Santander Consumer Bank

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Third quarter report 2018

Santander Consumer Bank Nordic Group and Santander Consumer Bank AS

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Letter from the CEO

Stability is the key word for our third quarter of 2018. Businesswise we see little deviance compared to Q2: Our numbers show continued sustainable growth.

Financing of car sales and leasing now totals 79% of our gross outstanding loans. We keep growing especially in the Finnish and Swedish auto markets. The Finnish business broke a Santander world record in September, with more than 40% auto market share!

In the unsecured market, recent regulations from the Norwegian FSA now clearly impact business volumes. Responsibility is key to our business. We applaud the Government and the Parliament for starting a process to make the regulations more binding. This will make a more equal playing ground for all.

Margin pressure remains high, which underlines the importance of our work to reduce the bank's general costs, aiming for increased synergy effects from organizing and operating more as One Bank across the Nordic region. We have recently announced that we will invest more in developing our tech platform than ever before in Santander's Nordic history. The level of investment will keep costs at a certain level – while over time help increase our operational efficiency, enable even more synergy effects and most importantly help us launch new products and services.

Michael Hvidsten, CEO

Santander Consumer Bank

Third quarter report 2018

Highlights

- Net interest income increase with 3% and gross margin with 5% compared to the third quarter of 2017. Year to date net interest income increase with 248 MM NOK and year to date gross margin increase with 295 MM NOK.
- Lending rose 10% compared to the same period in 2017 strongly driven by growth in the auto business.
- Deposit volumes increase by 10% compared to the third quarter of 2017, and continues to be the largest funding source of the Group.
- The Group's Profit before tax in Q3 2018 was 746 MM NOK, reflecting a decrease of 16% compared to the same period in 2017. Profit before tax year to date was 2 792 MM NOK compared to 3 046 MM NOK per Q3 2017. The reduction in profits are mainly driven by the new metholodoly of calculating impairment losses in IFRS 9.

Key figures Santander Consumer Bank Group

All amounts in millions of NOK	Q3 2018	Q3 2017**	YTD Q3 2018	YTD Q3 2017**	2017	2016***
Net interest income	**1 723**	**1 680**	**5 136**	**4 888**	**6 607**	**6 276**
*Growth**	*3%*	*6%*	*5%*	*3%*	*5%*	*27%*
Profit before tax	**746**	**889**	**2 792**	**3 046**	**3 995**	**3 250**
*Growth**	*-16%*	*5%*	*-8%*	*23%*	*23%*	*67%*
Profit after tax	**565**	**657**	**2 101**	**2 318**	**3 055**	**2 442**
*Growth**	*-14%*	*-4%*	*-9%*	*23%*	*25%*	*62%*
Total assets	**167 791**	**152 853**	**167 791**	**152 853**	**159 100**	**142 729**
*Growth**	*10%*	*11%*	*10%*	*10%*	*11%*	*5%*
Net Loans to customers	**148 093**	**134 511**	**148 093**	**134 511**	**140 793**	**121 698**
*Growth**	*10%*	*14%*	*10%*	*14%*	*16%*	*7%*
Customer deposits	**53 119**	**48 297**	**53 119**	**48 297**	**50 617**	**40 971**
*Growth**	*10%*	*22%*	*10%*	*24%*	*24%*	*10%*

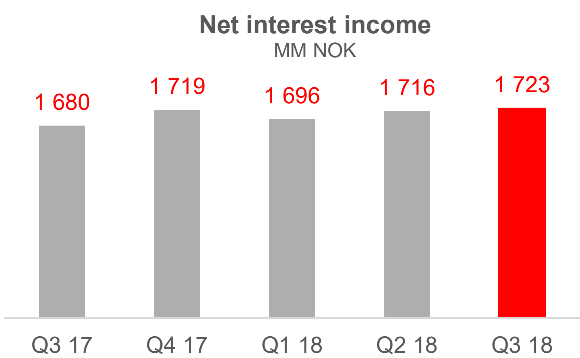
** Year on year.*
*** In the Q3 2017 and YTD Q3 2017 figures interest expenses of 42,5 MM NOK and 85 MM NOK related to additional Tier 1 capital has been reclassified to dividend. Please see accounting principles in 2017 annual report for further details.*
**** The 2016 figures is affected by the GE Money Bank merger.*

