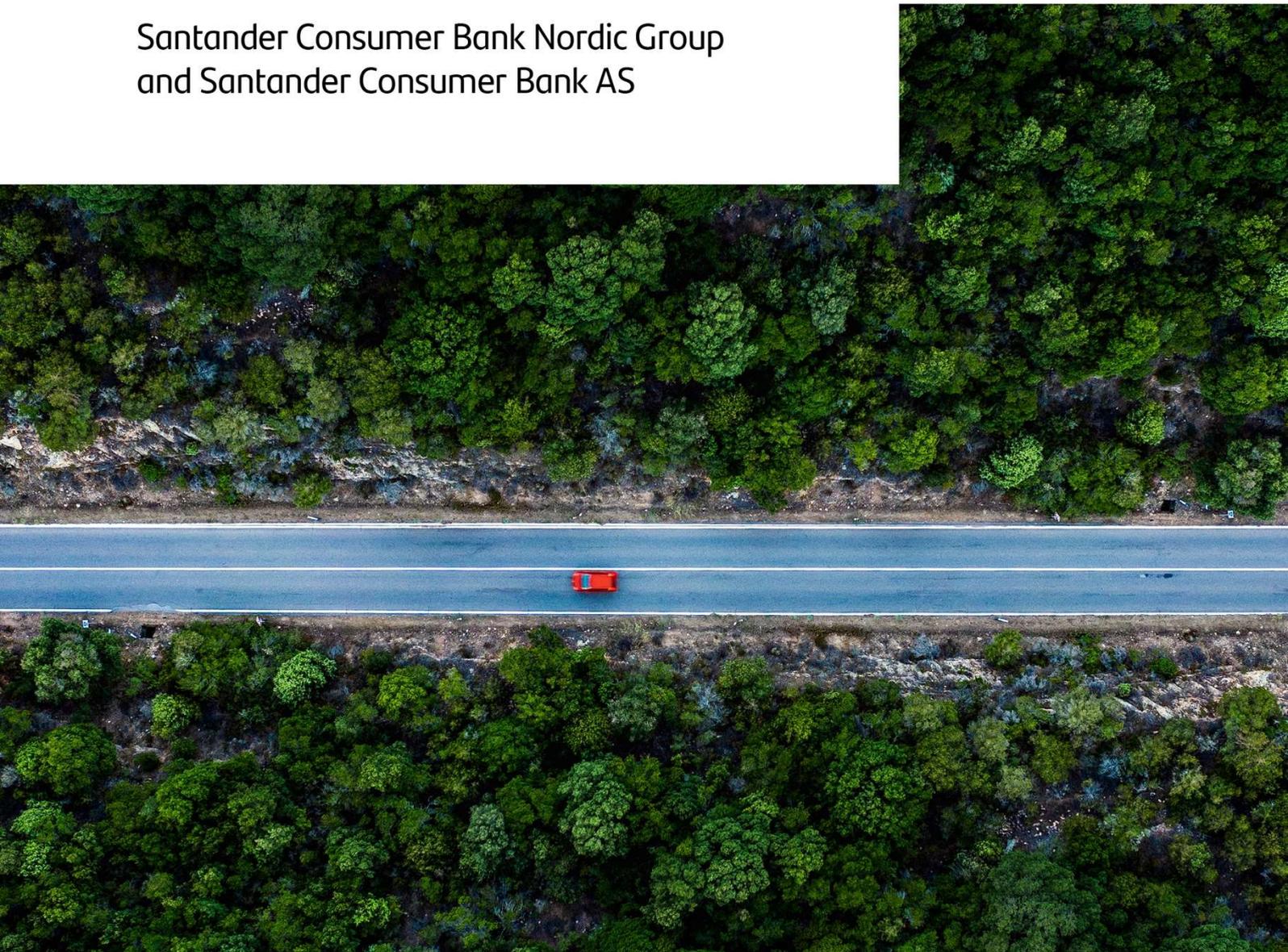


# First Quarter Report 2020

Santander Consumer Bank Nordic Group  
and Santander Consumer Bank AS



## Letter from CEO

COVID-19 has caused severe disruption throughout the global economy, affecting us all in ways not previously experienced. During the outbreak of the pandemic, our highest priority has been to help our customers and partners, ensure the safety of our employees and to secure our business continuity.

Q1 2020 has seen the Group steadily weather a storm. The pandemic has had moderate impact on Q1 results financially, but naturally a material impact on our employees, customers and partners. Our priority is to help them through the crisis to the best of our ability. In parallel we have successfully closed the acquisition of Forso Nordic AB (Ford Credit), on-boarded and welcomed our new colleagues and started good partnerships with importers and dealers across the region. We have avoided layoffs, and close to 90% of our work force have successfully moved to working remote, as encouraged by authorities. Equally important, the liquidity and capital situation is under control during the crisis.

Regardless of the situation, we continue to improve the way we operate as one Bank in the Nordics, taking steps every quarter, and Q1 was no exception. These extraordinary times have pushed the need for efficient digital tools when working remote. Our people's ability to adapt has proven productive across the region.

The expectations for 2020 remain unpredictable, but in spite of the uncertain times, the Group's core objectives remain unchanged. Focus and investments will be made in order to maintain leading positions in both the auto finance and unsecured lending markets in the Nordics. We will continue our emphasis on the customer deposit platform, our focus on operational efficiency - and we will continue operating in accordance with our sustainability goals.



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

Michael Hvidsten, CEO

## Table of Contents

Profit and Loss - Santander Consumer Bank Nordic Group.....	11
Balance Sheet - Santander Consumer Bank Nordic Group.....	12
Cash Flow - Santander Consumer Bank Nordic Group.....	13
Statement of changes in equity - Santander Consumer Bank Nordic Group.....	14
Profit and Loss - Santander Consumer Bank AS.....	15
Cash Flow - Santander Consumer Bank AS.....	17
Statement of changes in equity - Santander Consumer Bank AS.....	18
Note 1 - Basis of preparation.....	21
Note 2 - Accounting principles.....	21
Note 3 - Credit risk exposure.....	22
Note 4 - Risk classification.....	24
Note 5 - Loss allowance.....	25
Note 6 - Liquidity coverage ratio.....	29
Note 7 - Capital adequacy.....	30
Note 8 - Segment information.....	33
Note 9 - Net interest income.....	35
Note 10 - Classification of financial instruments.....	36
Note 11 - Valuation Hierarchy.....	38
Note 12 - Loans to customers.....	41
Note 13 - Impairment losses on loan, guarantees etc.....	42
Note 14 - Issued securities.....	42
Note 15 - Receivables and liabilities to related parties.....	43
Note 16 - Transaction with related parties.....	44
Note 17 - Business combination.....	45
Note 1 - Basis of preparation.....	47
Note 2 - Accounting principles.....	47
Note 3 - Credit risk exposure.....	48
Note 4 - Risk classification.....	50
Note 5 - Loss allowance.....	51
Note 6 - Liquidity Coverage Ratio.....	55
Note 7 - Capital adequacy.....	56
Note 8 - Segment information.....	59
Note 9 - Net interest income.....	61
Note 10 - Classification of financial instruments.....	62
Note 11 - Valuation Hierarchy.....	64

Note 12 - Loans to customers .....	66
Note 13 - Impairment losses on loan, guarantees etc.....	67
Note 14 - Issued securities.....	67
Note 15 - Receivables and liabilities to related parties .....	68
Note 16 - Transaction with related parties.....	69
Note 17 - Business combination .....	70

# First quarter report 2020

## Highlights

- Net interest income increased with 7% and gross margin decreased with 2%, compared to the first quarter of 2019.
- Lending rose 20% compared to the same period in 2019, mainly driven by the acquisition of Forso Nordic AB and a weaker NOK towards SEK, DKK and EUR increasing the portfolios value in NOK.
- Deposit volumes increased by 25%, compared to the first quarter of 2019, and continues to be the largest funding source of the Group.
- Following the COVID-19 situation the Group have focused on stabilizing a potential risk of deposit outflows and declining capital ratios. Customers have been informed about the deposit guarantee scheme and the overall solidity of the Group.
- The Group's Profit before tax in Q1 was 709 MM NOK, a decrease of 11% compared to the same period in 2019.
- Santander Consumer Bank AS acquired as planned Forso Nordic AB at 28th of February 2020.

## Key figures Santander Consumer Bank Group

<i>All amounts in millions of NOK</i>	<b>Q1 2020*</b>	<b>Q1 2019</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Net interest income</b>	<b>1 900</b>	<b>1 770</b>	<b>7 174</b>	<b>6 919</b>	<b>6 607</b>
<i>Growth (Year on year)</i>	7%	4%	4%	5%	5%
<b>Gross margin</b>	<b>1 882</b>	<b>1 920</b>	<b>7 595</b>	<b>7 384</b>	<b>6 989</b>
<i>Growth (Year on year)</i>	-2%	5%	3%	1%	2%
<b>Profit before tax</b>	<b>709</b>	<b>800</b>	<b>3 611</b>	<b>4 134</b>	<b>3 995</b>
<i>Growth (Year on year)</i>	-11%	8%	-13%	3%	23%
<b>Profit after tax</b>	<b>636</b>	<b>602</b>	<b>2 869</b>	<b>3 139</b>	<b>3 055</b>
<i>Growth (Year on year)</i>	6%	8%	-9%	3%	25%
<b>Total assets</b>	<b>213 466</b>	<b>174 628</b>	<b>181 105</b>	<b>176 108</b>	<b>159 100</b>
<i>Growth (Year on year)</i>	22%	6%	3%	11%	11%
<b>Net Loans to customers</b>	<b>188 407</b>	<b>157 203</b>	<b>161 392</b>	<b>159 284</b>	<b>145 148</b>
<i>Growth (Year on year)</i>	20%	12%	1%	10%	16%
<b>Customer deposits</b>	<b>72 764</b>	<b>58 349</b>	<b>65 484</b>	<b>54 645</b>	<b>50 617</b>
<i>Growth (Year on year)</i>	25%	12%	20%	8%	24%

\*The 2020 Figures is affected by the acquisition of Forso Nordic AB.

## Financial Performance for the first quarter of 2020

### Results

The Group<sup>1</sup> continues to deliver solid results through an eventful first quarter of 2020. The Group acquired the captive finance operations, Forso Nordic AB, 28th of February 2020 increasing our portfolio of auto and leasing contracts of 11 Bn NOK. Further, the Group have recognized the impact from unstable exchange rates following from the COVID-19 pandemic and the turbulent oil market as we are exposed to fluctuations of NOK vs other currencies.

The Group's profit before tax in the first quarter of 2020 was 709 MM NOK, a decrease of 11% compared to first quarter last year. These results were mainly driven by three factors. The first main driver is higher loss from FX exposures from positions in SEK and DKK. Compared to last year, a significant weaker NOK towards SEK and DKK caused a FX loss in Q1 of 97 MM NOK compared to a gain in Q1 2019 of 20 MM NOK. The second main driver is increased net impairment losses on loans which increased by 45%, or 161 MM NOK, compared to the same period last year. The third main driver is the recognition of bargain purchase gain from the acquisition of Forso Nordic AB of 155 MM NOK in Other income and cost, see note 17, partially compensating effects from increased FX loss and losses on loans to customers.

Net interest income increased by 130 MM NOK compared with Q1 2019, up 7%. The increase is driven by higher lending volumes, but a weak NOK have also created a positive impact on the interest income from the branches and subsidiaries. Interest expense increased by 39 MM NOK also affected by a weak NOK in addition to higher cost of funding

Operating expenses for the period was 813 MM NOK, compared with 791 MM NOK in the first quarter of 2019. The increase of 22 MNOK is mainly driven by the recognition of a restructuring cost in Forso AB Nordic of 57 MM NOK, on the other side fewer employees had a positive effect on the personell expenses, compensating some of the restructuring cost.

Net impairment losses on loans in the period shows a loss of 523 MM NOK, an increase of 161 MM NOK compared to the same period last year. The increase is mainly driven by two factors, losses recognized for the newly acquired portfolio of 54 MM NOK and that losses in Q1 2019 was somewhat lower than normal. An impact from the COVID-19 pandemic is expected, but has not yet had an impact on the figures for Q1 2020 mainly due to offering of payment deferrals to customers.

## Loans and Deposits Performance

### Loans to Customers

The Group's gross outstanding loans to customers were 193 Bn NOK at Q1 2020. This is an increase of 20% (32.35 Bn NOK) compared to Q1 2019. One third of the increase is from the portfolio in Forso Nordic AB of 11 Bn NOK. The remaining increase is driven by good market conditions with sharper focus on financing as a tool to improve car sales and customer loyalty, but a weak NOK have also created a positive impact on the portfolios in the branches and subsidiaries.



Net interest income  
MM NOK



Gross loans to customers  
MM NOK



Net fee and commission income decreased by 49 MM NOK compared to first quarter of 2019.

<sup>1</sup> The Group refers to Santander Consumer Bank AS including its subsidiary in Finland and Sweden, Santander Consumer Finance OY and Forso Nordic AB,

### Auto and Leisure Financing

Total new car sales of passenger cars and light commercial vehicles (PC & LCV) in the Nordic market reached 200.482 units during the first quarter of 2020, a decrease of 16.1% compared to the same period in 2019. Used car market ended at 592.559 units, down by 16.6% compared to Q1 2019.

Under these circumstances, the Group has financed 16.788 new and 39.274 used cars, down 17.0% and 12.0% respectively compared to the same period in 2019. Balancing growth and profitability is thus a key priority for the Group.

COVID-19 was clearly impacting March which saw new car sales drop by 23.8% across the Nordics. Among the markets, Sweden has the most lenient rules regarding restrictions and sales have decreased by 14.5% YTD and for March -12.3%. For Sweden the additional impact of changed taxation per January 2020 reduced the new car registrations. Finland had a slow first quarter in 2020, new car sales decreased by 4.1% YTD and -2.6% in March. In Norway the impact was -14.6% YTD and -30.4% in March. For Denmark the impact was -24.1% YTD and -39.6% in March.

All dealerships throughout the Nordics have been open during March, although showroom traffic has been reduced. As AfterSales continues to function at 80% - 90% of normal, dealers are still able to maintain partial revenues. Leisure sales, especially those of motorcycles, performed extremely well and up to 20% higher during the peak COVID-19 weeks.

The Group has implemented several actions related to COVID-19 throughout the region aiming to help dealers postpone payments, but protect profitability and ultimately prevent or limit write offs.

Expectations for the full year 2020 vary due to the uncertainties in the market and the development of COVID-19. Current outlook for the total new car sales is between 750.000 and 800.000 units which is in line approximately with 20% decreased from 2019 numbers.

Present outstanding volume is 153.4 Bn NOK vs 125.7 Bn NOK in March 2019, an increase of 22% compared to last year. The weakening of the NOK will impact the performance of both the markets, as manufacturers throughout Europe will increase prices and sales will drop.

In all markets, there is increased sales of hybrid and electrical cars. Norway is the frontrunner where more than 50% of all new cars sold are fully electric.

The EU legislation regarding emissions (CAFÉ) phased-in from 2020, fully effective from 2021, sets mandatory Co2 emission reduction targets for new cars sold in Europe. Max 95g Co2/km with a fee to be paid by the manufacturer if the target is not met. Manufacturers have postponed the sales of low emission cars until January 2020 and sold out cars with a higher Co2 per km during the last months of 2019. Together with increased digitalization, technology and changes in customers' behavior, these are elements, which will be

drivers for the transformation for the auto industry going forward. The Group have several initiatives to support their partners in this transformation.



The Group is expanding their partnerships, which will present new opportunities and a strengthened position across the region. On 28 February 2020, the Group acquired the captive finance operations from Ford Motor Company, Forso Nordic AB (known as Ford Credit). The total outstanding portfolio, consisting of auto loans and leasing contracts, is approximately 1.3 Bn EUR, which is 8% of the total balance of The Group. The agreement also includes a long term partnership offering financial services to Ford dealers and customers in the Nordic region. In 2020 the plan is to merge Forso Nordic AB and SCB and to migrate all portfolios into SCB core systems within end of 2020. Several Captive Agreements are up for renewal during 2020 and preparations are being made to ensure continued success.

### Unsecured Financing

As of January, the Group has implemented a new Nordic commercial organization. The ambition is to further leverage our Nordic presence and capabilities, create a leaner and more efficient organization, and set a common commercial direction for the entire bank that will benefit our partners and customers.

