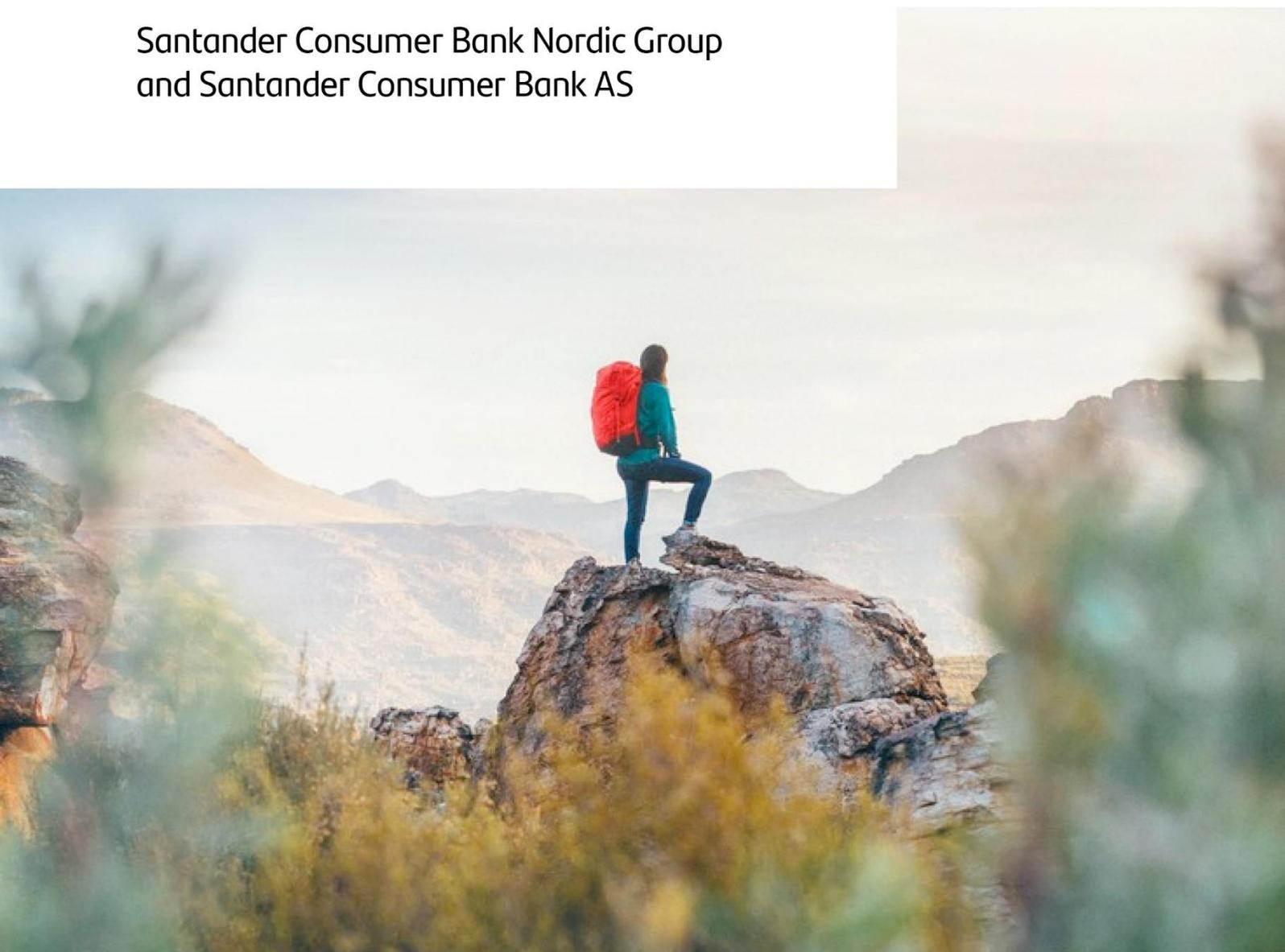


Third Quarter Report 2020

Santander Consumer Bank Nordic Group
and Santander Consumer Bank AS



Letter from CEO

Eight months after our societies closed due to COVID-19, we still must deal with measures to combat the pandemic and the consequences in our everyday lives and for our economy. Our most important focus has been to take care of our employees and deliver on our mission while working remote.

Although the Nordic countries have managed better through the crisis than many parts of the world, we do still feel the effects, also in the markets we operate. We understand our responsibility to take care of our customers and partners in a difficult financial situation and aim to help with their payments while protecting profitability. With that in mind, the Group has delivered acceptable results through the third quarter of 2020.

There are however encouraging signs going forward. Within auto, the used car sales market has rebounded since the initial lockdown and are on track compared with last year. We have been able to maintain our market-leader position within auto finance as whole.

The Group continues to closely monitor the market in the COVID-19-situation and are optimistic about our prospects having a strong business model and robust capital situation.

Regardless of the pandemic, the financial sector is continuously changing, and the Group are responding to fierce competition. The last quarter we have reached an important milestone in our journey towards organizing as one bank in the Nordics and have established bank wide teams in all business areas. The goal is to speed up decision making and working more unified across the region, delivering the best value proposition to our customers and partners also in the future.



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

Michael Hvidsten, CEO

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Third quarter report 2020

Highlights

- Lending to customers increased with 12% (20 Bn NOK) from year end 2019 and net interest income increased with 7% YTD Q3 2020 compared to YTD Q3 2019. The increase in lending and net interest income is mainly due to the acquisition of Forso Nordic AB with a current outstanding portfolio of 8 Bn NOK and a weaker NOK creating a positive foreign exchange impact.
- Following the COVID-19 pandemic the Auto market has been affected by a significant reduction in new car sales. Used car sales are YTD in line with 2019. COVID-19 specially affected Credit Card issuance and transactions, due to changed consumer behavior and declining sales in the travel and tourism segments. Consumer loans have also been reduced in 2020 compared to 2019, due to COVID-19 and regulatory changes in three countries.
- The Group has been able to maintain its Gross Margin profitability relative to the lending size and had discipline on the OPEX spending in 2020.
- Net impairment losses YTD Q3 2020 is 1 298 MM NOK, compared to 376 MM NOK YTD Q3 2019. A smaller bad debt sale compared to last year (a gain of 250 MM NOK this year vs 875 MM NOK last year), and recognition of specific reserves of 85 MM NOK related to the COVID-19 situation is the reason for the increased losses.
- Deposit volumes have increased 19% from year end 2019 and continues to be the largest funding source of the Group.
- The Group's profit before tax was 2 280 MM NOK YTD Q3 2020 reflecting a decrease of 23% compared to the same period last year.
- On September 9th 2020 Forso Nordic AB was merged with Santander Consumer Bank AS.

Key figures Santander Consumer Bank Group

All amounts in millions of NOK	Q3 2020*	Q3 2019	YTD Q3 2020*	YTD Q3 2019	2019
Net interest income	1 889	1 832	5 746	5 372	7 174
<i>Growth</i>	3%	6%	7%	5%	4%
Gross margin	1 958	1 914	5 855	5 710	7 595
<i>Growth</i>	2%	4%	3%	4%	3%
Profit before tax	714	662	2 280	2 976	3 611
<i>Growth</i>	8%	-11%	-23%	7%	-13%
Profit after tax	554	488	1 808	2 250	2 869
<i>Growth</i>	14%	-14%	-20%	7%	-9%
Total assets	208 503	182 024	208 503	182 024	181 105
<i>Growth</i>	15%	8%	15%	8%	3%
Net Loans to customers	181 089	161 975	181 089	161 975	161 392
<i>Growth</i>	12%	7%	12%	7%	1%
Customer deposits	77 652	64 613	77 652	64 613	65 484
<i>Growth</i>	20%	22%	20%	22%	20%

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

Financial Performance for the third quarter of 2020

Loans to Customers

The Group's¹ outstanding loans to customers were 185.7 Bn NOK at Q3 2020, an increase of 12% or 20.4 Bn NOK compared to Q4 2019.

The main drivers for the increase are the acquisition of the Forso portfolio of 8 Bn NOK, and the weakening of the NOK increasing the impact of translation of loans in other currencies. The underlying lending in local currencies is slightly higher in Auto loans and slightly lower in Unsecured loans compared to 2019 excluding any Forso impact.



Gross loans to customers
MM NOK



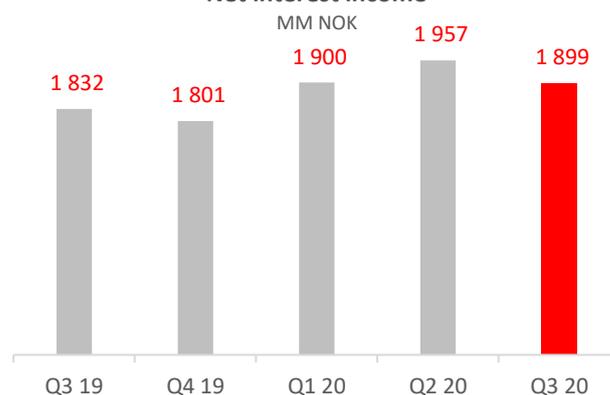
Results

The Group's financial results for the third quarter year to date show an increased net interest income of 7% compared to last year.

The net loans to customers have grown with 12%.

The delta in the growth rates can be explained by the acquisition of Forso contributing with 8 Bn NOK in loans without a full year P&L impact, as well as fx impacts and a shift in product mix from high yield unsecured products to secured products.

Net interest income



Net fee and commission income decreased by 87 MM NOK compared to the same period last year. The decrease is caused by higher fees related to securitization in Sweden of 45 MM NOK and lower insurance sales in Denmark causing a drop in commission income of 38 MM NOK. The Gross Margin is also impacted by 110 MM NOK loss vs Q3 2019 in open fx positions.

Operating expenses for the period were 2 452 MM NOK, compared to 2 366 MM NOK as of third quarter in 2019. The increase of 86 MM NOK is mainly driven by the recognition of restructuring costs related to the acquisition of Forso AB Nordic of 57 MM NOK.

Net impairment losses increased with 923 MM NOK compared to last year. The Group sold portfolios of non-performing loans and written off loans before the summer, resulting in a net gain of 250 MM NOK. Compared to the sale in 2019 with a net gain of 875 MM NOK, this represents the main driver for the increased losses. In addition, the Group has recognized specific reserves related to the COVID-19 pandemic of 85 MM NOK and deterioration of credit quality in some portfolios have created the remaining variance of 169 MM NOK compared to last year.

The Group's profit before tax as of Q3 2020 was 2 280 MM NOK, a decrease of 23% compared to the same period last year due to the reasons explained above.

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

Loans and Deposits Performance

Auto and Leisure Financing

The third quarter of 2020 continues to be dominated by the effects of COVID-19, influencing new sales of passenger cars and light commercial vehicles (PC & LCV) across the Nordics. There are however encouraging signs in the market.

New car sales down, but market is improving.

The full quarter has seen new car sales at 217.195, down 2.7% vs the same quarter in 2019. The re-opening of societies led by Denmark and Norway in May and June and followed by Finland has helped car sales. As car manufacturers reopened their factories the supply of new cars and inflow into Stock Finance increased. The new car sales were up across the region 13.0% in the month of September. Sales in Norway increased rapidly, up 34% in September, sales in both Denmark and Sweden increased above 9% year on year in September and sales in Finland was up by almost 4%. On a year to date (YTD) basis the markets are closer aligned with drops of 17.1% in Finland, which had a strong start of 2020, Sweden down 20.7%, Denmark down 20.5% and Norway down 15.3%. Total new car sales in the Nordic market reached 584.260 units year to date in September 2020, a decrease of 18.4% compared to the same period in 2019.

Used car sales on track with last year.

The impact on used vehicles sales has been different and initially showed less decline than new car sales during the COVID-19 outbreak first phase, with increasing transactions as months have passed. The month of September (up by 7.2%) stands out. In Q3 used car sales are at 843.727, up by 3.7% compared to Q3 2019. YTD 2.277.397 used car sales were recorded, down by 1.3% compared to YTD September 2019. Leisure sales, especially those of motorcycles continued to outperform the new and used car sales and have continued their double-digit growth during Q3 2020.

The Group has financed 56.304 new and 133.267 used cars, down 7.6% and 7.5% respectively compared to the same period in 2019. Balancing growth and profitability are a key priority for the Group.

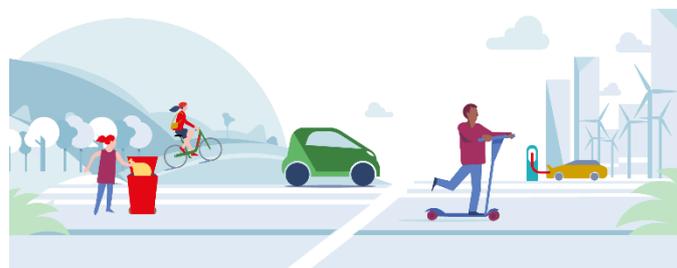
Helping customers and partners prosper

The Group has implemented several actions related to COVID-19 throughout the region aiming to help customer as well as dealers with

their payments, while protecting profitability and ultimately prevent or limit write offs. Following the pandemic, the Group experiences an increased demand from partners for customized integrated digital solutions for online sales and financing in each of the Nordic markets.

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 780.000 and 840.000 units, which approximately is an 18% decrease from 2019 numbers.

Continued good performance will depend on the finance penetrations achieved with dealer and manufacturer partners as well as market circumstances such as the development of COVID-19 across the region. The expectation is that used cars sales will be back (and beyond) pre-COVID-19 levels, where new cars sales are expected to be back at pre-COVID-19 levels by the end of 2021.



Supporting mobility transformation

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 Group is expanding their partnerships, which will present new opportunities and a strengthened position across the region. In Q3 Santander AS merged with Forso AB.

The EU legislation regarding emissions (CAFE) phased-in from 2020, fully effective from 2021, sets mandatory Co2 emission reduction targets for new cars sold in Europe. The Group continues to invest in capabilities to implement local and EU regulations and guidelines (e.g. European Banking Authority). It is anticipated that emission-based taxation will increase. Denmark, for example, announced plans which could be implemented as early as Q4 2020 to this effect.

Unsecured lending

The third quarter of 2020 are highly affected by COVID-19, both in terms of consumer behavior and market fluctuation as market players are adjusting to the “new normal”. Overall, Unsecured outstanding value is at 37.4 Bn NOK, an increase of 5% compared to Q3 2019. Sweden continues to generate most outstanding volumes (44%), whereas Finland generated the biggest growth vs last year with an impressive 33% growth. Consumer loan is still the dominating product in the unsecured lending portfolio, making up roughly 80% of the outstanding volume.

Adjusting to stronger competition

The Group is facing increased competition on Consumer loans in all four markets. The Group has a slight decrease in market share in Sweden, albeit constant in the other markets. The Group is revisiting some of the measures to open up for new and healthy market volumes and, are adding two new brokers in Sweden and terminating one.

