

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

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# Management review of the first three quarters 2017

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

## Highlights

- The Group's profit before tax year to date Q3 2017 was 2 919 MM NOK reflecting an increase of 25% compared to the same period in 2016.
- Lending rose 14 % compared to the same period in 2016 strongly driven by growth in the auto business.
- The Group launched its Digital Transformation Programme as a key component of its overall innovation and digital strategy.
- New store based Sales Finance deal signed with Elkjop Norway
- Deposit volumes increased by 24% compared to the first three quarters of 2016, making deposits the largest funding source of the Group.
- Sale of portfolios of non-performing loans in June 2017 resulting in significantly lower net impairment losses.

## Key figures Santander Consumer Bank Group

<i>All amounts in millions of NOK</i>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>YTD Q3 2017</b>	<b>YTD Q3 2016</b>	<b>2016</b>	<b>2015**</b>
<b>Net interest income</b>	<b>1 638</b>	<b>1 550</b>	<b>4 761</b>	<b>4 598</b>	<b>6 252</b>	<b>4 919</b>
Growth*	6%	3%	4%	37%	27%	41%
<b>Profit before tax</b>	<b>846</b>	<b>824</b>	<b>2 919</b>	<b>2 342</b>	<b>3 076</b>	<b>1 942</b>
Growth*	3%	47%	25%	77%	58%	47%
<b>Profit after tax</b>	<b>625</b>	<b>615</b>	<b>2 223</b>	<b>1 762</b>	<b>2 311</b>	<b>1 507</b>
Growth*	2%	44%	26%	76%	53%	58%
<b>Total assets</b>	<b>152 853</b>	<b>139 157</b>	<b>152 853</b>	<b>139 157</b>	<b>142 729</b>	<b>135 874</b>
Growth*	10%	7%	10%	7%	5%	41%
<b>Gross loans to customers</b>	<b>137 460</b>	<b>120 784</b>	<b>137 460</b>	<b>120 784</b>	<b>124 625</b>	<b>116 297</b>
Growth*	14%	3%	14%	3%	7%	40%
<b>Deposits from customer</b>	<b>48 297</b>	<b>38 999</b>	<b>48 297</b>	<b>38 999</b>	<b>40 971</b>	<b>37 380</b>
Growth*	24%	8%	24%	8%	10%	107%

\* Year on year.

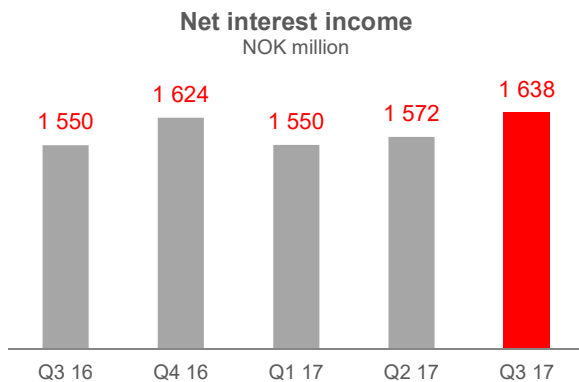
\*\* Legal merger with Santander Consumer Bank AB on July 1st 2015

## Financial performance for the first three quarters of 2017

### Results

The Group's profit before tax was 846 MM NOK in the third quarter of 2017, an increase of 3% compared to the third quarter last year and a 25% increase compared to the first three quarters of 2016. The increase in results are mainly driven by increase in net interest income and lower impairment losses.

Net interest income increased by NOK 88 million from the third quarter of 2016 representing an increase of 6%. Compared to the first three quarters of 2016 net interest income increased by 3.5%. Higher lending volumes in all segments and lower cost of funding had a positive effect on net interest income in the third quarter. On the other hand, lower lending margins and a shift in the portfolio product mix towards more secured financing had a negative effect on net interest income.



Fee and commission income decreased by 49 MM NOK from the third quarter in 2016 and 111 MNOK compared to the same period last year. The decrease is driven by lower levels of insurance income mainly impacted by the cancellation of the single premium insurance product in Norway during 2017.

Net other operating income decreased by 37 MM NOK from the first three quarters of 2016. Adjusted for the nonrecurring effect relating to the sale of Visa Norge's holdings in Visa Europe in June 2016, net other operating income increased by 5 MM NOK compared to the first three quarters of 2016.

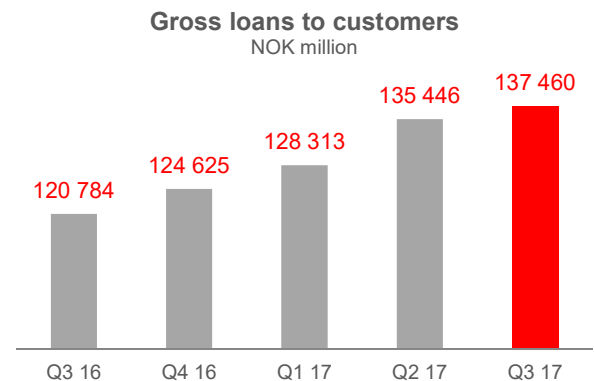
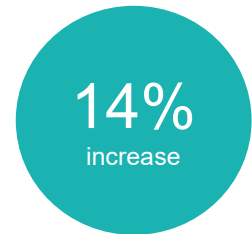
Administrative and personell expenses increased by 121 MM NOK from the third quarter in 2016 and 198 MM NOK compared to the same period last year. The increase reflects higher activity levels throughout the Nordic region. Personell expenses was also impacted by the finance tax on salaries implemented in Norway in 2017 amounting to 16 MM NOK for the first three quarters of 2017.

Net impairment losses on loans fell by 738 MM NOK compared to the first three quarters of 2016. This decrease is mainly driven by the sale of portfolios of non-performing loans, which resulted in reversals of approximately 600 MNOK in June 2017.

## Loans and deposits performance

### Loans to customers

The Groups gross outstanding loans to customers was 137.5 MM NOK per Q3 2017. This is an increase of 14% (16.7 MM NOK) compared to Q3 2016. The growth is driven by good market conditions with increased focus on financing as a tool to increase sales of cars and customer loyalty.



### Auto and leisure financing

Total new car sales in the Nordic region are 760.433 units per September 2017, an increase of 1.7% compared to September 2016. Sweden is showing the strongest growth with an increase of 3.2%, compared to all time high 2016, while Denmark has a decrease of 0.5%. Uncertainty related to the new car registration tax in Denmark has negatively affected the car sales in Denmark since August. The new tax will decrease tax on mid size and environmentally friendly cars. Activity levels are expected to normalize when the new taxation is settled. Finland and Norway experienced a growth at 1.3% and 1.8% respectively.

The total Nordic market for new and used cars ended at 2.983.577 units per September 2017, a growth at 1% compared to September 2016. In this market, Santander Consumer Bank has financed 214.254 units, a growth at 8.1%.

In August, Finland launched a fully digital "All in One" app enabling our customers to fuel without using cash or cards and helping the customer to control car expenses and follow up on mandatory car service.

## Unsecured financing

Q3 ended up with outstanding volume for unsecured equivalent to 32 741 MM NOK, 8% growth compared to Q3 2016. The biggest share of the growth comes from Sweden. From a product perspective, personal loans made up nearly 80% of total unsecured loans per Q3. The personal loan portfolio has increased in line with the market during Q3 and is expected to do so throughout the rest of the year.

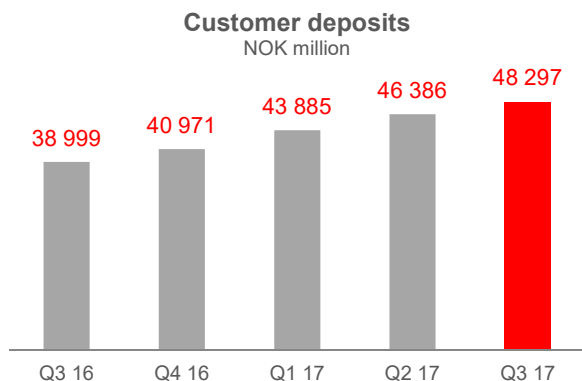
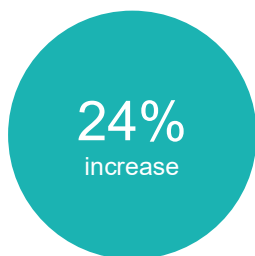
In third quarter Santander has signed a new store based Sales Finance deal with Elkjop Norway, which will have significant impact on the volume increase. The sales finance portfolio is slightly lower than Q3 2016. This has resulted in increased focus on attracting new dealers and optimizing customer experience. E-commerce share of total sales finance volume continue to grow both in terms of new partners and volume. This is confirming the set focus on growing and expanding chosen commerce platform.

With an increased customer preference towards price comparisons sites (brokers) for personal loans, Santander has continuous focus on fine-tuning offers to customers to stay competitive. The card volume is lower than expectations. In Norway the card ticket sizes has decreased as well as the revolving volume. All countries focus on revitalizing the card value proposition to furthering the customers' perceived value. We are moving to Visa cards scheme in Sweden and Denmark.

## Deposits

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

Total outstanding volumes is 48 297 MM NOK per September 2017, representing an increase of 9 298 MM NOK (24%) compared to September 2016.



## Risk management

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

### Credit Risk

The Group's Credit Risk profile at Q3 2017 remains stable for the secure and unsecured portfolio respectively compared to Q3 2016 despite continuing loan growth. The consolidated Non-Performing Loans (NPL) Ratio ended at 2.01% in Q3 2017, which has been quite stable since the beginning of the year.

The levels of net write offs have been constant during the year (around 70 MM NOK per month), ignoring the sale of non-performing loans in June 2017. Stability in IAS 39 parameters are reflected in the consolidated Loan Loss Reserves (LLR) of 2 948 MM NOK per Q3 2017 representing a 6% increased compared to Q3 2016.

### 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 bank'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 2017, the Group's LCR and NSFR stood at 120,14% and 95,40% respectively, both comfortably exceeding the regulatory requirement.

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 sensitivity and Market Value of Equity 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 2017.

### Foreign currency risk

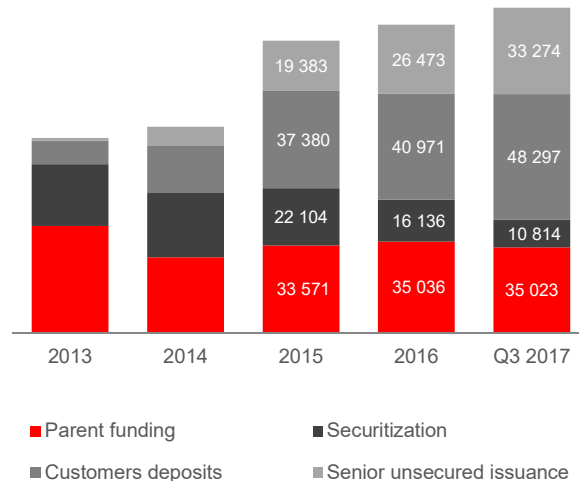
The Group operates in countries with various currencies and is exposed to currency risk from these operations. The Group's strategy is to have a composition of the balance sheet that minimizes currency risk by ensuring that the assets and liabilities are denominated in the same currency. The Group does not take speculative positions in currencies. When the Group raises funding through the international debt markets, FX derivatives are used to swap liquidity to the currency when funds are needed and to offset the position created. The open currency exposure as of end of Q3 2017 was NOK equivalent 1 115 MM in SEK, DKK and EUR exposures (See note 6).

## Funding

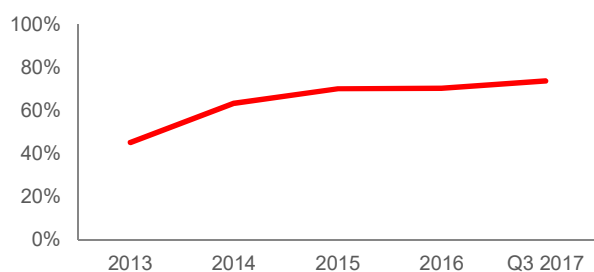
Maintaining a diversified funding platform is a strategic priority for the Group, as it enables flexibility, optimization of cost of funds, and reduces reliance on support from the parent bank. Over the past 5 years, the Group has developed deposit products across 3 of its 4 markets, has been active in the Norwegian and Swedish domestic bond markets, as well as in the Euro-market, and has issued securitization transactions with assets from all 4 Nordic countries. Intragroup funding provides a buffer where strategically helpful, particularly in the short-term space. Self-funding sources totaled 73% year-to-date, with parent funding providing the remaining 27%.



Funding composition  
NOK million



Self-funding ratio  
Per cent



Customer deposits is the largest source of funding, comprising 36% of total liabilities per September 2017. The total outstanding volume sums to 48 297 MM NOK across the three Nordic markets where the Group is present. Deposit volumes have increased 24 % from September 2016, with expectations of continued significant importance.

