<b>Classification of financial assets 31 December 2016</b>	<b>Financial assets at fair value through P&amp;L</b>	<b>Available for sale financial assets at fair value</b>	<b>Held to maturity investments</b>	<b>Loans and receivables</b>	<b>Book value</b>
Cash and receivables on central banks	-	-	-	60	60
Deposits with and receivables on financial institutions	-	-	-	1 500	1 500
Net loans to costumers	-	-	-	103 733	103 733
Commercial papers and bonds	-	12 552	-	-	12 552
Financial trading derivatives	355	-	-	-	355
Loans to subsidiaries and SPV's	-	-	-	6 494	6 494
Ownership interest in credit institutions	1 180	-	-	-	1 180
Other ownership interests	-	18	-	-	18
<b>Total financial assets</b>	<b>1 534</b>	<b>12 570</b>	<b>-</b>	<b>111 787</b>	<b>125 891</b>
				<b>Non financial assets</b>	<b>2 626</b>
				<b>Total assets</b>	<b>128 517</b>

<b>Classification of financial liabilities 31 December 2016</b>	<b>Financial liabilities at fair value through P&amp;L</b>	<b>Financial liabilities measured at amortized cost</b>	<b>Booked value</b>
Loans and deposits from credit institutions	-	38 420	38 420
Customer deposits	-	40 971	40 971
Bonded debt	-	26 473	26 473
Financial derivatives	287	-	287
Other financial liabilities	-	161	161
Subordinated loan capital	-	3 576	3 576
<b>Total financial liabilities</b>	<b>287</b>	<b>109 601</b>	<b>109 888</b>
			<b>Non financial liabilities and equity</b>
			<b>18 629</b>
			<b>Total liabilities</b>
			<b>128 517</b>

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

## Note 10 - Valuation Hierarchy

### Financial instruments measured at fair value

<i>All amounts in millions of NOK</i>		Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<b>Financial assets</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 4	Fixed amort.profile BK4	-	22	-	22
Bilkreditt 5	Fixed amort.profile BK5	-	47	-	47
Bilkreditt 6	Fixed amort.profile BK6	-	197	-	197
Bilkreditt 7	Fixed amort.profile BK7	-	64	-	64
<b>Total financial trading derivatives</b>		-	<b>331</b>	-	<b>331</b>
<b>Financial liabilities</b>					
<i>Name</i>	<i>Type</i>				
Government bonds and Treasury Bills	Bonds	1 060	-	-	1 060
Covered Bonds	Bonds	5 727	-	-	5 727
<b>Total commercial papers and bonds *</b>		<b>6 787</b>	-	-	<b>6 787</b>
<b>Total Assets</b>		<b>6 787</b>	<b>331</b>	-	<b>7 117</b>
<b>Financial liabilities</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 4	Pass-through swap BK4	-	5	-	5
Bilkreditt 5	Pass-through swap BK5	-	30	-	30
Bilkreditt 6	Pass-through swap BK6	-	160	-	160
Bilkreditt 7	Pass-through swap BK7	-	62	-	62
<b>Total financial derivatives</b>		-	<b>256</b>	-	<b>256</b>
<b>Total Liabilities</b>		-	<b>256</b>	-	<b>256</b>
<b>Derivatives designated for hedge accounting - assets</b>					
<i>Name</i>	<i>Type</i>				
EMTN SEK	EMTN SEK FV Hedge	-	2	-	2
<b>Total derivatives designated for hedging - assets*</b>		-	<b>2</b>	-	<b>2</b>
<b>Derivatives designated for hedge accounting - liabilities</b>					
<i>Name</i>	<i>Type</i>				
EMTN MEUR 100	EMTN CF hedge fixed fixed	-	6	-	6
EMTN MEUR 350	EMTN FV hedge fixed floating	-	8	-	8
EMTN MEUR 240	EMTN FV hedge fixed floating	-	3	-	3
DK EMTN MEUR 250	DK EMTN FV hedge	-	5	-	5
DK EMTN MEUR 245	DK EMTN FV hedge	-	14	-	14
SW EMTN MEUR 100	SW EMTN FV hedge	-	1	-	1
<b>Total derivatives designated for hedging - liabilities**</b>		-	<b>38</b>	-	<b>38</b>

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.

\* Government bonds are included in the balance sheet line "commercial papers and bonds". The balance sheet line also include B and C tranche bonds from the SPVs that are not booked at fair value. See note 10

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

## Note 11 - Issued securities

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<i>All amounts in millions of NOK</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>FY 2016</b>
Senior unsecured issued securities	34 379	20 114	26 473
Asset backed issued securities	-	-	-
<b>Total issued securities</b>	<b>34 379</b>	<b>20 114</b>	<b>26 473</b>

*Santander Consumer Bank AS issued bonds on the Oslo stock exchange in January to a value of 1 500 MM NOK*

*Santander Consumer Bank AS issued bonds on the Oslo stock exchange in February to a value of 500 MM NOK*

*Santander Consumer Bank AS issued bonds on the Irish stock exchange in February to a value of 500 MM EUR (4 432 MM NOK)*