In all four markets the Group is conducting thorough customer journey analysis to secure a top-notch customer experience and an increased number of customers. The work with improving the level of self service in the netbank continues generating greater productivity, customer satisfaction and cost savings. A new application flow has been implemented in Sweden and Finland, leading to a 5-10 % increase in applications. The number of payment protections insurances has also increased with 10-15%. In Finland, the temporary marketing ban as well as the interest cap, has changed the market dynamics with less broker driven activities. The volumes generated in the Groups own acquisition channels in Finland is still stable, but we see a negative trend in the broker channel. In Denmark, brokers are gaining market share and the lever of volume derived from brokers is behind the competition.

Tightening regulations

The Group observes an increased attention to unsecured lending from local FSA's, securing consumer protection and transparency as well as mitigating over-indebtedness in the market. The Norwegian and Danish unsecured markets have continued to decrease (15-20% in 2020) as a result of the regulatory changes, including the Norwegian debt-register that the Group has advocated and supported. The Norwegian FSA has announced yet another proposal to further tightening the market for unsecured and secured lending.

Credit cards

Domestic spending has begun to stabilize at a higher level in Q3 vs Q2 2020. Contactless spending by New Business Volume (NBV) has continued to increase as a share of total NBV spend. The spend on travelling in July 2020 peaked due to ease of restrictions however it leveled off in August. There are no indications it will match or exceed prior years NBV for Q3 2019. In the light of the pandemic, contactless transactions and volume deriving from big pay (e.g Apple pay, Google pay etc.) have a massive increase.

On the regulatory side, there is still focus on Revised Payment Services Directive (PSD2) with strong customer authentication on all payments as one of the areas. The Group has continued the journey on streamlining our Nordic PSD2 efforts, securing compliance and attractiveness in the market. In Q3, the work with consolidating the portfolios into one platform has continued, enabling new attracting product features and well as cost saving.

Sales Finance

The Group has managed to hold up sales numbers across the region in Q3 and are well positioned in industries less affected by COVID-19 impact such as Home Electronics and DIY (Do It Yourself). The Group has reached an agreement of an extension of the Elkjøp co-operation for Norway and DK with a prolonged contract spanning into 2023. There is a good trend in attracting and onboarding new merchants in the region, especially in Denmark and Finland. The challenging regulatory environment is evident also in this product line, adding complexity in application processes on top of the changes in underwriting.



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 the Norwegian, Swedish and Danish market over the last years. In the Swedish market the Bank² has an ongoing cooperation with a broker. The cooperation expands the number of customer channels, providing a diversification for the Deposits portfolio.

The focus in the third quarter of 2020 has been on improvements of 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, hence the banks continuously optimization of mobile responsive onboarding solutions, net banks, apps and chat bots. Analysis in order to improve customer experience continued in Q2 and Q3 2020. In the Danish market, the bank launched in Q3 2020, new improved functionalities as optimized Private Netbank, the feature Saving Goals and the possibility to view personal balances in third party banks through the new Financial tool named Prosper. The Bank has initiated a collaboration in order to create simplified and more efficient customer solutions for the Deposits customers cross the Norwegian, Swedish and Danish market.

The Bank is member of the Norwegian Banks' Guarantee Fund.

Customer Deposits are covered according to the local guarantee

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

limits, providing our Deposits customers guaranteed amount per debtor of 100.000 EUR in the Danish and Swedish market, and 2 MM NOK in the Norwegian market.

During Q3 2020, the Bank experienced only minor changes in customer behavior related to the COVID-19 situation.

Total outstanding volume is 77 652 MM NOK per September 2020, representing an increase of 13 039 MM NOK (20 %), compared to September 2019. In local currencies the deposit portfolio in the different markets have increased between 6 % and 20 %, however the additional increase in NOK value of the portfolio is due to the weak NOK towards SEK and DKK.

The Bank will continue to optimize and grow Customer Deposits, while remaining trustworthy for the customers.

Customer deposits
MM NOK



Risk Management

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

CREDIT RISK

The Group's Credit Risk profile in Q3 2020 remains stable for the total portfolio, with only a marginal change in risk profile compared to Q3 2019, in line with business strategy. The consolidated Non-Performing Loans (NPL) Ratio ended at 2.65% (1.30% for Secured and 7.14% for Unsecured portfolios) in Q3 2020, compared to 2.21% in Q3 2019 (1.17% for Secured and 5.81% for Unsecured). The increase is primarily driven by a change in the write-off criteria, effective from the second part of 2019 in Norway.

The loan loss reserves have increased in proportion with increase in Non-performing portfolio, from 3599 MM NOK per Q3 2019 to 4649 MM NOK per Q3 2020. The total reserves as of Q3 2020 of 4649 MM NOK include 4601 MM NOK related to loans to customers and 48 MM NOK connected to off-balance exposures.

In relation to the COVID-19 pandemic impacting the Group, a notable amount of payment holidays request was observed during the first months of the pandemic. In order to cover the potential losses of these clients missing payments when the payment holiday measures end, a reserve of 85 MM NOK was booked on June close. The unamortized amount currently on books as of Q3 2020 is 83.8 MM NOK. These reserves are distributed by the amount expected to be lost on every unit. The Group is continuously reassessing COVID-19 impact and it will continue to adopt new measures as necessary.

LIQUIDITY AND INTEREST RATE RISK

Liquidity risk is managed by monitoring regulatory metrics: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), in addition to internally developed liquidity stress test models and metrics in order to capture the Group's ability to survive in stressful conditions. The Group has a healthy liquidity position, managed at Nordic level to ensure efficient use of liquidity across the Group. As of September 2020, the Group's LCR was 175%. The latest available NSFR as of Q3 2020 was 105,28 %. Both metrics are comfortably exceeding the regulatory requirements.

The Group manages interest rate risk by aiming to match the repricing of the liabilities with the repricing of the underlying assets (loans to customers). An appropriate balance sheet structure ensures that the impact of changes in interest rates on net interest income and

equity value are contained. Interest rate risk in the Group is measured using the Net Interest Margin (NIM) sensitivity and Market Value of Equity (MVE) sensitivity to account for the impact of various shifts in the underlying market rates over NIM and MVE. Both metrics were within appropriate limits for all currencies at the end of Q3 2020.

FOREIGN CURRENCY RISK

The Group operates in countries with various currencies and is exposed to currency risk from these operations. The Group's strategy is to have a composition of the balance sheet that minimizes currency risk by ensuring that the assets and liabilities are denominated in the same currency. When the Group raises funding through the international debt markets, FX derivatives are used to swap liquidity to the currency when funds are needed and to offset the position created. The total open currency exposure as of end of Q3 2020 was 2 627 MM NOK equivalent for consolidated SEK, DKK, and EUR exposures.

OPERATIONAL RISK

Despite the COVID-19 pandemic crisis, operations of the Group in the third quarter of the year were impacted only marginally. Capacity of VPN connections was increased accordingly in March enabling most staff to start working remotely in accordance with governmental recommendations. From the beginning of April, the percentage of employees working remotely reached about 90%. Close monitoring of business continuity risks by specialized response teams allowed for minimized impact on customers and business partners. Additional risk analysis of pandemics impact on business processes demonstrated that no relevant process had significantly increased risk exposure as a result of changes and modifications applied. In the beginning of June the restrictions were gradually released allowing for controlled return of employees, utilizing approximately 30% of premises capacity at the maximum. For the time being, the Bank monitors closely the development of the situation and regulatory approaches in all Nordic countries.

Funding

Maintaining a diversified self-funding platform is a strategic priority for the Group, as it provides funding security, optimization of the cost of funds, and complements support from the parent bank. The strategy has benefitted the Group in the aftermath of COVID-19, as the Group's deposit base remains strong and the access to parent liquidity fully open.



A solid funding platform

Over the past nine years, the Group has developed multiple funding channels ranging from deposit products across three of its four markets, unsecured bonds in the Norwegian, Danish, Swedish and European bond markets, including a Swedish green bond, and securitization transactions with assets from all four Nordic countries.

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 74% per Q3 2020, with parent company loans providing the remaining 26%.

Customer deposits is the funding source experiencing the most growth year-to-date, with volumes increasing by 19%. The liquidity in the deposits market since COVID-19 began have driven this growth. Deposits comprise 45% of total funding per end-September 2020 and have a total outstanding volume of 77 652 MM NOK across the three Nordic markets where the Group is present.

Conversely, capital markets issuance has been limited in Q3 2020 due to elevated spreads in the capital markets since COVID-19. Total outstanding bond and certificate issuance equals 37 786 MM NOK per September 2020, an increase of 267 MM NOK (1%) from end of 2019. Senior unsecured issuance and certificates currently comprise 22% of our funding per Q3 2020. Senior unsecured issuance and certificates outstanding year-to-date Q3 2020 include 2 000 MM EUR in the Euro market, 7 105 MM SEK in the Swedish market, 1

250 MM DKK in the Danish market and 6 050 MM NOK in the Norwegian market. Given strong deposits liquidity, we have temporarily scaled back our presence in the certificates of deposits market in Norway and Sweden, with only 400 MM SEK currently outstanding as of end Q3 2020.

The weighted average remaining term to maturity, excluding certificate issuances, is 1.97 years. This number fluctuates somewhat and typically remains around 2 years.

The Green Bond program

The Group launched its inaugural Green Bond issuance in February 2020, following the publication of the Green Bond Framework in December 2019. The transaction was issued in the Swedish market, with a size of 1 000 MM SEK. 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 the Group's funding base, the Green Bond program also forms a key part of the Group's Responsible Banking strategy, and it represents a contribution to the environmental progress of the communities in which the Group operates.

Ratings

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

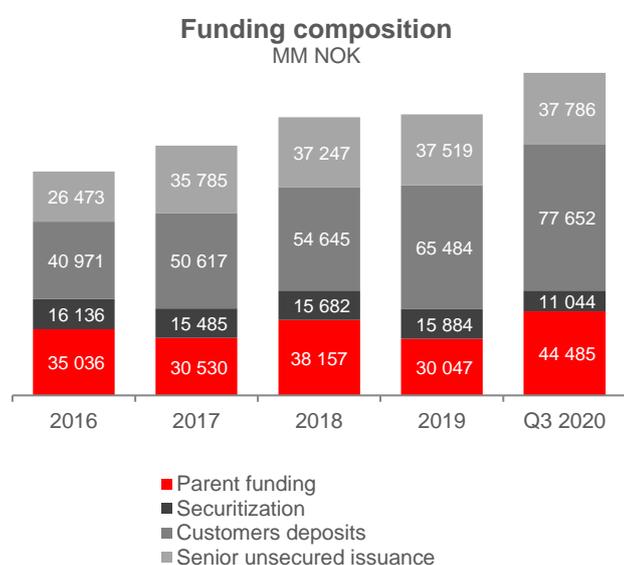
The Group has not received funding from the asset-backed securities market year-to-date Q3 2020. Securitization issuance in Norway has been paused due to the change in Norwegian law in 2016. Securitizing the Finnish portfolio, however, remains a consistent source of funding, since Santander Consumer Finance OY is not impacted by the regulatory change. As a result, the amount of funding received from the securitization markets has remained

Santander Consumer Bank

relatively stable over the past three years. Total outstanding volumes currently equals 11 044 MM NOK, or 6% 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 2019 released a consultation paper on the adoption of the new regulations. The deadline for responses to the consultation paper was September 2019. The next steps in the implementation process have not been communicated by the Ministry of Finance.

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

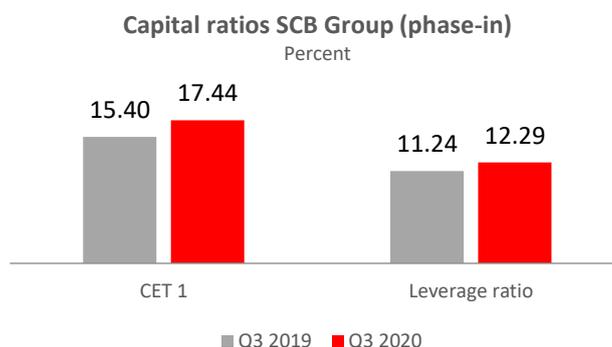
(the Group) and at stand-alone level (SCB AS). The Group had per September 2020 a solid capital adequacy position with a margin of 290 bps over the regulatory requirement for common equity tier 1 (CET1).

The CET1-ratio per end of Q3 2020, allowing for phase-in of IFRS 9 impact, was 17.44% for the Group and 18.26% for SCB AS. The CET1-ratio per end of Q3 2020 with the full IFRS 9 impact was 17.24% for the Group and 18.09% for SCB AS. The capital ratios using the transitional rules (phase-in) are the official ratios that have to meet minimum capital adequacy requirements.

The required leverage ratio for the Group is 5%. Per end of Q3 2020, the Group had a leverage ratio, allowing for phase-in of IFRS 9 impact, of 12.29%, while SCB AS established a leverage ratio of 13.40%.

The development from Q2 2020 to Q3 2020, has been very stable for SCB Group, while for Santander Consumer Bank AS the capital positions has slightly improved due to reduction in lending to the subsidiary Santander Consumer Finance OY. The NOK has further weakened towards EUR, DKK and SEK, but the capital ratio impact has not been material.

Change to the systemic risk buffer requirement, which is expected to take place from year end 2020, will enable banks to use the buffer requirements in the jurisdictions where it operates. With operations in the Nordic countries, this will result in lower capital requirements for the Group even though the systemic risk buffer will increase in Norway.



No dividend from 2019 has been proposed to the Board of Directors in 2020 due to uncertainty related to the COVID-19 pandemic and guidelines from regulators.

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

Regulatory Changes

Increased number of regulatory initiatives

The number of regulatory initiatives in the financial sector continues to be high, both on EU level and locally. The Group 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.

The COVID-19 situation dominated the regulatory developments as well as supervisory authorities’ activities in EU and in all the Nordic countries during the first half of this year and to some extent still does even though the paused regular regulatory and supervisory activities have been picking up throughout the third quarter.

The Risk Reduction Package

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 Norwegian Ministry of Finance asked the Financial Supervisory Authority of Norway to establish and take lead on a working group to review the Norwegian implementation. On 9th of October the Financial Supervisory Authority of Norway submitted the results of their review as well as proposal for Norwegian implementation to the Ministry of Finance, and on 15th of October the Ministry issued the proposal for consultation with deadline early January 2021. The proposal includes the COVID-19 related changes adopted by EU earlier this year.

Although Norwegian banks are profitable and solid capital-wise, the Norwegian Ministry of Finance decided to keep the counter-cyclical capital buffer requirement on 1%, in Q3, and, with reference to this summer’s communication from the European Systemic Risk Board as well as their own news items from March, the Financial Supervisory Authority of Norway and the Norwegian Ministry of Finance informed that they expect that Norwegian finance institutions refrain

from distributing 2019-profits and keep variable remuneration to individual employees at a conservative level until the economic uncertainty following COVID-19 further has subsided.