Financial Performance for the third quarter of 2018

Results

The Group's profit before tax was 746 MM NOK in the third quarter of 2018, a decrease of 16% compared to the third quarter last year. Profit before tax year to date was 2 792 MM NOK compared to 3 046 MM NOK per Q3 2017. The decrease in results was driven by an increase in impairment losses on loans and loss allowances on off-balance exposures, mainly due to the new methodology to calculate impairment losses in IFRS 9.

Net interest income increased by 43 MM NOK compared with Q3 2017, representing an increase of 3%. Higher lending volumes in all segments and lower cost of funding had a positive effect on net interest income. On the other hand, lower lending margins mainly due to a shift in the portfolio product mix towards more secured financing had a negative effect on net interest income.



Net fee and commission income increased by 36 MM NOK from the third quarter of 2017. The increase was driven by both higher levels of insurance income and income from banking services.

Operating expenses for the period was 670 MM NOK, compared with 740 MM NOK in the third quarter of 2017. The decrease in Q3 2018 is mainly driven by lower expenses for IT and also advertising compare to same period last year.

Other income and costs includes loss allowances on off-balance exposures and this is the main reason of the increase of 167 MM NOK in other income and costs compared to Q3 2017.

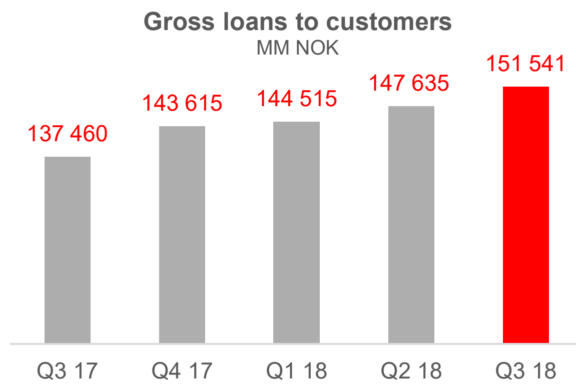
Net impairment losses on loans rose by 138 MM NOK in Q3 2018 compared to the third quarter of 2017. The increase is mainly due to the effect of implementing IFRS 9 which results in a higher reserve coverage for the same credit risk levels on the loan portfolio compared to IAS 39. As a result impairment losses on loans in Q3 2018 are not directly comparable to Q3 2017.

Loans and Deposits Performance

Loans to Customers

The Group's gross outstanding loans to customers was 151.5 Bn NOK at Q3 2018. This is an increase of 10% (13.6 Bn NOK) compared to Q3 2017. The growth is driven by good market conditions with increased focus on financing as a tool to increase sales of cars and improve customer loyalty.

10%
increase



Auto and Leisure Financing

Total new car sales in the Nordic region was 769 628 units per third quarter of 2018, an increase of total 1.2% compared to the same period in 2017. Including used car, total car sales ended at 3 006 646 which is an increase of 0.6% compared to 2017.

The third quarter had a drop in new car sales of 16% compared to the same period last year. The car sales in the third quarter was highly effected by implementation of new taxation on cars in Sweden (Bonus-Malus system) and implementation of WLTP (Worldwide harmonized Light vehicle Test Procedure) as a new test procedure aiming at driving down emissions from cars.

In this market the Group has financed 230 508 cars, representing a growth at 7.2%. Total outstanding on auto financing is 121.3 Bn NOK, which is an increase of 14% compared to last year.