Senior unsecured issuance is the source of funding which has grown the most since Q3 2016. In addition to robust markets, issuance has been supported by the attainment of our stand-alone rating of A-/A3 from Fitch and Moody's, respectively, in 2016. Moreover, the change in securitization law in Norway in 2016 has resulted in the substitution of asset-backed funding with senior unsecured issuance.

Year-to-date senior unsecured issuance includes 500 MM EUR in the Euro market, 2000 MM SEK in the Swedish market, and 2 650 MM NOK in the Norwegian market. Total outstanding issuance equals 33 274 MM NOK per September 2017, up 8 199 MM NOK (33%) a year earlier. The average remaining term to maturity is approximately 1.6 years. This is somewhat reduced from the previous quarter, due to the Group's issuance calendar typically tilted towards the first half of the year.

The Group has not accessed the asset-backed securities market year-to-date 2017, primarily due to the above-mentioned change in securitization law. Securitizing the Finnish portfolio is currently the one stable source of securitisation funding. As such, outstanding volumes have been trending downwards, currently equaling 10 814 MM NOK, or 8% of outstanding liabilities. The Group looks to utilize its securitization capabilities more frequently going forward, especially as Norwegian legislation is expected to eventually harmonize with the European capital markets framework.

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 and denominated in the Nordics local currencies, and are currently concentrated in the shorter-end maturities. The group expects parent funding to decrease in significance over time, even as it continues as an important buffer in the overall funding strategy.

## Solvency and capital adequacy

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

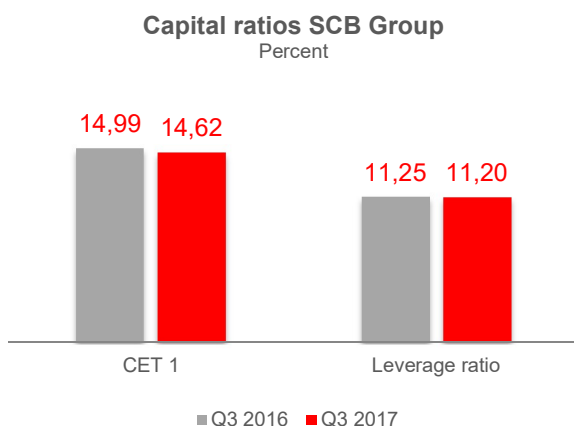
Since December 2015, the bank has used advanced internal rating based models (A-IRB approach) for parts of its exposure for capital calculations. The bank is in the process of developing models for using the A-IRB approach for the majority of its exposure and expects to receive approval for using the A-IRB approach for additional credit portfolios in coming years.

Norwegian banks are subject to ongoing capital adequacy requirements, which implement EU Directives and Regulations based on the Basel III regime. In line with the recommendations of the Basel Committee on Banking Supervision (the "Basel Committee"), the regulatory approach in the Financial Undertakings Act is divided into three pillars;

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

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

Per September 2017, SCB Group had a CET1-ratio of 14.62%, while SCB AS had a CET1-ratio of 15.15%. For Tier1-capital ratio, Tier2-capital ratios and leverage ratio, please see Note 8 "Capital adequacy".



In addition to the above capital ratios, the bank is from 30.06.2017 required to publish leverage ratios. The leverage ratio is the relationship between the bank's core capital and its

total assets. LR is calculated by dividing Tier 1 capital by total assets (on- and off-balance). The requirement for leverage ratio for the bank is 5%. Per September 2017 SCB Group had a leverage ratio of 11.20%, compared to 11.25% per September 2016.

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

Please see Note 8 "Capital adequacy" for details on capital composition, risk weighted exposure and capital ratios per September 2017

## Digital transformation

In Q3, the Bank launched its Digital Transformation Programme as a key component of its overall innovation and digital strategy. The purpose of the programme is to lay out the banks strategy for becoming a truly digital organization and to establish the associated frameworks, governance structures and work practices that will drive and support this work. To achieve its digital ambitions, the Bank will focus upon progressing along two separate yet complementary axes (i) achieving greater *digital customer engagement*, through developing outstanding digital products and services and (ii) achieving increased *operating efficiencies* through establishing more efficient and flexible operating platforms and processes. The Bank will also focus upon further developing its innovation culture and practices.

As a key component of its Digital Transformation Programme, the bank has set out its seven key strategic focus areas for innovation:

1. **Disruption regulations** – determining our strategic response to new legislation such as PSD2
2. **Core digitization** – ensuring key customer processes operate optimally
3. **Next generation customer experience** – how we deliver outstanding customer experience to new and existing customers
4. **Digital market places** – how we respond to consumers increasing desire to transact online
5. **Data analytics and business intelligence** – how we make best use of existing and additional data sources and advanced data analysis techniques to make better business decision
6. **Next generation mobility** – how we respond to consumers changing mobility needs
7. **Innovation capabilities and culture** – investing in required digital capabilities and work practices to stimulate and realise new innovations



The Bank is progressing a number of innovation and digital initiatives across the above seven strategic focus areas, embracing emerging technologies such as artificial intelligence, machine learning and robotic process automation.

## Future prospects

Our strategic initiatives will continue with investments in innovation, in our employees and in launching new products. The Group is facing increased competition by existing, as well as new market players, in all the four countries. Hence, the Group has focus on monitoring macroeconomic factors in every day decisions, as well as a close follow up of the effect on our current and future asset and funding portfolio. The Group's focus on funding and liquidity remains on securing a diverse and robust supply. Customer deposits, senior unsecured bonds, securitization and intra group funding form the main funding pillars.

The Norwegian FSA have during 2017 issued new guidelines for credit practice on unsecured financing with the purpose of ensuring sounder lending practices. The Group will report compliance with the new guidelines to the Board of Directors as from the fourth quarter of 2017.

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

## Profit and Loss - Santander Consumer Bank Nordic Group

<i>All amounts in millions of NOK</i>		Q3	Q3	YTD Q3	YTD Q3	Financial
	Note	2017	2016	2017	2016	year
						2016
Total interest income		1 991	1 882	5 818	5 652	7 657
Total interest expenses		-353	-332	-1 057	-1 054	-1 405
<b>Net interest income</b>	7	<b>1 638</b>	<b>1 550</b>	<b>4 761</b>	<b>4 598</b>	<b>6 252</b>
Fee and commission income		117	166	424	534	676
Fee and commission expenses		-31	-32	-73	-97	-301
Value change and gain/loss on foreign exchange and securities		-6	-21	-26	8	17
Other operating income*		51	48	144	181	222
Other operating expenses**		-58	-44	-153	-146	-170
<b>Gross margin</b>		<b>1 712</b>	<b>1 668</b>	<b>5 076</b>	<b>5 078</b>	<b>6 697</b>
Salaries and personnel expenses		-316	-290	-925	-881	-1 161
Administrative expenses		-397	-301	-1 129	-975	-1 303
Depreciation and amortisation		-27	-27	-80	-80	-109
<b>Net operating income</b>		<b>973</b>	<b>1 049</b>	<b>2 942</b>	<b>3 141</b>	<b>4 124</b>
Other income and costs		1	11	-8	-46	-70
Impairment losses on other assets		0	0	0	-1	-1
Impairment losses on loan, guarantees etc.	5	-127	-236	-15	-753	-977
<b>Profit before taxes</b>		<b>846</b>	<b>824</b>	<b>2 919</b>	<b>2 342</b>	<b>3 076</b>
Income tax expense		-221	-210	-696	-580	-765
<b>Profit after tax</b>		<b>625</b>	<b>615</b>	<b>2 223</b>	<b>1 762</b>	<b>2 311</b>
* Includes dividends from investments, operating lease income and other operating income.						
** Includes depreciation of operating lease and other operating expenses.						
Allocation of profit after tax						
<b>Transferred to other earned equity</b>		<b>625</b>	<b>615</b>	<b>2 223</b>	<b>1 762</b>	<b>2 311</b>
<b>Total allocations</b>		<b>625</b>	<b>615</b>	<b>2 223</b>	<b>1 762</b>	<b>2 311</b>
Profit after tax for the period		625	615	2 223	1 762	2 311
<i>Items not to be recycled to profit and loss</i>						
Actuarial gain/loss on post employment benefit obligations		-	-	-48	-54	24
<i>Items to be recycled to profit and loss</i>						
Net exchange differences on translating foreign operations		-16	-63	95	-138	-135
Value change of assets held for sale		0	-	5	-22	-20
Cash flow hedge		25	16	46	13	-27
Net investment hedge		16	34	-32	62	24
<b>Other comprehensive income for the period net of tax</b>		<b>25</b>	<b>-13</b>	<b>67</b>	<b>-139</b>	<b>-134</b>
<b>Total comprehensive income for the period</b>		<b>651</b>	<b>602</b>	<b>2 289</b>	<b>1 623</b>	<b>2 177</b>

## Balance Sheet - Santander Consumer Bank Group

All amounts in millions of NOK

	Note	Q3 / YTD 2017	Q3 / YTD 2016	Financial year 2016
<b>Assets</b>				
Cash and receivables on central banks		60	57	60
Deposits with and receivables on financial institutions		2 552	4 031	3 897
Loans to customers	3, 4, 5	134 511	118 012	121 698
Commercial papers and bonds	10, 11, 13	8 984	11 629	10 944
Financial derivatives	11	190	431	362
Consignment		3 324	2 592	3 228
Repossessed assets		10	8	6
Other ownership interests		20	18	18
Intangible assets		1 036	963	984
Deferred tax assets		224	217	258
Fixed assets		518	577	524
Other assets		1 423	622	749
<b>Total assets</b>		<b>152 853</b>	<b>139 157</b>	<b>142 729</b>
<b>Liabilities</b>				
Debt to credit institutions	13	35 210	38 265	35 019
Deposits from customers		48 297	38 999	40 971
Debt established by issuing securities	12	44 088	38 176	42 609
Financial derivatives	11	135	388	291
Tax payable		64	174	95
Other financial liabilities		141	112	153
Deferred tax		780	656	723
Pension liabilities		273	325	218
Other liabilities		1 688	1 625	2 080
Subordinated loan capital	13	4 094	3 564	3 576
<b>Total liabilities</b>		<b>134 770</b>	<b>122 283</b>	<b>125 735</b>
<b>Equity</b>				
Share capital		9 652	9 652	9 652
Share capital premium		891	891	891
OCI items		-87	-158	-153
Retained earnings		7 626	6 489	6 603
<b>Total equity</b>		<b>18 083</b>	<b>16 874</b>	<b>16 993</b>
<b>Total liabilities and equity</b>		<b>152 853</b>	<b>139 157</b>	<b>142 729</b>

## Cash Flow - Santander Consumer Bank Nordic Group

<i>All amounts in millions of NOK</i>	Q3 2017	Q3 2016	YTD Q3 2017	YTD Q3 2016	Financial year 2016
<b>Cash flow from operations</b>					
Profit before tax	846	824	2 919	2 342	3 076
Taxes paid in the period	-79	-108	-640	-522	-698
Depreciation and impairment	53	-24	154	81	103
Change in net loans to customers	-2 145	-523	-12 813	-4 346	-8 032
Change in repossessed assets	10	4	-4	4	7
Value adjustments over P&L	6	-1 101	26	-8	-17
Change in net loans from consignment and operational lease	-125	308	-174	2	-578
Change in prepayments and earned income	124	101	180	182	-132
Change in loans and deposits from customers	1 912	-733	7 327	1 618	3 590
Change in other debt	14	-258	-404	-231	188
Differences in expensed pensions and payments in/out of the pension scheme	-3	-33	55	-49	-10
Change in other assets	117	1 366	-846	989	1 082
<b>Net cash flow from operations</b>	<b>730</b>	<b>-177</b>	<b>-4 220</b>	<b>63</b>	<b>-1 421</b>
<b>Cash flow from investments</b>					
Purchased bonds	-2 753	-4 063	-4 200	-12 524	-14 224
Matured bonds	1 806	2 582	6 160	10 098	12 482
Net proceeds from purchase and sale of fixed assets	-53	160	-122	-77	-122
<b>Net cash flow from investments</b>	<b>-999</b>	<b>-1 321</b>	<b>1 838</b>	<b>-2 503</b>	<b>-1 864</b>
<b>Cash flow from financing</b>					
Receipts on issued bonds	688	4 520	9 015	10 427	18 342
Repayments on issued bonds	-3 802	-2 142	-7 537	-13 819	-17 219
Change in loans and deposits from financial institutions	1 924	-435	191	4 694	1 447
Change in subordinated loans	486	-219	518	-264	-252
Paid out dividend	0	0	-1 200	0	-500
Paid in share capital	0	0	0	0	-
<b>Net cash flow from financing</b>	<b>-703</b>	<b>1 724</b>	<b>987</b>	<b>1 038</b>	<b>1 819</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>	<b>-27</b>	<b>-334</b>	<b>50</b>	<b>-359</b>	<b>-426</b>
Net change in cash and cash equivalents	-1 000	-108	-1 344	-1 762	-1 892
Cash and cash equivalents at the beginning of the period	3 613	4 195	3 957	5 850	5 850
<b>Cash and cash equivalents at the end of the period</b>	<b>2 612</b>	<b>4 088</b>	<b>2 612</b>	<b>4 088</b>	<b>3 957</b>