Consumer protection initiatives

Third quarter of this year has also included several developments within regulator’s consumer protection initiatives.

This summer both Danish and Finnish authorities introduced credit cost cap and marketing restriction requirements relevant for some of the products that the bank offer in these countries. The requirements in Finland are related to the Covid-19 situation and are of somewhat temporary character as they as a starting point apply from 1 July until 31 December, 2020.

Both Norwegian and Swedish Financial Supervisory Authorities have informed that the European Guidelines on loan origination and monitoring will apply in their respective countries from their effective date 30 June 2021 and it is expected that the supervisory authorities in Denmark will communicate the same shortly.

Lending regulations

In April, the Norwegian Ministry of Finance asked the Financial Supervisory Authority of Norway to advice on how bank’s lending practices should be regulated when the Mortgage Regulation and the Consumer Loan Regulation expire end 2020. On 28th of September the Financial Supervisory Authority presented its proposal and on 29th of September the Ministry issued the proposal for consultation with a deadline of 10th of November. The proposal amongst other expands the scope of lending regulation to include consumer loans secured with a pledge, reduce the requirement on debt to income ratio and removes the flexibility quota for unsecured loans. The sector is working on comments to the proposal through the banking and finance company associations.

Further the proposal for new Norwegian Financial Agreements Act is expected to be adopted before the end of this year.



One Nordic Bank

Even though the Group over years has steadily increased its market share in our key markets, competition is becoming fierce and our market environment is changing at high speed. To meet these challenges the Group is simplifying governance structures, streamlining the organization in Nordic teams in all business areas. The goal is to speed up decision making and working more unified across the region. Efficiency improvements, automation of processes, common strategy and objectives to increase competitiveness will support our efforts to build market leading positions - helping people and businesses prosper.

Future Prospects

COVID-19 continues to cause significant disruption throughout the global economy, affecting the lives and prosperity of households and businesses in ways not previously experienced. The Group's priority throughout has been to assist customers, support partners and ensure the safety of employees.

The Nordic region has, on a relative basis, held up well amidst extremely challenging social and economic condition. Robust economic conditions pre-COVID-19, early social distancing actions and a highly digitalised society are some of the factors that has assisted in mitigating financial consequences of the virus for Nordic societies. Strategically, the Group's focus is on continuing to build market leading propositions in the Nordic auto and consumer finance space.

Profit and Loss - Santander Consumer Bank Nordic Group

<i>All amounts in millions of NOK</i>	Note	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Total interest income		2 205	2 203	6 801	6 440	8 596
Total interest expenses		-316	-371	-1 055	-1 068	-1 422
Net interest income	9	1 889	1 832	5 746	5 372	7 174
Fee and commission income		155	137	417	440	574
Fee and commission expenses		-79	-55	-214	-150	-208
Value change and gain/loss on foreign exchange and securities		1	-9	-91	19	3
Other operating income		76	67	216	188	270
Other operating expenses		-84	-58	-219	-159	-217
Gross margin	9	1 958	1 914	5 855	5 710	7 595
Salaries and personnel expenses		-344	-321	-1 064	-1 024	-1 274
Administrative expenses		-404	-399	-1 241	-1 193	-1 647
Depreciation and amortisation		-50	-49	-147	-149	-257
Net operating income		1 160	1 146	3 403	3 345	4 418
Other income and costs	17	22	-9	176	7	13
Impairment losses on loan, guarantees etc.	3, 4, 5, 13	-468	-475	-1 299	-376	-820
Profit before tax		714	662	2 280	2 976	3 611
Income tax expense		-160	-174	-472	-727	-742
Profit after tax		554	488	1 808	2 250	2 869
Allocation of profit after tax						
Transferred to other earned equity		509	452	1 678	2 146	2 729
Translation differences from foreign currencies		14	-	24	-	-
Transferred to additional Tier 1 capital	16	31	36	106	104	141
Total allocations		554	488	1 808	2 250	2 869
Profit after tax		554	488	1 808	2 250	2 869
<i>Items not to be recycled to profit and loss</i>						
Actuarial gain/loss on post-employment benefit obligations		-	-	1	-34	-16
<i>Items to be recycled to profit and loss</i>						
Net exchange differences on translating foreign operations		66	70	409	-15	-16
Measured at FVTOCI		-	4	7	4	5
Cash flow hedge		3	-21	-12	-8	9
Net investment hedge		-21	-	-168	-	9
Other comprehensive income for the period net of tax		49	53	238	-53	-9
Total comprehensive income for the period		603	541	2 046	2 197	2 860

Balance Sheet - Santander Consumer Bank Nordic Group

<i>All amounts in millions of NOK</i>	Note	Q3 2020	Q3 2019	2019
Assets				
Cash and receivables on central banks	10	4 218	66	66
Deposits with and receivables on financial institutions	10	10 544	3 957	3 968
Loans to customers	3, 4, 5, 10, 12	181 089	161 975	161 392
Commercial papers and bonds	10, 11	7 304	11 944	11 536
Financial derivatives	10, 11	15	46	37
Repossessed assets		49	22	11
Other ownership interests	10, 11	38	30	31
Intangible assets		1 288	1 064	1 093
Fixed assets		1 311	1 174	1 214
Other assets		2 647	1 747	1 594
Total assets		208 503	182 024	180 941
Liabilities				
Debt to credit institutions	10, 15	45 378	38 175	30 174
Deposits from customers		77 652	64 613	65 484
Debt established by issuing securities	10, 14	48 830	49 122	53 403
Financial derivatives	10, 11	10	26	22
Tax payable		51	382	134
Other financial liabilities		380	443	517
Deferred tax		1 228	646	697
Pension liabilities		143	162	140
Other liabilities		3 229	2 303	2 858
Subordinated loan capital	10, 15	2 571	1 698	2 421
Total liabilities		179 472	157 569	155 851
Equity				
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		13 920	11 649	12 242
OCI items		316	12	54
Total equity		29 030	24 456	25 090

Cash Flow - Santander Consumer Bank Nordic Group

<i>All amounts in millions of NOK</i>	Note	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Cash flow from operations						
Profit before tax		714	662	2 280	2 976	3 611
Adjustments for:		-				
- Depreciation, amortisation and impairment on fixed and intangible assets		89	80	260	238	381
- Net interest income	9	-1 889	-1 832	-5 746	-5 372	-7 174
- Value change and gain/loss on foreign exchange and securities		-1	9	91	-19	-3
- Dividends on financial assets at FVOCI		-	-	-	-	-
Changes in:						
- Loans to customers	12	71	-1 432	-8 408	-4 530	-3 827
- Operational lease		-29	-64	-138	-173	-219
- Repossessed assets		-38	-2	-38	-10	1
- Other assets		-102	-283	-1 054	-218	-66
- Deposits from customers		1 651	2 787	7 647	9 967	11 332
- Other liabilities and provisions		-30	-928	721	96	1 798
Interests received		2 209	2 220	6 852	6 487	8 671
Dividends received		-	-	-	-	4
Interests paid		-282	-120	-1 015	-806	-1 370
Net income taxes paid		-38	-118	-106	-617	-870
Net cash flow from operations		2 326	979	1 347	8 019	12 268
Cash flow from investments						
Purchase of bonds		-2 504	-7 311	-8 113	-12 153	-15 698
Proceeds from matured bonds		4 729	3 402	13 185	10 535	14 262
Purchase of shares		-	-	-1 072	-	-
Purchase of fixed and intangible assets		-86	-25	-174	-98	-225
Proceeds from sale of fixed and intangible assets		5	2	6	5	6
Net cash flow from investments		2 144	-3 932	3 832	-1 711	-1 655
Cash flow from financing						
Proceeds from issued securities		911	7 526	8 147	17 673	21 078
Repayments of issued securities		-5 417	-8 088	-16 342	-20 394	-20 712
Change in loans and deposits from credit institutions		2 912	3 817	13 598	-1 461	-9 499
Proceeds from issue of subordinated loans	15	-	-	-	-	1 416
Repayment of subordinated loans	15	-	-	-	-	-708
Dividend payments		-	-	-	-1 000	-1 000
Interest payments on additional Tier 1 capital	16	-38	-	-106	-68	-140
Net cash flow from financing		-1 632	3 255	5 297	-5 250	-9 565
Exchange gains / (losses) on cash and cash equivalents		58	-109	253	-41	-31
Net change in cash and cash equivalents		2 896	194	10 729	1 017	1 018
Cash and cash equivalents at the beginning of the period		11 866	3 653	4 034	3 047	3 047
Cash and cash equivalents at the end of the period		14 762	3 737	14 762	4 023	4 034

Statement of changes in equity - Santander Consumer Bank Nordic Group

Q3 2020

<i>All amounts in millions of NOK</i>	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation differences	Measured at FVTOCI	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
					from foreign currencies					
Balance at 1 July 2020	10 618	1 926	2 250	13 411	562	38	-26	-199	-122	28 458
Profit for the period	-	-	31	509	14	-	-	-	-	554
OCI movements (net of tax)	-	-	-	-	66	-	3	-21	-	49
Interest payments additional Tier 1 capital	-	-	-31	-	-	-	-	-	-	-31
Tax on interest payment additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2020	10 618	1 926	2 250	13 920	643	38	-23	-220	-122	29 030

YTD Q3 2020

<i>All amounts in millions of NOK</i>	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation differences	Measured at FVTOCI	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
					from foreign currencies					
Balance at 1 January 2020	9 652	891	2 250	12 242	210	31	-11	-52	-122	25 090
Profit for the period	-	-	106	1 679	23	-	-	-	-	1 808
OCI movements (net of tax)	-	-	-	-	409	7	-12	-168	1	238
Interest payments additional Tier 1 capital	-	-	-106	-	-	-	-	-	-	-106
Tax on interest payment additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-
Capital Increase	965	1 035	-	-	-	-	-	-	-	2 000
Dividend	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2020	10 618	1 926	2 250	13 920	642	38	-23	-220	-122	29 030

Total shares registered as at September 30, 2020, was 965 241 842.

Restricted capital as at September 30, 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.

Financial Year 2019

<i>All amounts in millions of NOK</i>	Share Additional			Translation differences		Measured at FVTOCI	Cash flow hedge	investment hedge	Net Actuarial gain/loss	Total
	Share Capital	Capital Premium	Tier 1 Capital	Other Equity	foreign currencies					
Balance at 1 January 2019	9 652	891	2 250	10 478	225	26	-20	-61	-106	23 335
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	-	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-	-1 000	-	-	-	-	-	-1 000
Balance at 31 December 2019	9 652	891	2 250	12 242	210	31	-11	-52	-122	25 090

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.

Profit and Loss - Santander Consumer Bank AS

<i>All amounts in millions of NOK</i>	Note	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Total interest income		1 882	1 925	5 756	5 601	7 466
Total interest expenses		-303	-351	-996	-1 013	-1 352
Net interest income	9	1 579	1 574	4 760	4 589	6 114
Fee and commission income		138	124	369	407	528
Fee and commission expenses		-73	-49	-198	-132	-184
Value change and gain/loss on foreign exchange and securities		-3	-10	-96	11	-1
Other operating income		42	39	116	100	656
Other operating expenses		-50	-32	-125	-80	-108
Gross margin		1 633	1 646	4 826	4 896	7 005
Salaries and personnel expenses		-308	-283	-929	-918	-1 150
Administrative expenses		-309	-308	-898	-948	-1 280
Depreciation and amortisation		-43	-43	-126	-131	-228
Net operating income		973	1 013	2 873	2 898	4 348
Other income and costs		10	-19	10	8	15
Impairment losses on loan, guarantees etc.	3, 4, 5, 13	-407	-415	-1 034	-372	-765
Profit before tax		576	578	1 849	2 534	3 597
Income tax expense		-135	-157	-403	-638	-638
Profit after tax		441	421	1 446	1 896	2 959
Allocation of profit after tax						
Transferred to other earned equity		410	385	1 339	1 792	2 818
Transferred to additional Tier 1 capital	16	31	36	106	104	141
Total allocations		441	421	1 446	1 896	2 959
Profit after tax		441	421	1 446	1 896	2 959
<i>Items not to be recycled to profit and loss</i>						
Actuarial gain/loss on post-employment benefit obligations		-	-	1	-34	-16
<i>Items to be recycled to profit and loss</i>						
Net exchange differences on translating foreign operations		34	3	74	-4	-4
Measured at FVTOCI		-	4	7	4	5
Cash flow hedge		-55	-1	-56	2	-
Other comprehensive income for the period net of tax		-21	6	26	-32	-14
Total comprehensive income for the period		420	427	1 472	1 864	2 944

Balance Sheet - Santander Consumer Bank AS

<i>All amounts in millions of NOK</i>	Note	Q3 2020	Q3 2019	2019
Assets				
Cash and receivables on central banks	10	4 218	66	66
Deposits with and receivables on financial institutions	10	7 871	2 369	2 434
Loans to customers	3, 4, 5, 10, 12	139 786	126 543	126 098
Commercial papers and bonds	10, 11	5 588	8 813	9 526
Financial derivatives	10, 11	-	16	7
Reposessed assets		27	10	6
Loans to subsidiaries and SPV's	10, 15	14 842	12 453	12 412
Investments in subsidiaries		1 778	1 285	1 281
Other ownership interests	10, 11	38	30	31
Intangible assets		825	634	672
Fixed assets		750	724	741
Other assets		2 698	1 639	1 518
Total assets		178 421	154 581	154 792
Liabilities				
Debt to credit institutions	10, 15	28 740	23 696	21 808
Deposits from customers		77 652	64 613	65 484
Debt established by issuing securities	10, 14	37 786	38 656	37 519
Financial derivatives	10, 11	-	5	-
Tax payable		51	382	134
Other financial liabilities		367	427	500
Deferred tax		1 483	803	893
Pension liabilities		143	162	140
Other liabilities		2 713	1 744	2 444
Subordinated loan capital	10, 15	2 571	1 698	2 421
Total liabilities		151 507	132 186	131 344
Equity				
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		12 214	9 739	10 774
OCl items		-94	-137	-119
Total equity		26 915	22 395	23 448
Total liabilities and equity		178 421	154 581	154 792