The Bonus-Malus system for new light vehicle was implemented in Sweden with effect from July 2018. The main motive is to decrease the CO_2 emissions in the mobility sector. The system means that environmentally friendly vehicles with low carbon dioxide emissions are rewarded with a bonus, while vehicles with relatively high carbon dioxide emissions are charged with higher taxes. The introduction led to higher car

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sales and car registrations the 1st half of 2018 and corresponding reduction in sales after July 1st.

WLTP was implemented in September 2018. This means that cars registered after 1. September 2018 have to be WLTP approved. Several car brands are lagging behind in WLTP approval, which will lead into long delivery time for new cars. This is expected to have a negative impact on new car sales in Q4 and beginning of 2019.

The Group is piloting, in cooperation with a dealer group, a subscription based mobility model (SHFT), with an “all inclusive” deal, giving the customer the flexibility to swap cars based on his or hers needs. The concept will also enable the dealers to get revenue on their used cars stock.

The competitor situation in the Nordics has faced some changes in 2018. In Finland LähiTapiola Rahoitus (Insurance Company) started auto financing in the end of 2017. In Norway Nordea and Gjensidige Forsikring have announced that Gjensidige Bank will be sold to Nordea. Combined they will be the 3rd largest in the market for auto financing, following SCB and DNB.

Unsecured Financing
The third quarter closed with an unsecured product portfolio of 33 026 MM NOK, a modest increase compared to the same period last year (2.15%). Among the Nordic countries, Denmark, for the third quarter in row, had the strongest growth of all countries with 10% compared to Q3 2017.

Brokers continue to play a significant role in the consumer loan markets, especially in Norway and Sweden. In Finland, broker presence and broker customer preferences are increasing, whereas, in Denmark brokers are in the process of entering the market. Share of the Group’s loan volumes deriving from broker co-operations, remain stable compared to Q2.

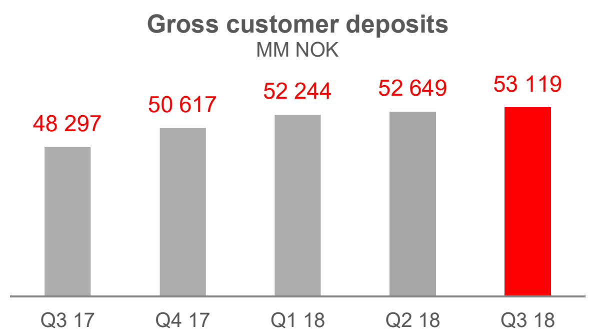
In the Finnish market, the aggressive competitors continue to display a significantly higher appetite for risk and have grown primarily on the back of high risk debt consolidation. In Q3, Finland made adjustments in the product offer to adhere to customer demands and increase competitiveness by expanding maximum loan term.

Within the Sales Finance business area, we have leveraged on our new cooperation with Elgiganten in Denmark by adding Santander as a part payment provider in their online checkout. Denmark now offers part payments both in-store and online at Elgiganten. The market is undergoing a substantial shift with an increased focus for finance providers to enter new channels by building products for both the online and offline sales, working closely with improving retailers’ sales capabilities and processes. In response, the Group is refining its financing proposition and customer journey across channels; improving consistency, developing new product features and investing in building a Nordic platform that will meet the demands of tomorrow’s retailers and consumers

The credit card market remains highly competitive with the entrance of new players and contactless cards technologies as well as increased customer demands, such as smoother and faster card payments but also instant issuing of e.g. virtual cards. In response, we were the first bank to launch Apple Pay in Norway during the second quarter, a significant milestone which now in the third quarters continued to boost our numbers of booked accounts and reactivate inactive customers. In Norway and in the other Nordic markets, the Group is continuously evaluating its credit card value proposition and mobile payment offering in order to meet our customer demand on speed, convenience and payment security.