From an external perspective, the Nordic unsecured lending market continues to attract many players with Nordic ambitions, local and international competitors, as the market has grown the past couple of years. The Nordic unsecured market continues to face European pressure on legal and regulatory changes, as well as local jurisdiction tightening consumer lending and consumer protection. Being a responsible bank is instrumental for Santander and this is an area of priority.

For the first two months of the year, new business volume and outstanding volume still stood strong, primarily driven by consumer loans. As the market in general, unsecured lending experienced consequences of the COVID-19 outbreak in March. Sweden and Finland seem to have had less business impact compared to Denmark and Norway. Santander strives to be a valued partner to our clients and end customers. Thus, the Group has prioritized secured relevant and customized communications in all channels, has adjusted offers and secured good customer service.

## Santander Consumer Bank

For consumer loans, the Group has had record strong sales in Finland in Q1 primarily driven by broker volumes. However, another temporary interest cap of 10% has been announced in Finland, the Group should be well prepared to deal with the new market conditions and expect to have a compliant, healthy growth in 2020. In Denmark, the Group launched the first broker cooperation with Lendo. The demands from Danish FSA for credit worthiness assessment, including documentation on fixed expenses and individual assessment of customers' financial situation, present new dynamics to cater to. In Norway the consumer loans product has been refined in order to better cater to the new regulatory market conditions.

The Group, as other banks across Europe, see a decline in use of credit cards because of COVID-19. For Santander the main reason for this is reduced consumption in important segments like travel, hotel and social. Use of contactless payments increases where the pandemic is expected to contribute to an increased market adoption. All running business operations and ongoing work with consolidation and streamlining of systems and offerings continue completely unaffected of the pandemic. Santander have taken action to help customers who are having difficulties due to sudden changes in their financial situation.

The shift in the Sales Finance market with an increased number of merchants advertising Pay Later products in physical stores continues. In addition, many online payment providers offers credit as the pre-selected choice when paying online. This has led to further scrutiny of consumer protection and new legislation to decrease the number of unwanted credits for consumers. Regulators in Sweden will introduce a new legislation from July 2020, which regulates the way different payment options should be displayed. Payment Service Providers will not be allowed to present credit products, such as invoice or part payment, as the first choice in a checkout. All non-credit based payment products should be displayed before any credit products when paying online.

In Q1, technical platforms have further been developed, including a pilot for a new self-service checkout solution in store, where customers can pay through their own smart phone.

### Deposits

Customer deposits are the largest funding source of the Group and it continues to be a strategic priority to grow in this area. Deposit-taking capabilities have been developed in Norway, Sweden and Denmark over the last years. From a deposit perspective, Sweden is the only unit with ongoing

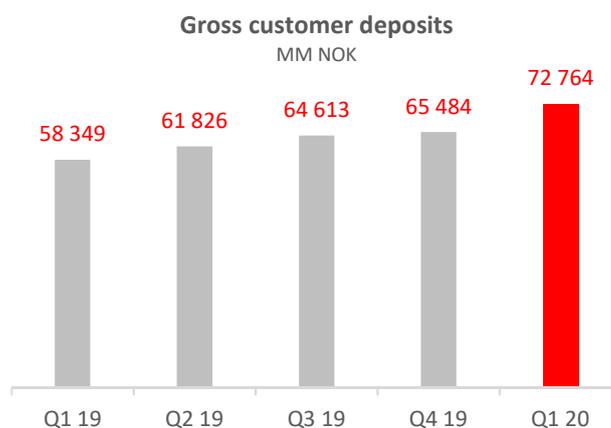


cooperation with a broker. The cooperation expands the number of customer channels, providing another risk diversification for the Deposits portfolio. The focus in the first quarter of 2020 has been on improvements to the customer experience, optimizing the existing portfolio and developing new products, while also searching for new opportunities and fulfilling legal requirements.

Customer experience improved in all units in 2019, thanks to continuous optimization of mobile responsive onboarding solutions, net banks, apps and chat bots. Analysis in order to improve customer experience continued in Q1 2020. The Bank<sup>2</sup> has initiated a collaboration across Norway, Sweden and Denmark in order to create one simplified and more efficient onboarding solution for the Deposits customers in the bank.

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

Total outstanding volumes is 72 764 MM NOK per March 2020, representing an increase of 14 415 MM NOK (25%), compared to March 2019. In local currency the deposit portfolio have increased more than 10% for all countries, further increase in the NOK value of the portfolio is due to the weak NOK towards SEK and DKK.



## Risk Management

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

<sup>2</sup> The Bank refers to Santander Consumer Bank AS including its branches in Sweden and Denmark, but excluding the subsidiaries in Finland and Sweden

### Credit Risk

The Group's Credit Risk profile in Q1 2020 remains stable for the total portfolio, with only a marginal change in risk profile compared to Q1 2019, in line with business strategy. The consolidated Non-Performing Loans (NPL) Ratio ended at 2.97% (1.43% for Secured and 8.53% for Unsecured portfolios) in Q1 2020, compared to 2.21% in Q1 2019 (1.15% for Secured and 6.02% for Unsecured). The increase is primarily driven by the new write-off policy, effective from the second part of 2019 in Norway.

The loan loss reserves have increased in proportion with increase in Non-performing portfolio, from 3 550 MM NOK per Q1 2019 to 4 823 MM NOK per Q1 2020. The total reserves as of Q1 2020 of 4 823 MM NOK include 4749 MM NOK related to loans to customers and 74 MM NOK connected to off-balance exposures. See note 3, 4 and 5 for further information.

In relation to the COVID-19 outbreak impacting the Group, an increase in requests for payment holidays has been observed. The Groups IFRS 9 models incorporate a forward looking factor that is expected to partially accommodate for the change in credit risk profile. The Group is continuously reassessing the forward looking factors and adjust accordingly if needed.



### Liquidity and Interest Rate Risk

Liquidity risk is managed by monitoring regulatory metrics: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), in addition to internally developed liquidity stress test models and metrics in order to capture the Group's ability to survive in stressful conditions. The Group has a healthy liquidity position, managed at Nordic level to ensure efficient use of liquidity across the Group. As of March 2020, the Group's LCR was 156%. The latest available NSFR as of Q1 2020 was 104.96 %. Both metrics are comfortably exceeding the regulatory requirements.

The Group manages interest rate risk by aiming to match the repricing of the liabilities with the repricing of the underlying assets (loans to customers). An appropriate balance sheet structure ensures that the impact of changes in interest rates on net interest income and equity value are contained. Interest rate risk in the Group is measured using the Net Interest Margin (NIM) sensitivity and Market Value of Equity (MVE) sensitivity to account for the impact of various shifts in the underlying market rates over NIM and MVE. Both metrics were within appropriate limits for all currencies at the end of Q1 2020.

With the market turbulence during March, the Group has not seen an extraordinary volatility in its liquidity or interest rate risk metrics. The Group has a credit line with the parent company and has utilized this line when external funding was unavailable to raise during March or when it was too expensive compared to intragroup funding.

### Foreign Currency Risk

The Group operates in countries with various currencies and is exposed to currency risk from these operations. The Group's strategy is to have a composition of the balance sheet that minimizes currency risk by ensuring that the assets and liabilities are denominated in the same currency. When the Group raises funding through the international debt markets, FX derivatives are used to swap liquidity to the currency when funds are needed and to offset the position created. The total open currency exposure as of end of Q1 2020 was 2 161 MM NOK equivalent for consolidated SEK, DKK, and EUR exposures. In light of the outbreak of coronavirus (COVID-19) and oil price volatility, NOK has depreciated dramatically against EUR/SEK/DKK during March. That was one of the factors that led to an increase in the net open position in foreign currencies the Group has.

### Operational Risk

Announcement of global pandemic and governmental measures on social distancing have not affected significantly the Group's normal course of operations in the first quarter of the year. As a part of the Business Continuity Management (BCM), the Group initiated preparation for the possible scenarios of pandemic risks already in late January. When the global pandemic was announced by WHO on the March 11<sup>th</sup>, the Group had already several mitigating measures in place in accordance with the guidelines from the Governments in the Nordics. This includes remote work for the majority of the employees, increased hygiene routines in all offices and close monitoring of impacts by response teams consisting of members from HR, IT, Cybersecurity, Business Representatives, Liquidity Risk and other critical areas. Extraordinary Board meetings have been supported with a daily reporting on the key developments of the situation.

## Funding

Maintaining a diversified funding platform is a strategic priority for the Group, as it enables flexibility, optimization of the cost of funds, and reduces reliance on support from the parent bank. The strategy is proving resilient in the face of the COVID-19 crisis, as our deposit base remains strong and our access to parent liquidity fully open.



Over the past nine years, the Group has developed multiple funding channels ranging from deposit products across three of its four markets, unsecured bonds in the Norwegian, Danish, Swedish and European bond markets, including a Swedish green bond, and securitization transactions with assets from all four Nordic countries. Intragroup funding provides a buffer where critically needed. Historically, the Group has received all of its short-term funding from the parent, however, reliance has reduced somewhat in the past two years with the issuance of commercial paper in Norway and Sweden. The Group aims to maintain a consistent self-funding strategy, with variations due to seasonal fluctuations and timing of transactions. Self-funding sources totaled 73% per Q1 2020, with parent company loans providing the remaining 27%.

Customer deposits are the largest source of funding, comprising 41% of total funding per March 2020. The total outstanding volume amount to 72 764 MM NOK across the three Nordic markets where the Group is present. Deposit volumes have increased 25% (14 415 MM NOK) from first quarter in 2019, with expectations of continued significant importance.

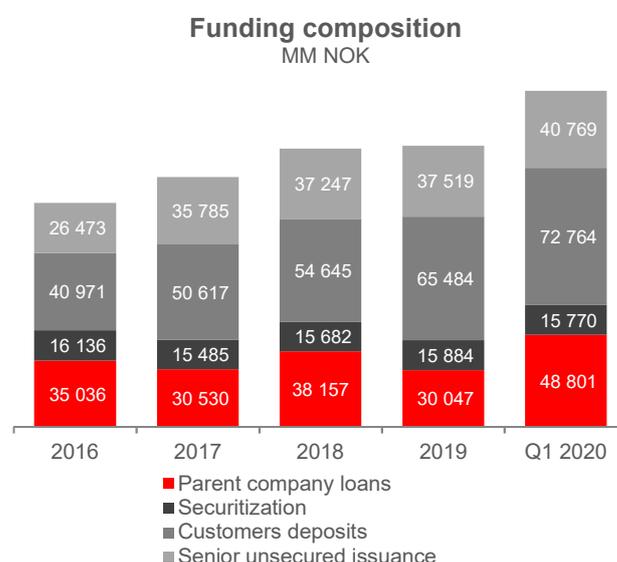
Capital Markets activities in Q1 included the Group's inaugural Green Bond issuance, as well as a benchmark 500 MM EUR transaction. Following the publication of the Green Bond Framework in December 2019, the Group launched its inaugural Green Bond in February 2020. The transaction was issued in the Swedish market, with a size of 1 Bn SEK. Consistent with the Framework, the transaction is supported solely by the sizeable EV portfolio in the Norwegian business. While providing an opportunity to further diversify our funding base, our Green Bond program also forms a key part of our Responsible Banking strategy, and it represents one way in which we contribute to the environmental progress of the communities in which we operate.

Senior unsecured issuance and certificates comprise 23% of our funding per Q1 2020. Senior unsecured issuance and certificates year-to-date Q1 2020 include 2 000 MM EUR in the Euro market, 7 102 MM SEK in the Swedish market, 1 250 MM DKK in the Danish market and 6 250 MM NOK in the Norwegian market. In addition, we are present in the certificates of deposits market in Norway and

Sweden, with 750 MM NOK and 1 380 MM SEK currently outstanding as of end of Q1 2020.

Total outstanding bond and certificate issuance equals 56 539 MM NOK per March 2020, an increase of 3 610 MM NOK (7%) from end of 2019. The weighted average remaining term to maturity, excluding certificate issuances, is 2.31 years (this is an updated number). This number fluctuates somewhat and typically remains around 2 years.

The Group is rated by Fitch (A-/F2/Outlook Stable) and Moody's (A3/P2/Outlook Stable). The rating was first received in 2016 and has been maintained at the same level since then. Developments in the COVID-19 situation have the potential to place modest downward pressure on our rating levels.



The Group has not accessed the asset-backed securities market year-to-date Q1 2020. Securitization issuance in Norway has been paused due to the change in Norwegian law in 2016. Securitizing the Finnish portfolio, however, remains a consistent source of funding, since SCF OY was not impacted by the regulatory change. As a result, the amount of funding received from the securitization markets has remained stable over the past three years. Total outstanding volumes currently equals 15 770 MM NOK, or 9% of the Group's funding.

The Group looks to utilize its securitization capabilities more frequently going forward, once Norwegian legislation is harmonized with the new Securitization Regulation (Regulation (EU) 2017/2402), together with the amendment to the Capital Requirements Regulation (Regulation (EU) 2017/2401). The new Securitization Regulation establishes a standardized framework for securitization and creates a specific framework for simple, transparent and standardized securitizations. The Norwegian Ministry of Finance in June released a consultation paper on the

adoption of the new regulations. The deadline for responses to the consultation paper was September 2019.

Loans and drawing rights from the parent bank and companies within Grupo Santander provide any remaining funding needs. These loans are priced at market rates, denominated in the local Nordic currencies and are currently concentrated in the shorter-end maturities.

## Solvency and Capital Adequacy

The Group is supervised by the Norwegian FSA and has to comply with the capital requirements for banks in Norway both at group level (the Group) and at stand-alone level (SCB AS). The Group had per March 2020 a strong capital adequacy position with a good margin of 206 bps over the regulatory requirement for common equity tier 1 (CET1).

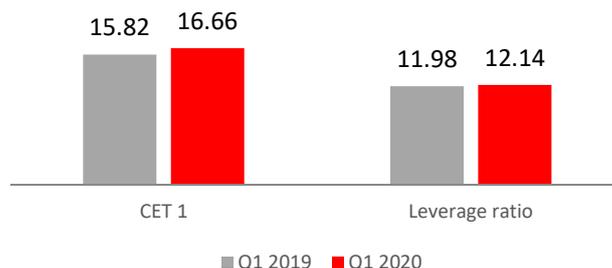
In order to ensure sufficient capital after the acquisition of Forso Nordic AB in February, no dividend payment from 2019 was proposed to the Board and the owner provided an increase in core equity of 2 Bn NOK. Capital figures per Q1-2020 thus include Forso Nordic AB and the 2 Bn NOK capital increase.

In light of the COVID-19 outbreak, regulators have provided temporary capital reliefs to banks. Norwegian Ministry of Finance reduced the countercyclical buffer (CCyB) in Norway from 2.5% to 1%. For Sweden, Denmark and Finland, the CCyB is set at 0%. The result for the Group was a reduction of 1.3% in CCyB requirements (from 1.6% to 0.3%) from March 2020.

Following implementation of IFRS 9 in 2018, the Group publishes capital ratios both using the transitional rules for IFRS 9 impact (2020 allows for a 70% reversal of the capital impact) and capital ratios showing the full impact of IFRS 9 implementation. The capital ratios using the transitional rules (phase-in) are the official ratios that have to meet minimum capital adequacy requirements. The CET1-ratio per end of first quarter 2020, allowing for phase-in of IFRS 9 impact, was 16.66% for the Group and 17.48% for SCB AS. The CET1-ratio per end of first quarter 2020 with the full IFRS 9 impact was 16.47% for the Group and 17.32% for SCB AS.

The required leverage ratio for the Group is 5%. Per end of first quarter 2020, the Group had a leverage ratio, allowing for phase-in of IFRS 9 impact, of 12.14%, while SCB AS established a leverage ratio of 13.38%.

Capital ratios SCB Group (phase-in)  
Percent



For further details regarding Capital Adequacy, please see Note 7 “Capital adequacy” for details on capital composition, risk weighted exposure and capital ratios per March 2020.

## Regulatory Changes

The number of regulatory initiatives in the financial sector continues to be high, both on EU level and locally. The Group continues to strive to take an active role in legislative processes related to Norwegian banks, both directly and via its membership in banking and finance company associations like Finans Norge and Finansieringsselskapenes Forening.