Cash Flow - Santander Consumer Bank AS

<i>All amounts in millions of NOK</i>	Note	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Cash flow from operations						
Profit before tax		576	578	1 849	2 534	3 597
Adjustments for:						
- Depreciation, amortisation and impairment on fixed and intangible assets		53	50	155	148	244
- Net interest income	9	-1 579	-1 574	-4 760	-4 589	-6 114
- Value change and gain/loss on foreign exchange and securities		3	10	93	-11	1
- Dividends on financial assets at FVOCI		-	-	-	-	-
Changes in:						
- Loans to customers	12	-508	-941	-8 292	-2 926	-2 184
- Operational lease		-13	-58	-50	-169	-191
- Repossessed assets		-19	1	-20	-3	-
- Other assets		-197	-1	-1 180	-325	-203
- Deposits from customers		1 651	2 787	7 647	9 967	11 332
- Other liabilities and provisions		354	619	683	851	1 375
Interests received		1 885	1 940	5 805	5 650	7 540
Dividends received		-	-	-	-	509
Interests paid		-284	-120	-1 014	-799	-1 363
Net income taxes paid		-38	-84	-106	-517	-784
Net cash flow from operations		1 885	3 207	809	9 811	13 758
Cash flow from investments						
Purchase of bonds		-1 451	-3 043	-5 971	-7 594	-10 626
Proceeds from matured bonds		1 791	2 572	8 139	6 845	9 330
Purchase of shares		-	-	-1 072	-	-
Purchase of fixed and intangible assets		-84	-21	-170	-76	-202
Proceeds from sale of fixed and intangible assets		3	1	3	3	4
Net cash flow from investments		259	-492	930	-822	-1 494
Cash flow from financing						
Proceeds from issued securities		911	7 526	11 703	17 673	9 565
Repayments of issued securities		-637	-7 071	-12 130	-15 925	-14 466
Change in loans and deposits from credit institutions		-510	-3 135	7 242	-8 448	-5 674
Proceeds from issue of subordinated loans	15	-	-	-	-	1 416
Repayment of subordinated loans	15	-	-	-	-	-708
Dividend payments		-	-	-	-1 000	-1 000
Interest payments on additional Tier 1 capital	16	-38	-	-106	-68	-140
Net cash flow from financing		-274	-2 680	6 709	-7 768	-11 007
Exchange gains / (losses) on cash and cash equivalents		70	-65	100	-34	-20
Net change in cash and cash equivalents		1 939	-30	8 547	1 187	1 238
Cash and cash equivalents at the beginning of the period in Forso		1 043		1 043		
Cash and cash equivalents at the beginning of the period		9 107	2 388	2 499	1 281	1 281
Cash and cash equivalents at the end of the period		12 089	2 293	12 089	2 434	2 499

Statement of changes in equity - Santander Consumer Bank AS

Q3 2020

<i>All amounts in millions of NOK</i>	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation	Measured FVTOCI	Cash flow hedge	Actuarial gain/loss	Total
					differences from foreign currencies				
Balance at 1 of July 2020	10 618	1 926	2 250	11 703	27	38	-16	-121	26 425
Profit for the period	-	-	31	409	-	-	-	-	440
Profit from merger with Forso AB	-	-	-	101	-	-	-	-	101
OCI movements (net of tax)	-	-	-	-	34	-	-55	-	-21
Interest payments additional Tier 1 capital	-	-	-31	-	-	-	-	-	-31
Tax on interest payment additional Tier 1 capital	-	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
Balance at 30 of September 2020	10 618	1 926	2 250	12 214	61	38	-71	-121	26 914

YTD Q3 2020

<i>All amounts in millions of NOK</i>	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation	Measured FVTOCI	Cash flow hedge	Actuarial gain/loss	Total
					differences from foreign currencies				
Balance at 1 January 2020	9 652	891	2 250	10 774	-13	31	-15	-122	23 448
Profit for the period	-	-	106	1 339	-	-	-	-	1 446
Profit from merger with Forso AB	-	-	-	101	-	-	-	-	101
OCI movements (net of tax)	-	-	-	-	74	7	-56	1	25
Interest payments additional Tier 1 capital	-	-	-106	-	-	-	-	-	-106
Tax on interest payment additional Tier 1 capital	-	-	-	-	-	-	-	-	-
Capital increase	965	1 035	-	-	-	-	-	-	2 000
Dividend	-	-	-	-	-	-	-	-	-
Balance at 30 of September 2020	10 618	1 926	2 250	12 214	61	38	-71	-121	26 915

Total shares registered as at September 30, 2020, was 965 241 842, each with a par value of 11 NOK.

Restricted capital as at September 30, 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.

Financial Year 2019

	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				
<i>All amounts in millions of NOK</i>									
Balance at 1 January 2019	9 652	891	2 250	8 920	-9	26	-15	-106	21 609
Profit for the period	-	-	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	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-	-1 000	-	-	-	-	-1 000
Balance at 31 December 2019	9 652	891	2 250	10 774	-13	31	-15	-122	23 448

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.

Lysaker, 13th of November 2020

The Board of Directors of Santander Consumer Bank AS

Henning Strøm
Chairman

Bruno Montalvo Wilmot
Deputy Chairman

Javier Anton

**Frederico José Maria
Ysart Alvarez de Toledo**

Niels Christian Aall

Tina Stiegler

Arja Pynnönen
Employee Representative

Øyvind Ertzaas
Employee Representative

Michael Hvidsten
Chief Executive Officer



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Notes

Santander Consumer Bank Nordic Group



Note 1 - Basis of preparation

The accounts show the activities of the 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 28th 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. The legal merge of Santander Consumer Bank AS and Forso Nordic AB was completed on September 9th. In accordance with Norwegian practices the merger is booked on July 1st as this is the first day of the financial quarter it was reported to the official register ("Brønnøysundregisterne").

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

The Santander Consumer Bank interim accounts for the third quarter of 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.santanderconsumer.no.

These interim financial statements were authorised by the Board of Directors on 13th of November 2020.

Note 2 - Accounting principles

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

Managements estimates and critical accounting judgements

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. 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 ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	Q3 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Unsecured loans				
Credit grade				
Loans not past due date	31 191	1 290	-	32 481
Standard monitoring	893	975	-	1 868
Special monitoring	-	225	-	225
Default	-	-	2 857	2 857
Gross carrying amount	32 084	2 490	2 857	37 431
Loss allowance	-577	-348	-1 748	-2 673
Carrying amount	31 507	2 142	1 109	34 758
Loss allowance (off balance exposures)	-23	-8	-17	-48
Loss allowance (%)				7,14%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

	Q3 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Secured loans				
Credit grade				
Loans not past due date	138 229	2 273	-	140 502
Standard monitoring	3 866	1 382	-	5 248
Special monitoring	-	435	-	435
Default	-	-	2 074	2 074
Gross carrying amount	142 095	4 090	2 074	148 259
Loss allowance	-678	-211	-1 039	-1 928
Carrying amount	141 416	3 879	1 035	146 330
Loss allowance (%)				1,30%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

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

	Q3 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Commercial papers and bonds				
Credit grade				
Investment grade	7 304	-	-	7 304
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
Gross carrying amount	7 304	-	-	7 304
Loss allowance	-	-	-	-
Carrying amount	7 304	-	-	7 304
Loss allowance (%)				0,00%

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

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

Maximum exposure to credit risk				
Financial derivatives Liabilities				10
Q3 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Unsecured loans				
Credit grade				
Loans not past due date	30 044	775	-	30 818
Standard monitoring	1 095	1 504	-	2 599
Special monitoring	-	177	-	177
Default	-	-	2 130	2 130
Gross carrying amount	31 139	2 455	2 130	35 724
Loss allowance	-488	-361	-1 225	-2 074
Carrying amount	30 651	2 095	905	33 650
Loss allowance (off-balance exposures)	-48	-17	-16	-81
Loss allowance (%)				5,81%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

Q3 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Secured loans				
Credit grade				
Loans not past due date	119 990	2 472	-	122 462
Standard monitoring	3 718	1 861	-	5 578
Special monitoring	1	247	20	268
Default	-	-	1 542	1 542
Gross carrying amount	123 708	4 579	1 562	129 850
Loss allowance	-553	-206	-767	-1 525
Carrying amount	123 155	4 374	796	128 325
Loss allowance (%)				1,17%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

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

	Q3 2019			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Commercial papers and bonds				
Credit grade				
Investment grade	11 945	-	-	11 945
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
Gross carrying amount	11 945	-	-	11 945
Loss allowance	-1	-	-	-1
Carrying amount	11 944	-	-	1 944
Loss allowance (%)				0,01%

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

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

	Maximum exposure to credit risk
Financial derivatives Liabilities	-

Note 4 - Risk classification

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

<i>All amounts in millions of NOK</i>	Balance			Loss reserves		
	Q3 2020	Q3 2019	FY 2019	Q3 2020	Q3 2019	FY 2019
Current - not past due date	173 656	153 708	152 372	-1 500	-1 110	-1 083
Current - past due date	7 104	8 194	8 635	-346	-497	-506
Total impaired loans	4 930	3 672	4 324	-2 804	-1 991	-2 350
Total gross loans to customers	185 690	165 574	165 331	-4 649	-3 599	-3 939

<i>Ageing of past due but not impaired loans</i>	Balance			Loss reserves		
	Q3 2020	Q3 2019	FY 2019	Q3 2020	Q3 2019	FY 2019
1 - 29 days	5 545	6 396	6 792	-119	-200	-199
30 - 59 days	1 119	1 319	1 312	-150	-182	-181
60 - 89 days	441	480	531	-76	-115	-126
Total loans due but not impaired	7 105	8 194	8 635	-346	-497	-506

<i>Ageing of impaired loans</i>	Balance			Loss reserves		
	Q3 2020	Q3 2019	FY 2019	Q3 2020	Q3 2019	FY 2019
90 - 119 days	268	313	359	-130	-145	-167
120 - 149 days	217	231	289	-109	-114	-138
150 - 179 days	198	204	233	-100	-100	-114
180 + days	2 135	1 394	1 773	-1 322	-797	-1 035
Economic doubtful*	2 112	1 530	1 670	-1 144	-835	-896
Total impaired loans	4 930	3 672	4 324	-2 804	-1 991	-2 350

* 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 tables below explain the changes in the loss reserve since the beginning of the year for each financial instruments subject to impairment. For each financial instrument the table show how much of the loss reserve that has moved between stages, how much loss reserves have changed on contracts that remain in the same stage, and how much loss reserves have decreased due to contracts being de-recognised (paid off, closed, etc.) or been written off.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Unsecured loans				
Loss allowance as at 1 January 2020	476	355	1 515	2 346
Transfers:				
Transfer from Stage 1 to Stage 2	-142	929	-	787
Transfer from Stage 1 to Stage 3	-6	-	141	135
Transfer from Stage 2 to Stage 3	-	-608	903	295
Transfer from Stage 2 to Stage 1	64	-596	-	-531
Transfer from Stage 3 to Stage 2	-	46	-209	-163
Transfer from Stage 3 to Stage 1	-	-	-2	-2
Assets remaining in same Stage	72	235	191	498
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-46	-14	-657	-717
<i>of which 'account that have closed in the period'</i>	-46	-14	-657	-717
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-246	-246
New financial assets originated or purchased	103	-	-	103
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	56	-0	113	168
Loss allowance as at 30 September 2020	577	348	1 748	2 673

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Secured loans				
Loss allowance as at 1 January 2020	538	220	835	1 593
Transfers:				
Transfer from Stage 1 to Stage 2	-78	487	-	409
Transfer from Stage 1 to Stage 3	-15	-	252	237
Transfer from Stage 2 to Stage 3	-	-225	616	391
Transfer from Stage 2 to Stage 1	71	-393	-	-322
Transfer from Stage 3 to Stage 2	-	54	-355	-302
Transfer from Stage 3 to Stage 1	-	-	-43	-43
Assets remaining in same Stage	-19	101	141	223
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-96	-41	-135	-271
<i>of which 'account that have closed in the period'</i>	-96	-41	-135	-271
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-343	-343
New financial assets originated or purchased	264	6	35	304
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	13	3	37	53
Loss allowance as at 30 September 2020	678	211	1 039	1 928

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Commercial papers and bonds				
Loss allowance as at 1 January 2020	1	-	-	1
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	1	-	-	1
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-	-	-	-
<i>of which 'account that have closed in the period'</i>	-	-	-	-
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Loss allowance as at 30 September 2020	1	-	-	1

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Off balance exposure*				
Loss allowance as at 1 January 2020	46	14	22	82
Transfers:				
Transfer from Stage 1 to Stage 2	-4	32	-	27
Transfer from Stage 1 to Stage 3	-0	-	11	10
Transfer from Stage 2 to Stage 3	-	-4	10	6
Transfer from Stage 2 to Stage 1	5	-39	-	-34
Transfer from Stage 3 to Stage 2	-	3	-12	-9
Transfer from Stage 3 to Stage 1	-	-	-0	-0
Assets remaining in same Stage	-17	4	4	-9
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-11	-1	-17	-30
<i>of which 'account that have closed in the period'</i>	-11	-1	-17	-30
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-0	-0
New financial assets originated or purchased	4	-	-	4
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	1	-	-	1
Loss allowance as at 30 September 2020	23	8	17	48

*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
Unsecured loans				
Loss allowance as at 1 January 2019	505	310	1 205	2 019
Transfers:				
Transfer from Stage 1 to Stage 2	-188	807	-	619
Transfer from Stage 1 to Stage 3	-7	-	112	105
Transfer from Stage 2 to Stage 3	-	-552	872	321
Transfer from Stage 2 to Stage 1	72	-492	-	-419
Transfer from Stage 3 to Stage 2	-	34	-183	-149
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	74	218	-131	161
Methodological changes	-21	59	-81	-43
Financial assets derecognised that are not write-offs	-49	-20	-89	-158
<i>of which 'account that have closed in the period'</i>	-49	-20	-89	-158
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-466	-466
New financial assets originated or purchased	111	-	-	111
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-10	-3	-14	-27
Loss allowance as at 30 September 2019	488	361	1 225	2 074

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Commercial papers and bonds				
Loss allowance as at 1 January 2019	1	-	-	1
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	1	-	-	1
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-	-	-	-
<i>of which 'account that have closed in the period'</i>	-	-	-	-
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Loss allowance as at 30 September 2019	1	-	-	1

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

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

Note 6 - Liquidity coverage ratio

All amounts in millions of NOK

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

Liquidity Coverage Ratio (LCR) %	Q3 2020	Q3 2019	Q4 2019
Liquidity Coverage Ratio (LCR) Total	175	162	187
Liquidity Coverage Ratio (LCR) NOK	285	118	98
Liquidity Coverage Ratio (LCR) SEK	122	133	184
Liquidity Coverage Ratio (LCR) DKK	290	878	245
Liquidity Coverage Ratio (LCR) EUR	154	136	412