Deposits
Customer deposits are the largest funding source in the Group and a strategic priority with regards to increasing our self-funding going forward. Deposit-taking capabilities have been developed in Norway, Sweden and Denmark during the last years. The focus in the third quarter of 2018 has been on optimizing the existing portfolio and developing new products, while searching for opportunities and also fulfilling upcoming legal requirements. Total outstanding volumes is 53 119 MM NOK per September 2018, representing an increase of 4 822 MM NOK (10%) compared to September 2017.

10%
increase



Risk Management

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

Credit Risk
The Group’s Credit Risk profile at Q3 2018 remains stable for the total portfolio with only a marginal change in risk profile compared to Q3 2017 - in line with its risk appetite statement despite continuing loan growth. The consolidated Non-Performing Loans (NPL) Ratio ended at 2.02% in Q3 2018 compared to 2.01% in Q3 2017.

The loan loss reserves has increased significantly from 2 799 MM NOK per Q3 2017 to 3 567 MM NOK per Q3 2018. Of this 601 MM NOK were recognised in the opening balance of other equity at the transition date of IFRS 9. The total reserves as of Q3 2018 of 3 567 MM NOK includes 3 448 MM NOK related to loans to customers and 119 MM NOK related to off-balance exposures. This increase is an effect of the new methodology in IFRS 9 which results in higher reserves coverage for the same credit risk levels. This is particularly evident for the stage 2 segment that includes reserves for lifetime expected credit losses and the reserves assigned to off-balance exposures.

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 2018, the Group's LCR was 122.67%. The latest availble NSFR as of June 2018 was 97.00%. Both metrics are comfortably exceeding the regulatory requirements.

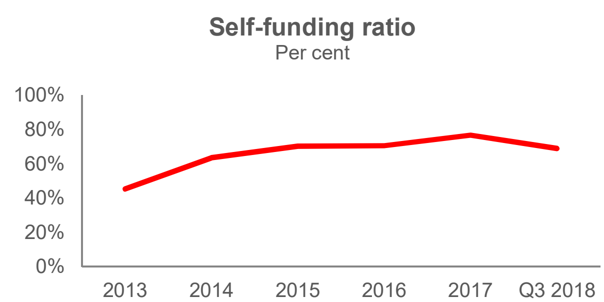
The Group manages interest rate risk by aiming to match the repricing of the liabilities with the repricing of the underlying assets (loans to customers). An appropriate balance sheet structure ensures that the impact of changes in interest rates on net interest income and equity value are contained. Interest rate risk in the Group is measured using the Net Interest Margin 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 2018.

Foreign Currency Risk
The Group operates in countries with various currencies and is exposed to currency risk from these operations. The Group's strategy is to have a composition of the balance sheet that minimizes currency risk by ensuring that the assets and liabilities are denominated in the same currency. When the Group raises funding through the international debt markets, FX derivatives are used to swap liquidity to the currency when funds are needed and to offset the position created. The total open currency exposure as of end of Q3 2018 was 1 042 MM NOK equivalent for consolidated SEK, DKK and EUR exposures.

Funding

69%
Self-funding ratio

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 five years, the Group has developed deposit products across three of its four markets, it has been active in the Norwegian and Swedish domestic bond markets, as well as in the Euro-market, and it has issued securitization transactions with assets from all four Nordic countries. Intragroup funding provides a buffer where strategically helpful, particularly in the short-term space. The Group aims to maintain a consistent self-funding strategy, however there will be some variation due to seasonal fluctuations and the timing of transactions. Self-funding sources totaled 69% per Q3 2018, with parent funding providing the remaining 31%.



Customer deposits are the largest source of funding, comprising 38% of total funding per September 2018. The total outstanding volume sums to 53 119 MM NOK across the three Nordic markets where the Group is present. Deposit volumes have increased 10% (4 822 MM NOK) from third quarter 2017, with expectations of continued significant importance.