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

### Q3 2017

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 July 2017	9 652	891	7 000	75	34	-27	-24	-171	17 432
Profit for the period	-	-	625	-	-	-	-	-	625
OCI movements (net of tax)	-	-	-	-16	0	25	16	0	25
Capital increase	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-	-	-	-	-	-	-
<b>Balance at 30 September 2017</b>	<b>9 652</b>	<b>891</b>	<b>7 626</b>	<b>60</b>	<b>34</b>	<b>-2</b>	<b>-8</b>	<b>-171</b>	<b>18 083</b>

### YTD Q3 2017

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 January 2017	9 652	891	6 603	-36	29	-48	24	-123	16 993
Profit for the period	-	-	2 223	-	-	-	-	-	2 223
OCI movements (net of tax)	-	-	-	95	5	46	-32	-48	67
Capital increase	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-1 200	-	-	-	-	-	-1 200
<b>Balance at 30 September 2017</b>	<b>9 652</b>	<b>891</b>	<b>7 626</b>	<b>60</b>	<b>34</b>	<b>-2</b>	<b>-8</b>	<b>-171</b>	<b>18 083</b>

### Financial Year 2016

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 January 2016	9 652	891	4 727	99	49	-20	0	-147	15 251
Profit for the period	-	-	2 311	-	-	-	-	-	2 311
OCI movements (net of tax)	-	-	-	-70	-20	-27	24	24	-69
Capital increase	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-500	-	-	-	-	-	-500
Correction previous years	-	-	65	-65	-	-	-	-	0
<b>Balance at 31 December 2016</b>	<b>9 652</b>	<b>891</b>	<b>6 603</b>	<b>-36</b>	<b>29</b>	<b>-48</b>	<b>24</b>	<b>-123</b>	<b>16 993</b>

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

2) Restricted capital as at September 30, 2017, was NOK 9 652 M, unrestricted capital was NOK 8 430 M. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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

## Profit and Loss - Santander Consumer Bank AS

<i>All amounts in millions of NOK</i>		Q3	Q3	YTD Q3	YTD Q3	Financial year
	Note	2017	2016	2017	2016	2016
Total interest income		1 715	1 617	5 021	4 811	6 569
Total interest expenses		-335	-291	-986	-904	-1 236
<b>Net interest income</b>	7	<b>1 380</b>	<b>1 326</b>	<b>4 034</b>	<b>3 907</b>	<b>5 333</b>
Fee and commission income		115	161	417	557	701
Fee and commission expenses		-24	-21	-55	-74	-270
Value change and gain/loss on foreign exchange and securities		-6	-17	-29	15	14
Other operating income*		20	14	50	582	592
Other operating expenses**		-33	-19	-77	-65	-64
<b>Gross margin</b>		<b>1 452</b>	<b>1 443</b>	<b>4 341</b>	<b>4 922</b>	<b>6 306</b>
Salaries and personnel expenses		-281	-264	-819	-798	-1 031
Administrative expenses		-357	-275	-1 013	-885	-1 174
Depreciation and amortisation		-24	-25	-71	-75	-101
<b>Net operating income</b>		<b>790</b>	<b>879</b>	<b>2 437</b>	<b>3 165</b>	<b>4 000</b>
Other income and costs		0	11	-9	-47	-71
Impairment losses on other assets		0	0	0	0	0
Impairment losses on loan, guarantees etc.	5	-102	-216	1	-655	-850
<b>Profit before taxes</b>		<b>688</b>	<b>673</b>	<b>2 429</b>	<b>2 462</b>	<b>3 080</b>
Income tax expense		-189	-179	-598	-501	-649
<b>Profit after tax</b>		<b>499</b>	<b>495</b>	<b>1 831</b>	<b>1 961</b>	<b>2 431</b>
* Includes dividends from investments, operating lease income and other operating income.						
** Includes depreciation of operating lease and other operating expenses.						
Allocation of profit after tax						
<b>Transferred to other earned equity</b>		<b>499</b>	<b>495</b>	<b>1 831</b>	<b>1 961</b>	<b>2 431</b>
<b>Total allocations</b>		<b>499</b>	<b>495</b>	<b>1 831</b>	<b>1 961</b>	<b>2 431</b>
Profit after tax for the period		499	495	1 831	1 961	2 431
<i>Items not to be recycled to profit and loss</i>						
Actuarial gain/loss on post employment benefit obligations		-	-	-48	-54	24
<i>Items to be recycled to profit and loss</i>						
Net exchange differences on translating foreign operations		-5	-13	5	-27	-31
Value change of assets held for sale		-	-	6	-23	-23
Cash flow hedge		24	20	32	13	-18
<b>Other comprehensive income for the period net of tax</b>		<b>19</b>	<b>7</b>	<b>-5</b>	<b>-91</b>	<b>-48</b>
<b>Total comprehensive income for the period</b>		<b>518</b>	<b>502</b>	<b>1 826</b>	<b>1 870</b>	<b>2 382</b>

## Balance Sheet - Santander Consumer Bank AS

All amounts in millions of NOK

	Note	Q3 / YTD 2017	Q3 / YTD 2016	Financial year 2016
<b>Assets</b>				
Cash and receivables on central banks		60	57	60
Deposits with and receivables on financial institutions		620	1 327	1 500
Loans to customers	3, 4, 5	112 166	100 794	103 733
Commercial papers and bonds	10, 11, 13	8 480	16 156	12 552
Financial derivatives	11	187	427	355
Consignment		1 603	1 274	1 348
Repossessed assets		5	6	5
Loans to subsidiaries and SPV's		8 714	6 886	6 494
Investments in subsidiaries		1 222	1 167	1 180
Other ownership interests		20	18	18
Intangible assets		633	584	600
Deferred tax assets		69	105	80
Fixed assets		212	251	203
Other assets		1 363	402	389
<b>Total assets</b>		<b>135 354</b>	<b>129 453</b>	<b>128 517</b>
<b>Liabilities</b>				
Debt to credit institutions	13	30 255	42 707	38 420
Deposits from customers		48 297	38 999	40 971
Debt established by issuing securities	12	33 274	25 076	26 473
Financial derivatives	11	132	384	287
Tax payable		64	178	73
Other financial liabilities		139	103	161
Deferred tax		782	656	711
Pension liabilities		273	325	218
Other liabilities		1 290	1 349	1 499
Subordinated loan capital	13	4 094	3 564	3 576
<b>Total liabilities</b>		<b>118 602</b>	<b>113 339</b>	<b>112 390</b>
<b>Equity</b>				
Share capital		9 652	9 652	9 652
Share capital premium		891	891	891
OCI items		-157	-194	-151
Retained earnings		6 366	5 765	5 735
<b>Total equity</b>		<b>16 753</b>	<b>16 114</b>	<b>16 127</b>
<b>Total liabilities and equity</b>		<b>135 354</b>	<b>129 453</b>	<b>128 517</b>

## Cash Flow - Santander Consumer Bank AS

*All amounts in millions of NOK*

	Q3	Q3	YTD Q3	YTD Q3	Financial year
	2017	2016	2017	2016	2016
<b>Cash flow from operations</b>					
Profit before tax	688	673	2 429	2 462	3 080
Taxes paid in the period	-42	-72	-531	-405	-536
Depreciation and impairment	26	25	78	75	5
Change in net loans to customers	-1 208	-365	-8 432	-2 997	-5 937
Change in repossessed assets	5	3	0	4	4
Value adjustments over P&L	6	-50	29	-15	-14
Change in net loans from consignment and operational lease	-75	-218	-280	-391	-422
Change in prepayments and earned income	87	31	50	24	-101
Change in loans and deposits from customers	1 912	-733	7 327	1 618	3 590
Change in other debt	-192	-244	-231	-217	-113
Differences in expensed pensions and payments in/out of the pension scheme	-3	-33	55	-49	-10
Change in other assets	-4	56	-1 095	-400	55
<b>Net cash flow from operations</b>	<b>1 200</b>	<b>-927</b>	<b>-602</b>	<b>-290</b>	<b>-400</b>
<b>Cash flow from investments</b>					
Purchased bonds	-536	-3 692	-1 768	-11 285	-12 327
Matured bonds	2 127	3 203	5 840	10 904	15 549
Net proceeds from purchase and sale of fixed assets	-39	151	-94	-75	-109
<b>Net cash flow from investments</b>	<b>1 553</b>	<b>-338</b>	<b>3 978</b>	<b>-456</b>	<b>3 113</b>
<b>Cash flow from financing</b>					
Receipts on issued bonds	688	4 520	9 015	10 427	13 405
Repayments on issued bonds	-1 794	487	-2 214	-4 816	-6 315
Loans and deposits from financial institutions	-3 054	-2 592	-10 385	-3 886	-8 173
Change in subordinated loans	486	-219	518	-264	-252
Paid out/in dividend	0	0	-1 200	0	-500
Paid in share capital	0	0	0	0	-
<b>Net cash flow from financing</b>	<b>-3 673</b>	<b>2 196</b>	<b>-4 267</b>	<b>1 461</b>	<b>-1 834</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>	<b>-33</b>	<b>-299</b>	<b>10</b>	<b>-311</b>	<b>-302</b>
Net change in cash and cash equivalents	-953	631	-880	403	578
Cash and cash equivalents at the beginning of the period	1 632	753	1 560	981	981
<b>Cash and cash equivalents at the end of the period</b>	<b>680</b>	<b>1 384</b>	<b>680</b>	<b>1 384</b>	<b>1 560</b>



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

### Q3 2017

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Actuarial gain/loss	Total
Balance at 1 July 2017	9 652	891	5 866	-13	32	-24	-171	16 234
Profit for the period	-	-	499	-	-	-	-	499
OCI movements (net of tax)	-	-	-	-5	0	24	0	20
Capital increase	-	-	-	-	-	-	-	-
Share dividend	-	-	-	-	-	-	-	-
<b>Balance at 30 September 2017</b>	<b>9 652</b>	<b>891</b>	<b>6 365</b>	<b>-18</b>	<b>32</b>	<b>0</b>	<b>-171</b>	<b>16 753</b>

### YTD Q3 2017

<i>All amounts in millions of NOK</i>	Share capital	Share capital premium	Retained earnings	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Actuarial gain/loss	Total
Balance at 1 January 2017	9 652	891	5 734	-22	26	-32	-123	16 127
Profit for the period	-	-	1 831	-	-	-	-	1 831
OCI movements (net of tax)	-	-	-	5	6	32	-48	-5
Capital increase	-	-	-	-	-	-	-	-
Share dividend	-	-	-1 200	-	-	-	-	-1 200
<b>Balance at 30 September 2017</b>	<b>9 652</b>	<b>891</b>	<b>6 365</b>	<b>-18</b>	<b>32</b>	<b>0</b>	<b>-171</b>	<b>16 753</b>

### Financial Year 2016

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

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

2) Restricted capital as at September 30, 2017, was NOK 9 652 M, unrestricted capital was NOK 7 100 M. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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

Lysaker, 14<sup>th</sup> November 2017

The Board of Directors of Santander Consumer Bank

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Erik Kongelf  
(Chairman)

---

Bruno Montalvo Wilmot  
(Deputy Chairman)

---

Javier Anton

---

Frederico José Maria Ysart  
Alvarez de Toledo

---

Niels Christian Aall

---

Henning Strøm

---

Sigrid Dale  
(Employee Representative)