Note 7 - Capital adequacy

All amounts in millions of NOK

	Q3 2020	Q3 2019	FY 2019
Balance sheet equity			
Paid in equity	10 618	9 652	9 652
Share premium	1 926	891	891
Other equity	13 920	11 649	12 242
Tier 1 Capital	2 250	2 250	2 250
Other reserves	316	12	54
Total Equity	29 030	24 455	25 090
Common Equity Tier 1 Capital			
(-) Profit not eligible as capital	-1 808	-1 369	-
Cash-flow hedge adjustment	-	-	-
IRB Expected Loss - Reserves	-426	-428	-459
Goodwill	-874	-699	-698
Other intangible assets	-414	-279	-310
Deferred tax assets	-	-	-
Adjustment Prudent Valuation (AVA)	-6	-12	-12
Tier 1 Capital	-2 250	-2 250	-2 250
Total common Equity Tier 1 Capital (with full IFRS9 impact)	23 252	19 419	21 361
Capital adjustment according to IFRS9 Transitional rules	320	389	389
Total common Equity Tier 1 Capital (with IFRS9 transitional rules)	23 572	19 808	21 750
Tier 1 Capital			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
Total Tier 1 Capital (with full IFRS9 impact)	25 502	21 669	23 611
Total Tier 1 Capital (after IFRS9 transitional rules)	25 822	22 058	24 000
Total Capital			
Paid up subordinated loans	2 567	1 694	2 416
Subordinated loans not eligible	-36	-	-
Total Capital (with full IFRS9 impact)	28 033	23 363	26 028
Total Capital (with IFRS9 transitional rules)	28 354	23 752	26 416
Risk exposure on Standard Approach			
Regional governments or local authorities	69	64	64
Institutions	1 009	637	694
Corporates	9 785	8 631	8 713
Retail Standard Approach	62 465	57 080	54 028
Exposures in default SA	1 658	1 208	1 496
Covered bonds	141	396	385
Other Exposures	4 162	3 541	3 763
Total Risk exposure amount on Standard Approach	79 288	71 557	69 143
Risk exposure on Internal Rating Based Approach			
Retail Other	39 193	36 388	35 494
Total Risk exposure amount on Internal Rating Based Approach	39 193	36 388	35 495
Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	118 481	107 945	104 638
Foreign exchange (zero if under threshold)	2 627	1 675	1 463
Risk exposure amount for position, foreign exchange and commodities risks	2 627	1 675	1 463

Basic indicator approach	13 730	13 168	13 730
Risk exposure amount for operational risk	13 730	13 168	13 730
Standardized method	54	68	30
Risk exposure amount for credit valuation adjustment	54	68	30
Total risk exposure amount (with full IFRS9 impact)	134 893	122 856	119 861
Risk Exposure adjustment according to IFRS9 Transitional rules	280	340	340
Total risk exposure amount (with IFRS9 transitional rules)	135 173	123 196	120 201
Total exposure for Leverage Ratio			
Derivatives: Add-on under market-to-market method	440	423	315
Off-balance sheet items with 10% CCF	3 128	2 653	2 784
Off-balance sheet items with 20% CCF	-	756	211
Off-balance sheet items with 50% CCF	38	37	37
Adjusted On balance sheet exposure	206 159	180 607	179 626
Total exposure for Leverage Ratio (with full IFRS9 impact)	209 766	184 476	182 973
Exposure adjustment according to IFRS9 Transitional rules	421	511	511
Total exposure for Leverage Ratio (with IFRS9 transitional rules)	210 187	184 987	183 484
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%	0,00%	1,00%
Countercyclical Buffer (combined)	0,27%	1,45%	1,60%
Conservation Buffer	2,50%	2,50%	2,50%
Systemic Risk Buffer	3,00%	3,00%	3,00%
Minimum Regulatory Capital ratio (CET1)	14,57%	14,05%	15,90%
Minimum Regulatory Capital			
Minimum Core Equity	6 070	5 529	5 394
Pillar 2 Requirement	4 451	3 194	4 000
Pillar 2 Guidance	1 349	-	1 199
Countercyclical Buffer (combined)	364	1 781	1 918
Conservation Buffer	3 372	3 071	2 997
Systemic Risk Buffer	4 047	3 686	3 596
Minimum Regulatory Capital amount (full IFRS9 impact)	19 654	17 261	19 103
Surplus of Core Equity Tier 1 capital (full IFRS9 impact)	3 598	2 158	2 259
Minimum Regulatory Capital amount (with IFRS9 transitional rules)	19 695	17 309	19 112
Surplus of Core Equity Tier 1 capital (after IFRS9 transitional rules)	3 877	2 499	2 638
Common equity tier 1 capital ratio (full IFRS9 impact)	17,24%	15,81%	17,82%
Common equity tier 1 capital ratio (with IFRS9 transitional rules)	17,44%	16,08%	18,09%
CET1 regulatory requirements	14,57%	14,05%	15,90%
Tier 1 capital ratio (full IFRS9 impact)	18,91%	17,64%	19,70%
Tier 1 capital ratio (with IFRS9 transitional rules)	19,10%	17,90%	19,97%
Tire 1 regulatory requirements	16,07%	15,55%	17,40%
Total capital ratio (full IFRS9 impact)	20,78%	19,02%	21,71%
Total capital ratio (with IFRS9 transitional rules)	20,98%	19,28%	21,98%
Total capital regulatory requirements	18,07%	17,55%	19,40%

Leverage ratio (full IFRS9 impact)	12,16%	11,75%	12,90%
Leverage ratio (with IFRS9 transitional rules)	12,29%	11,92%	13,08%
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	-601	-601
- whereof Internal Rating Based	-	-	-
Tax impact from increased loss reserves	144	144	144
Deferred tax assets impact on capital	-	-	-
Initial IFRS9 net impact on capital	-457	-457	-457
Base amount for IFRS9 transitional rule on capital	457	457	457
Transition %	70%	85%	85%
Capital adjustment due to Transitional rule	320	389	389

Std Approach value adjustments Spec Reserves	-601	-601	-601
- whereof Retail (75%RW)	-600	-600	-600
- whereof Covered Bonds (10%RW)	-2	-2	-2
Deferred tax assets impact on Risk Exposure Amount (250%RW) *	20	20	20
Initial IFRS9 net impact on Risk Exposure Amount	-400	-400	-400
Base amount for IFRS9 transitional rule on Risk Exposure Amount	400	400	400
Transition %	70%	85%	85%
Risk Exposure adjustment due to Transitional rule	280	340	340

Impact from Transitional rules on capital ratios (same impact for Tier 1 and 2) 0,20% 0,27% 0,27%

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

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

Financial information in accordance with the capital requirement regulation is published at www.santander.no. The Pillar 3 Disclosure report is published at www.santanderconsumer.no.

Note 8 - Segment information

All amounts in millions of NOK

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

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

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

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

Product segmentation per country (gross lending before expected losses)

	Q3 2020				Total
	Unsecured loans	Secured loans	Financial lease	Operational lease	
Norway	8 519	38 193	11 919	-	58 630
Sweden	16 621	20 818	8 517	-	45 956
Denmark	7 546	28 209	3 378	478	39 610
Finland	4 746	34 114	3 112	558	42 529
Total	37 431	121 333	26 925	1 036	186 726

	Q3 2019				Total
	Unsecured loans	Secured loans	Financial lease	Operational lease	
Norway	10 410	37 966	10 623	-	59 000
Sweden	14 748	17 439	5 349	-	37 537
Denmark	6 995	23 752	2 387	401	33 535
Finland	3 570	29 883	2 450	439	36 343
Total	35 724	109 040	20 810	840	166 414

P&L and Balance sheet per country

	Q3 2020					Total Group
	Norway	Sweden	Denmark	Finland	Eliminations	
Total interest income	870	541	511	464	-180	2 205
Total interest expenses	-206	-107	-25	-154	176	-316
Net interest income	663	434	486	310	-4	1 889
Fee and commission income	51	48	40	33	-17	155
Fee and commission expenses	-33	-30	-14	-19	17	-79
Value change and gain/loss on foreign exchange and securities	-4	-1	4	-	2	1
Other operating income	9	4	30	34	-0	76
Other operating expenses	-16	-11	-24	-33	-	-84
Gross margin	669	444	522	325	-2	1 958
Salaries and personnel expenses	-147	-79	-80	-36	-2	-344
Administrative expenses	-119	-123	-70	-95	3	-404
Depreciation and amortisation	-27	-11	-5	-7	-	-50
Net operating income	377	232	367	187	-2	1 160
Other income and costs	8	3	-1	-1	14	22
Impairment losses on loan, guarantees etc.	-4	-85	-318	-60	-	-467
Profit before taxes	380	149	48	125	12	714
Income tax expense	-92	-30	-14	-25	-	-161
Profit after tax	288	119	34	101	12	554

	YTD 2020					
	Norway	Sweden	Denmark	Finland	Eliminations	Total Group
Total interest income	2 865	1 569	1 539	1 423	-594	6 801
Total interest expenses	-708	-330	-90	-518	591	-1 055
Net interest income	2 157	1 239	1 449	904	-3	5 746
Fee and commission income	134	149	88	99	-54	417
Fee and commission expenses	-101	-84	-27	-55	54	-214
Value change and gain/loss on foreign exchange and securities	-97	2	1	4	-0	-91
Other operating income	23	26	84	100	-17	216
Other operating expenses	-39	-25	-61	-94	-	-219
Gross margin	2 077	1 306	1 535	958	-21	5 855
Salaries and personnel expenses	-469	-235	-238	-121	-1	-1 063
Administrative expenses	-310	-373	-273	-289	4	-1 241
Depreciation and amortisation	-80	-34	-15	-18	-	-147
Net operating income	1 219	663	1 009	530	-17	3 403
Other income and costs	11	4	-5	-2	168	175
Impairment losses on loan, guarantees etc.	-245	-211	-613	-230	-	-1 299
Profit before taxes	985	456	391	298	151	2 280
Income tax expense	-218	-96	-92	-66	-	-472
Profit after tax	766	361	299	231	151	1 808
Cash and receivables on central banks	65	4 153	-	-	-	4 218
Deposits with and receivables on financial institutions	5 090	1 221	1 757	2 475	-	10 544
Total gross loans to customers	58 630	45 956	39 132	41 972	-	185 690
Write-downs	-1 565	-962	-1 405	-669	-	-4 601
Commercial papers and bonds	2 279	1 015	2 293	3 291	-1 575	7 304
Financial derivatives	-	-	-	15	-	15
Investments in subsidiaries	2 510	351	-	-	-2 861	-
Other assets	24 914	792	1 953	18 612	-40 939	5 333
Total assets	91 924	52 527	43 730	65 697	-45 374	208 503
Debt to credit institutions	5 653	14 318	14 307	33 992	-22 893	45 378
Deposits from customers	28 134	23 410	26 108	-	-	77 652
Debt established by issuing securities	28 032	10 511	1 907	9 954	-1 576	48 830
Financial derivatives	-	-	-	10	-	10
Other liabilities	2 994	3 864	963	18 358	-18 576	7 603
Equity	27 110	423	445	3 382	-2 330	29 030
Total liabilities and equity	91 924	52 527	43 730	65 697	-45 374	208 503

	Q3 2019					Total Group
	Norway	Sweden	Denmark	Finland	Eliminations	
Total interest income	1 072	457	463	156	55	2 203
Total interest expenses	-271	-101	-37	105	-68	-371
Net interest income	802	355	426	261	-13	1 832
Fee and commission income	49	46	31	27	-16	137
Fee and commission expenses	-38	-12	-6	-15	16	-55
Value change and gain/loss on foreign exchange and securities	-10	1	-	-	-	-9
Other operating income	10	2	27	29	-	67
Other operating expenses	-12	-6	-14	-26	-	-58
Gross margin	799	387	464	277	-12	1 914
Salaries and personnel expenses	-148	-77	-58	-33	-4	-320
Administration expenses	-111	-105	-101	-98	17	-399
Depreciation and amortisation	-22	-11	-10	-6	-	-49
Net operating income	518	194	294	139	-	1 146
Other income and costs	-9	2	-2	-	-	-9
Impairment losses on other assets	-	-	-	-	-	-
Impairment losses on loan, guarantees etc.	-201	-116	-102	-56	1	-475
Profit before taxes	307	80	191	83	1	662
Income tax expense	-70	-19	-68	-17	-	-174
Profit after tax	237	61	123	66	1	488

	YTD Q3 2019					
	Norway	Sweden	Denmark	Finland	Eliminations	Total Group
Total interest income	3 104	1 338	1 364	1 355	-721	6 440
Total interest expenses	-781	-299	-115	-586	713	-1 068
Net interest income	2 323	1 039	1 249	769	-8	5 372
Fee and commission income	136	141	133	94	-64	440
Fee and commission expenses	-99	-37	-20	-59	64	-150
Value change and gain/loss on foreign exchange and securities	15	1	-4	7	-	19
Other operating income	24	6	70	88	-	188
Other operating expenses	-27	-15	-38	-79	-	-159
Gross margin	2 372	1 136	1 390	820	-8	5 710
Salaries and personnel expenses	-483	-238	-198	-102	-4	-1 024
Administration expenses	-334	-313	-301	-255	10	-1 193
Depreciation and amortisation	-69	-31	-31	-17	-	-149
Net operating income	1 486	553	861	446	-1	3 345
Other income and costs	19	-2	-9	-1	-	7
Impairment losses on other assets	-	-	-	-	-	-
Impairment losses on loan, guarantees etc.	-238	-36	-101	-3	1	-376
Profit before taxes	1 267	516	751	442	-	2 976
Income tax expense	-337	-119	-182	-88	-	-727
Profit after tax	931	397	569	354	-	2 250
Cash and receivables on central banks	66	-	-	-	-	66
Deposits with and receivables on financial institutions	649	1 368	713	1 227	-	3 957
Total gross loans to customers	58 999	37 537	33 135	35 903	-	165 574
Write-downs	-1 472	-853	-803	-471	-	-3 599
Commercial papers and bonds	3 187	3 418	2 209	5 568	-2 438	11 944
Financial derivatives	16	-	-	30	-	46
Investments in subsidiaries	1 285	-	-	-	-1 285	-
Other assets	20 825	428	1 704	8 902	-27 823	4 038
Total assets	83 554	41 898	36 958	51 159	-31 545	182 024
Debt to credit institutions	-3 492	-7 081	-15 487	-31 926	19 812	-38 175
Deposits from customers	-26 495	-19 419	-18 699	-	-	-64 613
Debt established by issuing securities	-28 616	-13 653	-1 729	-7 561	2 438	-49 121
Financial derivatives	-5	-	-	-21	-	-26
Other liabilities	-2 795	-1 610	-933	-8 740	8 445	-5 634
Equity	-22 152	-135	-109	-2 911	851	-24 456
Total liabilities and equity	-83 554	-41 898	-36 958	-51 159	31 545	-182 024

Note 9 - Net interest income

All amounts in millions of NOK

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Interest and similar income on loans to and receivables from credit institutions	2	37	11	47	48
Interest and similar income on loans to and receivables from customers	2 191	2 149	6 742	6 334	8 490
Interest and similar income on comm. paper, bonds and other securities	11	17	48	59	58
Total interest income	2 204	2 203	6 801	6 440	8 596
Interest and similar expenses on debt to credit institutions	-32	-48	-100	-143	-166
Interest and similar expenses on deposits from and debt to customers	-188	-207	-598	-581	-788
Interest and similar expenses on issued securities	-78	-101	-297	-301	-408
Interest on subordinated loan capital	-15	-13	-52	-39	-54
Other interest expenses and similar expenses	-3	-2	-9	-4	-6
Total interest expense	-316	-371	-1 055	-1 068	-1 422
Net interest income	1 888	1 832	5 746	5 372	7 174