Senior unsecured issuance and certificates comprises 24% of our funding, compared to 26% per Q3 2017. Senior unsecured issuance and certificates year-to-date Q3 2018 includes 500 MM EUR in the Euro market, 2 000 MM SEK in the Swedish market, 500 MM DKK in the Danish market and 1 650 MM NOK in the Norwegian market. In addition, we are present in the certificates of deposits market in Norway, with 1 100 MM NOK currently outstanding.

Total outstanding bond and certificate issuance equals 33 791 MM NOK per September 2018, an increase of 517 MM NOK (2%) from a year earlier. The average remaining term to maturity, excluding certificate issuances, is approximately 1.92 years. This level has been increased from year-end due to the increase in issuances with a five-year maturity.

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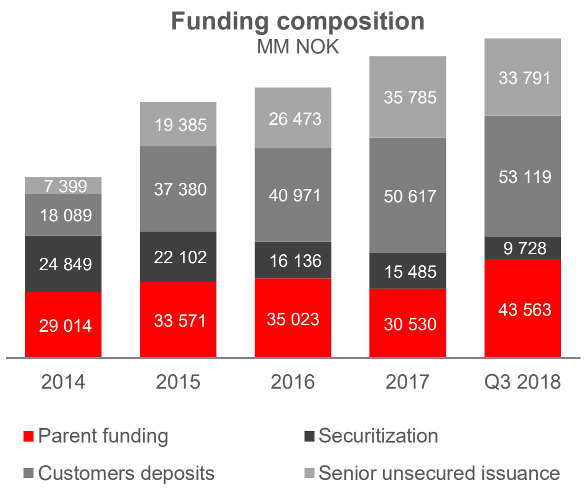
The Group is rated by Fitch (A-/F2/Outlook Stable) and Moody's (A3/P2/Outlook Stable). The rating was first received in 2016, and has been maintained at the same level since then.



The Group has not accessed the asset-backed securities market year-to-date 2018. Securitization issuance in Norway has been halted due to the change in Norwegian law. Securitizing the Finnish portfolio, however, remains as a source of funding, since SCF OY is not impacted by the change in law. The loss of funding from the Norwegian securitization program has caused total outstanding securitization volumes across the Group to trend downwards, currently equaling 9 728 MM NOK, or 7% of the Group's funding.

The Group looks to utilize its securitization capabilities more frequently going forward, once Norwegian legislation is harmonized with the European capital markets framework. This will include the adoption of Regulation (EU) 2017/2402, which establishes a general framework for securitization and creates a specific framework for simple, transparent, and standardized securitizations.

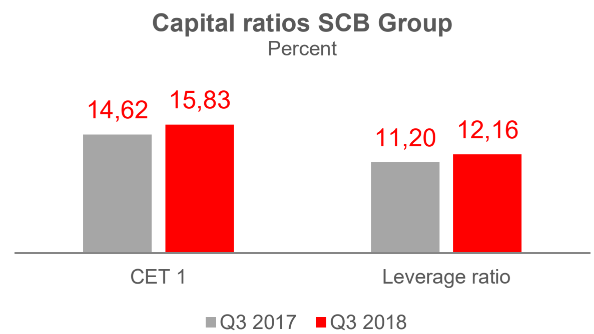
Loans and drawing rights from the parent bank and companies within Grupo Santander provide any remaining funding needs. These loans are priced at market rates, denominated in the local Nordic currencies, and are currently concentrated in the shorter-end maturities. The Group expects parent funding to decrease slightly over time, even as it continues as an important buffer in our overall funding strategy.

Solvency and Capital Adequacy

The Group is supervised by the Norwegian FSA and has to comply with the capital requirements for banks in Norway. The Group has to comply with the capital requirements both at group level (the Group) and at stand-alone level (SCB AS).

The Group had per September 2018 a strong capital adequacy position well above regulatory requirements.