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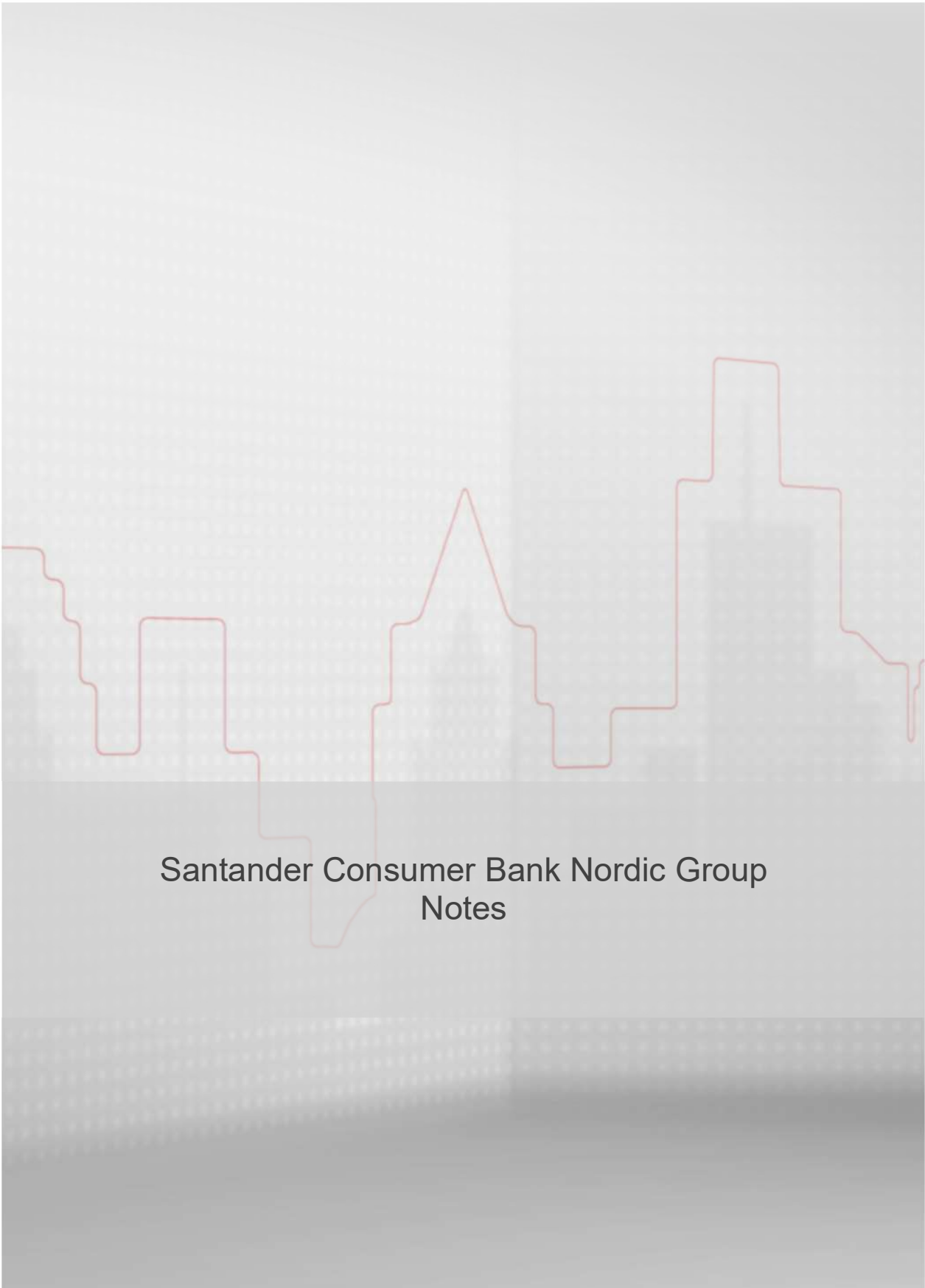
Jim Grøtner  
(Employee Representative)

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Michael Hvidsten  
(Chief Executive Officer)

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Ola Tillberg  
(Observer)



Santander Consumer Bank Nordic Group  
Notes

## GROUP NOTES

### Note 1 - Basis of preparation

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The accounts show the activities of the company in Norway, Sweden and Denmark (Santander Consumer Bank AS). In the group accounts, the Finnish subsidiary (Santander Consumer Finance OY) and the special purpose entities (as listed in note 14) are included. All figures and notes were prepared under the assumption that the business is a going concern.

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

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

### Note 2 - Accounting policies

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

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

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

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

Future regulatory changes:

Starting from the 2018 financial year, IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: recognition and measurement.

The Group expects the level of loan loss reserves to increase for assets in the scope of the IFRS 9 impairment model. However, the final impact is dependent on the Group's on-and off-balance exposures, as well as the Group's macro-economic forecasts, at transition.

### Note 3 - Loans to customers

<i>All amounts in millions of NOK</i>	Q3 / YTD	Q3 / YTD	Financial year
	2017	2016	2016
Credit Card	6 172	6 252	6 286
Unsecured loans	26 569	23 958	24 476
Auto loans	104 719	90 573	93 862
- <i>Installment loans</i>	86 515	75 020	77 567
- <i>Financial leasing</i>	18 204	15 554	16 295
<b>Total gross loans to customers</b>	<b>137 460</b>	<b>120 784</b>	<b>124 625</b>
- Specific loan reserves	-1 630	-1 377	-1 555
- Generic loan reserves	-1 318	-1 395	-1 371
<b>Total net loans to customers</b>	<b>134 511</b>	<b>118 012</b>	<b>121 698</b>

### Note 4 - Risk classification

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

<i>All amounts in millions of NOK</i>	Balance			Loss reserves		
	Q3 2017	Q3 2016	FY 2016	Q3 2017	Q3 2016	FY 2016
Current - not past due date	127 786	112 625	115 699	-1 032	-1 156	-1 084
Current - past due date	6 838	5 878	6 349	-276	-238	-251
Total impaired loans	2 836	2 280	2 577	-1 640	-1 378	-1 592
<b>Total gross loans to customers</b>	<b>137 460</b>	<b>120 784</b>	<b>124 625</b>	<b>-2 948</b>	<b>-2 772</b>	<b>-2 926</b>

<i>Ageing of past due but not impaired loans</i>	Balance			Loss reserves		
	Q3 2017	Q3 2016	FY 2016	Q3 2017	Q3 2016	FY 2016
1 - 29 days	5 554	4 730	5 172	-120	-104	-110
30 - 59 days	956	863	893	-84	-72	-77
60 - 89 days	327	285	284	-72	-62	-64
<b>Total loans due but not impaired</b>	<b>6 838</b>	<b>5 878</b>	<b>6 349</b>	<b>-276</b>	<b>-238</b>	<b>-251</b>

<i>Ageing of impaired loans</i>	Balance			Loss reserves		
	Q3 2017	Q3 2016	FY 2016	Q3 2017	Q3 2016	FY 2016
90 - 119 days	236	189	213	-82	-72	-72
120 - 149 days	170	196	148	-72	-101	-65
150 - 179 days	150	121	121	-73	-68	-63
180 + days	956	894	929	-686	-666	-711
Economic doubtful*	1 324	880	1 166	-728	-471	-679
<b>Total impaired loans</b>	<b>2 836</b>	<b>2 280</b>	<b>2 577</b>	<b>-1 640</b>	<b>-1 378</b>	<b>-1 592</b>

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

## Note 5 – Loan reserves

All amounts in millions of NOK

	Q3 2017	Q3 2016	FY 2016		
<b>Specific loan reserves</b>					
Specific loan reserves 01.01.	1 555	1 520	1 520		
+/- Rate adjustment opening balance	13	-39	-33		
Reclassification between specific and generic loan reserves	37	8	-58		
+ Specific loan reserves for the period	25	-112	126		
<b>= Specific loan reserves period end</b>	<b>1 630</b>	<b>1 377</b>	<b>1 555</b>		
<b>Generic loan reserves</b>					
Generic loan reserves 01.01	1 371	1 111	1 111		
+/- Rate adjustment opening balance	25	-60	-50		
Release of reserves related to bad debt sale	-	-13	-19		
Reclassification between specific and generic loan reserves	-37	-8	58		
+/- Generic loan reserves for the year	-41	364	270		
<b>= Generic loan reserves period end</b>	<b>1 318</b>	<b>1 395</b>	<b>1 371</b>		
<b>Total Loan Reserves in Balance Sheet</b>	<b>2 948</b>	<b>2 772</b>	<b>2 926</b>		
<b>Loan losses expenses</b>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>YTD Q3 2017</b>	<b>YTD Q3 2016</b>	<b>FY 2016</b>
Change in loan reserves provision	110	-96	16	-253	-397
+/- Fx rate adjustment opening balance	-3	1	1	2	-1
+ Total realized losses	-376	-364	-1 132	-1 104	-1 472
- Recoveries on previously realized losses	142	223	1 100	602	893
<b>= Loan losses in the period</b>	<b>-127</b>	<b>-236</b>	<b>-15</b>	<b>-753</b>	<b>-977</b>

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

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

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

## Note 6 - Liquidity coverage ratio

Liquidity Coverage Ratio (LCR) measures the capability to meet obligations in the next 30 days by means of liquidity assets. It is defined as  $LCR = \text{liquidity assets} / (\text{cash outflows} - \text{cash inflows})$ . The minimum LCR level (CRD IV) is 80% from 31 December 2016. With a stable basis of High Quality Liquid Assets, SCB AS fulfills the minimum LCR requirements.

Liquidity Coverage Ratio (LCR) %	Q3 2017	Q3 2016	Q4 2016
Liquidity Coverage Ratio (LCR) Total	120	108	119
Liquidity Coverage Ratio (LCR) NOK	131	242	124
Liquidity Coverage Ratio (LCR) SEK	119	117	129
Liquidity Coverage Ratio (LCR) DKK	361	157	66
Liquidity Coverage Ratio (LCR) EUR	95	30	98

## Note 7 - Net interest income

<i>All amounts in millions of NOK</i>	Q3 2017	Q3 2016	YTD Q3 2017	YTD Q3 2016	FY 2016
Interest and similar income on loans to and receivables from credit institutions	19	10	58	19	29
Interest and similar income on loans to and receivables from customers	1 948	1 834	5 671	5 519	7 479
Interest and similar income on comm. paper, bonds and other securities	23	38	88	113	149
<b>Total interest income</b>	<b>1 991</b>	<b>1 882</b>	<b>5 818</b>	<b>5 652</b>	<b>7 657</b>
Interest and similar expenses on debt to credit institutions	-48	-79	-157	-195	-219
Interest and similar expenses on deposits from and debt to customers	-158	-121	-439	-380	-505
Interest and similar expenses on issued securities	-96	-93	-309	-327	-441
Interest on subordinated loan capital	-52	-27	-153	-133	-210
Other interest expenses and similar expenses	1	-12	2	-19	-29
<b>Total interest expense</b>	<b>-353</b>	<b>-332</b>	<b>-1 057</b>	<b>-1 054</b>	<b>-1 405</b>
<b>Net interest income</b>	<b>1 638</b>	<b>1 550</b>	<b>4 761</b>	<b>4 598</b>	<b>6 252</b>

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

<i>All amounts in millions of NOK</i>	Q3 2017	Q3 2016	YTD Q3 2017	YTD Q3 2016	FY 2016
<b>To credit institutions</b>					
Interest expenses	-48	-79	-157	-195	-219
Average loan	34 248	38 483	35 115	36 115	34 295
<b>Average nominal interest rate</b>	<b>0,56%</b>	<b>0,83%</b>	<b>0,60%</b>	<b>0,72%</b>	<b>0,64%</b>
<b>To customers</b>					
Interest expenses	-158	-121	-439	-380	-505
Average deposit	47 341	39 367	44 634	37 540	39 176
<b>Average nominal interest rate</b>	<b>1,34%</b>	<b>1,23%</b>	<b>1,31%</b>	<b>1,35%</b>	<b>1,29%</b>
<b>To bondholders</b>					
Interest expenses	-96	-93	-309	-327	-441
Average issued notes and bonds	45 645	36 981	43 348	37 564	42 309
<b>Average nominal interest rate</b>	<b>0,84%</b>	<b>1,01%</b>	<b>0,95%</b>	<b>1,16%</b>	<b>1,04%</b>
<b>Subordinated loan capital</b>					
Interest expenses	-52	-27	-153	-133	-210
Average subordinated loan capital	3 851	3 673	3 835	3 747	3 702
<b>Average nominal interest rate</b>	<b>5,35%</b>	<b>2,96%</b>	<b>5,33%</b>	<b>4,73%</b>	<b>5,68%</b>
<b>Total of tables above:</b>					
Interest expenses	-354	-321	-1 059	-1 034	-1 376
Loan	131 085	118 504	126 932	114 966	119 482
<b>Average nominal interest rate</b>	<b>1,08%</b>	<b>1,08%</b>	<b>1,11%</b>	<b>1,20%</b>	<b>1,15%</b>