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

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
To credit institutions					
Interest expenses	-32	-48	-100	-143	-166
Average loan over the period	37.776	39.214	37.776	39.214	35.214
Average nominal interest rate	0,34%	0,49%	0,35%	0,73%	0,47%

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
To customers					
Interest expenses	-188	-207	-598	-581	-788
Average deposit over the period	71.568	59.629	71.568	59.629	60.065
Average nominal interest rate	1,05%	1,39%	1,11%	1,95%	1,31%

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
To bondholders					
Interest expenses	-78	-101	-297	-301	-408
Average issued notes and bonds	51.116	51.025	51.116	51.025	53.166
Average nominal interest rate	0,61%	0,79%	0,77%	1,18%	0,77%

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Subordinated loan capital*					
Interest expenses	-15	-13	-52	-39	-54
Average subordinated loan capital	2.496	1.714	2.496	1.714	2.076
Average nominal interest rate	2,47%	3,14%	2,76%	4,51%	2,58%

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Total of tables above:					
Interest expenses	-313	-370	-1.046	-1.063	-1.416
Loan	162.957	151.583	162.957	151.583	150.521
Average nominal interest rate	0,77%	0,98%	0,86%	1,40%	0,94%

Note 10 - Classification of financial instruments

Q3 2020

All amounts in millions of NOK

Classification of financial assets 30 September 2020	Financial assets at fair value		Amortized cost	Book value
	through P&L	through OCI		
Cash and receivables on central banks	-	-	4 218	4 218
Deposits with and receivables on financial institutions	-	-	10 544	10 544
Loans to customers	-	-	181 089	181 089
Commercial papers and bonds	-	-	7 304	7 304
Financial derivatives	15	-	-	15
Other ownership interests	-	38	-	38
Total financial assets	15	38	203 155	203 208

Non-financial assets 5 295

Total assets 208 503

Classification of financial liabilities 30 September 2020	Financial liabilities at fair value		Amortized cost	Book value
	through P&L	through OCI		
Debt to credit institutions	-	-	45 378	45 378
Deposits from customers	-	-	77 652	77 652
Debt established by issuing securities	-	-	48 830	48 830
Financial derivatives	10	-	-	10
Other financial liabilities	-	-	380	380
Subordinated loan capital	-	-	2 571	2 571
Total financial liabilities	10	-	174 811	174 821

Non-financial liabilities and equity 33 682

Total liabilities and equity 208 503

Q3 2019

All amounts in millions of NOK

Classification of financial assets 30 September 2019	Financial assets at fair value		Amortized cost	Book value
	through P&L	through OCI		
Cash and receivables on central banks	-	-	66	66
Deposits with and receivables on financial institutions	-	-	3 957	3 957
Loans to customers	-	-	161 975	161 975
Commercial papers and bonds	-	-	11 944	11 944
Financial derivatives	46	-	-	46
Other ownership interests	-	30	-	30
Total financial assets	46	30	177 942	178 018

Non-financial assets 4 006

Total assets 182 024

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

Note 11 - Valuation Hierarchy

Q3 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
Financial assets						
Name	Type	Notional				
KIMI6 Pass Through	Interest Rate Swap	MM EUR 44	-	1	-	1
KIMI7 Pass Through	Interest Rate Swap	MM EUR 203	-	12	-	12
KIMI8A Pass Trough	Interest Rate Swap	MM EUR 446	-	2	-	2
KIMI8B Pass Trough	Interest Rate Swap	MM EUR 42	-	-	-	-
Total financial trading derivatives			-	15	-	15
Name	Type					
VISA	Equity		-	38	-	38
Total other ownership interests			-	38	-	38
Total Assets			-	53	-	53
Financial liabilities						
Name	Type	Notional				
KIMI6 Fixed	Interest Rate Swap	MM EUR 53	-	1	-	1
KIMI7 Fixed	Interest Rate Swap	MM EUR 194	-	8	-	8
KIMI8A Fixed	Interest Rate Swap	MM EUR 423	-	1	-	1
KIMI8B Fixed	Interest Rate Swap	MM EUR 42	-	-	-	-
Total financial derivatives			-	10	-	10
Total Liabilities			-	10	-	10
Derivatives designated for hedge accounting - assets						
Name	Type	Notional				
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	52	-	52
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	9	-	9
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	3	-	3
Total derivatives designated for hedging - assets*			-	65	-	65
Derivatives designated for hedge accounting - liabilities						
Name	Type	Notional				
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	15	-	15
KIMI6	Interest Rate Swap	MM EUR 44	-	1	-	1
KIMI7	Interest Rate Swap	MM EUR 203	-	12	-	12
KIMI8A	Interest Rate Swap	MM EUR 446	-	3	-	3
KIMI8B	Interest Rate Swap	MM EUR 42	-	-	-	-
Total derivatives designated for hedging - liabilities*			-	30	-	30

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

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

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

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

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

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

Q3 2019

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Financial assets						
Name	Type	Notional				
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 25	-	16	-	16
KIMI5 Pass Through	Interest Rate Swap	MM EUR 27	-	-	-	-
KIMI6 Pass Through	Interest Rate Swap	MM EUR 172	-	6	-	6
KIMI7 Pass Through	Interest Rate Swap	MM EUR 370	-	24	-	24
Total financial trading derivatives			-	46	-	46
Name	Type					
VISA	Equity		-	30	-	30
Total other ownership interests			-	30	-	30
Total Assets			-	76	-	76
Financial liabilities						
Name	Type	Notional				
KIMI6 Fixed	Interest Rate Swap	MM EUR 171	-	4	-	4
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 8	-	5	-	5
KIMI5	Interest Rate Swap	MM EUR 27	-	-	-	-
KIMI7 Fixed	Interest Rate Swap	MM EUR 353	-	18	-	18
KIMI5 Fixed	Interest Rate Swap	MM EUR 36	-	-	-	-
Total financial derivatives			-	26	-	26
Total Liabilities			-	26	-	26

Derivatives designated for hedge accounting - assets

Name	Type	Notional				
Bilkreditt 7	Cross Currency Swap	MM EUR 8	-	5	-	5
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	17	-	17
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	73	-	73
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	20	-	20
Total derivatives designated for hedging - assets*			-	115	-	115

Derivatives designated for hedge accounting - liabilities

Name	Type	Notional				
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	10	-	10
KIMI6	Interest Rate Swap	MM EUR 172	-	6	-	6
KIMI7	Interest Rate Swap	MM EUR 370	-	24	-	24
Total derivatives designated for hedging - liabilities*			-	40	-	40

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

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

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

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

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

Note 12 - Loans to customers

<i>All amounts in millions of NOK</i>	YTD Q3 2020	YTD Q3 2019	FY 2019
Credit Card	9 455	6 820	7 016
Unsecured loans	27 977	28 903	29 174
Auto loans	148 259	129 851	129 141
- <i>Installment loans</i>	121 333	109 041	108 198
- <i>Financial leasing</i>	26 925	20 810	20 943
Total gross loans to customers	185 690	165 575	165 331
- Loan loss allowance - Stage 1	-1 255	-1 041	-1 014
- Loan loss allowance - Stage 2	-559	-567	-575
- Loan loss allowance - Stage 3	-2 787	-1 991	-2 350
Total net loans to customers	181 089	161 976	161 392

Note 13 - Impairment losses on loan, guarantees etc.

All amounts in millions of NOK

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

	Q3 2020	Q3 2019	Q3 2020 YTD	Q3 2019 YTD
Change in loss allowance - Unsecured loans	-216	-218	-127	-97
Change in loss allowance - Secured loans	7	-21	-230	-36
Change in loss allowance - Commercial papers and bonds	-	-	-1	-
+/- FX rate adjustment opening balance	-	-	-	-
+ Total realized losses	86	-277	-938	-1 221
- Recoveries on previously realized losses	-345	41	-227	221
- Gain on sold portfolios	-	-	224	757
Impairment losses on loan, guarantees etc.	-468	-475	-1 299	-376

Note 14 - Issued securities

All amounts in millions of NOK

	Q3 2020	Q3 2019	FY 2019
Issued certificates	418	2 498	1 999
Senior unsecured issued securities	37 368	36 158	35 520
Asset backed issued securities	11 044	10 466	15 884
Total issued securities	48 830	49 122	53 403

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)
Santander Consumer Bank AS issued certificates of deposits in June to a value of SEK 50 MM (NOK 51 MM)
Santander Consumer Bank AS issued certificates of deposits in June to a value of SEK 50 MM (NOK 52 MM)
Santander Consumer Bank AS issued certificates of deposits in June to a value of SEK 50 MM (NOK 52 MM)
Santander Consumer Bank AS issued certificates of deposits in July to a value of SEK 100 MM (NOK 103 MM)
Santander Consumer Bank AS issued certificates of deposits in July to a value of SEK 100 MM (NOK 103 MM)
Santander Consumer Bank AS issued certificates of deposits in July to a value of SEK 200 MM (NOK 206 MM)
Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in September to a value of NOK 500 MM

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

Note 15 - Receivables and liabilities to related parties

Amounts in millions of NOK

Debt to related parties:	Accrued Interest Q3		Accrued Interest Q3		Accrued Interest FY	
	Q3 2020	2020	Q3 2019	2019	FY 2019	2019
Santander Benelux	-	-	-	-	-	-
Santander Consumer Finance S.A.	44 472	13	37 895	8	30 042	5
Total	44 472	13	37 895	8	30 042	5

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	3	250	3
MSEK 750*, maturity December 2024, 3 months STIBOR + 2.2825% (Santander Consumer Finance S.A)	-	-	694	-	-	-
MNOK 500, maturity September 2027, 3 months NIBOR + 1,66% (Santander Consumer Finance S.A)	500	2	500	1	500	1
MSEK 750, maturity December 2029, 3 months STIBOR + 2.08% (Santander Consumer Finance S.A)	784	-	-	-	708	1
MSEK 750, maturity December 2030, 3 months STIBOR + 2.29% (Santander Consumer Finance S.A)	784	1	-	-	708	-
Total	2 568	4	1 694	4	2 416	5

* 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.santanderconsumer.no

Note 16 - Transactions with related parties

All amounts in millions of NOK

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

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

The following transactions were carried out with related parties:

	Q3 2020	Q3 2019	YTD		FY 2019
			Q3 2020	Q3 2019	
Interest income	-	-	6	-	16
Interest expenses	-37	-32	-107	-104	-130
Interest payments additional Tier 1 capital	-31	-36	-106	-104	-141
Fees	-	-	-	-	-
Other	-7	-7	-30	-18	-23
Net transactions	-75	-74	-237	-225	-277

Santander Consumer Bank Group had transactions with the following related parties per 30 September 2020:

Santander Consumer Finance, S.A.

Santander Seguros Y Reaseguros, S.A.

Banco Santander, S.A.

Santander Consumer 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 %	1 161
Ordinary shares issued		
Discount to agreed purchase price		-153
Total purchase consideration		1 008

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
Net identifiable assets acquired	1 077
Less: Bargain Purchase	-69
Net assets acquired	1 008

On July 1st the merger of SCB AS and Forso Nordic AB was completed. Statement of net transferred assets is found in the Company notes.

The main impact on the Groups financial statement is driven by the recognition of restructuring related to the acquisition of Forso AB Nordic of 57 MM NOK and additional impairment losses on loans of 43 MM NOK. Total bargain purchase gain of 169 MM NOK is recognized in Other income and cost.

2 | Notes

Santander Consumer Bank AS



Note 1 - Basis of preparation

The accounts show the activities of the company in Norway, Sweden and Denmark (Santander Consumer Bank AS).

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

The Santander Consumer Bank interim accounts for the third 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.santanderconsumer.no.

These interim financial statements were authorised by the Board of Directors the 13th of November 2020.

Note 2 - Accounting principles

The Santander Consumer Banks AS's accounting policies are consistent with those of the previous financial year as described in the 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 ECL allowance is recognised. The gross carrying amount of financial assets below also represents the SCB AS's maximum exposure to credit risk on these assets.

	Q3 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Unsecured loans				
Credit grade				
Loans not past due date	27 126	1 259	-	28 385
Standard monitoring	650	871	-	1 521
Special monitoring	-	207	-	207
Default	-	-	2 572	2 572
Gross carrying amount	27 776	2 337	2 572	32 685
Loss allowance	-479	-316	-1 606	-2 401
Carrying amount	27 298	2 021	966	30 284
Loss allowance (off balance exposures)	-23	-8	-17	-48
Loss allowance (%)				7,35%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

	Q3 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Secured loans				
Credit grade				
Loans not past due date	104 306	1 432	-	105 738
Standard monitoring	2 340	854	-	3 194
Special monitoring	-	419	-	419
Default	-	-	1 682	1 682
Gross carrying amount	106 646	2 705	1 682	111 033
Loss allowance	-493	-163	-875	-1 531
Carrying amount	106 153	2 542	807	109 502
Loss allowance (%)				1,38%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

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

	Q3 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Commercial papers and bonds				
Credit grade				
Investment grade	5 588	-	-	5 588
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
Gross carrying amount	5 588	-	-	5 588
Loss allowance	-	-	-	-
Carrying amount	5 588	-	-	5 588
Loss allowance (%)				-

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

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

	Maximum exposure to credit risk
Financial derivatives Liabilities	-

	Q3 2019			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Unsecured loans				
Credit grade				
Loans not past due date	26 912	766	-	27 678
Standard monitoring	852	1 437	-	2 289
Special monitoring	-	173	-	173
Default	-	-	2 014	2 014
Gross carrying amount	27 764	2 376	2 014	32 153
Loss allowance	-442	-339	-1 179	-1 960
Carrying amount	27 322	2 036	835	30 193
Loss allowance (off-balance exposures)	-48	-17	-16	-81
Loss allowance (%)				6,10%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

	Q3 2019			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Secured loans				
Credit grade				
Loans not past due date	91 303	1 306	-	92 610
Standard monitoring	2 264	1 190	-	3 454
Special monitoring	-	220	3	223
Default	-	-	1 230	1 230
Gross carrying amount	93 567	2 716	1 233	97 517
Loss allowance	-388	-148	-631	-1 167
Carrying amount	93 180	2 568	602	96 350
Loss allowance (%)				1,20%

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

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

	Q3 2019			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Commercial papers and bonds				
Credit grade				
Investment grade	8 814	-	-	8 814
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
Gross carrying amount	8 814	-	-	8 814
Loss allowance	-1	-	-	-1
Carrying amount	8 813	-	-	8 813
Loss allowance (%)				0,01%
Maximum exposure to credit risk - Financial instruments not subject to impairment				