In the spring of 2019, EU adopted what is collectively called the “Banking Package” or the “Risk Reduction Package”, including changes to EU’s capital requirements legislation and the Bank Recovery and Resolution Directive, CRR II, CRD V and BRRD II, and entering into force in the EU from the spring of 2021. The legislation is EEA relevant and expected to be included in the EEA agreement. In February this year the Ministry of Finance asked the Financial Supervisory Authority of Norway to establish and take lead on a working group to review the Norwegian implementation. The working group has been given a deadline of 1 October for this review.

During the first quarter of this year, the COVID-19 situation has dominated the regulatory developments in all the Nordic countries. Various Emergency Power Acts and Regulations, Government Guarantee Schemes and Government Crisis Packages have been adopted, all seeking to mitigate the negative impacts of the corona virus and measures implemented to combat the spread of the virus.

Additionally certain regulatory changes that was under development prior to the virus outbreak has been set on hold and Nordic Financial Supervisory Authorities has informed that certain ordinary supervisory activities is also paused and reporting deadlines postponed whilst the Authorities are hands-on on the tackling of the turmoil caused by the COVID-19.

## Santander Consumer Bank

Although Norwegian banks are profitable and solid capital-wise, the Norwegian counter-cyclical capital buffer requirement was reduced from 2.5 % to 1 %, in March, effective immediately and intended to mitigate a tightening of Norwegian bank's lending. The Government Bond Fund has been reinstated with mandate to purchase corporate bonds and increase liquidity and access to capital in the bond market and Norges Bank is offering F-loans to Norwegian banks. The Group has used F-loans to have some of its bond portfolio available as cash.

The Norwegian Government has established a guarantee scheme on 50 Bn NOK for new loans offered in the period from 1 April to 1 June to Norwegian companies that due to the corona virus has ended up in financial difficulties, meaning that the Government will guarantee for 90 % of a company's loan value. Norwegian banks, including Santander, have been given proportionate parts of the guarantee scheme based on their respective market shares. The scheme first only included the small medium enterprise (SME) market segment but was expanded to also include larger companies. SMEs that meet the conditions of the scheme may loan up to 50 MM NOK, and larger companies may loan up to 150 MM NOK, maximum term of the loan is three years. Similar schemes have been adopted in the other Nordic countries where Santander operates.

In January, the Norwegian Financial Supervisory Authority issued a proposal for new circular on IRB, however in March the N-FSA informed that it, due to the turmoil caused by the COVID-19 and measures to combat the spread, would not prioritize to finalize this now.

## Digital Capabilities

Deliverables from the Group transformation project, started in 2018, enabled a smooth transition from working on physical locations to home office, ensuring continuous business operations, as a response to the COVID-19 situation.

Common solutions and platforms, ways of working (encompassing an agile work culture) and common priorities across countries are increasing the Groups delivering capacity and capabilities - both within product development and in keeping operations compliant with regulatory requirements. The Group will also further evaluate how IT operations can be improved in cooperation with external service providers and technology vendors.

Through 2020, the Group will continue utilizing the new architecture and expect to realize the first gains of the investments and work delivered through 2019. Examples are onboarding to the new Commercial Engagement platform, extend integration services to new areas and continue the roll out of the new platform for sales finance and payments to new markets in cooperation with partners and external service providers.



## Future Prospects

COVID-19 has caused severe disruption throughout the global economy, affecting the lives and livelihoods of customers in ways not previously experienced. During this time, the Group's priority has been to assist customers, ensure the safety of employees and to implement business continuity.

The Nordic region is well equipped to handle the challenging conditions faced going forward. Robust economic conditions pre-COVID-19, early social distancing actions and a highly digitalised society are just some of the factors that will assist in mitigating financial consequences of the virus for Nordic societies.

From a business strategy perspective, the Group's core objectives remain unchanged. Focus and investment will be made in order to maintain leading positions in both the auto finance and unsecured lending markets in Nordics. Underpinning this, will be a continued emphasis on the customer deposit platform, a focus on operational efficiency and operating in accordance with our sustainability goals.

## Profit and Loss - Santander Consumer Bank Nordic Group

<i>All amounts in millions of NOK</i>	Note	YTD Q1 2020	YTD Q1 2019	2019
Total interest income		2 279	2 110	8 596
Total interest expenses		-379	-340	-1 422
<b>Net interest income</b>	9	<b>1 900</b>	<b>1 770</b>	<b>7 174</b>
Fee and commission income		134	160	574
Fee and commission expenses		-62	-39	-208
Value change and gain/loss on foreign exchange and securities		-97	20	3
Other operating income		71	59	270
Other operating expenses		-64	-50	-217
<b>Gross margin</b>	9	<b>1 882</b>	<b>1 920</b>	<b>7 595</b>
Salaries and personnel expenses		-378	-339	-1 274
Administrative expenses		-386	-403	-1 647
Depreciation and amortisation		-48	-49	-257
<b>Net operating income</b>		<b>1 069</b>	<b>1 129</b>	<b>4 418</b>
Other income and costs	17	162	32	13
Impairment losses on loan, guarantees etc.	3, 4, 5, 13	-523	-361	-820
<b>Profit before tax</b>		<b>709</b>	<b>800</b>	<b>3 611</b>
Income tax expense		-72	-198	-742
<b>Profit after tax</b>		<b>636</b>	<b>602</b>	<b>2 869</b>
<b>Allocation of profit after tax</b>				
Transferred to other earned equity		588	568	2 729
Translation differences from foreign currencies		10	-	
Transferred to additional Tier 1 capital	16	38	34	141
<b>Total allocations</b>		<b>636</b>	<b>602</b>	<b>2 869</b>
<b>Profit after tax</b>				
		<b>636</b>	<b>602</b>	<b>2 869</b>
<i>Items not to be recycled to profit and loss</i>				
Actuarial gain/loss on post-employment benefit obligations		-	-	-16
<i>Items to be recycled to profit and loss</i>				
Net exchange differences on translating foreign operations		533	-93	-16
Measured at FVTOCI		-	-	5
Cash flow hedge		4	-3	9
Net investment hedge		-162	31	9
<b>Other comprehensive income for the period net of tax</b>		<b>375</b>	<b>-65</b>	<b>-9</b>
<b>Total comprehensive income for the period</b>		<b>1 011</b>	<b>537</b>	<b>2 860</b>

## Balance Sheet - Santander Consumer Bank Nordic Group

<i>All amounts in millions of NOK</i>	Note	Q1 2020	Q1 2019	2019
<b>Assets</b>				
Cash and receivables on central banks	10	2 875	65	66
Deposits with and receivables on financial institutions	10	7 242	4 334	3 968
Loans to customers	3, 4, 5, 10, 12	188 407	157 203	161 392
Commercial papers and bonds	10, 11	9 493	9 229	11 536
Financial derivatives	10, 11	21	39	37
Reposessed assets		28	14	11
Other ownership interests	10, 11	31	26	31
Intangible assets		1 244	1 054	1 093
Fixed assets		1 416	1 069	1 214
Other assets		2 710	1 595	1 594
<b>Total assets</b>		<b>213 466</b>	<b>174 628</b>	<b>180 941</b>
<b>Liabilities</b>				
Debt to credit institutions	10, 15	48 801	38 351	30 174
Deposits from customers		72 764	58 349	65 484
Debt established by issuing securities	10, 14	56 539	49 958	53 403
Financial derivatives	10, 11	18	27	22
Tax payable		9	149	134
Other financial liabilities		675	705	517
Deferred tax		802	398	697
Pension liabilities		157	121	140
Other liabilities		3 072	2 021	2 858
Subordinated loan capital	10, 15	2 566	1 701	2 421
<b>Total liabilities</b>		<b>185 404</b>	<b>151 780</b>	<b>155 851</b>
<b>Equity</b>				
Share capital		10 618	9 652	9 652
Share capital premium		1 926	891	891
Additional Tier 1 capital		2 250	2 250	2 250
Other equity		12 830	10 054	12 242
OCI items		438	-	54
<b>Total equity</b>		<b>28 062</b>	<b>22 848</b>	<b>25 090</b>

## Cash Flow - Santander Consumer Bank Nordic Group

<i>All amounts in millions of NOK</i>	Note	YTD Q1 2020	YTD Q1 2019	FY 2019
<b>Cash flow from operations</b>				
Profit before tax		709	595	3 611
Adjustments for:			0	0
- Depreciation, amortisation and impairment on fixed and intangible assets		85	48	900
- Net interest income	12, 23, 24	-1 900	-1 507	-7 174
- Value change and gain/loss on foreign exchange and securities		97	-19	-3
- Dividends on financial assets at FVOCI		-	-	-
Changes in:			0	0
- Loans to customers	14	-6 444	-790	-3 827
- Operational lease	23	-181	-69	-219
- Repossessed assets	26	-17	-3	1
- Other assets		-1 122	321	-66
- Deposits from customers		1 863	3 703	11 332
- Other liabilities and provisions		387	771	1 279
Interests received		2 282	1 870	8 671
Dividends received		-	-	4
Interests paid		-437	-388	-1 370
Net income taxes paid		-369	-184	-870
<b>Net cash flow from operations</b>		<b>-5 047</b>	<b>4 348</b>	<b>12 268</b>
<b>Cash flow from investments</b>				
			<b>0</b>	<b>0</b>
Purchase of bonds		-2 700	-1 995	-15 698
Proceeds from matured bonds		7 731	1 616	14 262
Purchase of shares		-1 072		
Purchase of fixed and intangible assets		-18	-74	-225
Proceeds from sale of fixed and intangible assets		1	2	6
<b>Net cash flow from investments</b>		<b>3 942</b>	<b>-452</b>	<b>-1 655</b>
<b>Cash flow from financing</b>				
Proceeds from issued securities	18, 27	14 022	3 896	14 997
Repayments of issued securities	18, 27	-10 554	-4 963	-14 631
Change in loans and deposits from credit institutions		3 561		-9 499
Proceeds from issue of subordinated loans	32	-	-	1 416
Repayment of subordinated loans	32	-	-	-708
Dividend payments		-	-1 000	-1 000
Interest payments on additional Tier 1 capital	33	-38	-34	-140
<b>Net cash flow from financing</b>		<b>6 991</b>	<b>-2 667</b>	<b>-9 565</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>		<b>195</b>	<b>31</b>	<b>-31</b>
Net change in cash and cash equivalents		6 082	1 261	1 018
Cash and cash equivalents at the beginning of the period		4 034	1 281	3 047
<b>Cash and cash equivalents at the end of the period</b>		<b>10 116</b>	<b>2 542</b>	<b>4 034</b>

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

2020

<i>All amounts in millions of NOK</i>	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation differences		Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
					from foreign currencies	Measured at FV TOCI				
<b>Balance at 1 January 2020</b>	<b>9 652</b>	<b>891</b>	<b>2 250</b>	<b>12 242</b>	<b>208</b>	<b>31</b>	<b>-11</b>	<b>-52</b>	<b>-122</b>	<b>25 090</b>
Profit for the period	-	-	38	588	10	-	-	-	-	636
OCI movements (net of tax)	-	-	-	-	533	-	4	-162	-	374
Interest payments additional Tier 1 capital	-	-	-38	-	-	-	-	-	-	-38
Tax on interest payment additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-
Capital increase	965	1 035	-	-	-	-	-	-	-	2 000
Dividend	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2020</b>	<b>10 618</b>	<b>1 926</b>	<b>2 250</b>	<b>12 830</b>	<b>751</b>	<b>31</b>	<b>-7</b>	<b>-214</b>	<b>-122</b>	<b>28 062</b>

Total shares registered as at March 31, 2020, was 965 241 842.

Restricted capital as at March 31, 2020, was 12 288 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).

Financial Year 2019

<i>All amounts in millions of NOK</i>	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation differences		Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
					from foreign currencies	Measured at FV TOCI				
<b>Balance at 1 January 2019</b>	<b>9 652</b>	<b>891</b>	<b>2 250</b>	<b>10 478</b>	<b>225</b>	<b>26</b>	<b>-20</b>	<b>-61</b>	<b>-106</b>	<b>23 335</b>
Profit for the period	-	-	141	2 729	-	-	-	-	-	2 869
OCI movements (net of tax)	-	-	-	-	-16	5	9	9	-16	-9
Interest payments additional Tier 1 capital	-	-	-141	-	-	-	-	-	-	-141
Tax on interest payment additional Tier 1 capital	-	-	-	35	-	-	-	-	-	35
Capital Increase	-	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-1 000	-	-	-	-	-	-1 000
<b>Balance at 31 December 2019</b>	<b>9 652</b>	<b>891</b>	<b>2 250</b>	<b>12 242</b>	<b>208</b>	<b>31</b>	<b>-11</b>	<b>-52</b>	<b>-122</b>	<b>25 090</b>

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

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

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

## Profit and Loss - Santander Consumer Bank AS

<i>All amounts in millions of NOK</i>	Note	YTD Q1 2020	YTD Q1 2019	2019
Total interest income		1 928	1 834	7 466
Total interest expenses		-343	-327	-1 352
<b>Net interest income</b>	9	<b>1 585</b>	<b>1 507</b>	<b>6 114</b>
Fee and commission income		120	151	528
Fee and commission expenses		-57	-33	-184
Value change and gain/loss on foreign exchange and securities		-92	19	-1
Other operating income		38	30	656
Other operating expenses		-35	-23	-108
<b>Gross margin</b>		<b>1 559</b>	<b>1 650</b>	<b>7 005</b>
Salaries and personnel expenses		-340	-309	-1 150
Administrative expenses		-267	-331	-1 280
Depreciation and amortisation		-41	-44	-228
<b>Net operating income</b>		<b>911</b>	<b>966</b>	<b>4 348</b>
Other income and costs		7	33	15
Impairment losses on loan, guarantees etc.	3, 4, 5, 13	-397	-404	-765
<b>Profit before tax</b>		<b>521</b>	<b>595</b>	<b>3 597</b>
Income tax expense		-50	-157	-638
<b>Profit after tax</b>		<b>471</b>	<b>438</b>	<b>2 959</b>
<b>Allocation of profit after tax</b>				
Transferred to other earned equity		432	404	2 818
Transferred to additional Tier 1 capital	16	38	34	141
<b>Total allocations</b>		<b>470</b>	<b>438</b>	<b>2 959</b>
<b>Profit after tax</b>				
		<b>471</b>	<b>438</b>	<b>2 959</b>
<i>Items not to be recycled to profit and loss</i>				
Actuarial gain/loss on post-employment benefit obligations		-	-	-16
<i>Items to be recycled to profit and loss</i>				
Net exchange differences on translating foreign operations		46	-4	-4
Measured at FVTOCI		-	-	5
Cash flow hedge		8	3	-
<b>Other comprehensive income for the period net of tax</b>		<b>54</b>	<b>-1</b>	<b>-14</b>
<b>Total comprehensive income for the period</b>		<b>524</b>	<b>437</b>	<b>2 944</b>

## Balance Sheet - Santander Consumer Bank AS

<i>All amounts in millions of NOK</i>	Note	Q1 2020	Q1 2019	2019
<b>Assets</b>				
Cash and receivables on central banks	10	2 875	65	66
Deposits with and receivables on financial institutions	10	3 002	2 477	2 434
Loans to customers	3, 4, 5, 10, 12	135 844	124 044	126 098
Commercial papers and bonds	10, 11	9 217	8 170	9 526
Financial derivatives	10, 11	-	22	7
Repossessed assets		3	10	6
Loans to subsidiaries and SPV's	10, 15	18 380	9 702	12 412
Investments in subsidiaries		2 587	1 254	1 281
Other ownership interests	10, 11	31	26	31
Intangible assets		755	630	672
Fixed assets		809	620	741
Other assets		2 600	1 519	1 518
<b>Total assets</b>		<b>176 103</b>	<b>148 539</b>	<b>154 792</b>
<b>Liabilities</b>				
Debt to credit institutions	10, 15	30 008	27 630	21 808
Deposits from customers		72 764	58 349	65 484
Debt established by issuing securities	10, 14	40 769	36 693	37 519
Financial derivatives	10, 11	-	15	-
Tax payable		-	149	134
Other financial liabilities		639	683	500
Deferred tax		939	562	893
Pension liabilities		153	121	140
Other liabilities		2 331	1 616	2 444
Subordinated loan capital	10, 15	2 566	1 701	2 421
<b>Total liabilities</b>		<b>150 168</b>	<b>127 519</b>	<b>131 344</b>
<b>Equity</b>				
Share capital		10 618	9 652	9 652
Share capital premium		1 926	891	891
Additional Tier 1 capital		2 250	2 250	2 250
Other equity		11 206	8 333	10 774
OCI items		-65	-106	-119
<b>Total equity</b>		<b>25 934</b>	<b>21 020</b>	<b>23 448</b>
<b>Total liabilities and equity</b>		<b>176 103</b>	<b>148 539</b>	<b>154 792</b>