*Santander Consumer Bank AS issued bonds on the Oslo stock exchange in March to a value of 200 MM NOK*

*Santander Consumer Bank AS issued bonds on the Irish stock exchange in March to a value of 400 MM SEK (388 MM NOK)*

*Santander Consumer Bank AS issued bonds on the Irish stock exchange in May to a value of 600 MM SEK (574 MM NOK)*

*Santander Consumer Bank AS issued bonds on the Irish stock exchange in June to a value of 500 MM SEK (483 MM NOK)*

*Santander Consumer Bank AS issued bonds on the Oslo stock exchange in June to a value of 250 MM NOK*

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

## Note 12 - Receivables and liabilities to related parties

### Debt to related parties:

<i>Amounts in millions of NOK</i>	Accrued interest		Accrued interest		Accrued interest	
	Q2 2017	Q2 2017	Q2 2016	Q2 2016	FY 2016	FY 2016
Balance sheet line: "Loans and deposits from credit institutions with an agreed term"						
<i>Santander Benelux</i>	566	2	3 258	13	2 028	10
<i>Santander Consumer Finance S.A.</i>	22 368	12	24 758	9	24 443	12
<i>Debt to SPV on future cash flow of securitized loans</i>	10 398	-	17 168	-	11 944	-
<b>Total</b>	<b>33 333</b>	<b>14</b>	<b>45 183</b>	<b>23</b>	<b>38 415</b>	<b>22</b>

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

MMNOK 180, maturity September 2016, 3 months NIBOR +0.55% (Banco Santander S.A)	-	-	180	-	-	-
MMNOK 80, maturity October 2017, 3 months NIBOR +1.75% (Santander Consumer Finance S.A)	80	-	80	-	80	-
MMNOK 250, maturity March 2025, 3 months NIBOR +2.2575% (Santander Consumer Finance S.A)	250	2	250	2	250	-
Hybrid capital - perpetual bond, 3M NIBOR +6.50% (Santander Consumer Finance S.A)	2 250	30	2 250	29	2 250	29
MMNOK 250, maturity July 2025, 3 months NIBOR +3.135% (Santander Consumer Finance S.A)	250	-	250	-	250	2
MMSEK 750, maturity December 2024, 3 months STIBOR+2.2825% (Santander Consumer Finance S.A)	745	-	740	-	713	-
<b>Total</b>	<b>3 575</b>	<b>32</b>	<b>3 750</b>	<b>32</b>	<b>3 543</b>	<b>32</b>

### Receivables on related parties:

<i>Amounts in millions of NOK</i>	Accrued interest		Accrued interest		Accrued interest	
	Q2 2017	Q2 2017	Q2 2016	Q2 2016	FY 2016	FY 2016
Balance sheet line: "Commercial papers and bonds"						
<i>B and C notes issued by SPVs</i>	3 284	1	6 343	6	3 262	1
Balance sheet line: "Loans to subsidiaries and SPV's"						
<i>Loan to subsidiary (Santander Consumer Bank OY)</i>	8 374	19	4 883	11	5 679	30
<i>Subordinated loan to SPVs</i>	558	-	1 497	1	696	-

The interest rate on intercompany loans are priced in accordance with marked conditions for parties at arm's length.

Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no)

## Note 13 - Transaction with related parties

All amounts in millions of NOK

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

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

The following transactions were carried out with related parties:

	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016	Financial year 2016
Interest income	155	232	309	466	862
Interest expenses	-233	-317	-462	-648	-1 248
Fees	18	40	41	67	126
Other	37	-	37	-	7
<b>Net transactions</b>	<b>-23</b>	<b>-45</b>	<b>-75</b>	<b>-115</b>	<b>-253</b>

Santander Consumer Bank AS had transactions with the following related parties per 31 March 2017:

Banco Santander S.A  
Santander Benelux B.V.  
Santander Consumer Finance S.A.  
Santander Consumer Bank OY  
Santander Insurance Europe Ltd.  
Santander Insurance Services Ireland Ltd.  
Santander Global Facilities S.L  
Santander Securities Services, S.A  
Abbey National Treasury Services plc  
Ingeniería de Software Bancario, S.L.

SPV:

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

## About Santander Consumer Bank

Santander Consumer Bank AS is owned by Santander Consumer Finance, which is part of Grupo Santander, one of the world's largest banks. Santander Consumer Finance is among the leaders in Europe within car- and consumer finance. The division is present in 13 countries across Europe. The Nordic region is considered a key growth area.

Based on a business model that focuses on retail banking products and services for private customers, SMEs, and companies, the Santander Group currently serves more than 117 million customers through a global network of 12,951 branches, the largest in the international banking sector. It has 734 billion euros in customer loans, 3.2 million shareholders, and 185 405 employees.

Santander Consumer Bank Nordic provides financing in the areas of car finance, credit cards and consumer loans. The bank is market leader in Norway within car finance, and has business in Sweden, Finland and Denmark and has a vision to be one of the leading players in the Nordic region. The Group has more than 1 300 employees throughout the region and total assets of NOK 144 billions.