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

	Maximum exposure to credit risk
Financial derivatives Liabilities	16

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		
	Q3 2020	Q3 2019	FY 2019	Q3 2020	Q3 2019	FY 2019
Current - not past due date	134 755	120 672	120 043	-1 203	-881	-874
Current - past due date	4 710	5 755	5 668	-280	-436	-433
Total impaired loans	4 253	3 244	3 837	-2 497	-1 810	-2 142
Total gross loans to customers	143 718	129 670	129 548	-3 980	-3 127	-3 450

<i>Ageing of past due but not impaired loans</i>	Q3 2020	Q3 2019	FY 2019	Q3 2020	Q3 2019	FY 2019
	1 - 29 days	3 562	4 325	4 238	-92	-179
30 - 59 days	812	1 032	1 009	-123	-156	-152
60 - 89 days	335	397	421	-65	-101	-108
Total loans due but not impaired	4 710	5 755	5 668	-280	-436	-433

<i>Ageing of impaired loans</i>	Balance			Loss reserves		
	Q3 2020	Q3 2019	FY 2019	Q3 2020	Q3 2019	FY 2019
90 - 119 days	224	265	309	-116	-131	-153
120 - 149 days	183	209	261	-95	-107	-130
150 - 179 days	167	182	211	-88	-93	-106
180 + days	1 918	1 335	1 682	-1 213	-774	-993
Economic doubtful*	1 762	1 253	1 374	-986	-706	-761
Total impaired loans	4 253	3 244	3 837	-2 497	-1 810	-2 142

* 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
Unsecured loans				
Loss allowance as at 1 January 2020	431	329	1 449	2 209
Transfers:				
Transfer from Stage 1 to Stage 2	-132	832	-	700
Transfer from Stage 1 to Stage 3	-6	-	137	131
Transfer from Stage 2 to Stage 3	-	-547	848	301
Transfer from Stage 2 to Stage 1	58	-548	-	-490
Transfer from Stage 3 to Stage 2	-	41	-198	-157
Transfer from Stage 3 to Stage 1	-	-	-2	-2
Assets remaining in same Stage	58	225	165	448
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-39	-14	-656	-709
<i>of which 'account that have closed in the period'</i>	-39	-14	-656	-709
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-240	-240
New financial assets originated or purchased	73	-	-	73
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	36	-2	103	137
Loss allowance as at 30 September 2020	479	316	1 606	2 401

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Secured loans				
Loss allowance as at 1 January 2020	387	161	693	1 241
Transfers:				
Transfer from Stage 1 to Stage 2	-63	401	-	338
Transfer from Stage 1 to Stage 3	-11	-	212	201
Transfer from Stage 2 to Stage 3	-	-186	473	287
Transfer from Stage 2 to Stage 1	54	-327	-	-273
Transfer from Stage 3 to Stage 2	-	42	-278	-236
Transfer from Stage 3 to Stage 1	-	-	-27	-27
Assets remaining in same Stage	-9	99	86	176
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-65	-29	-95	-189
<i>of which 'account that have closed in the period'</i>	-65	-29	-95	-189
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-241	-241
New financial assets originated or purchased	181	5	28	214
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	19	-3	24	40
Loss allowance as at 30 September 2020	493	163	875	1 531

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Commercial papers and bonds				
Loss allowance as at 1 January 2020	1	-	-	1
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	1	-	-	1
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-	-	-	-
<i>of which 'account that have closed in the period'</i>	-	-	-	-
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Loss allowance as at 30 September 2020	1	-	-	1
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	Total
Off balance exposure*				
Loss allowance as at 1 January 2020	46	14	22	82
Transfers:				
Transfer from Stage 1 to Stage 2	-4	32	-	27
Transfer from Stage 1 to Stage 3	-0	-	11	10
Transfer from Stage 2 to Stage 3	-	-4	10	6
Transfer from Stage 2 to Stage 1	5	-39	-	-34
Transfer from Stage 3 to Stage 2	-	3	-12	-9
Transfer from Stage 3 to Stage 1	-	-	-0	-0
Assets remaining in same Stage	-17	4	4	-9
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-11	-1	-17	-30
<i>of which 'account that have closed in the period'</i>	-11	-1	-17	-30
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-0	-0
New financial assets originated or purchased	4	-	-	4
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	1	-0	-	1
Loss allowance as at 30 September 2020	23	8	17	48

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

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

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Commercial papers and bonds				
Loss allowance as at 1 January 2019	1	-	-	1
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Assets remaining in same Stage	1	-	-	1
Methodological changes	-	-	-	-
Financial assets derecognised that are not write-offs	-	-	-	-
<i>of which 'account that have closed in the period'</i>	-	-	-	-
<i>of which 'foreclosed'</i>	-	-	-	-
<i>of which 'sold'</i>	-	-	-	-
<i>of which 'change of perimeter'</i>	-	-	-	-
Write-offs	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
FX and other movements	-	-	-	-
Loss allowance as at 30 September 2019	1	-	-	1

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

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

Note 6 - Liquidity Coverage Ratio

All amounts in millions of NOK

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

Liquidity Coverage Ratio (LCR) %	Q3 2020	Q3 2019	Q4 2019
Liquidity Coverage Ratio (LCR) Total	254	184	156
Liquidity Coverage Ratio (LCR) NOK	285	118	96
Liquidity Coverage Ratio (LCR) SEK	150	133	181
Liquidity Coverage Ratio (LCR) DKK	669	878	245
Liquidity Coverage Ratio (LCR) EUR	5 856	-	332

Note 7 - Capital adequacy

All amounts in millions of NOK

	Q3 2020	Q3 2019	FY 2019
Balance sheet equity			
Paid in equity	10 618	9 652	9 652
Share premium	1 926	891	891
Other equity	12 214	9 739	10 774
Tier 1 Capital	2 250	2 250	2 250
Other reserves	-94	-137	-119
Total Equity	26 915	22 395	23 448
Common Equity Tier 1 Capital			
(-) Profit not eligible as capital	-1 446	-1 158	-
Cash-flow hedge adjustment	-	-	-
IRB Expected Loss - Reserves	-192	-219	-249
Goodwill	-420	-290	-291
Other intangible assets	-406	-258	-297
Deferred tax assets	-	-	-
Adjustment Prudent Valuation (AVA)	-4	-8	-8
Tier 1 Capital	-2 250	-2 250	-2 250
Total common Equity Tier 1 Capital (with full IFRS9 impact)	22 197	18 212	20 353
Capital adjustment according to IFRS9 Transitional rules	262	318	318
Total common Equity Tier 1 Capital (with IFRS9 transitional rules)	22 459	18 530	20 671
Tier 1 Capital			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
Total Tier 1 Capital (with full IFRS9 impact)	24 447	20 462	22 603
Total Tier 1 Capital (with IFRS9 transitional rules)	24 709	20 780	22 921
Total Capital			
Paid up subordinated loans	2 549	1 694	2 416
Subordinated loans not eligible	-36	-	-
Total Capital (with full IFRS9 impact)	26 960	22 156	25 020
Total Capital (with IFRS9 transitional rules)	27 222	22 474	25 337
Risk exposure on Standard Approach			
Regional governments or local authorities	63	63	64
Institutions	821	347	363
Corporates	10 664	8 880	8 725
Retail Standard Approach	50 132	50 264	47 832
Exposures in default SA	1 425	997	1 324
Covered bonds	141	396	385
Other Exposures	21 987	15 075	15 129
Total Risk exposure amount on Standard Approach	85 234	76 023	73 821
Risk exposure on Internal Rating Based Approach			
Retail Other	25 201	23 446	22 923
Total Risk exposure amount on Internal Rating Based Approach	25 201	23 446	22 923
Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	110 435	99 469	96 745
Foreign exchange (zero if under threshold)	-	-	-
Risk exposure amount for position, foreign exchange and commodities risks	-	-	-

Basic indicator approach	12 208	11 772	11 892
Risk exposure amount for operational risk	12 208	11 772	11 892
Standardized method	65	87	52
Risk exposure amount for credit valuation adjustment	65	87	52
Total risk exposure amount (with full IFRS9 impact)	122 708	111 328	108 689
Risk Exposure adjustment according to IFRS9 Transitional rules	261	316	316
Total risk exposure amount (with IFRS9 transitional rules)	122 969	111 644	109 006
Total exposure for Leverage Ratio			
Derivatives: Add-on under market-to-market method	362	354	177
Off-balance sheet items with 10% CCF	2 924	2 488	2 700
Off-balance sheet items with 20% CCF	-	742	202
Off-balance sheet items with 50% CCF	38	37	37
Adjusted On balance sheet exposure	180 682	153 806	153 947
Total exposure for Leverage Ratio (with full IFRS9 impact)	184 006	157 428	157 063
Exposure adjustment according to IFRS9 Transitional rules	348	423	423
Total exposure for Leverage Ratio (with IFRS9 transitional rules)	184 354	157 851	157 486
Minimum Regulatory Capital			
Minimum Core Equity	4,50%	4,50%	4,50%
Pillar 2 Requirement	3,30%	2,60%	3,30%
Pilar 2 Guidance	1,00%	0,00%	1,00%
Countercyclical Buffer (combined)	0,36%	1,87%	2,10%
Conservation Buffer	2,50%	2,50%	2,50%
Systemic Risk Buffer	3,00%	3,00%	3,00%
Minimum Regulatory Capital ratio (CET1)	14,66%	14,47%	16,40%
Minimum Regulatory Capital			
Minimum Core Equity	5 522	5 010	4 891
Pillar 2 Requirement	4 049	2 895	4 000
Pilar 2 Guidance	1 227	-	1 087
Countercyclical Buffer (combined)	442	2 082	2 282
Conservation Buffer	3 068	2 783	2 717
Systemic Risk Buffer	3 681	3 340	3 261
Minimum Regulatory Capital amount (full IFRS9 impact)	17 989	16 109	18 238
Surplus of Core Equity Tier 1 capital (full IFRS9 impact)	4 208	2 103	2 115
Minimum Regulatory Capital amount (with IFRS9 transitional rules)	18 027	16 155	17 877
Surplus of Core Equity Tier 1 capital (after IFRS9 transitional rules)	4 432	2 375	2 794
Common equity tier 1 capital ratio (full IFRS9 impact)	18,09%	16,36%	18,73%
Common equity tier 1 capital ratio (with IFRS9 transitional rules)	18,26%	16,60%	18,96%
CET1 regulatory requirements	14,66%	14,47%	16,40%
Tier 1 capital ratio (full IFRS9 impact)	19,92%	18,38%	20,80%
Tier 1 capital ratio (with IFRS9 transitional rules)	20,09%	18,61%	21,03%
Tire 1 regulatory requirements	16,20%	15,97%	17,90%
Total capital ratio (full IFRS9 impact)	21,97%	19,90%	23,02%
Total capital ratio (with IFRS9 transitional rules)	22,14%	20,13%	23,24%
Total capital regulatory requirements	18,20%	17,97%	19,90%

Leverage ratio (full IFRS9 impact)	13,29%	13,00%	14,39%
Leverage ratio (with IFRS9 transitional rules)	13,40%	13,16%	14,55%
LR regulatory requirements	5,00%	5,00%	5,00%

Specification of IFRS Transition rules (based on initial impact)

IFRS 9 Increase in Loss Reserves	-498	-498	-498
- whereof Internal Rating Based	-	-	-
Tax impact from increased loss reserves	124	124	124
Deferred tax assets impact on capital	-	-	-
Initial IFRS9 net impact on capital	-374	-374	-374
Base amount for IFRS9 transitional rule on capital	374	374	374
Transition %	70%	85%	85%
Capital adjustment due to Transitional rule	262	318	318

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) *)	-	-	-
Initial IFRS9 net impact on Risk Exposure Amount	-372	-372	-372
Base amount for IFRS9 transitional rule on Risk Exposure Amount	372	372	372
Transition %	70,00%	85,00%	85,00%
Risk Exposure adjustment due to Transitional rule	261	316	316

Impact from Transitional rules on capital ratios (same impact for Tier 1 and 2)	0,17%	0,25%	0,24%
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From December 2015 the Group are calculating credit risk capital requirement using advanced internal rating based models (IRB-A models) for part of its exposures.

Financial information in accordance with the capital requirement regulation is published at www.santander.no. The Pillar 3 Disclosure report is published at www.santanderconsumer.no.

Note 8 - Segment information

All amounts in millions of NOK

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

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

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

Product segmentation per country (gross lending before expected losses)

	Q3 2020				Total
	Unsecured loans	Secured loans	Financial lease	Operational lease	
Norway	8 519	38 192	11 919	-	58 630
Sweden	16 621	20 818	8 517	-	45 956
Denmark	7 545	28 208	3 378	478	39 609
Total	32 685	87 219	23 814	478	144 196

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

P&L and Balance sheet per country

	Q3 2020				Total Group
	Norway	Sweden	Denmark	Eliminations	
Total interest income	870	508	511	-6	1 883
Total interest expenses	-206	-77	-25	6	-303
Net interest income	664	430	486	0	1 580
Fee and commission income	51	47	40	-	138
Fee and commission expenses	-34	-26	-14	-	-73
Value change and gain/loss on foreign exchange and securities	-4	-1	4	-2	-3
Other operating income	9	4	30	-	42
Other operating expenses	-16	-11	-24	-	-51
Gross margin	669	444	522	-2	1 633
Salaries and personnel expenses	-147	-79	-80	-2	-308
Administrative expenses	-119	-123	-70	2	-309
Depreciation and amortisation	-27	-11	-5	-	-44
Net operating income	377	231	367	-2	973
Other income and costs	8	3	-1	-	10
Impairment losses on loan, guarantees etc.	-4	-84	-318	-	-407
Profit before taxes	381	149	48	-2	576
Income tax expense	-92	-30	-14	-	-136
Profit after tax	288	119	34	-2	440