## Note 8 - Capital adequacy

<i>All amounts in millions of NOK</i>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>FY 2016</b>
<b>Balance sheet equity</b>			
Paid in equity	9 652	9 652	9 652
Share premium	891	891	891
Retained earnings	7 626	6 489	6 603
Other reserves	-87	-158	-153
<b>Total Equity</b>	<b>18 083</b>	<b>16 874</b>	<b>16 993</b>
<b>Common Equity Tier 1 Capital</b>			
(-) Profit not eligible as capital	-1 424	-1 762	-1 200
Cash-flow hedge adjustment	-	-	-
IRB Expected Loss - Reserves	-345	-248	-236
Goodwill	-671	-716	-647
Other intangible assets	-286	-247	-260
Deferred tax assets	-	-217	-
Adjustment Prudent Valuation (AVA)	-9	-12	-12
<b>Total common Equity Tier 1 Capital</b>	<b>15 347</b>	<b>13 673</b>	<b>14 639</b>
<b>Tier 1 Capital</b>			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
<b>Total Tier 1 Capital</b>	<b>17 597</b>	<b>15 923</b>	<b>16 889</b>
<b>Total Capital</b>			
Paid up subordinated loans	1 791	1 281	1 291
Subordinated loans not eligible	-79	-64	-80
<b>Total Capital</b>	<b>19 309</b>	<b>17 139</b>	<b>18 100</b>
<b>Risk exposure</b>			
Regional governments or local authorities	79	62	63
Institutions	983	1 634	1 522
Corporates	4 722	5 830	6 178
Retail Standard Approach	50 473	44 013	45 017
Retail Internal Rating Based	30 066	25 060	25 699
Exposures in default SA	1 053	736	901
Covered bonds	471	812	864
Other Exposures	5 969	4 361	5 820
<b>Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries</b>	<b>93 816</b>	<b>82 508</b>	<b>86 065</b>
Foreign exchange (zero if under threshold)	1 115	683	854
<b>Risk exposure amount for position, foreign exchange and commodities risks</b>	<b>1 115</b>	<b>683</b>	<b>854</b>
Basic indicator approach	9 835	7 672	9 835
<b>Risk exposure amount for operational risk</b>	<b>9 835</b>	<b>7 672</b>	<b>9 835</b>
Standardized method	187	327	269
<b>Risk exposure amount for credit valuation adjustment</b>	<b>187</b>	<b>327</b>	<b>269</b>
Allowance which apply on the standardized approach for credit risk	-	-	-
<b>Deductions of risk exposure amount</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total risk exposure amount</b>	<b>104 952</b>	<b>91 190</b>	<b>97 023</b>



<i>All amounts in millions of NOK</i>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>FY 2016</b>
<b>Total exposure for Leverage Ratio</b>			
Derivatives: Add-on under market-to-market method	962	1 717	1 517
Off-balance sheet items with 10% CCF	1 835	1 299	1 265
Off-balance sheet items with 20% CCF	1 490	2 054	2 030
Off-balance sheet items with 50% CCF	42	0	0
On-balance sheet exposure	152 853	137 745	141 634
<b>Total exposure for Leverage Ratio</b>	<b>157 182</b>	<b>142 815</b>	<b>146 446</b>
<b>Minimum Regulatory Capital</b>			
Minimum Core Equity (4,50%)	4 723	4 104	4 366
Countercyclical Buffer (*)	1 154	1 003	1 067
Conservation Buffer (2,50%)	2 624	2 280	2 426
Systemic Risk Buffer (3,00%)	3 149	2 736	2 911
Pillar 2 Requirement (2,20%)	2 309	2 006	2 135
Surplus of Total capital	5 351	5 011	5 196
*Countercyclical buffer %	1,00%	0,91%	0,91%
<b>Common equity tier 1 capital ratio</b>	<b>14,62%</b>	<b>14,99%</b>	<b>15,09%</b>
CET1 regulatory requirements	13,20%	13,21%	13,21%
<b>Tier 1 capital ratio</b>	<b>16,77%</b>	<b>17,46%</b>	<b>17,41%</b>
Tire 1 regulatory requirements	14,70%	14,71%	14,71%
<b>Total capital ratio</b>	<b>18,40%</b>	<b>18,80%</b>	<b>18,66%</b>
Total capital regulatory requirements	16,70%	16,71%	16,71%
<b>Leverage ratio</b>	<b>11,20%</b>	<b>11,25%</b>	<b>11,63%</b>
LR regulatory requirements	5,00%	5,00%	5,00%

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

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

## Note 9 - Segment information

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

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

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

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

Deficit liquidity from the segments are funded by the SCB Group treasury at market conditions. Surplus liquidity is transferred to the SCB Group treasury at market conditions.

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

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

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

#### 30 September 2017

<i>All amounts in millions of NOK</i>	Unsecured loans	Secured loans	Financial lease	Operational lease	Consignment	Total
Norway	11 017	34 347	9 594	-	-	<b>54 959</b>
Sweden	13 663	13 769	4 663	-	1 195	<b>33 291</b>
Denmark	5 490	19 846	2 359	160	408	<b>28 262</b>
Finland	2 571	18 553	1 587	290	1 721	<b>24 722</b>
<b>Total</b>	<b>32 741</b>	<b>86 515</b>	<b>18 204</b>	<b>450</b>	<b>3 324</b>	<b>141 234</b>

#### 30 September 2016

<i>All amounts in millions of NOK</i>	Unsecured loans	Secured loans	Financial lease	Operational lease	Consignment	Total
Norway	10 777	32 224	8 338	-	3	<b>51 342</b>
Sweden	12 250	11 168	4 027	-	1 004	<b>28 449</b>
Denmark	4 878	17 582	1 925	186	266	<b>24 837</b>
Finland	2 306	14 045	1 263	318	1 318	<b>19 250</b>
<b>Total</b>	<b>30 210</b>	<b>75 020</b>	<b>15 554</b>	<b>504</b>	<b>2 592</b>	<b>123 878</b>

## P&amp;L and Balance sheet per country

30 September 2017 (only Q3)

<i>All amounts in millions of NOK</i>	Norway	Sweden	Denmark	Finland	Eliminations*	Total Group
Total interest income	942	409	397	256	-13	1 991
Total interest expenses	-263	-40	-46	-25	20	-353
<b>Net interest income</b>	<b>679</b>	<b>369</b>	<b>351</b>	<b>232</b>	<b>7</b>	<b>1 638</b>
Fee and commission income	31	35	38	14	-1	117
Fee and commission expenses	-18	-2	-4	-7	0	-31
Value change and gain/loss on foreign exchange and securities	-5	0	0	0	0	-6
Other operating income*	4	2	14	31	0	51
Other operating expenses**	-11	-5	-16	-25	0	-58
<b>Gross margin</b>	<b>679</b>	<b>398</b>	<b>383</b>	<b>246</b>	<b>9</b>	<b>1 712</b>
Salaries and personnel expenses	-128	-85	-68	-33	-5	-319
Administrative expenses	-183	-106	-68	-36	-3	-397
Depreciation and amortisation	-12	-5	-8	-3	0	-27
<b>Net operating income</b>	<b>356</b>	<b>203</b>	<b>239</b>	<b>175</b>	<b>0</b>	<b>973</b>
Other income and costs	0	0	0	0	0	1
Impairment losses on other assets	0	0	0	0	0	0
Impairment losses on loan, guarantees etc.	-17	-57	-36	-17	0	-127
<b>Profit before taxes</b>	<b>340</b>	<b>145</b>	<b>203</b>	<b>158</b>	<b>0</b>	<b>846</b>
Income tax expense	-113	-36	-39	-32	0	-221
<b>Profit after tax</b>	<b>226</b>	<b>109</b>	<b>164</b>	<b>127</b>	<b>0</b>	<b>625</b>

30 September 2017

<i>All amounts in millions of NOK</i>	Norway	Sweden	Denmark	Finland	Eliminations*	Total Group
Total interest income	2 799	1 184	1 143	731	-40	5 818
Total interest expenses	-789	-121	-127	-79	59	-1 057
<b>Net interest income</b>	<b>2 010</b>	<b>1 063</b>	<b>1 016</b>	<b>652</b>	<b>19</b>	<b>4 761</b>
Fee and commission income	159	110	111	41	2	424
Fee and commission expenses	-37	-6	-13	-17	0	-73
Value change and gain/loss on foreign exchange and securities	-27	3	-3	1	0	-26
Other operating income*	15	6	29	94	0	144
Other operating expenses**	-29	-18	-30	-75	0	-153
<b>Gross margin</b>	<b>2 090</b>	<b>1 158</b>	<b>1 111</b>	<b>696</b>	<b>21</b>	<b>5 076</b>
Salaries and personnel expenses	-379	-247	-193	-94	-12	-926
Administrative expenses	-515	-315	-184	-107	-7	-1 129
Depreciation and amortisation	-34	-14	-23	-7	-1	-80
<b>Net operating income</b>	<b>1 162</b>	<b>581</b>	<b>711</b>	<b>487</b>	<b>0</b>	<b>2 942</b>
Other income and costs	-9	0	0	1	0	-8
Impairment losses on other assets	0	0	0	0	0	0
Impairment losses on loan, guarantees etc.	86	-35	-67	1	0	-15
<b>Profit before taxes</b>	<b>1 239</b>	<b>546</b>	<b>643</b>	<b>489</b>	<b>0</b>	<b>2 919</b>
Income tax expense	-328	-129	-141	-98	0	-696
<b>Profit after tax</b>	<b>911</b>	<b>417</b>	<b>502</b>	<b>391</b>	<b>0</b>	<b>2 223</b>

<i>All amounts in millions of NOK</i>	Norway	Sweden	Denmark	Finland	Eliminations*	Total Group
Cash and receivables on central banks	60	-	-	-	-	60
Deposits with and receivables on financial institutions	1 064	534	16	939	-	2 552
Total gross loans to customers	54 959	32 096	27 695	22 710	-	137 460
Write-downs	-1 633	-564	-386	-365	-	-2 948
Commercial papers and bonds	2 459	2 302	976	3 248	-	8 984
Financial derivatives	187	-	-	3	-	190
Investments in subsidiaries	1 222	-	-	0	-1 222	0
Other assets	21 232	1 477	1 669	2 210	-20 033	6 555
<b>Total assets</b>	<b>79 549</b>	<b>35 844</b>	<b>29 970</b>	<b>28 745</b>	<b>-21 255</b>	<b>152 853</b>
Debt to credit institutions	6 261	11 152	15 922	22 244	-20 368	35 210
Deposits from customers	20 715	14 529	13 053	0	-	48 297
Debt established by issuing securities	31 472	8 690	-2	3 928	-	44 088
Financial derivatives	132	-	-	3	-	135
Other liabilities	4 410	1 412	870	405	-57	7 040
Equity	16 559	61	128	2 164	-830	18 083
<b>Total liabilities and equity</b>	<b>79 549</b>	<b>35 844</b>	<b>29 970</b>	<b>28 745</b>	<b>-21 255</b>	<b>152 853</b>

## Note 10 – Classification of financial instruments

*All amounts in millions of NOK*

Classification of financial assets 30 September 2017	Financial assets at fair value through P&L	Available for sale financial assets at fair value	Held to maturity investments	Loans and receivables	Book value
Cash and receivables on central banks	-	-	-	60	60
Deposits with and receivables on financial institutions	-	-	-	2 552	2 552
Loans to customers	-	-	-	134 511	134 511
Commercial papers and bonds	-	8 984	-	-	8 984
Financial derivatives	190	-	-	-	190
Other ownership interests	-	20	-	-	20
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>190</b>	<b>9 004</b>	<b>-</b>	<b>137 124</b>	<b>146 318</b>
				<b>Non financial assets</b>	<b>6 535</b>
				<b>Total assets</b>	<b>152 853</b>

Classification of financial liabilities 30 September 2017	Financial liabilities at fair value through P&L	Financial liabilities measured at amortized cost	Booked value
Debt to credit institutions	-	35 210	35 210
Deposits from customers	-	48 297	48 297
Debt established by issuing securities	-	44 088	44 088
Financial derivatives	135	-	135
Other financial liabilities	-	141	141
Subordinated loan capital	-	4 094	4 094
<b>Total financial liabilities</b>	<b>135</b>	<b>131 830</b>	<b>131 965</b>

<b>Non financial liabilities and equity</b>	<b>20 888</b>
<b>Total liabilities</b>	<b>152 853</b>

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

**Non financial assets** 5 749

**Total assets** 142 729

Classification of financial liabilities 31 December 2016	Financial liabilities at fair value through P&L	Financial liabilities measured at amortized cost	Booked value
Debt to credit institutions	-	35 019	35 019
Deposits from customers	-	40 971	40 971
Debt established by issuing securities	-	42 609	42 609
Financial derivatives	291	-	291
Other financial liabilities	-	153	153
Subordinated loan capital	-	3 576	3 576
<b>Total financial liabilities</b>	<b>291</b>	<b>122 328</b>	<b>122 619</b>