## Cash Flow - Santander Consumer Bank AS

<i>All amounts in millions of NOK</i>	Note	YTD Q1 2020	YTD Q1 2019	FY 2019
<b>Cash flow from operations</b>				
Profit before tax		521	595	3 597
Adjustments for:				
- Depreciation, amortisation and impairment on fixed and intangible assets		50	48	762
- Net interest income	12, 23, 24	-1 585	-1 507	-6 114
- Value change and gain/loss on foreign exchange and securities		92	-19	1
- Dividends on financial assets at FVOCI		-	-	-
Changes in:				
- Loans to customers	14	-2 042	-790	-2 184
- Operational lease	23	-72	-69	-191
- Repossessed assets	26	3	-3	-
- Other assets		-1 071	321	-203
- Deposits from customers		1 863	3 703	11 332
- Other liabilities and provisions		-34	771	856
Interests received		1 931	1 870	7 540
Dividends received		-	-	509
Interests paid		-422	-388	-1 363
Net income taxes paid		-354	-184	-784
<b>Net cash flow from operations</b>		<b>-1 121</b>	<b>4 348</b>	<b>13 758</b>
<b>Cash flow from investments</b>				
Purchase of bonds		-2 700	-1 995	-10 626
Proceeds from matured bonds		4 911	1 616	9 330
Purchase of shares		-1 072		
Purchase of fixed and intangible assets		-17	-74	-202
Proceeds from sale of fixed and intangible assets		-	2	4
<b>Net cash flow from investments</b>		<b>1 123</b>	<b>-452</b>	<b>-1 494</b>
<b>Cash flow from financing</b>				
Proceeds from issued securities	18, 27	4 368	3 896	9 565
Repayments of issued securities	18, 27	-6 471	-4 963	-14 466
Change in loans and deposits from credit institutions		5 452	-566	-5 674
Proceeds from issue of subordinated loans	32	-	-	1 416
Repayment of subordinated loans	32	-	-	-708
Dividend payments		-	-1 000	-1 000
Interest payments on additional Tier 1 capital	33	-38	-34	-140
<b>Net cash flow from financing</b>		<b>3 311</b>	<b>-2 667</b>	<b>-11 007</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>		<b>64</b>	<b>31</b>	<b>-20</b>
Net change in cash and cash equivalents		3 377	1 261	1 238
Cash and cash equivalents at the beginning of the period		2 499	1 281	1 281
<b>Cash and cash equivalents at the end of the period</b>		<b>5 877</b>	<b>2 542</b>	<b>2 499</b>

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

2020

<i>All amounts in millions of NOK</i>	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation differences	Measured FVTOCI	Cash flow hedge	Actuarial gain/loss	Total
					from foreign currencies				
<b>Balance at 1 January 2020</b>	<b>9 652</b>	<b>891</b>	<b>2 250</b>	<b>10 774</b>	<b>-13</b>	<b>31</b>	<b>-15</b>	<b>-122</b>	<b>23 448</b>
Profit for the period	-	-	38	432	-	-	-	-	470
OCI movements (net of tax)	-	-	-	-	46	-	8	-	54
Interest payments additional Tier 1 capital	-	-	-38	-	-	-	-	-	-38
Tax on interest payment additional Tier 1 capital	-	-	-	-	-	-	-	-	-
Capital increase	966	1 035	-	-	-	-	-	-	2 001
Dividend	-	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2020</b>	<b>10 618</b>	<b>1 926</b>	<b>2 250</b>	<b>11 206</b>	<b>33</b>	<b>31</b>	<b>-7</b>	<b>-122</b>	<b>25 935</b>

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

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

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

Financial Year 2019

<i>All amounts in millions of NOK</i>	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation differences	Measured FVTOCI	Cash flow hedge	Actuarial gain/loss	Total
					from foreign currencies				
<b>Balance at 1 January 2020</b>	<b>9 652</b>	<b>891</b>	<b>2 250</b>	<b>8 920</b>	<b>-9</b>	<b>26</b>	<b>-15</b>	<b>-106</b>	<b>21 609</b>
Profit for the period	-	-	141	2 818	-	-	-	-	2 959
OCI movements (net of tax)	-	-	-	-	-4	5	0	-16	-14
Interest payments additional Tier 1 capital	-	-	-141	-	-	-	-	-	-141
Tax on interest payment additional Tier 1 capital	-	-	-	35	-	-	-	-	35
Capital increase	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-1 000	-	-	-	-	-1 000
<b>Balance at 31 March Q1</b>	<b>9 652</b>	<b>891</b>	<b>2 250</b>	<b>10 774</b>	<b>-13</b>	<b>31</b>	<b>-15</b>	<b>-122</b>	<b>23 448</b>

Total shares registered as at December 31, 2019, was 965 241 842, each with a par value of 10 NOK.

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

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

Lysaker, 15<sup>th</sup> May 2020

**The Board of Directors of Santander Consumer Bank AS**

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**Henning Strøm**  
Chairman

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**Bruno Montalvo Wilmot**  
Deputy Chairman

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**Javier Anton**

---

**Frederico José Maria  
Ysart Alvarez de Toledo**

---

**Niels Christian Aall**

---

**Tina Stigler**

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**Arja Pynnönen**  
Employee Representative

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**Øyvind Ertzaas**  
Employee Representative

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**Michael Hvidsten**  
Chief Executive Officer



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# Notes

Santander Consumer Bank Nordic Group



## Note 1 - Basis of preparation

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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 are included. On February 28<sup>th</sup> Santander Consumer Bank AS acquired Forso Nordic AB and their subsidiary Forso Finance OY, and the entities are included in the group accounts from that date.

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

The Santander Consumer Bank interim accounts for the first quarter of 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual report as at and for the year ended 31 December 2019.

The annual report for 2019 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting [www.santander.no](http://www.santander.no).

These interim financial statements were authorised by the Board of Directors on 15<sup>th</sup> of May 2020.

## Note 2 - Accounting principles

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The Group's accounting policies are consistent with those of the previous financial year as described in the 2019 annual report except as described below.

### Management's estimates and critical accounting judgements

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. Significant changes to the basis upon which the critical accounting judgements and estimates have been determined compared with the annual report for 2019 relates to provision and credit impairments. The changes is described in Note 5. Beyond this element the important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for the interim financial statements as for the consolidated financial statements for 2019.

## Note 3 - Credit risk exposure

All amounts in millions of NOK

### Maximum exposure to credit risk - Financial instruments subject to impairment

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

	Q1 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Unsecured loans</b>				
<b>Credit grade</b>				
Loans not past due date	33 319	698	-	34 017
Standard monitoring	898	1 263	-	2 161
Special monitoring	-	193	-	193
Default	-	-	3 345	3 345
<b>Gross carrying amount</b>	<b>34 217</b>	<b>2 154</b>	<b>3 345</b>	<b>39 716</b>
Loss allowance	- 538	- 355	- 1 978	- 2 871
<b>Carrying amount</b>	<b>33 679</b>	<b>1 799</b>	<b>1 367</b>	<b>36 845</b>
Loss allowance (off balance exposures)	42	10	20	72
Loss allowance (%)				7,79%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

	Q1 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Secured loans</b>				
<b>Credit grade</b>				
Loans not past due date	140 465	3 501	-	143 966
Standard monitoring	4 614	2 341	-	6 955
Special monitoring	-	347	-	347
Default	-	-	2 153	2 153
<b>Gross carrying amount</b>	<b>145 079</b>	<b>6 189</b>	<b>2 153</b>	<b>153 421</b>
Loss allowance	- 584	- 244	- 1 031	- 1 859
<b>Carrying amount</b>	<b>144 495</b>	<b>5 945</b>	<b>1 122</b>	<b>151 562</b>
Loss allowance (%)				1,23%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

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

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

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

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

Maximum exposure to credit risk				
Financial derivatives				18
Q1 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Unsecured loans</b>				
<b>Credit grade</b>				
Loans not past due date	29 539	864	-	30 404
Standard monitoring	990	1 353	-	2 343
Special monitoring	-	185	-	185
Default	-	-	2 112	2 112
<b>Gross carrying amount</b>	<b>30 530</b>	<b>2 403</b>	<b>2 112</b>	<b>35 044</b>
Loss allowance	-478	-343	-1 265	-2 086
<b>Carrying amount</b>	<b>30 051</b>	<b>2 060</b>	<b>847</b>	<b>32 958</b>
Loss allowance (%)				5,95%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

Q1 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Secured loans</b>				
<b>Credit grade</b>				
Loans not past due date	117 090	1 890	-	118 980
Standard monitoring	3 364	1 645	-	5 009
Special monitoring	11	259	4	274
Default	-	-	1 444	1 444
<b>Gross carrying amount</b>	<b>120 465</b>	<b>3 795</b>	<b>1 448</b>	<b>125 708</b>
Loss allowance	-564	-175	-725	-1 464
<b>Carrying amount</b>	<b>119 901</b>	<b>3 620</b>	<b>723</b>	<b>124 245</b>
Loss allowance (%)				1,16%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

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

Q1 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Commercial papers and bonds</b>				
<b>Credit grade</b>				
Investment grade	9 230	-	-	9 230
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
<b>Gross carrying amount</b>	<b>9 230</b>	<b>-</b>	<b>-</b>	<b>9 230</b>
Loss allowance	-1	-	-	-1
<b>Carrying amount</b>	<b>9 229</b>	<b>-</b>	<b>-</b>	<b>9 229</b>
Loss allowance (%)				0,01%

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

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

**Maximum exposure to credit risk**

Financial derivatives

39

## Note 4 - Risk classification

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

<i>All amounts in millions of NOK</i>	Balance			Loss reserves		
	Q1 2020	Q1 2019	FY 2019	Q1 2020	Q1 2019	FY 2019
Current - not past due date	178 553	149 815	152 372	-1 122	-1 116	-1 083
Current - past due date	9 086	7 381	8 635	-599	-444	-506
Total impaired loans	5 498	3 556	4 324	-3 009	-1 990	-2 350
<b>Total gross loans to customers - submitted</b>	<b>193 137</b>	<b>160 752</b>	<b>165 331</b>	<b>-4 730</b>	<b>-3 550</b>	<b>-3 939</b>

<i>Ageing of past due but not impaired loans</i>	Balance			Loss reserves		
	Q1 2020	Q1 2019	FY 2019	Q1 2020	Q1 2019	FY 2019
1 - 29 days	6 969	5 735	6 792	-281	-172	-199
30 - 59 days	1 547	1 195	1 312	-186	-160	-181
60 - 89 days	570	451	531	-132	-113	-126
<b>Total loans due but not impaired</b>	<b>9 086</b>	<b>7 381</b>	<b>8 635</b>	<b>-599</b>	<b>-444</b>	<b>-506</b>

<i>Ageing of impaired loans</i>	Balance			Loss reserves		
	Q1 2020	Q1 2019	FY 2019	Q1 2020	Q1 2019	FY 2019
90 - 119 days	458	284	359	-198	-137	-167
120 - 149 days	348	246	289	-170	-124	-138
150 - 179 days	284	209	233	-138	-102	-114
180 + days	2 493	1 275	1 773	-1 475	-766	-1 035
Economic doubtful*	1 915	1 541	1 670	-1 028	-861	-896
<b>Total impaired loans</b>	<b>5 498</b>	<b>3 556</b>	<b>4 324</b>	<b>-3 009</b>	<b>-1 990</b>	<b>-2 350</b>

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

## Note 5 - Loss allowance

All amounts in millions of NOK

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Unsecured loans</b>				
<b>Loss allowance as at 1 January 2020</b>	<b>476</b>	<b>355</b>	<b>1 515</b>	<b>2 346</b>
Transfers:				
Transfer from Stage 1 to Stage 2	-33	329	-15	281
Transfer from Stage 1 to Stage 3	-2	-	43	41
Transfer from Stage 2 to Stage 3	-	-229	354	125
Transfer from Stage 2 to Stage 1	20	-206	-	-186
Transfer from Stage 3 to Stage 2	-	13	-65	-52
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	7	97	60	164
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-15	-5	-19	-39
<i>of which 'account that have closed in the period'</i>	-15	-5	-19	-39
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-29	-29
New financial assets originated or purchased	36	-	-	36
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	49	1	134	184
<b>Loss allowance as at 31 March 2020</b>	<b>538</b>	<b>355</b>	<b>1 978</b>	<b>2 871</b>

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Secured loans</b>				
<b>Loss allowance as at 1 January 2020</b>	<b>538</b>	<b>220</b>	<b>835</b>	<b>1 593</b>
Transfers:				
Transfer from Stage 1 to Stage 2	-27	161	-	134
Transfer from Stage 1 to Stage 3	-4	-	79	75
Transfer from Stage 2 to Stage 3	-	-76	217	141
Transfer from Stage 2 to Stage 1	21	-109	-	-88
Transfer from Stage 3 to Stage 2	-	14	-101	-87
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	-79	35	49	5
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-31	-12	-36	-79
<i>of which 'account that have closed in the period'</i>	-31	-12	-36	-79
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-96	-96
New financial assets originated or purchased	119	5	30	154
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	47	6	54	107
<b>Loss allowance as at 31 March 2020</b>	<b>584</b>	<b>244</b>	<b>1 031</b>	<b>1 859</b>

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

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

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Unsecured loans</b>				
<b>Loss allowance as at 1 January 2019</b>	<b>505</b>	<b>310</b>	<b>1 205</b>	<b>2 019</b>
Transfers:				
Transfer from Stage 1 to Stage 2	-90	258	-	<b>168</b>
Transfer from Stage 1 to Stage 3	-3	-	42	<b>39</b>
Transfer from Stage 2 to Stage 3	-	-183	308	<b>125</b>
Transfer from Stage 2 to Stage 1	36	-156	-	<b>-119</b>
Transfer from Stage 3 to Stage 2	-	10	-61	<b>-51</b>
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	47	59	-12	<b>94</b>
Methodological changes	-21	59	-81	<b>-43</b>
Financial assets derecognised that are not write-offs	-17	-7	-21	<b>-44</b>
<i>of which 'account that have closed in the period'</i>	-17	-7	-21	<b>-44</b>
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-97	<b>-97</b>
New financial assets originated or purchased	34	-	-	<b>34</b>
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-13	-6	-19	<b>-38</b>
<b>Loss allowance as at 31 March 2019</b>	<b>478</b>	<b>343</b>	<b>1 264</b>	<b>2 086</b>

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

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

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

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

## Note 6 - Liquidity coverage ratio

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All amounts in millions of NOK

Liquidity Coverage Ratio (LCR) measures the capability to meet obligations in the next 30 days by means of liquidity assets. It is defined as  $LCR = \text{liquidity assets} / (\text{cash outflows} - \text{cash inflows})$ . The minimum LCR level (CRD IV) is 100% from 31 December 2017. With a stable basis of High Quality Liquid Assets, The Group fulfills the minimum LCR requirements.