	YTD 2020				
	Norway	Sweden	Denmark	Eliminations	Total Group
Total interest income	2 820	1 436	1 505	-6	5 756
Total interest expenses	-687	-225	-90	6	-996
Net interest income	2 134	1 211	1 415	0	4 760
Fee and commission income	134	147	88	-	369
Fee and commission expenses	-101	-71	-26	-	-198
Value change and gain/loss on foreign exchange and securities	-97	2	1	-2	-96
Other operating income	23	9	84	-	116
Other operating expenses	-39	-25	-61	-	-125
Gross margin	2 054	1 273	1 501	-2	4 826
Salaries and personnel expenses	-466	-230	-232	-	-929
Administrative expenses	-291	-354	-253	-	-898
Depreciation and amortisation	-79	-33	-14	-	-127
Net operating income	1 218	655	1 002	-2	2 873
Other income and costs	11	4	-5	-	10
Impairment losses on loan, guarantees etc.	-237	-201	-596	-	-1 034
Profit before taxes	992	458	401	-2	1 849
Income tax expense	-215	-99	-89	-	-403
Profit after tax	777	359	312	-2	1 446
Cash and receivables on central banks	65	4 153	-	-	4 218
Deposits with and receivables on financial institutions	5 090	1 024	1 757	-	7 871
Total gross loans to customers	58 630	43 444	39 132	-	141 206
Write-downs	-1 565	-962	-1 405	2 512	-1 420
Commercial papers and bonds	2 279	1 015	2 293	-	5 588
Financial derivatives	-	-	-	-	-
Investments in subsidiaries	2 510	351	-	-1 082	1 778
Other assets	24 914	792	1 953	-8 480	19 180
Total assets	91 923	49 817	43 730	-7 050	178 421
Debt to credit institutions	5 653	14 318	14 307	-5 538	28 740
Deposits from customers	28 134	23 410	26 108	-	77 652
Debt established by issuing securities	28 032	7 847	1 907	-	37 786
Financial derivatives	0	-	-	-	0
Other liabilities	2 994	3 819	963	-447	7 329
Equity	27 110	423	445	-1 064	26 914
Total liabilities and equity	91 923	49 817	43 730	-7 050	178 421
	Q3 2019				
	Norway	Sweden	Denmark	Eliminations	Total Group
Total interest income	1 055	407	463	-	1 925
Total interest expenses	-256	-58	-37	-	-351
Net interest income	799	349	426	-	1 574
Fee and commission income	48	45	31	-	124
Fee and commission expenses	-37	-6	-6	-	-49
Value change and gain/loss on foreign exchange and securities	-10	-	-	-	-10
Other operating income	10	2	27	-	39
Other operating expenses	-12	-6	-14	-	-32
Gross margin	797	385	464	-	1 646
Salaries and personnel expenses	-148	-77	-58	-	-283
Administration expenses	-111	-105	-101	-	-318
Depreciation and amortisation	-22	-11	-10	-	-43
Net operating income	516	193	294	-	1 003
Other income and costs	-9	2	-2	-	-9
Impairment losses on other assets	-	-	-	-	-
Impairment losses on loan, guarantees etc.	-199	-115	-102	-	-415
Profit before taxes	308	80	191	-	578
Income tax expense	-70	-19	-68	-	-157
Profit after tax	238	61	123	-	421

	YTD Q3 2019				
	Norway	Sweden	Denmark	Eliminations	Total Group
Total interest income	3 049	1 189	1 364	-	5 601
Total interest expenses	-728	-170	-115	-	-1 013
Net interest income	2 321	1 019	1 249	-	4 589
Fee and commission income	136	138	133	-	407
Fee and commission expenses	-94	-18	-20	-	-132
Value change and gain/loss on foreign exchange and securities	15	-	-4	-	11
Other operating income	24	6	70	-	100
Other operating expenses	-27	-15	-38	-	-80
Gross margin	2 375	1 131	1 390	-	4 896
Salaries and personnel expenses	-483	-238	-198	-	-918
Administration expenses	-334	-313	-301	-	-948
Depreciation and amortisation	-69	-31	-31	-	-131
Net operating income	1 488	549	861	-	2 898
Other income and costs	19	-2	-9	-	8
Impairment losses on other assets	-	-	-	-	-
Impairment losses on loan, guarantees etc.	-240	-31	-101	-	-372
Profit before taxes	1 267	515	751	-	2 534
Income tax expense	-337	-119	-182	-	-638
Profit after tax	931	396	569	-	1 896
Cash and receivables on central banks	66	-	-	-	66
Deposits with and receivables on financial institutions	596	1 059	713	-	2 369
Total gross loans to customers	58 297	33 178	33 135	5 061	129 670
Write-downs	-1 472	-853	-803	-	-3 128
Commercial papers and bonds	3 187	3 418	2 209	-	8 813
Financial derivatives	16	-	-	-	16
Investments in subsidiaries	1 285	-	-	-	1 285
Other assets	20 821	428	1 704	-7 463	15 490
Total assets	82 795	37 231	36 958	-2 402	154 581
Debt to credit institutions	3 487	7 081	15 487	-2 359	23 696
Deposits from customers	26 495	19 419	18 699	-	64 613
Debt established by issuing securities	27 878	9 048	1 729	-	38 656
Financial derivatives	5	-	-	-	5
Other liabilities	2 778	1 548	933	-42	5 216
Equity	22 152	135	109	-	22 395
Total liabilities and equity	82 795	37 231	36 958	-2 402	154 581

Note 9 - Net interest income

All amounts in millions of NOK

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Interest and similar income on loans to and receivables from credit institutions	2	37	9	47	359
Interest and similar income on loans to and receivables from customers	1 813	-3 164	5 516	303	7 048
Interest and similar income on comm. paper, bonds and other securities	66	5 052	231	5 252	59
Total interest income	1 881	1 925	5 756	5 601	7 466
Interest and similar expenses on debt to credit institutions	-34	-41	-100	-129	-159
Interest and similar expenses on deposits from and debt to customers	-187	-207	-598	-581	-788
Interest and similar expenses on issued securities	-63	-88	-239	-260	-346
Interest on subordinated loan capital	-15	-13	-52	-39	-54
Other interest expenses and similar expenses	-3	-2	-7	-4	-6
Total interest expense	-302	-351	-996	-1 013	-1 352
Net interest income	1 579	1 574	4 760	4 589	6 114

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

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
To credit institutions					
Interest expenses	-34	-41	-100	-129	-159
Average loan over the period	25.274	26.483	25.274	26.483	25.538
Average nominal interest rate	0,54%	0,62%	0,53%	0,98%	0,62%

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
To customers					
Interest expenses	-187	-207	-598	-581	-788
Average deposit over the period	71.568	59.629	71.568	59.629	60.065
Average nominal interest rate	1,05%	1,39%	1,11%	1,95%	1,31%

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
To bondholders					
Interest expenses	-63	-88	-239	-260	-346
Average issued notes and bonds	37.652	37.951	37.652	37.951	37.383
Average nominal interest rate	0,66%	0,93%	0,85%	1,37%	0,92%

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Subordinated loan capital*					
Interest expenses	-15	-13	-52	-39	-54
Average subordinated loan capital	2.496	1.714	2.496	1.714	2.076
Average nominal interest rate	2,47%	3,14%	2,76%	4,51%	2,58%

	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019	FY 2019
Total of tables above:					
Interest expenses	-300	-349	-989	-1.008	-1.346
Loan	136.991	125.778	136.991	125.778	125.062
Average nominal interest rate	0,88%	0,56%	0,96%	1,60%	1,08%

Note 10 - Classification of financial instruments

Q3 2020

All amounts in millions of NOK

Classification of financial assets 30 September 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	-	-	4 218
Deposits with and receivables on financial institutions	-	-	7 871	7 871
Loans to customers	-	-	139 786	139 786
Commercial papers and bonds	-	-	5 588	5 588
Financial derivatives	-	-	-	-
Loans to subsidiaries and SPV's	-	-	14 842	14 842
Other ownership interests	-	38	-	38
Total financial assets	-	38	172 305	172 343
			Non-financial assets	6 078
			Total assets	178 421

Classification of financial liabilities 30 September 2020	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
	Debt to credit institutions	-	-	28 740
Deposits from customers	-	-	77 652	77 652
Debt established by issuing securities	-	-	37 786	37 786
Financial derivatives	-	-	-	-
Other financial liabilities	-	-	367	367
Subordinated loan capital	-	-	2 571	2 571
Total financial liabilities	-	-	147 116	147 116
			Non-financial liabilities and equity	31 305
			Total liabilities and equity	178 421

Q3 2019

All amounts in millions of NOK

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

Note 11 - Valuation Hierarchy

Q3 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
<i>Name</i>	<i>Type</i>					
VISA	Equity		-	38	-	38
Total other ownership interests			-	38	-	38
Total Assets			-	38	-	38
Derivatives designated for hedge accounting - assets						
<i>Name</i>	<i>Type</i>	<i>Notional</i>				
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	52	-	52
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	9	-	9
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	3	-	3
Total derivatives designated for hedging - assets*			-	65	-	65
Derivatives designated for hedge accounting - liabilities						
<i>Name</i>						
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	15	-	15
Total derivatives designated for hedging - liabilities			-	15	-	15

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

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

Level 1:

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

Level 2:

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

Level 3:

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

Q3 2019

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Financial assets						
Name	Type	Notional				
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 25	-	16	-	16
Total financial trading derivatives			-	16	-	16
Financial liabilities						
Name	Type	Notional				
VISA	Equity		-	30	-	30
Total other ownership interests			-	30	-	30
Total Assets			-	46	-	46
Financial liabilities						
Name	Type	Notional				
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 8	-	5	-	5
Total financial derivatives			-	5	-	5
Total Liabilities			-	5	-	5
Derivatives designated for hedge accounting - assets						
Name	Type	Notional				
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	17	-	17
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	73	-	73
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	20	-	20
Total derivatives designated for hedging - assets*			-	110	-	110
Derivatives designated for hedge accounting - liabilities						
Name	Type	Notional				
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	10	-	10
Total derivatives designated for hedging - liabilities*			-	10	-	10

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access to at that date. When available, the fair value of an instrument is measured using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the 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

All amounts in millions of NOK	YTD	YTD	FY 2019
	Q3 2020	Q2 2019	
Credit Card	8 904	6 820	7 016
Unsecured loans	23 782	25 333	25 473
Auto loans	111 033	97 517	97 059
- <i>Installment loans</i>	87 219	79 157	78 661
- <i>Financial leasing</i>	23 814	18 360	18 398
Total gross loans to customers	143 718	129 670	129 548
- Loan loss allowance - Stage 1	-971	-830	-819
- Loan loss allowance - Stage 2	-480	-487	-489
- Loan loss allowance - Stage 3	-2 481	-1 810	-2 142
Total net loans to customers	139 786	126 543	126 098

Note 13 - Impairment losses on loan, guarantees etc.

All amounts in millions of NOK

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

	Q3 2020	Q3 2019
Change in loss allowance - Unsecured loans	-178	-202
Change in loss allowance - Secured loans	-16	-3
Change in loss allowance - Commercial papers and bonds	-	-
+/- FX rate adjustment opening balance	-	-
+ Total realized losses	135	-247
- Recoveries on previously realized losses	-349	38
- Gain on sold portfolios	-	-
Impairment losses on loan, guarantees etc.	-408	-413

Note 14 - Issued securities

All amounts in millions of NOK

	Q3 2020	Q3 2019	FY 2019
Issued certificates	418	2 498	1 999
Senior unsecured issued securities	37 368	36 158	35 520
Asset backed issued securities	-	-	-
Total issued securities	37 786	38 656	37 519

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)
 Santander Consumer Bank AS issued certificates of deposits in June to a value of SEK 50 MM (NOK 51 MM)
 Santander Consumer Bank AS issued certificates of deposits in June to a value of SEK 50 MM (NOK 52 MM)
 Santander Consumer Bank AS issued certificates of deposits in June to a value of SEK 50 MM (NOK 52 MM)
 Santander Consumer Bank AS issued certificates of deposits in July to a value of SEK 100 MM (NOK 103 MM)
 Santander Consumer Bank AS issued certificates of deposits in July to a value of SEK 100 MM (NOK 103 MM)
 Santander Consumer Bank AS issued certificates of deposits in July to a value of SEK 200 MM (NOK 206 MM)
 Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in September to a value of NOK 500 MM

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

Note 15 - Receivables and liabilities to related parties

Amounts in millions of NOK

Debt to related parties:	Q3 2020	Accrued Interest Q3 2020	Q3 2019	Accrued Interest Q3 2019	FY 2019	Accrued Interest FY 2019
Santander Benelux	-	-	-	-	-	-
Santander Consumer Finance S.A.	25 333	11	18 372	7	17 268	3
Debt to SPV on future cash flow of securitized loans	2 512	-	5 061	-	4 427	-
Total	27 845	11	23 433	7	21 696	3

Balance sheet line: "Subordinated loan capital" - Bonds

MNOK 250, maturity March 2025, 3 months NIBOR +2.2575% (Santander Consumer Finance S.A)	500	-	250	-	250	-
MNOK 250, maturity July 2025, 3 months NIBOR +3.135% (Santander Consumer Finance S.A)	250	1	250	3	250	3
MSEK 750, maturity December 2024, 3 months STIBOR +2.2825% (Santander Consumer Finance S.A)	-	-	694	-	-	-
MNOK 500, maturity September 2027, 3 months NIBOR + 1,66% (Santander Consumer Finance S.A)	250	2	500	1	500	1
MSEK 750, maturity December 2029, 3 months STIBOR +2.08% (Santander Consumer Finance S.A)	784	-			708	1
MSEK 750, maturity December 2030, 3 months STIBOR +2.29% (Santander Consumer Finance S.A)	784	1			708	-
Total	2 568	4	1 694	4	2 416	5

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

Receivables on related parties:	Q3 2020	Accrued Interest Q3 2020	Q3 2019	Accrued Interest Q3 2019	FY 2019	Accrued Interest FY 2019
Balance sheet line: "Commercial papers and bonds" <i>B and C notes issued by SPVs</i>	487	-	1 145	-	1 062	-
Balance sheet line: "Loans to subsidiaries and SPV's" <i>Loan to subsidiary (Santander Consumer Bank OY)</i>	14 791	51	12 344	48	12 295	68
<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.santanderconsumer.no

Note 16 - Transactions with related parties

All amounts in millions of NOK

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

	Q3 2020	Q3 2019	YTD		FY 2019
			Q3 2020	Q3 2019	
Interest income	54	77	170	227	312
Interest expenses	-44	-36	-98	-102	-125
Interest payments additional Tier 1 capital	-31	-35	-106	-104	-141
Fees	4	7	13	22	28
Other	6	-11	7	-7	-2
Net transactions	-11	1	-14	36	73

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

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.

On July 1st the accounting merger of SCB AS and Forso Nordic AB was completed (legal merger at September 9th). All assets and liabilities was transferred to SCB AS measured at book value according to IFRS.

The table below summarizes the assets and liabilities recognized in the balance sheet of SCB AS at the date of the merger.

	1 July 2020
Total deposits with and loans to financial institutions	1 043
Loans to customers	5 646
Reposessed assets	8
Investments in subsidiaries	351
Intangible assets	2
Fixed assets	8
Other assets	85
Total assets	7 143
Debt to credit institutions	-
Tax payable	15
Other financial liabilities	4
Deferred tax	133
Other liabilities	592
Total liabilities	6 013
Net assets transferred to SCB AS	1 130

The merger was booked to full continuance for both tax and accounting purposes. The profit after tax for Forso Nordic AB for the period 1 March 2020 to 30 June 2020 was transferred to the equity for SCB AS.

The main impact on the financial statement for the Bank is driven by the recognition of restructuring related to the merger of Forso AB, total 37 MM NOK and impairment losses on loans, total 30 MM NOK.