**Non financial liabilities and equity** 20 110

**Total liabilities** 142 729

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

## Note 11 - Valuation Hierarchy

### Financial instruments measured at fair value

*All amounts in millions of NOK*

		Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<b>Financial assets</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 5	Fixed amort.profile BK5	-	24	-	24
Bilkreditt 6	Fixed amort.profile BK6	-	138	-	138
Bilkreditt 7	Fixed amort.profile BK7	-	25	-	25
KIMI5	Fixed amort.profile KIMI5	-	2	-	2
KIMI4	Pass-through swap KIMI4	-	1	-	1
<b>Total financial trading derivatives</b>		-	<b>190</b>	-	<b>190</b>
<i>Name</i>	<i>Type</i>				
Government bonds and Treasury Bills	Bonds	4 275	-	-	4 275
Covered Bonds	Bonds	4 709	-	-	4 709
<b>Total commercial papers and bonds *</b>		<b>8 984</b>	-	-	<b>8 984</b>
<b>Total Assets</b>		<b>8 984</b>	<b>190</b>	-	<b>9 175</b>
<b>Financial liabilities</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 5	Pass-through swap BK5	-	8	-	8
Bilkreditt 6	Pass-through swap BK6	-	101	-	101
Bilkreditt 7	Pass-through swap BK7	-	24	-	24
KIMI5	Pass-through swap KIMI5	-	1	-	1
KIMI4	Front swap KIMI4	-	1	-	1
KIMI4	Fixed swap KIMI4	-	1	-	1
<b>Total financial derivatives</b>		-	<b>135</b>	-	<b>135</b>
<b>Total Liabilities</b>		-	<b>135</b>	-	<b>135</b>
<b>Derivatives designated for hedge accounting - assets</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 5	Front swap BK5	-	8	-	8
Bilkreditt 6	Front swap BK6	-	101	-	101
Bilkreditt 7	Front swap BK7	-	24	-	24
EMTN MEUR 350	EMTN FV hedge fixed floating	-	2	-	2
DK EMTN MEUR 250	DK EMTN FV hedge	-	7	-	7
EMTN MEUR 240	EMTN FV hedge fixed floating	-	13	-	13
SW EMTN MEUR 100	SW EMTN FV hedge	-	1	-	1
EMTN SEK	EMTN SEK	-	2	-	2
<b>Total derivatives designated for hedging - assets*</b>		-	<b>157</b>	-	<b>157</b>
<b>Derivatives designated for hedge accounting - liabilities</b>					
<i>Name</i>	<i>Type</i>				
KIMI5	Front swap KIMI5	-	1	-	1
EMTN MEUR 100	EMTN CF hedge fixed fixed	-	4	-	4
EMTN MEUR 245	EMTN FV hedge fixed floating	-	1	-	1
<b>Total derivatives designated for hedging - liabilities*</b>		-	<b>6</b>	-	<b>6</b>

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

**Level 1:**

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

**Level 2:**

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

**Level 3:**

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

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

## Note 12 - Issued securities

<i>All amounts in millions of NOK</i>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>FY 2016</b>
Senior unsecured issued securities	33 274	25 075	26 473
Asset backed issued securities	10 814	13 101	16 136
<b>Total issued securities</b>	<b>44 088</b>	<b>38 176</b>	<b>42 609</b>

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

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

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

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

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

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

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

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

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

*Santander Consumer Bank AS issued bonds on the Irish stock exchange in September to a value of SEK 500 MM (NOK 488 MM)*

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

## Note 13 - Receivables and liabilities to related parties

<b>Debt to related parties:</b>	<b>Accrued interest</b>		<b>Accrued interest</b>		<b>Accrued interest</b>	
<i>Amounts in millions of NOK</i>	<b>Q3 2017</b>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>Q3 2016</b>	<b>FY 2016</b>	<b>FY 2016</b>
Balance sheet line: "Debt to credit institutions"						
<i>Santander Benelux</i>	556	2	2 263	11	2 028	10
<i>Santander Consumer Finance S.A.</i>	34 456	9	34 395	14	32 230	14
<i>Banco Madasant</i>	-	-	1 060	0	754	0
<b>Total</b>	<b>35 012</b>	<b>11</b>	<b>37 718</b>	<b>24</b>	<b>35 012</b>	<b>24</b>

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

MNOK 80, maturity October 2017, 3 months NIBOR +1.75% (Santander Consumer Finance S.A)	80	0	80	0	80	0
MNOK 250, maturity March 2025, 3 months NIBOR +2.2575% (Santander Consumer Finance S.A)	250	2	250	2	250	-
Hybrid capital - perpetual bond, 3M NIBOR +6,50% (Santander Consumer Finance S.A)	2 250	28	2 250	29	2 250	29
MNOK 250, maturity July 2025, 3 months NIBOR +3.135% (Santander Consumer Finance S.A)	250	0	250	0	250	2
MSEK 750, maturity December 2024, 3 months STIBOR +2.2825% (Santander Consumer Finance S.A)	732	0	701	0	713	-
MNOK 500, maturity September 2027, 3 months NIBOR + 1,66% (Santander Consumer Finance S.A)	500	1	-	-	-	-
<b>Total</b>	<b>4 062</b>	<b>32</b>	<b>3 531</b>	<b>32</b>	<b>3 543</b>	<b>32</b>

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

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



## Note 14 - Transaction with related parties

All amounts in millions of NOK

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

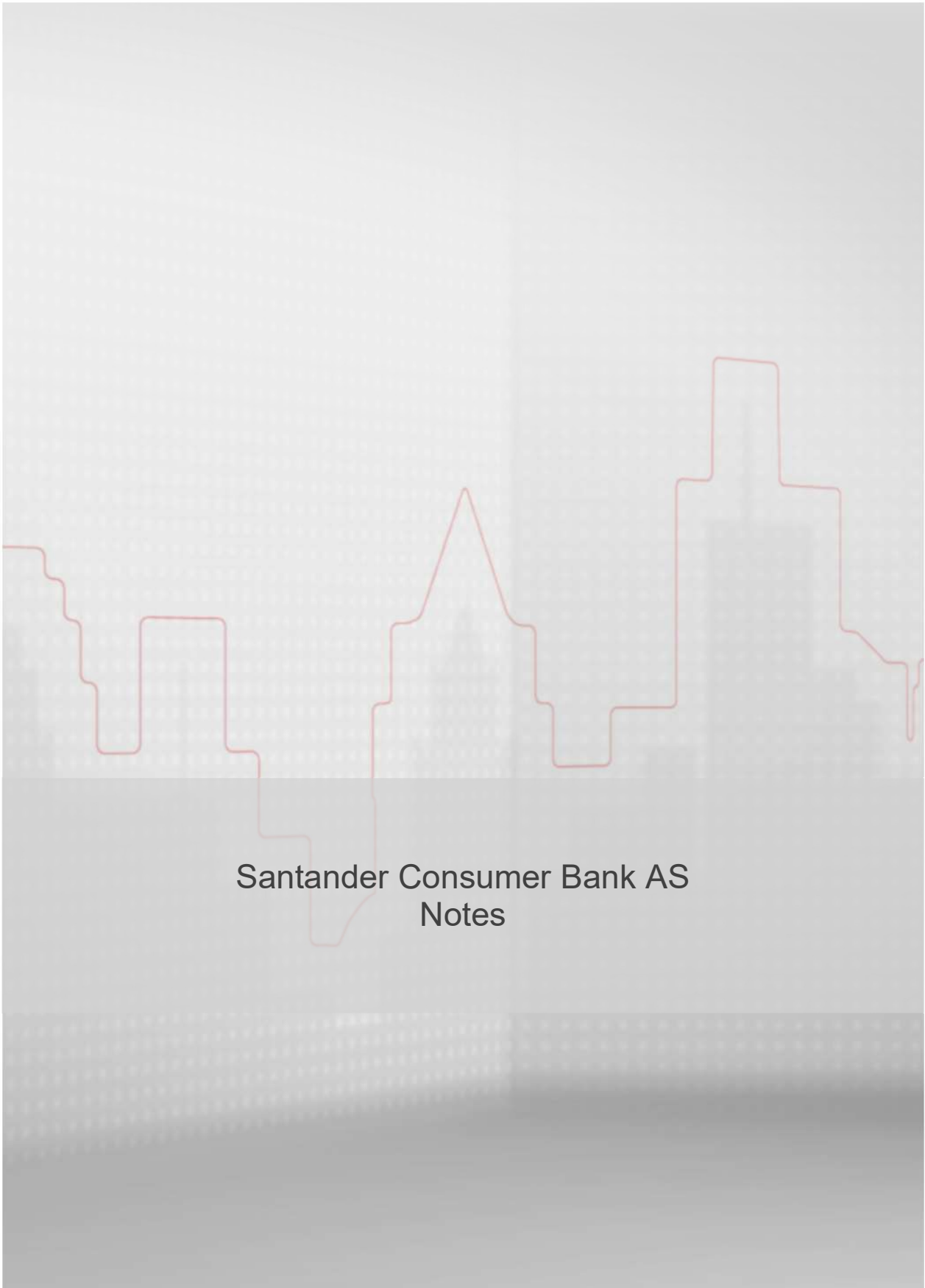
Transactions with related parties are mostly interest on funding from the parent company, ultimate parent or from Santander Benelux.

The following transactions were carried out with related parties:

	Q3 2017	Q3 2016	YTD Q3 2017	YTD Q3 2016	Financial year 2016
Interest income	8	16	29	24	39
Interest expenses	-88	-167	-288	-390	-513
Fees	13	39	55	106	133
Other	1	0	0	-	-
<b>Net transactions</b>	<b>-66</b>	<b>-111</b>	<b>-204</b>	<b>-260</b>	<b>-341</b>

Santander Consumer Bank Group had transactions with the following related parties per 30 September 2017:

Banco Santander S.A  
Santander Benelux B.V.  
Santander Consumer Finance S.A.  
Santander Insurance Europe Ltd.  
Santander Insurance Services Ireland Ltd.  
Banco Madasant  
Abbey National Treasury Services plc  
Santander Securities Services, S.A  
Ingeniería de Software Bancario, S.L.  
Geoban S.A  
Produban Servicios Informáticos Generales S.L



Santander Consumer Bank AS  
Notes

## AS NOTES

### Note 1 - Basis of preparation

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The accounts show the activities of the company in Norway, Sweden and Denmark (Santander Consumer Bank AS). In the group accounts, the Finnish subsidiary (Santander Consumer Finance OY) and the special purpose entities (as listed in note 14) are included. All figures and notes were prepared under the assumption that the business is a going concern.

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

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

### Note 2 - Accounting policies

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

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

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

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

Future regulatory changes:

Starting from the 2018 financial year, IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: recognition and measurement.

The Group expects the level of loan loss reserves to increase for assets in the scope of the IFRS 9 impairment model. However, the final impact is dependent on SCB AS on-and off-balance exposures, as well as SCB AS macro-economic forecasts, at transition.