<b>Liquidity Coverage Ratio (LCR) %</b>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>Q4 2019</b>
Liquidity Coverage Ratio (LCR) Total	156	165	187
Liquidity Coverage Ratio (LCR) NOK	110	110	98
Liquidity Coverage Ratio (LCR) SEK	154	206	184
Liquidity Coverage Ratio (LCR) DKK	166	444	245
Liquidity Coverage Ratio (LCR) EUR	186	142	412

## Note 7 - Capital adequacy

All amounts in millions of NOK

	Q1 2020	Q1 2019	FY 2019
<b>Balance sheet equity</b>			
Paid in equity	10 618	9 652	9 652
Share premium	1 926	891	891
Other equity	12 829	10 055	12 242
Tier 1 Capital	2 250	2 250	2 250
Other reserves	439	-1	54
<b>Total Equity</b>	<b>28 062</b>	<b>22 847</b>	<b>25 089</b>
<b>Common Equity Tier 1 Capital</b>			
(-) Profit not eligible as capital	-636	-602	-
Cash-flow hedge adjustment	-	-	-
IRB Expected Loss - Reserves	-387	-374	-459
Goodwill	-827	-684	-698
Other intangible assets	-332	-287	- 310
Deferred tax assets	-	-	-
Adjustment Prudent Valuation (AVA)	-8	-9	-12
Tier 1 Capital	-2 250	-2 250	-2 250
<b>Total common Equity Tier 1 Capital (with full IFRS9 impact)</b>	<b>23 621</b>	<b>18 641</b>	<b>21 360</b>
Capital adjustment according to IFRS9 Transitional rules	320	389	389
<b>Total common Equity Tier 1 Capital (with IFRS9 transitional rules)</b>	<b>23 941</b>	<b>19 030</b>	<b>21 749</b>
<b>Tier 1 Capital</b>			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
<b>Total Tier 1 Capital (with full IFRS9 impact)</b>	<b>25 871</b>	<b>20 891</b>	<b>23 610</b>
<b>Total Tier 1 Capital (after IFRS9 transitional rules)</b>	<b>26 191</b>	<b>21 280</b>	<b>23 999</b>
<b>Total Capital</b>			
Paid up subordinated loans	2 561	1 711	2 416
Subordinated loans not eligible	-	-	-
<b>Total Capital (with full IFRS9 impact)</b>	<b>28 432</b>	<b>22 602</b>	<b>26 026</b>
<b>Total Capital (with IFRS9 transitional rules)</b>	<b>28 752</b>	<b>22 991</b>	<b>26 415</b>
<b>Risk exposure on Standard Approach</b>			
Regional governments or local authorities	63	71	64
Institutions	809	512	694
Corporates	12 196	9 282	8 713
Retail Standard Approach	67 431	55 276	54 028
Exposures in default SA	2 146	1 173	1 496
Covered bonds	409	426	385
Other Exposures	5 688	3 611	3 763
<b>Total Risk exposure amount on Standard Approach</b>	<b>88 743</b>	<b>70 351</b>	<b>69 143</b>

<b>Risk exposure on Internal Rating Based Approach</b>			
Retail Other	38 761	34 982	35 494
<b>Total Risk exposure amount on Internal Rating Based Approach</b>	<b>38 761</b>	<b>34 982</b>	<b>35 494</b>
<b>Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries</b>			
	<b>127 504</b>	<b>105 333</b>	<b>104 637</b>
Foreign exchange (zero if under threshold)			
	2 161	1 396	1 463
<b>Risk exposure amount for position, foreign exchange and commodities risks</b>	<b>2 161</b>	<b>1 396</b>	<b>1 463</b>
Basic indicator approach			
	13 730	13 168	13 730
<b>Risk exposure amount for operational risk</b>	<b>13 730</b>	<b>13 168</b>	<b>13 730</b>
Standardized method			
	69	79	30
<b>Risk exposure amount for credit valuation adjustment</b>	<b>69</b>	<b>79</b>	<b>30</b>
<b>Total risk exposure amount (with full IFRS9 impact)</b>			
	<b>143 464</b>	<b>119 976</b>	<b>119 860</b>
Risk Exposure adjustment according to IFRS9 Transitional rules	280	340	340
<b>Total risk exposure amount (with IFRS9 transitional rules)</b>	<b>143 744</b>	<b>120 316</b>	<b>120 200</b>
<b>Total exposure for Leverage Ratio</b>			
Derivatives: Add-on under market-to-market method	482	409	315
Off-balance sheet items with 10% CCF	3 039	2 488	2 784
Off-balance sheet items with 20% CCF	331	919	211
Off-balance sheet items with 50% CCF	38	37	37
Adjusted On balance sheet exposure	211 600	173 273	179 626
<b>Total exposure for Leverage Ratio (with full IFRS9 impact)</b>	<b>215 490</b>	<b>177 126</b>	<b>182 973</b>
Exposure adjustment according to IFRS9 Transitional rules	421	511	511
<b>Total exposure for Leverage Ratio (with IFRS9 transitional rules)</b>	<b>215 910</b>	<b>177 637</b>	<b>183 484</b>
<b>Minimum Regulatory Capital</b>			
Minimum Core Equity	4,50%	4,50%	4,50%
Pillar 2 Requirement	3,30%	2,60%	3,30%
Pillar 2 Guidance	1,00%	0,00%	1,00%
Countercyclical Buffer (combined)	0,30%	1,14%	1,60%
Conservation Buffer	2,50%	2,50%	2,50%
Systemic Risk Buffer	3,00%	3,00%	3,00%
<b>Minimum Regulatory Capital ratio (CET1)</b>	<b>14,60%</b>	<b>13,74%</b>	<b>15,90%</b>
<b>Minimum Regulatory Capital</b>			
Minimum Core Equity	6 456	5 399	5 394
Pillar 2 Requirement	4 734	3 119	4 000
Pillar 2 Guidance	1 435	-	1 199
Countercyclical Buffer (combined)	430	1 368	1 918
Conservation Buffer	3 587	2 999	2 997
Systemic Risk Buffer	4 304	3 599	3 596
<b>Minimum Regulatory Capital amount (full IFRS9 impact)</b>	<b>20 946</b>	<b>16 484</b>	<b>19 104</b>
Surplus of Core Equity Tier 1 capital (full IFRS9 impact)	2 687	2 157	2 259
<b>Minimum Regulatory Capital amount (with IFRS9 transitional rules)</b>	<b>23 633</b>	<b>16 531</b>	<b>19 112</b>
Surplus of Core Equity Tier 1 capital (after IFRS9 transitional rules)	2 967	2 499	2 638

<b>Common equity tier 1 capital ratio (full IFRS9 impact)</b>	<b>16,47%</b>	<b>15,54%</b>	<b>17,82%</b>
<b>Common equity tier 1 capital ratio (with IFRS9 transitional rules)</b>	<b>16,66%</b>	<b>15,82%</b>	<b>18,09%</b>
CET1 regulatory requirements	14,60%	13,74%	15,90%
<b>Tier 1 capital ratio (full IFRS9 impact)</b>	<b>18,04%</b>	<b>17,41%</b>	<b>19,70%</b>
<b>Tier 1 capital ratio (with IFRS9 transitional rules)</b>	<b>18,23%</b>	<b>17,69%</b>	<b>19,97%</b>
Tire 1 regulatory requirements	16,10%	15,24%	17,40%
<b>Total capital ratio (full IFRS9 impact)</b>	<b>19,81%</b>	<b>18,84%</b>	<b>21,71%</b>
<b>Total capital ratio (with IFRS9 transitional rules)</b>	<b>20,00%</b>	<b>19,11%</b>	<b>21,98%</b>
Total capital regulatory requirements	18,10%	17,24%	19,40%
<b>Leverage ratio (full IFRS9 impact)</b>	<b>12,01%</b>	<b>11,79%</b>	<b>12,90%</b>
<b>Leverage ratio (with IFRS9 transitional rules)</b>	<b>12,14%</b>	<b>11,98%</b>	<b>13,08%</b>
LR regulatory requirements	5,00%	5,00%	5,00%

#### Specification of IFRS Transition rules (based on initial impact)

IFRS 9 Increase in Loss Reserves	-	-	601
- whereof Internal Rating Based	601	601	-
Tax impact from increased loss reserves	-	-	-
Deferred tax assets impact on capital	144	144	144
	-	-	-
Initial IFRS9 net impact on capital	-	-	-
	457	457	457
Base amount for IFRS9 transitional rule on capital	457	457	457
Transition %	70%	85%	85%
<b>Capital adjustment due to Transitional rule</b>	<b>320</b>	<b>389</b>	<b>389</b>

Std Approach value adjustments Spec Reserves	-	-	-
- whereof Retail (75%RW)	601	601	601
- whereof Covered Bonds (10%RW)	-	-	-
Deferred tax assets impact on Risk Exposure Amount (250%RW) *	600	600	600
	-	-	-
Initial IFRS9 net impact on Risk Exposure Amount	2	2	2
	400	400	400
Base amount for IFRS9 transitional rule on Risk Exposure Amount	400	400	400
Transition %	70%	85%	85%
<b>Risk Exposure adjustment due to Transitional rule</b>	<b>280</b>	<b>340</b>	<b>340</b>

Impact from Tranlational rules on capital ratios (same impact for Tier 1 and 2)	0,19%	0,28%	0,27%
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\* IFRS9 impact on Deferred Tax Assets relates to subsidiary in Finland

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

Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no). The Pillar 3 Disclosure report is published at [www.santander.no](http://www.santander.no).

## Note 8 - Segment information

All amounts in millions of NOK

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

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

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

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

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

	Q1 2019				Total
	Unsecured loans	Secured loans	Financial lease	Operational lease	
Norway	11 163	37 584	10 774	-	59 521
Sweden	14 096	16 854	5 081	-	36 031
Denmark	6 516	22 470	2 604	295	31 885
Finland	3 269	27 671	2 670	420	34 029
<b>Total</b>	<b>35 044</b>	<b>104 579</b>	<b>21 129</b>	<b>715</b>	<b>161 466</b>

### P&L and Balance sheet per country

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

Cash and receivables on central banks	766	2 108	-	-	-	2 875
Deposits with and receivables on financial institutions	4 177	3 388	811	1 751	-2 885	7 242
Total gross loans to customers	60 803	45 225	42 490	44 620	-	193 137
Write-downs	-1 714	-1 154	-1 237	-625	-	-4 730
Commercial papers and bonds	4 018	2 892	2 306	2 176	-1 901	9 493
Financial derivatives	-0	-	-	21	-	21
Investments in subsidiaries	2 587	351	-	-	-2 938	-
Other assets	25 818	672	2 781	20 010	-43 853	5 429
<b>Total assets</b>	<b>96 456</b>	<b>53 482</b>	<b>47 150</b>	<b>67 953</b>	<b>-51 576</b>	<b>213 466</b>

Debt to credit institutions	10 600	13 440	19 195	31 411	-25 844	48 801
Deposits from customers	25 839	22 418	24 507	-	-	72 764
Debt established by issuing securities	29 971	12 631	1 964	13 874	-1 901	56 539
Financial derivatives	-	-	-	18	-	18
Other liabilities	2 805	4 662	916	19 246	-20 347	7 282
Equity	26 148	332	569	3 405	-2 392	28 062
<b>Total liabilities and equity</b>	<b>95 363</b>	<b>53 482</b>	<b>47 150</b>	<b>67 953</b>	<b>-50 483</b>	<b>213 466</b>

	Q1 2019					
	Norway	Sweden	Denmark	Finland	Eliminations	Total Group
Total interest income	1 018	434	454	328	-124	2 110
Total interest expenses	-253	-93	-41	-80	127	-340
<b>Net interest income</b>	<b>764</b>	<b>342</b>	<b>413</b>	<b>248</b>	<b>3</b>	<b>1 770</b>
Fee and commission income	42	51	59	16	-7	160
Fee and commission expenses	-22	-13	-7	-5	7	-39
Value change and gain/loss on foreign exchange and securities	24	-	-4	1	-	20
Other operating income	8	2	20	29	-	59
Other operating expenses	-8	-5	-11	-27	-	-50
<b>Gross margin</b>	<b>809</b>	<b>377</b>	<b>469</b>	<b>263</b>	<b>2</b>	<b>1 920</b>
Salaries and personnel expenses	-151	-87	-71	-29	-	-339
Administration expenses	-145	-98	-88	-68	-4	-403
Depreciation and amortisation	-23	-10	-11	-5	-	-49
<b>Net operating income</b>	<b>490</b>	<b>181</b>	<b>300</b>	<b>160</b>	<b>-2</b>	<b>1 129</b>
Other income and costs	35	1	-3	-1	-	32
Impairment losses on other assets	-	-	-	-	-	-
Impairment losses on loan, guarantees etc.	-213	-106	-89	46	1	-361
<b>Profit before taxes</b>	<b>312</b>	<b>76</b>	<b>207</b>	<b>205</b>	<b>-</b>	<b>800</b>
Income tax expense	-93	-18	-46	-41	-	-198
<b>Profit after tax</b>	<b>219</b>	<b>58</b>	<b>161</b>	<b>164</b>	<b>-</b>	<b>602</b>

Cash and receivables on central banks	65	-	-	-	-	65
Deposits with and receivables on financial institutions	785	1 950	77	1 522	-	4 334
Total gross loans to customers	59 521	36 031	31 591	33 610	-	160 752
Write-downs	-1 638	-819	-642	-451	-	-3 550
Commercial papers and bonds	3 396	2 754	2 019	3 468	-2 409	9 229
Financial derivatives	22	-	-	16	-	39
Investments in subsidiaries	-	-	-	-	-	-
Other assets	20 597	491	1 539	629	-19 500	3 758
<b>Total assets</b>	<b>82 750</b>	<b>40 409</b>	<b>34 584</b>	<b>38 794</b>	<b>-21 908</b>	<b>174 628</b>

Debt to credit institutions	6 298	9 424	15 629	25 762	-18 761	38 351
Deposits from customers	23 149	17 636	17 563	-	-	58 349
Debt established by issuing securities	29 853	11 800	702	10 012	-2 409	49 958
Financial derivatives	15	-	-	12	-	27
Other liabilities	2 459	1 480	714	339	103	5 095
Equity	20 975	68	-23	2 669	-841	22 848
<b>Total liabilities and equity</b>	<b>82 750</b>	<b>40 409</b>	<b>34 584</b>	<b>38 794</b>	<b>-21 908</b>	<b>174 628</b>

## Note 9 - Net interest income

All amounts in millions of NOK	Q1 2020	Q1 2019	FY 2019
Interest and similar income on loans to and receivables from credit institutions	6	11	48
Interest and similar income on loans to and receivables from customers	2 250	2 083	8 490
Interest and similar income on comm. paper, bonds and other securities	23	16	58
<b>Total interest income</b>	<b>2 279</b>	<b>2 110</b>	<b>8 596</b>
Interest and similar expenses on debt to credit institutions	-36	-53	-166
Interest and similar expenses on deposits from and debt to customers	-205	-175	- 788
Interest and similar expenses on issued securities	-118	-99	-408
Interest on subordinated loan capital	-18	-12	-54
Other interest expenses and similar expenses	-2	-1	-6
<b>Total interest expense</b>	<b>-379</b>	<b>-340</b>	<b>- 1 422</b>
<b>Net interest income</b>	<b>1 900</b>	<b>1 770</b>	<b>7 174</b>

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

To credit institutions	Q1 2020	Q1 2019	FY 2019
Interest expenses	-36	-53	-166
Average loan	39 487	36 002	35 214
<b>Average nominal interest rate</b>	<b>0,36%</b>	<b>0,59%</b>	<b>0,47%</b>

To customers	Q1 2020	Q1 2019	FY 2019
Interest expenses	-205	-175	-788
Average deposit	69 124	55 296	60 065
<b>Average nominal interest rate</b>	<b>1,18%</b>	<b>1,26%</b>	<b>1,31%</b>

To bondholders	Q1 2020	Q1 2019	FY 2019
Interest expenses	-118	-99	-408
Average issued notes and bonds	54 971	51 484	53 166
<b>Average nominal interest rate</b>	<b>0,86%</b>	<b>0,77%</b>	<b>0,77%</b>

Subordinated loan capital*	Q1 2020	Q1 2019	FY 2019
Interest expenses	-18	-12	-54
Average subordinated loan capital	2 494	1 705	2 076
<b>Average nominal interest rate</b>	<b>2,97%</b>	<b>2,90%</b>	<b>2,58%</b>

Total of tables above:	Q1 2020	Q1 2019	FY 2019
Interest expenses	-377	-339	-1 416
Loan	166 077	144 487	150 521
<b>Average nominal interest rate</b>	<b>0,91%</b>	<b>0,94%</b>	<b>0,94%</b>

## Note 10 - Classification of financial instruments

All amounts in millions of NOK

Classification of financial assets 31 March 2020	Financial assets at fair value through P&L	Financial assets at fair value through OCI	Amortized cost	Book value
Cash and receivables on central banks	-	-	2 875	2 875
Deposits with and receivables on financial institutions	-	-	7 242	7 242
Loans to customers	-	-	188 377	188 377
Commercial papers and bonds	-	-	9 493	9 493
Financial derivatives	21	-	-	21
Other ownership interests	-	31	-	31
<b>Total financial assets</b>	<b>21</b>	<b>31</b>	<b>207 986</b>	<b>208 038</b>
			Non financial assets	5 428
			<b>Total assets</b>	<b>213 466</b>