After implementation of IFRS 9 in January, the Group publishes capital ratios both using the transitional rules for IFRS 9 impact (allowing for a reversal of 95% of the capital impact in 2018) and capital ratios showing the full impact of IFRS 9 implementation. The capital ratios using the transitional rules (phase-in), are the official ratios that have to meet minimum capital adequacy requirements. The CET1-ratio per end of third quarter allowing for phase-in of IFRS 9 impact was 15.83% for the Group and 16.70% for SCB AS. The CET1-ratio per end of third quarter with the full IFRS 9 impact was 15.50% for the Group and 16.41% for SCB AS.



The required leverage ratio for the Group is 5%. Per the end of third quarter 2018, the Group had a leverage ratio allowing for phase-in of IFRS 9 impact of 12.16%, while SCB AS had a leverage ratio of 13.67%.

The bank is not expected to be impacted by the proposal by the Norwegian FSA regarding changes in the criteria qualifying for systemically important financial institution.

For further details regarding Capital Adequacy, please see Note 7 "Capital adequacy" for details on capital composition, risk weighted exposure and capital ratios per September 2018.

Regulatory Changes

There are several regulatory initiatives in the financial sector, and the Group works continuously to ensure compliance. The constitutional challenge in Norway regarding implementation of the EU supervisory regime has been solved, and although there are no longer any formal obstacles preventing EU financial legal acts to be included in the EEA agreement and Norwegian law, there is still a significant "back log" of EU legal acts pending national implementation. Further, the digital revolution is expected to potentially change the traditional banking business and customer behavior, for example the EU's revised Payment Services Directive, PSD2, opens up to giving technology companies and other players that do not offer bank accounts, direct access to banks' payment infrastructure and the opportunity to aggregate account information and debit accounts on behalf of customers.

In the personal data area, the general data protection regulation (GDPR) has applied as of 25 May 2018 in the EU countries and Norway. The regulation will affect the Group both in terms of customer data and employee data and the Group is taking extensive measures to ensure compliance with the regulation. Moreover, the Group carefully follows the process regarding implementation in Norway of the deposit guarantee scheme directive (DGSD) and the bank resolution and recovery directive (BBRD), the latter of which, among other things, will introduce a new crisis management arrangement for financial institutions. There are also various ongoing national initiatives, in particular in the consumer credit area, including release of a proposal for a new financial agreement act. The Group has adequate procedures to keep track of incoming legislation, both from the EU and nationally.

Digital Transformation

In 2017, the Group launched its Digital Transformation Programme as a key component of its overall innovation and digitalization strategy. The purpose of the programme is to lay out the Group's strategy for becoming a truly digital organization and to establish the associated frameworks, governance structures and work practices that will drive and support this effort. To achieve its digital ambitions, the Group 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 Group will also focus upon further developing its innovation culture and practices.

As a key component of its Digital Transformation Programme, the Group 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 decisions.
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 realize new innovations.

The Group is progressing a number of innovation related 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

The auto industry is facing substantial changes. Car sharing, electrification, digitalization and connected cars are all trends that will heavily impact the industry. Flexible mobility solutions bundled with car related services with a residual value guaranty is increasing in popularity, especially the private leasing market. Buying cars online is another trend, where dealers and importers are testing different concepts. The Group is currently offering solutions for financing cars in the Norwegian market where the customer is buying online. There are plans to expand this concept to the other Nordic markets going forward.

The Nordic car markets are showing a clear trend with reduced demand for diesel and petrol fueled cars and increased popularity for EV and hybrids. Going forward this will represent a challenge for the auto industry in terms of reduced prices for used fossile fueled cars as well as lowered income from related services. The related residual value risk of used cars is a concern, and the Group is through strategic partnerships with third parties offering to handle the residual value risk for the dealers.

Regarding the unsecured lending, the growth in e-commerce and retail finance comes with opportunities in the financing of goods, both at point of sale and online. New entrants have emerged from outside the traditional finance company sector and further players are expected. Technology will play an even more important role going forward. The competitive pressures in direct unsecured lending remains, with several new bank start-ups focusing on high-margin lending with considerable risk appetite. Additionally, loan brokers are gaining more ground across the Nordics. The introduction of rules and legislations, as well as media attention will counterbalance and possibly moderate some of the excesses introduced by the new entrants.