### Note 3 - Loans to customers

<i>All amounts in millions of NOK</i>	Q3 / YTD	Q3 / YTD	Financial year
	2017	2016	2016
Credit Card	6 170	6 250	6 284
Unsecured loans	24 001	21 655	22 165
Auto loans	84 579	75 265	77 824
- <i>Installment loans</i>	67 962	60 975	62 870
- <i>Financial leasing</i>	16 617	14 290	14 954
<b>Total gross loans to customers</b>	<b>114 749</b>	<b>103 170</b>	<b>106 272</b>
- Specific loan reserves	-1 530	-1 308	-1 475
- Generic loan reserves	-1 054	-1 068	-1 064
<b>Total net loans to customers</b>	<b>112 166</b>	<b>100 794</b>	<b>103 733</b>

### Note 4 - Risk classification

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

<i>All amounts in millions of NOK</i>	Balance			Loss reserves		
	Q3 2017	Q3 2016	FY 2016	Q3 2017	Q3 2016	FY 2016
Current - not past due date	106 992	96 524	99 056	-816	-870	-818
Current - past due date	5 105	4 488	4 784	-232	-198	-210
Total impaired loans	2 652	2 157	2 432	-1 535	-1 309	-1 511
<b>Total gross loans to customers</b>	<b>114 749</b>	<b>103 170</b>	<b>106 272</b>	<b>-2 584</b>	<b>-2 376</b>	<b>-2 539</b>

<i>Ageing of past due but not impaired loans</i>	Balance			Loss reserves		
	Q3 2017	Q3 2016	FY 2016	Q3 2017	Q3 2016	FY 2016
1 - 29 days	4 042	3 538	3 807	-97	-83	-89
30 - 59 days	779	702	730	-72	-61	-66
60 - 89 days	284	248	247	-63	-54	-56
<b>Total loans due but not impaired</b>	<b>5 105</b>	<b>4 488</b>	<b>4 784</b>	<b>-232</b>	<b>-198</b>	<b>-210</b>

<i>Ageing of impaired loans</i>	Balance			Loss reserves		
	Q3 2017	Q3 2016	FY 2016	Q3 2017	Q3 2016	FY 2016
90 - 119 days	207	171	191	-70	-65	-66
120 - 149 days	155	182	136	-65	-94	-60
150 - 179 days	143	112	114	-69	-64	-59
180 + days	955	893	927	-685	-665	-710
Economic doubtful*	1 192	800	1 063	-646	-421	-616
<b>Total impaired loans</b>	<b>2 652</b>	<b>2 157</b>	<b>2 432</b>	<b>-1 535</b>	<b>-1 309</b>	<b>-1 511</b>

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

## Note 5 – Loan reserves

All amounts in millions of NOK

	Q3 2017	Q3 2016	FY 2016
<b>Specific loan reserves</b>			
Specific loan reserves 01.01.	1 475	1 444	1 444
+/- Rate adjustment opening balance	10	-34	-29
Reclassification between specific and generic loan reserves	-	8	-58
+ Specific loan reserves for the period	8	-110	118
<b>= Specific loan reserves period end</b>	<b>1 530</b>	<b>1 308</b>	<b>1 475</b>
<b>Generic loan reserves</b>			
Generic loan reserves 01.01	1 064	783	783
+/- Rate adjustment opening balance	14	-39	-32
Release of reserves related to bad debt sale	-	-13	-19
Reclassification between specific and generic loan reserves	-37	-8	58
+/- Generic loan reserves for the year	13	345	274
<b>= Generic loan reserves period end</b>	<b>1 054</b>	<b>1 068</b>	<b>1 064</b>
<b>Total Loan Reserves in Balance Sheet</b>	<b>2 584</b>	<b>2 376</b>	<b>2 539</b>

	Q3 2017	Q3 2016	YTD Q3 2017	YTD Q3 2016	FY 2016
<b>Loan losses expenses</b>					
Change in loan reserves provision	92	-72	-21	-235	-392
+/- Fx rate adjustment opening balance	-3	2	2	2	-1
+ Total realized losses	-324	-304	-984	-939	-1 247
- Recoveries on previously realized losses	132	158	1 003	516	790
<b>= Loan losses in the period</b>	<b>-102</b>	<b>-216</b>	<b>1</b>	<b>-655</b>	<b>-850</b>

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

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

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

## Note 6 - Liquidity Coverage Ratio

Liquidity Coverage Ratio (LCR) measures the capability to meet obligations in the next 30 days by means of liquidity assets. It is defined as LCR = liquidity assets / (cash outflows - cash inflows). The minimum LCR level (CRD IV) is 80% from 31 December 2016. With a stable basis of High Quality Liquid Assets, SCB AS fulfills the minimum LCR requirements.

Liquidity Coverage Ratio (LCR) %	Q3 2017	Q3 2016	Q4 2016
Liquidity Coverage Ratio (LCR) Total	137	168	117
Liquidity Coverage Ratio (LCR) NOK	131	241	124
Liquidity Coverage Ratio (LCR) SEK	119	117	129
Liquidity Coverage Ratio (LCR) DKK	361	156	66
Liquidity Coverage Ratio (LCR) EUR	-	100	-

## Note 7 - Net interest income

<i>All amounts in millions of NOK</i>	Q3 2017	Q3 2016	YTD Q3 2017	YTD Q3 2016	FY 2016
Interest and similar income on loans to and receivables from credit institutions	122	163	393	511	660
Interest and similar income on loans to and receivables from customers	1 559	1 378	4 505	4 070	5 619
Interest and similar income on comm. paper, bonds and other securities	34	75	122	229	290
<b>Total interest income</b>	<b>1 715</b>	<b>1 617</b>	<b>5 021</b>	<b>4 811</b>	<b>6 569</b>
Interest and similar expenses on debt to credit institutions	-41	-46	-133	-143	-205
Interest and similar expenses on deposits from and debt to customers	-158	-121	-439	-380	-505
Interest and similar expenses on issued securities	-82	-63	-254	-214	-302
Interest on subordinated loan capital	-52	-52	-153	-158	-210
Other interest expenses and similar expenses	-2	-8	-6	-9	-13
<b>Total interest expense</b>	<b>-335</b>	<b>-291</b>	<b>-986</b>	<b>-904</b>	<b>-1 236</b>
<b>Net interest income</b>	<b>1 380</b>	<b>1 326</b>	<b>4 034</b>	<b>3 907</b>	<b>5 333</b>

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

<i>All amounts in millions of NOK</i>	Q3 2017	Q3 2016	Q3 / YTD 2017	Q3 / YTD 2016	FY 2016
<b>To credit institutions</b>					
Interest expenses	-41	-46	-133	-143	-205
Average loan	31 898	44 003	34 338	42 785	42 506
<b>Average nominal interest rate</b>	<b>0,51%</b>	<b>0,42%</b>	<b>0,52%</b>	<b>0,45%</b>	<b>0,48%</b>
<b>To customers</b>					
Interest expenses	-158	-121	-439	-380	-505
Average deposit	47 341	39 367	44 634	37 540	39 176
<b>Average nominal interest rate</b>	<b>1,34%</b>	<b>1,23%</b>	<b>1,31%</b>	<b>1,35%</b>	<b>1,29%</b>
<b>To bondholders</b>					
Interest expenses	-82	-63	-254	-214	-302
Average issued notes and bonds	33 827	22 566	29 874	22 691	23 055
<b>Average nominal interest rate</b>	<b>0,97%</b>	<b>1,12%</b>	<b>1,13%</b>	<b>1,25%</b>	<b>1,31%</b>
<b>Subordinated loan capital</b>					
Interest expenses	-52	-52	-153	-158	-210
Average subordinated loan capital	3 851	3 673	3 835	3 747	3 702
<b>Average nominal interest rate</b>	<b>5,35%</b>	<b>5,71%</b>	<b>5,33%</b>	<b>5,63%</b>	<b>5,68%</b>
<b>Total of tables above:</b>					
Interest expenses	-333	-283	-980	-895	-1 223
Loan	116 916	109 609	112 680	106 763	108 439
<b>Average nominal interest rate</b>	<b>1,14%</b>	<b>1,03%</b>	<b>1,16%</b>	<b>1,12%</b>	<b>1,13%</b>

## Note 8 - Capital adequacy

<i>All amounts in millions of NOK</i>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>FY 2016</b>
<b>Balance sheet equity</b>			
Paid in equity	9 652	9 652	9 652
Share premium	891	891	891
Retained earnings	6 366	5 764	5 735
Other reserves	-157	-194	-151
<b>Total Equity</b>	<b>16 753</b>	<b>16 114</b>	<b>16 127</b>
<b>Common Equity Tier 1 Capital</b>			
(-) Profit not eligible as capital	-1 165	-1 961	-1 200
Cash-flow hedge adjustment	0	-	-
IRB Expected Loss - Reserves	-182	-147	-125
Goodwill	-282	-345	-272
Other intangible assets	-271	-239	-251
Deferred tax assets	0	-105	-
Adjustment Prudent Valuation (AVA)	-6	-11	-10
<b>Total common Equity Tier 1 Capital</b>	<b>14 486</b>	<b>13 306</b>	<b>14 269</b>
<b>Tier 1 Capital</b>			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
<b>Total Tier 1 Capital</b>	<b>17 096</b>	<b>15 556</b>	<b>16 519</b>
<b>Total Capital</b>			
Paid up subordinated loans	1 791	1 281	1 291
Subordinated loans not eligible	-79	-64	-80
<b>Total Capital</b>	<b>18 808</b>	<b>16 773</b>	<b>17 730</b>
<b>Risk exposure</b>			
Regional governments or local authorities	79	61	62
Institutions	446	816	789
Corporates	8 801	13 723	11 076
Retail Standard Approach	45 052	39 824	40 731
Retail Internal Rating Based	21 393	18 799	19 156
Exposures in default SA	1 002	704	863
Covered bonds	440	679	698
Other Exposures	11 864	8 496	8 708
<b>Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries</b>	<b>89 075</b>	<b>83 102</b>	<b>82 084</b>
Foreign exchange (zero if under threshold)	-	-	-
<b>Risk exposure amount for position, foreign exchange and commodities risks</b>	<b>-</b>	<b>-</b>	<b>-</b>
Basic indicator approach	8 718	6 377	8 741
<b>Risk exposure amount for operational risk</b>	<b>8 718</b>	<b>6 377</b>	<b>8 741</b>
Standardized method	186	316	265
<b>Risk exposure amount for credit valuation adjustment</b>	<b>186</b>	<b>316</b>	<b>265</b>
Allowance which apply on the standardized approach for credit risk	-	-	-
<b>Deductions of risk exposure amount</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total risk exposure amount</b>	<b>97 979</b>	<b>89 794</b>	<b>91 090</b>

*All amounts in millions of NOK*

	Q3 2017	Q3 2016	FY 2016
<b>Total exposure for Leverage Ratio</b>			
Derivatives: Add-on under market-to-market method	654	1 107	975
Off-balance sheet items with 10% CCF	1 682	1 299	1 265
Off-balance sheet items with 20% CCF	950	1 655	1 626
Off-balance sheet items with 50% CCF	42	0	0
On-balance sheet exposure	135 354	128 722	127 942
<b>Total exposure for Leverage Ratio</b>	<b>138 682</b>	<b>132 783</b>	<b>131 808</b>
<b>Minimum Regulatory Capital</b>			
Minimum Core Equity (4,50%)	4 409	4 041	4 099
Countercyclical Buffer (*)	1 078	988	1 002
Conservation Buffer (2,50%)	2 449	2 245	2 277
Systemic Risk Buffer (3,00%)	2 939	2 694	2 733
Pillar 2 Requirement (2,20%)	2 156	1 975	2 004
Surplus of Total capital	5 777	4 830	5 615
*Countercyclical buffer %	1,23%	1,03%	1,01%
<b>Common equity tier 1 capital ratio</b>	<b>15,15%</b>	<b>14,82%</b>	<b>15,67%</b>
CET1 regulatory requirements	13,43%	13,43%	13,44%
<b>Tier 1 capital ratio</b>	<b>17,45%</b>	<b>17,32%</b>	<b>18,14%</b>
Tire 1 regulatory requirements	14,93%	14,93%	14,94%
<b>Total capital ratio</b>	<b>19,20%</b>	<b>18,68%</b>	<b>19,46%</b>
Total capital regulatory requirements	16,93%	16,93%	16,94%
<b>Leverage ratio</b>	<b>12,33%</b>	<b>11,70%</b>	<b>12,53%</b>
LR regulatory requirements	5,00%	5,00%	5,00%

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

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



## Note 9 - Segment information

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

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

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

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

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

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

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

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

#### 30 September 2017

<i>All amounts in millions of NOK</i>	Unsecured loans	Secured loans	Financial lease	Operational lease	Consignment	Total
Norway	11 017	34 347	9 594	-	-	54 959
Sweden	13 663	13 769	4 663	-	1 195	33 291
Denmark	5 490	19 846	2 359	160	408	28 262
<b>Total</b>	<b>30 170</b>	<b>67 962</b>	<b>16 617</b>	<b>160</b>	<b>1 603</b>	<b>116 512</b>

#### 30 September 2016

<i>All amounts in millions of NOK</i>	Unsecured loans	Secured loans	Financial lease	Operational lease	Consignment	Total
Norway	10 777	32 224	8 338	-	3	51 342
Sweden	12 250	11 168	4 027	-	1 004	28 449
Denmark	4 878	17 582	1 925	186	266	24 837
<b>Total</b>	<b>27 905</b>	<b>60 974</b>	<b>14 290</b>	<b>186</b>	<b>1 274</b>	<b>104 628</b>

## Balance sheet and P&amp;L per country

## 30 September 2017 (Only Q3)

<i>All amounts in millions of NOK</i>	Norway	Sweden	Denmark	Eliminations*	Total Group
Total interest income	918	400	397	-	1 715
Total interest expenses	-252	-38	-46	-	-335
<b>Net interest income</b>	<b>666</b>	<b>362</b>	<b>351</b>	-	<b>1 380</b>
Fee and commission income	36	41	38	-	115
Fee and commission expenses	-18	-2	-4	-	-24
Value change and gain/loss on foreign exchange and securities	-6	0	0	-	-6
Other operating income*	4	2	14	-	20
Other operating expenses**	-11	-5	-16	-	-33
<b>Gross margin</b>	<b>672</b>	<b>398</b>	<b>383</b>	-	<b>1 452</b>
Salaries and personnel expenses	-128	-85	-68	-	-281
Administrative expenses	-182	-106	-68	-	-357
Depreciation and amortisation	-12	-5	-8	-	-24
<b>Net operating income</b>	<b>350</b>	<b>202</b>	<b>239</b>	-	<b>790</b>
Other income and costs	0	0	0	-	0
Impairment losses on other assets	0	0	0	-	0
Impairment losses on loan, guarantees etc.	-10	-57	-36	-	-102
<b>Profit before taxes</b>	<b>340</b>	<b>145</b>	<b>203</b>	-	<b>688</b>
Income tax expense	-112	-32	-45	-	-189
<b>Profit after tax</b>	<b>227</b>	<b>113</b>	<b>158</b>	-	<b>499</b>