Classification of financial liabilities 31 March 2020	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	48 801	48 801
Deposits from customers	-	-	72 764	72 764
Debt established by issuing securities	-	-	56 539	56 539
Financial derivatives	18	-	-	18
Other financial liabilities	-	-	675	675
Subordinated loan capital	-	-	2 566	2 566
<b>Total financial liabilities</b>	<b>18</b>	<b>-</b>	<b>181 346</b>	<b>181 364</b>
			Non financial liabilities and equity	32 102
			<b>Total liabilities and equity</b>	<b>213 466</b>

2019

Classification of financial assets 31 March 2019	Financial assets at fair value through P&L	Financial assets at fair value through OCI	Amortized cost	Book value
Cash and receivables on central banks	-	-	65	65
Deposits with and receivables on financial institutions	-	-	4 334	4 334
Loans to customers	-	-	157 203	157 203
Commercial papers and bonds	-	-	9 229	9 229
Financial derivatives	39	-	-	39
Other ownership interests	-	26	-	26
<b>Total financial assets</b>	<b>39</b>	<b>26</b>	<b>170 832</b>	<b>170 896</b>
			Non financial assets	3 732
			<b>Total assets</b>	<b>174 628</b>

<b>Classification of financial liabilities 31 March 2019</b>	<b>Financial liabilities at fair value through P&amp;L</b>	<b>Financial liabilities at fair value through OCI</b>	<b>Amortized cost</b>	<b>Book value</b>
Debt to credit institutions	-	-	38 351	38 351
Deposits from customers	-	-	58 349	58 349
Debt established by issuing securities	-	-	49 958	49 958
Financial derivatives	27	-	-	27
Other financial liabilities	-	-	705	705
Subordinated loan capital	-	-	1 701	1 701
<b>Total financial liabilities</b>	<b>27</b>	<b>-</b>	<b>149 063</b>	<b>149 090</b>
			Non financial liabilities and equity	25 537
			<b>Total liabilities and equity</b>	<b>174 628</b>

## Note 11 - Valuation Hierarchy

Q1 2020

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<b>Financial assets</b>						
<b>Name</b>	<b>Type</b>	<b>Notional</b>				
KIMI6 Pass Through	Interest Rate Swap	MM EUR 98	-	1	-	1
KIMI7 Pass Through	Interest Rate Swap	MM EUR 275	-	11	-	11
KIMI8B Pass Through	Interest Rate Swap	MM EUR 42	-	0	-	0
KIMI8B Fixed	Interest Rate Swap	MM EUR 42	-	1	-	1
KIMI8A Fixed	Interest Rate Swap	MM EUR 566	-	8	-	8
<b>Total financial trading derivatives</b>			-	<b>21</b>	-	<b>21</b>
<b>Name</b>	<b>Type</b>					
VISA	Equity		-	31	-	31
<b>Total other ownership interests</b>			-	<b>31</b>	-	<b>31</b>
<b>Total Assets</b>			-	<b>52</b>	-	<b>52</b>
<b>Financial liabilities</b>						
<b>Name</b>	<b>Type</b>	<b>Notional</b>				
KIMI6 Fixed	Interest Rate Swap	MM EUR 104	-	1	-	1
KIMI7 Fixed	Interest Rate Swap	MM EUR 263	-	10	-	10
KIMI5 Fixed	Interest Rate Swap	MM EUR 1	-	0	-	0
KIMI8A Pass Through	Interest Rate Swap	MM EUR 581	-	7	-	7
<b>Total financial derivatives</b>			-	<b>18</b>	-	<b>18</b>
<b>Total Liabilities</b>			-	<b>18</b>	-	<b>18</b>
<b>Derivatives designated for hedge accounting - assets</b>						
<b>Name</b>	<b>Type</b>	<b>Notional</b>				
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	58	-	58
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	8	-	8
KIMI8A	Interest Rate Swap	MM EUR 581	-	6	-	6
<b>Total derivatives designated for hedging - assets*</b>			-	<b>72</b>	-	<b>72</b>
<b>Derivatives designated for hedge accounting - liabilities</b>						
<b>Name</b>	<b>Type</b>	<b>Notional</b>				
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	19	-	19
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	1	-	1
KIMI6	Interest Rate Swap	MM EUR 98	-	2	-	2
KIMI7	Interest Rate Swap	MM EUR 275	-	11	-	11
KIMI8B	Interest Rate Swap	MM EUR 42	-	0	-	0
<b>Total derivatives designated for hedging - liabilities*</b>			-	<b>33</b>	-	<b>33</b>

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

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

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

**Level 2:**  
Instruments at this level are not considered to have an active market. Fair value is obtained from relevant observable market data. This includes prices based on identical instruments, as well as prices based on similar assets and price indicators that are observable for the asset or liability. Examples of instruments at Level 2 are securities priced out of interest rate paths. The fair value at level 2 is calculated by discounting future cash flows. The cash flows are known from contractual conditions, in addition to a marked regulated interest rate element (e.g. EURIBOR).

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

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

Q1 2019

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<b>Financial assets</b>						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 57	-	22	-	22
KIMI5 Fixed	Interest Rate Swap	MM EUR 81	-	0	-	0
KIMI5 Pass Through	Interest Rate Swap	MM EUR 74	-	0	-	0
KIMI6 Pass Through	Interest Rate Swap	MM EUR 269	-	4	-	4
KIMI7 Pass Through	Interest Rate Swap	MM EUR 498	-	13	-	13
<b>Total financial trading derivatives</b>			-	<b>39</b>	-	<b>39</b>
<i>Name</i>	<i>Type</i>					
VISA	Equity		-	-	26	-
<b>Total other ownership interests</b>			-	<b>26</b>	-	<b>26</b>
<b>Total Assets</b>			-	<b>65</b>	-	<b>65</b>
<b>Financial liabilities</b>						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
KIMI6 Fixed	Interest Rate Swap	MM EUR 257	-	2	-	2
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 39	-	15	-	15
KIMI5	Interest Rate Swap	MM EUR 74	-	0	-	0
KIMI7 Fixed	Interest Rate Swap	MM EUR 482	-	9	-	9
<b>Total financial derivatives</b>			-	<b>27</b>	-	<b>27</b>
<b>Total Liabilities</b>			-	<b>27</b>	-	<b>27</b>
<b>Derivatives designated for hedge accounting - assets</b>						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
Bilkreditt 7	Cross Currency Swap	MM EUR 39	-	15	-	15
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	12	-	12
SW EMTN MEUR 100	Cross Currency Swap	MM EUR 100	-	75	-	75
DK EMTN MEUR 245	Cross Currency Swap	MM EUR 245	-	5	-	5
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	45	-	45
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	4	-	4
<b>Total derivatives designated for hedging - assets*</b>			-	<b>156</b>	-	<b>156</b>
<b>Derivatives designated for hedge accounting - liabilities</b>						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
KIMI6	Interest Rate Swap	MM EUR 269	-	4	-	4
KIMI7	Interest Rate Swap	MM EUR 498	-	13	-	13
<b>Total derivatives designated for hedging - liabilities*</b>			-	<b>18</b>	-	<b>18</b>

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

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

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

**Level 2:**  
Instruments at this level are not considered to have an active market. Fair value is obtained from relevant observable market data. This includes prices based on identical instruments, as well as prices based on similar assets and price indicators that are observable for the asset or liability. Examples of instruments at Level 2 are securities priced out of interest rate paths. The fair value at level 2 is calculated by discounting future cash flows. The cash flows are known from contractual conditions, in addition to a marked regulated interest rate element (e.g. EURIBOR).

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

## Note 12 - Loans to customers

<i>All amounts in millions of NOK</i>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>FY 2019</b>
Credit Card	6 926	6 878	7 016
Unsecured loans	32 790	28 166	29 174
Auto loans	153 421	125 708	129 141
- <i>Installment loans</i>	126 615	104 579	108 198
- <i>Financial leasing</i>	26 805	21 129	20 943
<b>Total gross loans to customers</b>	<b>193 137</b>	<b>160 752</b>	<b>165 331</b>
- Loan loss allowance - Stage 1	- 1 122	-1 042	-1 014
- Loan loss allowance - Stage 2	-599	-518	-575
- Loan loss allowance - Stage 3	-3 009	-1 990	-2 350
<b>Total net loans to customers</b>	<b>188 407</b>	<b>157 203</b>	<b>161 392</b>

## Note 13 - Impairment losses on loan, guarantees etc.

All amounts in millions of NOK

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

	Q1 2020	Q1 2019
Change in loss allowance - Unsecured loans	-303	-106
Change in loss allowance - Secured loans	-109	11
Change in loss allowance - Commercial papers and bonds	0	0
+/- Fx rate adjustment opening balance	0	0
+ Total realized losses	-178	-373
- Recoveries on previously realized losses	61	107
- Gain on sold portfolios	0	0
<b>Impairment losses on loan, guarantees etc.</b>	<b>-530</b>	<b>-361</b>

## Note 14 - Issued securities

All amounts in millions of NOK

	Q1 2020	Q1 2019	FY 2019
Issued certificates	2 190	2 085	1 999
Senior unsecured issued securities	38 579	34 608	35 520
Asset backed issued securities	15 770	13 265	15 884
<b>Total issued securities</b>	<b>56 539</b>	<b>49 958</b>	<b>53 403</b>

Santander Consumer Bank AS issued certificates of deposits in January to a value of SEK 100 MM (NOK 94 MM)

Santander Consumer Bank AS issued certificates of deposits in January to a value of SEK 100 MM (NOK 94 MM)

Santander Consumer Bank AS issued certificates of deposits in January to a value of SEK 80 MM (NOK 75 MM)

Santander Consumer Bank AS issued certificates of deposits in January to a value of SEK 100 MM (NOK 94 MM)

Santander Consumer Bank AS issued certificates of deposits in January to a value of SEK 100 MM (NOK 94 MM)

Santander Consumer Bank AS issued certificates of deposits in January to a value of SEK 100 MM (NOK 94 MM)

Santander Consumer Bank AS issued certificates of deposits in February to a value of SEK 90 MM (NOK 86 MM)

Santander Consumer Bank AS issued certificates of deposits in February to a value of SEK 110 MM (NOK 105 MM)

Santander Consumer Bank AS issued certificates of deposits in February to a value of SEK 100 MM (NOK 95 MM)

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

Santander Consumer Bank AS issued bonds on the Irish Stock exchange in February to a value of SEK 1 000 MM (NOK 957 MM)

Santander Consumer Bank AS issued bonds on the Irish Stock exchange in February to a value of EUR 500 MM (NOK 5 080 MM)

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

## Note 15 - Receivables and liabilities to related parties

Amounts in millions of NOK

Debt to related parties:	Q1 2020	Accrued Interest Q1 2020	Q1 2019	Accrued Interest Q1 2019	FY 2019	Accrued Interest FY 2019
Santander Benelux	-	-	-	-	-	-
Santander Consumer Finance S.A.	47 722	7	38 142	15	30 042	5
<b>Total</b>	<b>47 722</b>	<b>7</b>	<b>38 142</b>	<b>15</b>	<b>30 042</b>	<b>5</b>

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

MNOK 250, maturity March 2025, 3 months NIBOR + 2.2575% (Santander Consumer Finance S.A)	250	-	250	-	250	-
MNOK 250, maturity July 2025, 3 months NIBOR + 3.135% (Santander Consumer Finance S.A)	250	1	250	2	250	3
MSEK 750, maturity December 2024, 3 months STIBOR + 2.2825% (Santander Consumer Finance S.A)	-	-	697	-	-	-
MNOK 500, maturity September 2027, 3 months NIBOR + 1,66% (Santander Consumer Finance S.A)	500	3	500	1	500	1
MSEK 750, maturity December 2029, 3 months STIBOR + 2.08% (Santander Consumer Finance S.A)	780	1			708	1
MSEK 750, maturity December 2030, 3 months STIBOR + 2.29% (Santander Consumer Finance S.A)	780	-			708	-
<b>Total</b>	<b>2 561</b>	<b>5</b>	<b>1 697</b>	<b>3</b>	<b>2 416</b>	<b>5</b>

\* Subordinated loan at MSEK 750 with maturity December 2024 was redeemed by exercising the call option in December 2019.

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

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

## Note 16 - Transaction with related parties

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All amounts in millions of NOK

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

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

The following transactions were carried out with related parties:

	Q1 2020	Q1 2019	FY 2019
Interest income	4	-	16
Interest expenses	-31	-36	-130
Interest payments additional Tier 1 capital	-38	-34	-141
Fees	-	-	-
Other	-14	-	- 23
<b>Net transactions</b>	<b>-79</b>	<b>-70</b>	<b>-277</b>

Santander Consumer Bank Group had transactions with the following related parties per 31 March 2020:

Santander Consumer Finance, S.A.

Santander Seguros Y Reaseguros, S.A.

Banco Santander, S.A.

Santander Sonsumer Finance Global Services, S.L.

Santander Global Operations, S.A.

Santander Global Technology, S.L.

## Note 17 - Business combination

All amounts in millions of NOK

February 28th, 2020 the Group acquired 100 % of the shares in Forso Nordic AB, a captive finance operation. Forso Nordic AB is headquartered in Sweden, Gothenburg, with a subsidiary in Finland and branches in Norway and Denmark. The acquisition is fully financed through an intra group loan from the parent company of Santander Consumer Bank AS. The agreement also includes a long term partnership offering financial services to Ford dealers and customers in the Nordic region.

### Purchase consideration

	Shares acquired	
Agreed purchase price	100%	1 175
Ordinary shares issued		
Discount to agreed purchase price		-155
<b>Total purchase consideration</b>		<b>1 020</b>

The amount recognised in respect of the identifiable assets and liabilities acquired are as set out in the table below:

### Effect on Balance Sheet

Cash and receivables on central banks	651
Loans to customers	11 127
Fixed assets	26
Other assets	1 073
Debt to credit institutions	-11 505
Other financial liabilities	-124
Deferred tax	-
Other liabilities	-172
<b>Net identifiable assets acquired</b>	<b>1 077</b>
Less: Bargain Purchase	-57
<b>Net assets acquired</b>	<b>1 020</b>

The bargain purchase is attributable to future restructuring of Forso Nordic Group AB.

➤ 3 | **Notes**

Santander Consumer Bank AS



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

The Santander Consumer Bank interim accounts for the first quarter of 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual report as at and for the year ended 31 December 2019.

The annual report for 2019 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting [www.santander.no](http://www.santander.no).

These interim financial statements were authorised by the Board of Directors the 15th of May 2020.

## Note 2 - Accounting principles

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The Santander Consumer Banks AS's accounting policies are consistent with those of the previous financial year as described in the 2019 annual report.

### Management's estimates and critical accounting judgements

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. Significant changes to the basis upon which the critical accounting judgements and estimates have been determined compared with the annual report for 2019 relates to provision and credit impairments. The changes is described in Note 5. Beyond this element the important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for the interim financial statements as for the consolidated financial statements for 2019.