Customer deposits are the single most important funding source for the Group, and is expected to grow even further in the months to come. Hence, one should expect further diversification in terms of products and markets going forward.

In general, the Group is well placed for the future challenges. In addition to securing the needed commercial execution with needed investments, the Group is working on the Pan-Nordic technology and infrastructure architecture to secure competitiveness in the years ahead.

Lysaker, 15th November 2018

The Board of Directors of Santander Consumer Bank

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)	Jim Grøtner (Employee Representative)	Michael Hvidsten (Chief Executive Officer)

Profit and Loss - Santander Consumer Bank Nordic Group

All amounts in millions of NOK	Note	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Total interest income		2 063	1 991	6 118	5 818	7 850
Total interest expenses		-340	-310	-982	-930	-1 243
Net interest income	9	**1 723**	**1 680**	**5 136**	**4 888**	**6 607**
Fee and commission income		152	117	418	424	553
Fee and commission expenses		-30	-31	-94	-73	-111
Value change and gain/loss on foreign exchange and securities		-4	-6	36	-26	-32
Other operating income		57	52	163	144	194
Other operating expenses		-52	-59	-161	-153	-222
Gross margin		**1 847**	**1 755**	**5 498**	**5 203**	**6 989**
Salaries and personnel expenses		-308	-316	-989	-925	-1 125
Administrative expenses		-332	-397	-1 111	-1 129	-1 587
Depreciation and amortization		-30	-27	-128	-80	-106
Net operating income		**1 178**	**1 015**	**3 269**	**3 070**	**4 171**
Other income and costs		-166	1	-203	-8	-63
Impairment losses on other assets		-	-	-	-	-
Impairment losses on loan, guarantees etc.	3, 4, 5	-265	-127	-274	-15	-113
Profit before tax		**746**	**889**	**2 792**	**3 046**	**3 995**
Income tax expense		-182	-231	-691	-728	-941
Profit after tax		**565**	**657**	**2 101**	**2 318**	**3 055**
Allocation of profit after tax						
Transferred to other earned equity		521	615	1 974	2 191	2 885
Transferred to additional Tier 1 capital	15	43	43	127	127	170
Total allocations		**565**	**657**	**2 101**	**2 318**	**3 055**

Profit after tax	**565**	**657**	**2 101**	**2 318**	**3 055**
Items not to be recycled to profit and loss					
Actuarial gain/loss on post employment benefit obligations	-	-	-15	-48	-25
Items to be recycled to profit and loss					
Net exchange differences on translating foreign operations	-14	-16	-93	95	213
Value change of assets available for sale	-	-	3	5	3
Net gains on investments in equity instruments designated at FVOCI	-	-	-	-	-
Cash flow hedge	-15	25	-39	46	69
Net investment hedge	4	16	37	-32	-74
Other comprehensive income for the period net of tax	**-24**	**25**	**-107**	**66**	**186**
Total comprehensive income for the period	**540**	**683**	**1 994**	**2 385**	**3 241**