## 30 September 2017

<i>All amounts in millions of NOK</i>	Norway	Sweden	Denmark	Eliminations*	Total Group
Total interest income	2 718	1 160	1 143	-	5 021
Total interest expenses	-743	-117	-127	-	-986
<b>Net interest income</b>	<b>1 975</b>	<b>1 043</b>	<b>1 016</b>	-	<b>4 034</b>
Fee and commission income	179	127	111	-	417
Fee and commission expenses	-36	-6	-13	-	-55
Value change and gain/loss on foreign exchange and securities	-29	3	-3	-	-29
Other operating income*	15	6	29	-	50
Other operating expenses**	-29	-17	-30	-	-77
<b>Gross margin</b>	<b>2 074</b>	<b>1 156</b>	<b>1 111</b>	-	<b>4 341</b>
Salaries and personnel expenses	-379	-247	-193	-	-819
Administrative expenses	-513	-315	-184	-	-1 013
Depreciation and amortisation	-34	-14	-23	-	-71
<b>Net operating income</b>	<b>1 148</b>	<b>579</b>	<b>711</b>	-	<b>2 437</b>
Other income and costs	-9	0	0	-	-9
Impairment losses on other assets	0	0	0	-	0
Impairment losses on loan, guarantees etc.	100	-33	-67	-	1
<b>Profit before taxes</b>	<b>1 239</b>	<b>546</b>	<b>643</b>	-	<b>2 429</b>
Income tax expense	-336	-120	-142	-	-598
<b>Profit after tax</b>	<b>903</b>	<b>426</b>	<b>502</b>	-	<b>1 831</b>

<i>All amounts in millions of NOK</i>	Norway	Sweden	Denmark	Eliminations*	Total Group
Cash and receivables on central banks	60	-	-	-	60
Deposits with and receivables on financial institutions	330	274	16	-	620
Total gross loans to customers	54 959	32 097	27 695	-	114 751
Write-downs	-1 633	-564	-386	-	-2 584
Commercial papers and bonds	4 692	2 812	976	-	8 480
Financial derivatives	187	-	-	-	187
Investments in subsidiaries	1 222	-	-	-	1 222
Other assets	21 564	1 546	1 669	-12 161	12 618
<b>Total assets</b>	<b>81 382</b>	<b>36 164</b>	<b>29 970</b>	<b>-12 161</b>	<b>135 354</b>
Debt to credit institutions	10 630	15 819	15 922	-12 115	30 255
Deposits from customers	20 715	14 529	13 053	-	48 297
Debt established by issuing securities	28 932	4 344	-2	-	33 274
Financial derivatives	132	-	-	-	132
Other liabilities	4 410	1 410	870	-47	6 643
Equity	16 563	61	128	-	16 753
<b>Total liabilities and equity</b>	<b>81 382</b>	<b>36 164</b>	<b>29 970</b>	<b>-12 161</b>	<b>135 354</b>

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

## Note 10 – Classification of financial instruments

<i>All amounts in millions of NOK</i>	Financial assets at fair value through P&L	Available for sale financial assets at fair value	Held to maturity investments	Loans and receivables	Book value
<b>Classification of financial assets 30 September 2017</b>					
Cash and receivables on central banks	-	-	-	60	60
Deposits with and receivables on financial institutions	-	-	-	620	620
Loans to customers	-	-	-	112 166	112 166
Commercial papers and bonds	-	5 737	2 744	-	8 480
Financial derivatives	187	-	-	-	187
Loans to subsidiaries and SPV's	-	-	-	8 714	8 714
Investments in subsidiaries	1 222	-	-	-	1 222
Other ownership interests	-	20	-	-	20
<b>Total financial assets</b>	<b>1 409</b>	<b>5 757</b>	<b>2 744</b>	<b>121 560</b>	<b>131 469</b>

**Non financial assets** 3 885

**Total assets** 135 354

<b>Classification of financial liabilities 30 September 2017</b>	Financial liabilities at fair value through P&L	Financial liabilities measured at amortized cost	Booked value
Debt to credit institutions	-	30 255	30 255
Deposits from customers	-	48 297	48 297
Debt established by issuing securities	-	33 274	33 274
Financial derivatives	132	-	132
Other financial liabilities	-	139	139
Subordinated loan capital	-	4 094	4 094
<b>Total financial liabilities</b>	<b>132</b>	<b>116 060</b>	<b>116 192</b>

**Non financial liabilities and equity** 19 162

**Total liabilities** 135 354

Classification of financial assets 31 December 2016	Financial assets at fair value through P&L	Available for sale financial assets at fair value	Held to maturity investments	Loans and receivables	Book value
Cash and receivables on central banks	-	-	-	60	60
Deposits with and receivables on financial institutions	-	-	-	1 500	1 500
Loans to customers	-	-	-	103 733	103 733
Commercial papers and bonds	-	12 552	-	-	12 552
Financial derivatives	355	-	-	-	355
Loans to subsidiaries and SPV's	-	-	-	6 494	6 494
Investments in subsidiaries	1 180	-	-	-	1 180
Other ownership interests	-	18	-	-	18
<b>Total financial assets</b>	<b>1 534</b>	<b>12 570</b>	<b>0</b>	<b>111 787</b>	<b>125 891</b>

<b>Non financial assets</b>	2 626
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<b>Total assets</b>	<b>128 517</b>
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Classification of financial liabilities 31 December 2016	Financial liabilities at fair value through P&L	Financial liabilities measured at amortized cost	Booked value
Debt to credit institutions	-	38 420	38 420
Deposits from customers	-	40 971	40 971
Debt established by issuing securities	-	26 473	26 473
Financial derivatives	287	-	287
Other financial liabilities	-	161	161
Subordinated loan capital	-	3 576	3 576
<b>Total financial liabilities</b>	<b>287</b>	<b>109 601</b>	<b>109 888</b>

<b>Non financial liabilities and equity</b>	18 629
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<b>Total liabilities</b>	<b>128 517</b>
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For the financial assets and liabilities above the fair value is a reasonable approximation to the book value.

## Note 11 - Valuation Hierarchy

### Financial instruments measured at fair value

		Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
<i>All amounts in millions of NOK</i>					
<b>Financial assets</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 5	Fixed amort.profile BK5	-	24	-	24
Bilkreditt 6	Fixed amort.profile BK6	-	138	-	138
Bilkreditt 7	Fixed amort.profile BK7	-	25	-	25
<b>Total financial trading derivatives</b>		-	<b>187</b>	-	<b>187</b>
<b>Financial liabilities</b>					
<i>Name</i>	<i>Type</i>				
Government bonds and Treasury Bills	Bonds	1 336	-	-	1 336
Covered Bonds	Bonds	4 401	-	-	4 401
<b>Total commercial papers and bonds *</b>		<b>5 737</b>	-	-	<b>5 737</b>
<b>Total Assets</b>		<b>5 737</b>	<b>187</b>	-	<b>5 924</b>
<b>Financial liabilities</b>					
<i>Name</i>	<i>Type</i>				
Bilkreditt 5	Pass-through swap BK5	-	8	-	8
Bilkreditt 6	Pass-through swap BK6	-	101	-	101
Bilkreditt 7	Pass-through swap BK7	-	24	-	24
<b>Total financial derivatives</b>		-	<b>132</b>	-	<b>132</b>
<b>Total Liabilities</b>		-	<b>132</b>	-	<b>132</b>
<b>Derivatives designated for hedge accounting - assets</b>					
<i>Name</i>	<i>Type</i>				
EMTN MEUR 350	EMTN FV hedge fixed floating	-	2	-	2
DK EMTN MEUR 250	DK EMTN FV hedge	-	7	-	7
EMTN MEUR 240	EMTN FV hedge fixed floating	-	13	-	13
SW EMTN MEUR 100	SW EMTN FV hedge	-	1	-	1
EMTN SEK	EMTN SEK FV Hedge	-	2	-	2
<b>Total derivatives designated for hedging - assets*</b>		-	<b>25</b>	-	<b>25</b>
<b>Derivatives designated for hedge accounting - liabilities</b>					
<i>Name</i>	<i>Type</i>				
EMTN MEUR 100	EMTN CF hedge fixed fixed	-	4	-	4
DK EMTN MEUR 245	DK EMTN FV hedge	-	1	-	1
<b>Total derivatives designated for hedging - liabilities**</b>		-	<b>5</b>	-	<b>5</b>

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

**Level 1:**

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

**Level 2:**

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

**Level 3:**

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

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

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

## Note 12 - Issued securities

<i>All amounts in millions of NOK</i>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>FY 2016</b>
Senior unsecured issued securities	33 274	25 076	26 473
Asset backed issued securities	-	-	-
<b>Total issued securities</b>	<b>33 274</b>	<b>25 076</b>	<b>26 473</b>

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

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

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

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

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

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

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

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

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

*Santander Consumer Bank AS issued bonds on the Irish stock exchange in September to a value of SEK 500 MM (NOK 488 MM)*

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

## Note 13 - Receivables and liabilities to related parties

### Debt to related parties:

<i>Amounts in millions of NOK</i>	Accrued interest		Accrued interest		Accrued interest	
	Q3 2017	Q3 2017	Q3 2016	Q3 2016	FY 2016	FY 2016
Balance sheet line: "Debt to credit institutions"						
<i>Santander Benelux</i>	556	2	2 263	11	2 028	10
<i>Santander Consumer Finance S.A.</i>	20 469	8	25 076	12	24 443	12
<i>Debt to SPV on future cash flow of securitized loans</i>	9 141	-	21	-	11 944	-
<b>Total</b>	<b>30 166</b>	<b>10</b>	<b>27 360</b>	<b>22</b>	<b>38 415</b>	<b>22</b>

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

MNOK 80, maturity October 2017, 3 months NIBOR +1.75% (Santander Consumer Finance S.A)	80	0	80	0	80	-
MNOK 250, maturity March 2025, 3 months NIBOR +2.2575% (Santander Consumer Finance S.A)	250	2	250	0	250	-
Hybrid capital - perpetual bond, 3M NIBOR +6,50% (Santander Consumer Finance S.A)	2 250	28	2 250	30	2 250	29
MNOK 250, maturity July 2025, 3 months NIBOR +3.135% (Santander Consumer Finance S.A)	250	0	250	2	250	2
MSEK 750, maturity December 2024, 3 months STIBOR +2.2825% (Santander Consumer Finance S.A)	732	0	701	0	713	-
MNOK 500, maturity September 2027, 3 months NIBOR + 1,66% (Santander Consumer Finance S.A)	500	1	-	-	-	-
<b>Total</b>	<b>4 062</b>	<b>31</b>	<b>3 531</b>	<b>32</b>	<b>3 543</b>	<b>32</b>

### Receivables on related parties:

<i>Amounts in millions of NOK</i>	Accrued interest		Accrued interest		Accrued interest	
	Q3 2017	Q3 2017	Q3 2016	Q3 2016	FY 2016	FY 2016
Balance sheet line: "Commercial papers and bonds"						
<i>B and C notes issued by SPVs</i>	2 743	1	5 856	2	3 262	1
Balance sheet line: "Loans to subsidiaries and SPV's"						
<i>Loan to subsidiary (Santander Consumer Bank OY)</i>	8 235	29	5 622	20	5 679	30
<i>Subordinated loan to SPVs</i>	454	0	1 137	0	696	0

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

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

## Note 14 - Transaction with related parties

All amounts in millions of NOK

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

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

The following transactions were carried out with related parties:

	Q3 2017	Q3 2016	YTD Q3 2017	YTD Q3 2016	Financial year 2016
Interest income	139	166	448	632	862
Interest expenses	-207	-300	-669	-948	-1 248
Fees	13	32	55	99	126
Other	-20	-30	17	-30	7
<b>Net transactions</b>	<b>-74</b>	<b>-131</b>	<b>-149</b>	<b>-246</b>	<b>-253</b>

Santander Consumer Bank AS had transactions with the following related parties per 30 September 2017:

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

SPV:

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



## About Santander Consumer Bank

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

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

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