## Note 3 - Credit risk exposure

All amounts in millions of NOK

### Maximum exposure to credit risk - Financial instruments subject to impairment

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

	Q1 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Unsecured loans</b>				
<b>Credit grade</b>				
Loans not past due date	29 323	680	-	30 003
Standard monitoring	602	1 171	-	1 773
Special monitoring	-	189	-	189
Default	-	-	3 121	3 121
<b>Gross carrying amount</b>	<b>29 925</b>	<b>2 040</b>	<b>3 121</b>	<b>35 086</b>
Loss allowance	- 467	- 326	- 1 888	- 2 681
<b>Carrying amount</b>	<b>29 458</b>	<b>1 714</b>	<b>1 233</b>	<b>32 405</b>
Loss allowance (off balance exposures)	- 42	- 10	- 20	- 72
Loss allowance (%)				7,64%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

	Q1 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Secured loans</b>				
<b>Credit grade</b>				
Loans not past due date	98 098	1 203	-	99 301
Standard monitoring	2 228	1 335	-	3 563
Special monitoring	-	314	-	314
Default	-	-	1 617	1 617
<b>Gross carrying amount</b>	<b>100 326</b>	<b>2 852</b>	<b>1 617</b>	<b>104 795</b>
Loss allowance	- 357	- 169	- 830	- 1 356
<b>Carrying amount</b>	<b>99 969</b>	<b>2 683</b>	<b>787</b>	<b>103 439</b>
Loss allowance (%)				1,29%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

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

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



## Note 4 - Risk classification

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

<i>All amounts in millions of NOK</i>	Balance			Loss reserves		
	Q1 2020	Q1 2019	FY 2019	Q1 2020	Q1 2019	FY 2019
Current - not past due date	129 805	118 817	120 043	-824	-876	-874
Current - past due date	5 337	5 136	5 668	-495	-386	-433
Total impaired loans	4 738	3 190	3 837	-2 718	-1 837	-2 142
<b>Total gross loans to customers - submitted</b>	<b>139 880</b>	<b>127 143</b>	<b>129 548</b>	<b>-4 037</b>	<b>-3 099</b>	<b>-3 450</b>

<i>Ageing of past due but not impaired loans</i>	Balance			Loss reserves		
	Q1 2020	Q1 2019	FY 2019	Q1 2020	Q1 2019	FY 2019
1 - 29 days	3 898	3 816	4 239	-234	-152	-173
30 - 59 days	1 013	948	1 009	-150	-137	-152
60 - 89 days	426	372	421	-111	-98	-108
<b>Total loans due but not impaired</b>	<b>5 337</b>	<b>5 136</b>	<b>5 669</b>	<b>-495</b>	<b>-386</b>	<b>-433</b>

<i>Ageing of impaired loans</i>	Balance			Loss reserves		
	Q1 2020	Q1 2019	FY 2019	Q1 2020	Q1 2019	FY 2019
90 - 119 days	352	257	309	-156	-129	-153
120 - 149 days	302	223	261	-157	-116	-130
150 - 179 days	248	192	211	-128	-97	-106
180 + days	2 301	1 208	1 682	-1 396	-737	-993
Economic doubtful*	1 535	1 310	1 374	-881	-758	-761
<b>Total impaired loans</b>	<b>4 738</b>	<b>3 190</b>	<b>3 837</b>	<b>-2 718</b>	<b>-1 837</b>	<b>-2 142</b>

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

## Note 5 - Loss allowance

All amounts in millions of NOK

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Unsecured loans</b>				
<b>Loss allowance as at 1 January 2020</b>	<b>431</b>	<b>329</b>	<b>1 449</b>	<b>2 209</b>
Transfers:				
Transfer from Stage 1 to Stage 2	-42	299	-	257
Transfer from Stage 1 to Stage 3	-2	-	41	39
Transfer from Stage 2 to Stage 3	-	-209	335	126
Transfer from Stage 2 to Stage 1	18	-191	-	-173
Transfer from Stage 3 to Stage 2	-	11	-62	-51
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	9	91	51	151
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-12	-5	-19	-36
<i>of which 'account that have closed in the period'</i>	-12	-5	-19	-36
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-29	-29
New financial assets originated or purchased	26	-	-	26
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	39	1	122	162
<b>Loss allowance as at 31 March 2020</b>	<b>467</b>	<b>326</b>	<b>1 888</b>	<b>2 681</b>

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Secured loans</b>				
<b>Loss allowance as at 1 January 2020</b>	<b>387</b>	<b>161</b>	<b>693</b>	<b>1 241</b>
Transfers:				
Transfer from Stage 1 to Stage 2	-20	132	-	112
Transfer from Stage 1 to Stage 3	-3	-	67	64
Transfer from Stage 2 to Stage 3	-	-63	171	108
Transfer from Stage 2 to Stage 1	18	-96	-	-78
Transfer from Stage 3 to Stage 2	-	11	-78	-67
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	-67	33	29	-5
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-22	-9	-23	-54
<i>of which 'account that have closed in the period'</i>	-22	-9	-23	-54
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-65	-65
New financial assets originated or purchased	43	-	-	43
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	21	-	36	57
<b>Loss allowance as at 31 March 2020</b>	<b>357</b>	<b>169</b>	<b>830</b>	<b>1 356</b>

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

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

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

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

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

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

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

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

## Note 6 - Liquidity Coverage Ratio

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All amounts in millions of NOK

Liquidity Coverage Ratio (LCR) measures the capability to meet obligations in the next 30 days by means of liquidity assets. It is defined as  $LCR = \text{liquidity assets} / (\text{cash outflows} - \text{cash inflows})$ . The minimum LCR level (CRD IV) is 100% from 31 December 2017. With a stable basis of High Quality Liquid Assets, SCB AS fulfills the minimum LCR requirements.

<b>Liquidity Coverage Ratio (LCR) %</b>	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>Q4 2019</b>
Liquidity Coverage Ratio (LCR) Total	303	180	156
Liquidity Coverage Ratio (LCR) NOK	193	110	96
Liquidity Coverage Ratio (LCR) SEK	310	206	181
Liquidity Coverage Ratio (LCR) DKK	542	444	245
Liquidity Coverage Ratio (LCR) EUR	213	-	332

## Note 7 - Capital adequacy

All amounts in millions of NOK

	Q1 2020	Q1 2019	FY 2019
<b>Balance sheet equity</b>			
Paid in equity	10 618	9 652	9 652
Share premium	1 926	891	891
Other equity	11 206	8 333	10 774
Tier 1 Capital	2 250	2 250	2 250
Other reserves	-65	-106	-119
<b>Total Equity</b>	<b>25 934</b>	<b>21 020</b>	<b>23 448</b>
<b>Common Equity Tier 1 Capital</b>			
(-) Profit not eligible as capital	-471	-438	-
Cash-flow hedge adjustment	-	-	-
IRB Expected Loss - Reserves	-152	-172	-249
Goodwill	-352	-285	-291
Other intangible assets	-318	-262	-297
Deferred tax assets	-	-	-
Adjustment Prudent Valuation (AVA)	-7	-7	-8
Tier 1 Capital	-2 250	-2 250	-2 250
<b>Total common Equity Tier 1 Capital (with full IFRS9 impact)</b>	<b>22 385</b>	<b>17 606</b>	<b>20 353</b>
Capital adjustment according to IFRS9 Transitional rules	262	318	318
<b>Total common Equity Tier 1 Capital (with IFRS9 transitional rules)</b>	<b>22 647</b>	<b>17 924</b>	<b>20 671</b>
<b>Tier 1 Capital</b>			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
<b>Total Tier 1 Capital (with full IFRS9 impact)</b>	<b>24 635</b>	<b>19 856</b>	<b>22 603</b>
<b>Total Tier 1 Capital (with IFRS9 transitional rules)</b>	<b>24 897</b>	<b>20 174</b>	<b>22 921</b>
<b>Total Capital</b>			
Paid up subordinated loans	2 561	1 711	2 416
Subordinated loans not eligible	-	-	-
<b>Total Capital (with full IFRS9 impact)</b>	<b>27 196</b>	<b>21 567</b>	<b>25 019</b>
<b>Total Capital (with IFRS9 transitional rules)</b>	<b>27 458</b>	<b>21 885</b>	<b>25 337</b>

**Risk exposure on Standard Approach**

Regional governments or local authorities	63	70	64
Institutions	522	343	363
Corporates	13 007	9 118	8 725
Retail Standard Approach	53 032	49 020	47 832
Exposures in default SA	1 854	986	1 324
Covered bonds	409	426	385
Other Exposures	22 992	12 361	15 129
<b>Total Risk exposure amount on Standard Approach</b>	<b>91 878</b>	<b>72 324</b>	<b>73 822</b>

**Risk exposure on Internal Rating Based Approach**

Retail Other	24 171	23 059	22 923
<b>Total Risk exposure amount on Internal Rating Based Approach</b>	<b>24 171</b>	<b>23 059</b>	<b>22 923</b>

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

	<b>116 048</b>	<b>95 383</b>	<b>96 745</b>
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Foreign exchange (zero if under threshold)	563	689	-
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**Risk exposure amount for position, foreign exchange and commodities risks**

	<b>563</b>	<b>689</b>	<b>-</b>
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Basic indicator approach	12 577	11 772	11 892
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<b>Risk exposure amount for operational risk</b>	<b>12 577</b>	<b>11 772</b>	<b>11 892</b>
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Standardized method	85	79	52
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<b>Risk exposure amount for credit valuation adjustment</b>	<b>85</b>	<b>79</b>	<b>52</b>
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<b>Total risk exposure amount (with full IFRS9 impact)</b>	<b>129 273</b>	<b>107 923</b>	<b>108 689</b>
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Risk Exposure adjustment according to IFRS9 Transitional rules	261	316	316
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<b>Total risk exposure amount (with IFRS9 transitional rules)</b>	<b>129 534</b>	<b>108 239</b>	<b>109 005</b>
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**Total exposure for Leverage Ratio**

Derivatives: Add-on under market-to-market method	372	296	177
Off-balance sheet items with 10% CCF	2 897	2 357	2 700
Off-balance sheet items with 20% CCF	318	907	202
Off-balance sheet items with 50% CCF	38	37	37
Adjusted On balance sheet exposure	182 113	147 813	153 947

<b>Total exposure for Leverage Ratio (with full IFRS9 impact)</b>	<b>185 739</b>	<b>151 410</b>	<b>157 063</b>
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Exposure adjustment according to IFRS9 Transitional rules	348	423	423
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<b>Total exposure for Leverage Ratio (with IFRS9 transitional rules)</b>	<b>186 087</b>	<b>151 833</b>	<b>157 486</b>
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**Minimum Regulatory Capital**

Minimum Core Equity	4,50%	4,50%	4,50%
Pillar 2 Requirement	3,30%	2,60%	3,30%
Pillar 2 Guidance	1,00%		1,00%
Countercyclical Buffer (combined)	0,40%	1,47%	2,10%
Conservation Buffer	2,50%	2,50%	2,50%
Systemic Risk Buffer	3,00%	3,00%	3,00%
<b>Minimum Regulatory Capital ratio (CET1)</b>	<b>14,70%</b>	<b>14,07%</b>	<b>16,40%</b>

**Minimum Regulatory Capital**

Minimum Core Equity	5 817	4 857	4 891
Pillar 2 Requirement	4 266	2 806	4 000

Pillar 2 Guidance	1 293	-	1 087
Countercyclical Buffer (combined)	517	1 586	2 282
Conservation Buffer	3 232	2 698	2 717
Systemic Risk Buffer	3 878	3 238	3 261
<b>Minimum Regulatory Capital amount (full IFRS9 impact)</b>	<b>19 003</b>	<b>15 185</b>	<b>18 238</b>
Surplus of Core Equity Tier 1 capital (full IFRS9 impact)	3 382	2 422	2 115
<b>Minimum Regulatory Capital amount (with IFRS9 transitional rules)</b>	<b>19 041</b>	<b>15 229</b>	<b>17 877</b>
Surplus of Core Equity Tier 1 capital (after IFRS9 transitional rules)	3 605	2 695	2 794
<b>Common equity tier 1 capital ratio (full IFRS9 impact)</b>	<b>17,32%</b>	<b>16,31%</b>	<b>18,73%</b>
<b>Common equity tier 1 capital ratio (with IFRS9 transitional rules)</b>	<b>17,48%</b>	<b>16,56%</b>	<b>18,96%</b>
CET1 regulatory requirements	14,70%	14,07%	16,40%
<b>Tier 1 capital ratio (full IFRS9 impact)</b>	<b>19,06%</b>	<b>18,40%</b>	<b>20,80%</b>
<b>Tier 1 capital ratio (with IFRS9 transitional rules)</b>	<b>19,22%</b>	<b>18,64%</b>	<b>21,03%</b>
Tire 1 regulatory requirements	16,20%	15,57%	17,90%
<b>Total capital ratio (full IFRS9 impact)</b>	<b>21,02%</b>	<b>19,98%</b>	<b>23,02%</b>
<b>Total capital ratio (with IFRS9 transitional rules)</b>	<b>21,18%</b>	<b>20,22%</b>	<b>23,24%</b>
Total capital regulatory requirements	18,20%	17,57%	19,90%
<b>Leverage ratio (full IFRS9 impact)</b>	<b>13,26%</b>	<b>13,11%</b>	<b>14,39%</b>
<b>Leverage ratio (with IFRS9 transitional rules)</b>	<b>13,38%</b>	<b>13,29%</b>	<b>14,55%</b>
LR regulatory requirements	5,00%	5,00%	5,00%
<b>Specification of IFRS Transition rules (based on initial impact)</b>			
IFRS 9 Increase in Loss Reserves	-498	- 498	-498
- whereof Internal Rating Based	-	-	-
Tax impact from increased loss reserves	124	124	124
Deferred tax assets impact on capital	-	-	-
<b>Initial IFRS9 net impact on capital</b>	<b>-374</b>	<b>-374</b>	<b>-374</b>
Base amount for IFRS9 transitional rule on capital	374	374	374
Transition %	70%	85%	85%
<b>Capital adjustment due to Transitional rule</b>	<b>262</b>	<b>318</b>	<b>318</b>
Std Approach value adjustments Spec Reserves	-498	-498	-498
- whereof Retail (75%RW)	-496	-496	-496
- whereof Covered Bonds (10%RW)	-2	-2	-2
Deferred tax assets impact on Risk Exposure Amount (250%RW) *)	-	-	-
<b>Initial IFRS9 net impact on Risk Exposure Amount</b>	<b>-372</b>	<b>-372</b>	<b>-372</b>
Base amount for IFRS9 transitional rule on Risk Exposure Amount	372	372	372
Transition %	70%	85%	85%
<b>Risk Exposure adjustment due to Transitional rule</b>	<b>261</b>	<b>316</b>	<b>316</b>
Impact from Tranlational rules on capital ratios (same impact for Tier 1 and 2)	0,17%	0,25%	0,24%

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

Financial information in accordance with the capital requirement regulation is published at [www.santander.no](http://www.santander.no). The Pillar 3 Disclosure report is published at [www.santander.no](http://www.santander.no).

## Note 8 - Segment information

All amounts in millions of NOK

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

Segment information is based on the internal financial reporting as it is reported to SCB Group management. SCB Group management uses the segment reporting as an element to assess historical and expected future development and allocation of resources. Reporting from the segments is based on Santander's governance model and the SCB Group's accounting policies. The figures are based on a number of assumptions and estimates.

The Segments are responsible for profits after tax, with the corresponding return on allocated capital according to the SCB Group's governance model. All the SCB Group's trade activities are divided into the reported segments with corresponding balances, income and expenses. Deficit liquidity from the segments are funded by the SCB Group treasury at market conditions. Surplus liquidity is transferred to the SCB Group treasury at market conditions. Internal agreements at market conditions or simulated market conditions are made when segments cooperate on the delivery of financial services to customers. Services provided by the Group's central functions and staff are charged segments based on an allocation agreement.

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

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

	Q1 2019				Total
	Unsecured loans	Secured loans	Financial lease	Operational lease	
Norway	11 163	37 584	10 774	-	59 521
Sweden	14 096	16 854	5 081	-	36 031
Denmark	6 516	22 470	2 604	295	31 885
<b>Total</b>	<b>31 775</b>	<b>76 908</b>	<b>18 459</b>	<b>295</b>	<b>127 437</b>

### P&L and Balance sheet per country

	Q1 2020				Total Group
	Norway	Sweden	Denmark	Eliminations	
Total interest income	1 013	439	488	-12	1 928
Total interest expenses	-254	-66	-35	12	-343
<b>Net interest income</b>	<b>759</b>	<b>373</b>	<b>454</b>	<b>-</b>	<b>1 585</b>
Fee and commission income	45	50	25	-	120
Fee and commission expenses	-28	-22	-8	-	-57
Value change and gain/loss on foreign exchange and securities	-93	-	2	-	-92
Other operating income	7	3	28	-	38
Other operating expenses	-12	-7	-16	-	-35
<b>Gross margin</b>	<b>678</b>	<b>397</b>	<b>484</b>	<b>-</b>	<b>1 559</b>
Salaries and personnel expenses	-171	-87	-82	-	-340
Administrative expenses	-96	-101	-70	-1	-267
Depreciation and amortisation	-26	-11	-4	-	-41
<b>Net operating income</b>	<b>386</b>	<b>198</b>	<b>328</b>	<b>-1</b>	<b>911</b>
Other income and costs	7	1	-1	-	7
Impairment losses on loan, guarantees etc.	-149	-96	-153	-	-398
<b>Profit before taxes</b>	<b>245</b>	<b>103</b>	<b>174</b>	<b>-1</b>	<b>521</b>
Income tax expense	11	-24	-37	-	-50
<b>Profit after tax</b>	<b>256</b>	<b>79</b>	<b>138</b>	<b>0</b>	<b>471</b>

Cash and receivables on central banks	766	2 108	-	-	2 875
Deposits with and receivables on financial institutions	3 850	1 238	795	-2 882	3 002
Total gross loans to customers	57 738	39 544	39 035	3 563	139 880
Write-downs	-1 695	-1 142	-1 200	-	-4 037
Commercial papers and bonds	4 018	2 892	2 306	-	9 217
Financial derivatives	-	-	-	-	-
Investments in subsidiaries	2 587	-	-	-	2 587
Other assets	25 796	614	1 901	-5 733	22 578
<b>Total assets</b>	<b>93 062</b>	<b>45 254</b>	<b>42 838</b>	<b>-5 051</b>	<b>176 103</b>
Debt to credit institutions	7 713	10 724	15 471	-3 900	30 008
Deposits from customers	25 839	22 418	24 507	-	72 764
Debt established by issuing securities	29 971	8 834	1 964	-	40 769
Financial derivatives	-	-	-	-	-
Other liabilities	2 723	3 187	775	-59	6 627
Equity	25 722	91	121	-	25 934
<b>Total liabilities and equity</b>	<b>91 969</b>	<b>45 254</b>	<b>42 838</b>	<b>-3 958</b>	<b>176 103</b>

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

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

## Note 9 - Net interest income

<i>All amounts in millions of NOK</i>	Q1 2020	Q1 2019	FY 2019
Interest and similar income on loans to and receivables from credit institutions	5	96	359
Interest and similar income on loans to and receivables from customers	1 848	1 726	7 048
Interest and similar income on comm. paper, bonds and other securities	75	13	59
<b>Total interest income</b>	<b>1 928</b>	<b>1 834</b>	<b>7 466</b>
Interest and similar expenses on debt to credit institutions	-21	-54	-159
Interest and similar expenses on deposits from and debt to customers	-205	-175	-788
Interest and similar expenses on issued securities	-97	-85	-346
Interest on subordinated loan capital	-18	-12	-54
Other interest expenses and similar expenses	-1	-1	-6
<b>Total interest expense</b>	<b>- 343</b>	<b>327</b>	<b>1 352</b>
<b>Net interest income</b>	<b>1 585</b>	<b>1 507</b>	<b>6 114</b>

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

<i>All amounts in millions of NOK</i>	Q1 2020	Q1 2019	FY 2019
<b>To credit institutions</b>			
Interest expenses	-21	-54	-159
Average loan	25 908	28 661	25 538
<b>Average nominal interest rate</b>	<b>0,32%</b>	<b>0,75%</b>	<b>0,62%</b>

	Q1 2020	Q1 2019	FY 2019
<b>To customers</b>			
Interest expenses	-205	-175	-788
Average deposit	69 124	55 296	60 065
<b>Average nominal interest rate</b>	<b>1,18%</b>	<b>1,26%</b>	<b>1,31%</b>

	Q1 2020	Q1 2019	FY 2019
<b>To bondholders</b>			
Interest expenses	-97	-85	-346
Average issued notes and bonds	39 144	38 286	37 383
<b>Average nominal interest rate</b>	<b>0,99%</b>	<b>0,89%</b>	<b>0,92%</b>

	Q1 2020	Q1 2019	FY 2019
<b>Subordinated loan capital*</b>			
Interest expenses	-18	-12	-54
Average subordinated loan capital	2 494	1 705	2 076
<b>Average nominal interest rate</b>	<b>2,97%</b>	<b>2,90%</b>	<b>2,58%</b>

<b>Total of tables above:</b>	Q1 2020	Q1 2019	FY 2019
Interest expenses	-341	-326	-1 346
Loan	136 670	123 949	125 062
<b>Average nominal interest rate</b>	<b>1,00%</b>	<b>0,53%</b>	<b>1,08%</b>

## Note 10 - Classification of financial instruments

All amounts in millions of NOK

<b>Classification of financial assets 31 March 2020</b>	<b>Financial assets at fair value through P&amp;L</b>	<b>Financial assets at fair value through OCI</b>	<b>Amortized cost</b>	<b>Book value</b>
Cash and receivables on central banks	-	-	2 875	2 875
Deposits with and receivables on financial institutions	-	-	3 002	3 002
Loans to customers	-	-	135 844	135 844
Commercial papers and bonds	-	-	9 217	9 217
Financial derivatives	-	-	-	-
Loans to subsidiaries and SPV's	-	-	15 498	15 498
Other ownership interests	-	31	-	31
<b>Total financial assets</b>	<b>-</b>	<b>31</b>	<b>166 436</b>	<b>166 467</b>
				Non financial assets 9 636
				<b>Total assets 176 103</b>

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

2019

All amounts in millions of NOK

<b>Classification of financial assets 31 March 2019</b>	<b>Financial assets at fair value through P&amp;L</b>	<b>Financial assets at fair value through OCI</b>	<b>Amortized cost</b>	<b>Book value</b>
Cash and receivables on central banks	-	-	65	65
Deposits with and receivables on financial institutions	-	-	2 477	2 477
Loans to customers	-	-	124 044	124 044
Commercial papers and bonds	-	-	8 170	8 170
Financial derivatives	22	-	-	22
Loans to subsidiaries and SPV's	-	-	9 702	9 702
Other ownership interests	-	26	-	26
<b>Total financial assets</b>	<b>22</b>	<b>26</b>	<b>144 459</b>	<b>144 484</b>
			Non financial assets	4 055
			<b>Total assets</b>	<b>148 539</b>

<b>Classification of financial liabilities 31 March 2019</b>	<b>Financial liabilities at fair value through P&amp;L</b>	<b>Financial liabilities at fair value through OCI</b>	<b>Amortized cost</b>	<b>Book value</b>
Debt to credit institutions	-	-	27 630	27 630
Deposits from customers	-	-	58 349	58 349
Debt established by issuing securities	-	-	36 693	36 693
Financial derivatives	15	-	-	15
Other financial liabilities	-	-	683	683
Subordinated loan capital	-	-	1 701	1 701
<b>Total financial liabilities</b>	<b>15</b>	<b>-</b>	<b>125 056</b>	<b>125 071</b>
			Non financial liabilities and equity	23 468
			<b>Total liabilities and equity</b>	<b>148 539</b>

## Note 11 - Valuation Hierarchy

Q1 2020

All amounts in millions of NOK

			Quoted market price Level 1	Using observabl e inputs Level 2	With significant unobservabl e inputs Level 3	Total
<b>Financial instruments measured at fair value</b>						
<b>Financial assets</b>						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 25	-	-	-	-
<b>Total financial trading derivatives</b>			-	-	-	-
<i>Name</i>	<i>Type</i>					
VISA	Equity		-	31	-	31
<b>Total other ownership interests</b>			-	31	-	31
<b>Total Assets</b>			-	31	-	31
<b>Financial liabilities</b>						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 8	-	-	-	-
<b>Total financial derivatives</b>			-	-	-	-
<b>Total Liabilities</b>			-	-	-	-
<b>Derivatives designated for hedge accounting - assets</b>						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	-	-	-
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	58	-	58
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	8	-	8
<b>Total derivatives designated for hedging - assets*</b>			-	66	-	66
<b>Derivatives designated for hedge accounting - liabilities</b>						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	19	-	19
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	1	-	1
<b>*Total derivatives designated for hedging - liabilities*</b>			-	20	-	20

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

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

**Level 1:**

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

**Level 2:**

Instruments at this level are not considered to have an active market. Fair value is obtained from relevant observable market data. This includes prices based on identical instruments, as well as prices based on similar assets and price indicators that are observable for the asset or liability. Examples of instruments at Level 2 are securities priced out of interest rate paths. The fair value at level 2 is calculated by discounting future cash flows. The cash flows are known from contractual conditions, in addition to a marked regulated interest rate element (e.g. EURIBOR).

**Level 3:**

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

**Q1 2019**

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<b>Financial assets</b>						
Name	Type	Notional				
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 57	-	22	-	22
<b>Total financial trading derivatives</b>			-	<b>22</b>	-	<b>22</b>
<b>Other ownership interests</b>						
Name	Type					
VISA	Equity		-	26	-	26
<b>Total other ownership interests</b>			-	<b>26</b>	-	<b>26</b>
<b>Total Assets</b>			-	<b>48</b>	-	<b>48</b>
<b>Financial liabilities</b>						
Name	Type	Notional				
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 39	-	15	-	15
<b>Total financial derivatives</b>			-	<b>15</b>	-	<b>15</b>
<b>Total Liabilities</b>			-	<b>15</b>	-	<b>15</b>

## Derivatives designated for hedge accounting - assets

Name	Type	Notional				
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	12	-	12
SW EMTN MEUR 100	Cross Currency Swap	MM EUR 240	-	75	-	75
DK EMTN MEUR 245	Cross Currency Swap	MM EUR 100	-	5	-	5
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 245	-	45	-	45
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 200	-	4	-	4
<b>Total derivatives designated for hedging - assets*</b>			-	<b>140</b>	-	<b>140</b>

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

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

### Level 1:

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

### Level 2:

Instruments at this level are not considered to have an active market. Fair value is obtained from relevant observable market data. This includes prices based on identical instruments, as well as prices based on similar assets and price indicators that are observable for the asset or liability. Examples of instruments at Level 2 are securities priced out of interest rate paths. The fair value at level 2 is calculated by discounting future cash flows. The cash flows are known from contractual conditions, in addition to a marked regulated interest rate element (e.g. EURIBOR).

### Level 3:

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

## Note 12 - Loans to customers

All amounts in millions of NOK

	Q1 2020	Q1 2019	FY 2019
Credit Card	6 926	6 878	7 016
Unsecured loans	28 160	24 896	25 473
Auto loans	104 795	95 368	97 059
- Installment loans	85 324	76 909	78 661
- Financial leasing	19 471	18 459	18 398
<b>Total gross loans to customers</b>	<b>139 880</b>	<b>127 143</b>	<b>129 548</b>
- Loan loss allowance - Stage 1	-824	-806	-819
- Loan loss allowance - Stage 2	-495	-456	-489
- Loan loss allowance - Stage 3	-2 718	-1 837	-2 142
<b>Total net loans to customers</b>	<b>135 844</b>	<b>124 044</b>	<b>126 098</b>

## Note 13 - Impairment losses on loan, guarantees etc.

All amounts in millions of NOK

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

	Q1 2020	Q1 2019
Change in loss allowance - Unsecured loans	-275	-125
Change in loss allowance - Secured loans	-43	-32
Change in loss allowance - Commercial papers and bonds	-	-
+/- Fx rate adjustment opening balance	-	-
+ Total realized losses	-134	-346
- Recoveries on previously realized losses	55	99
- Gain on sold portfolios	-	-
<b>Impairment losses on loan, guarantees etc.</b>	<b>-397</b>	<b>-404</b>

## Note 14 - Issued securities

All amounts in millions of NOK

	Q1 2020	Q1 2019	FY 2019
Issued certificates	2 190	2 085	1 999
Senior unsecured issued securities	38 579	34 608	35 520
<b>Total issued securities</b>	<b>40 769</b>	<b>36 693</b>	<b>37 519</b>

Santander Consumer Bank AS issued certificates of deposits in January to a value of SEK 100 MM (NOK 94 MM)

Santander Consumer Bank AS issued certificates of deposits in January to a value of SEK 100 MM (NOK 94 MM)

Santander Consumer Bank AS issued certificates of deposits in January to a value of SEK 80 MM (NOK 75 MM)

Santander Consumer Bank AS issued certificates of deposits in January to a value of SEK 100 MM (NOK 94 MM)

Santander Consumer Bank AS issued certificates of deposits in January to a value of SEK 100 MM (NOK 94 MM)

Santander Consumer Bank AS issued certificates of deposits in January to a value of SEK 100 MM (NOK 94 MM)

Santander Consumer Bank AS issued certificates of deposits in February to a value of SEK 90 MM (NOK 86 MM)

Santander Consumer Bank AS issued certificates of deposits in February to a value of SEK 110 MM (NOK 105 MM)

Santander Consumer Bank AS issued certificates of deposits in February to a value of SEK 100 MM (NOK 95 MM)

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

Santander Consumer Bank AS issued bonds on the Irish Stock exchange in February to a value of SEK 1 000 MM (NOK 957 MM)

Santander Consumer Bank AS issued bonds on the Irish Stock exchange in February to a value of EUR 500 MM (NOK 5 080 MM)

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

## Note 15 - Receivables and liabilities to related parties

Amounts in millions of NOK

Debt to related parties:	Q1 2020	Accrued Interest Q1 2020	Q1 2019	Accrue d Interest Q1 2019	FY 2019	Accrue d Interest FY 2019
Santander Benelux	-	-	-	-	-	-
Santander Consumer Finance S.A.	25 373	4	22 030	12	17 268	3
Debt to SPV on future cash flow of securitized loans	3 563	-	5 416	-	4 427	-
<b>Total</b>	<b>28 936</b>	<b>4</b>	<b>27 446</b>	<b>12</b>	<b>21 696</b>	<b>3</b>

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

MNOK 250, maturity March 2025, 3 months NIBOR +2.2575% (Santander Consumer Finance S.A)	250	-	250	-	250	-
MNOK 250, maturity July 2025, 3 months NIBOR +3.135% (Santander Consumer Finance S.A)	250	1	250	2	250	3
MSEK 750, maturity December 2024, 3 months STIBOR +2.2825% (Santander Consumer Finance S.A)	-	-	697	-	-	-
MNOK 500, maturity September 2027, 3 months NIBOR + 1,66% (Santander Consumer Finance S.A)	500	3	500	1	500	1
MSEK 750, maturity December 2029, 3 months STIBOR +2.08% (Santander Consumer Finance S.A)	780	1	-	-	708	1
MSEK 750, maturity December 2030, 3 months STIBOR +2.29% (Santander Consumer Finance S.A)	780	-	-	-	708	-
<b>Total</b>	<b>2 561</b>	<b>5</b>	<b>1 697</b>	<b>4</b>	<b>2 416</b>	<b>5</b>

\* Subordinated loan at MSEK 750 with maturity December 2024 was redeemed by exercising the call option in December 2019.

Receivables on related parties:	Q1 2020	Accrued interest Q1 2020	Q1 2019	Accrue d interest Q1 2019	FY 2019	Accrue d interest FY 2019
Balance sheet line: "Commercial papers and bonds" <i>B and C notes issued by SPVs</i>	484	-	1 147	-	1 062	-
Balance sheet line: "Loans to subsidiaries and SPV's" <i>Loan to subsidiary (Santander Consumer Bank OY)</i>	15 481	18	9 629	12	12 295	68
<i>Loan to subsidiary (FORSO Nordic AB)</i>	2 882	5	-	-	-	-
<i>Subordinated loan to SPVs</i>	-	-	61	-	48	-

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

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

## Note 16 - Transaction with related parties

All amounts in millions of NOK

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

Transactions with related parties are mostly interest expenses on funding from the parent company and the ultimate parent company. The Bank has transactions with the SPVs through funding and cash flows as agreed in the securitization process.

The following transactions were carried out with related parties:

	Q1 2020	Q1 2019	FY 2019
Interest income	67	79	312
Interest expenses	-33	-33	-125
Interest payments additional Tier 1 capital	-38	-34	-141
Fees	5	7	28
Other	-4	6	-2
<b>Net transactions</b>	<b>-3</b>	<b>25</b>	<b>73</b>

Santander Consumer Bank AS had transactions with the following related parties per 31 March 2020:

Banco Santander S.A.

Santander Consumer Finance S.A.

Santander Consumer Finance OY

Santander Consumer Finance Global Services, S.L.

Santander Global Operations, S.A.

Santander Global Technology, S.L.

SPV:

Bilkreditt 7 (3147)

SV Autofinans Warehousing 1 LTD (03104)

## Note 17 - Business combination

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*All amounts in millions of NOK*

February 28th, 2020 the Group acquired 100 % of the shares in Forso Nordic AB, a captive finance operation. Forso Nordic AB is headquartered in Sweden, Gothenburg, with a subsidiary in Finland and branches in Norway and Denmark. The acquisition is fully financed through an intra group loan from the parent company of Santander Consumer Bank AS. The agreement also includes a long term partnership offering financial services to Ford dealers and customers in the Nordic region.

Statement of the acquisition appears in the Group notes.