Balance Sheet - Santander Consumer Bank Group

All amounts in millions of NOK	Note	Q3 2018	Q3 2017	FY 2017
Assets				
Cash and receivables on central banks	10	65	60	65
Deposits with and receivables on financial institutions	10	3 934	2 552	3 226
Loans to customers	3, 4, 5, 10, 12	148 093	134 511	140 793
Commercial papers and bonds	10, 11	9 438	8 984	6 859
Financial derivatives	10, 11	38	190	237
Consignment		3 197	3 324	4 355
Repossessed assets		12	10	12
Other ownership interests	10, 11	26	20	23
Intangible assets		1 018	1 036	1 100
Deferred tax assets		265	224	228
Fixed assets		644	518	555
Other assets		1 061	1 423	1 645
Total assets		**167 791**	**152 853**	**159 100**
Liabilities				
Debt to credit institutions	10, 14	43 747	35 210	31 020
Deposits from customers		53 119	48 297	50 617
Debt established by issuing securities	10, 13	43 519	44 088	51 270
Financial derivatives	10, 11	15	135	175
Tax payable		465	64	399
Other financial liabilities		337	141	344
Deferred tax		594	780	604
Pension liabilities		98	273	88
Other liabilities		1 944	1 688	1 651
Subordinated loan capital	10, 14	1 692	1 815	1 753
Total liabilities		**145 530**	**132 492**	**137 921**
Equity				
Share capital		9 652	9 652	9 652
Share capital premium		891	891	891
Additional Tier 1 capital		2 250	2 250	2 250
Other equity		9 472	7 654	8 274
OCI items		-5	(87)	111
Total equity		**22 261**	**20 361**	**21 179**
Total liabilities and equity		**167 791**	**152 853**	**159 100**

Cash Flow - Santander Consumer Bank Group

All amounts in millions of NOK	Note	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Cash flow from operations						
Profit before tax		746	888	2 792	3 046	3 995
Adjustments for:						
- Depreciation, amortization and impairment on fixed and intangible assets		57	53	206	154	206
- Net interest income	9	-1 723	-1 680	-5 136	-4 888	-6 607
- Value change and gain/loss on foreign exchange and securities		4	6	-36	26	32
- Dividends on financial assets at FVOCI		-	-	-	-	-
Changes in:						
- Loans to customers	12	-9 080	-2 145	-13 100	-12 813	-19 095
- Consignment and operational lease		183	-125	1 055	-174	-1 159
- Repossessed assets		-	10	1	-4	-7
- Other assets		397	693	584	753	-896
- Deposits from customers		2 327	1 912	4 358	7 327	9 647
- Other liabilities and provisions		548	45	192	-1 250	-324
Interests received		2 067	1 991	6 120	5 818	7 850
Dividends received		-	-	-	-	-
Interests paid		-513	-310	-1 205	-930	-1 243
Net income taxes paid		-83	-79	-332	-640	-953
Net cash flow from operations		**-5 071**	**1 257**	**-4 500**	**-3 575**	**-8 554**
Cash flow from investments						
Purchase of bonds		-4 807	-2 753	-10 623	-4 200	-5 896
Proceeds from matured bonds		1 959	1 806	8 283	6 160	10 334
Purchase of fixed and intangible assets		-167	-53	-97	-122	-177
Proceeds from sale of fixed and intangible assets		9	-	7	-	25
Net cash flow from investments		**-3 005**	**-1 000**	**-2 431**	**1 838**	**4 286**
Cash flow from financing						
Proceeds from issued securities		2 055	688	10 074	9 015	18 457
Repayments of issued securities		-431	-3 802	-16 590	-7 537	-9 795
Change in loans and deposits from credit institutions		7 837	1 924	14 528	191	-3 999
Proceeds from issue of subordinated loans	14	-	-	-	-	500
Repayment of subordinated loans	14	-	-	-	-	-80
Dividend payments		-	-	-350	-1 200	-1 200
Interest payments on additional Tier 1 capital	15	-43	-42	-127	-127	-170
Net cash flow from financing		**9 418**	**-1 231**	**7 535**	**343**	**3 712**
Exchange gains / (losses) on cash and cash equivalents		**-3**	**-27**	**103**	**50**	**-110**
Net change in cash and cash equivalents		1 340	-1 000	708	-1 344	-666
Cash and cash equivalents at the beginning of the period		2 659	3 613	3 291	3 957	3 957
Cash and cash equivalents at the end of the period		**3 999**	**2 613**	**3 999**	**2 613**	**3 291**

Statement of changes in equity - Santander Consumer Bank Nordic Group

Q3 2018

All amounts in millions of NOK	Share capital	Share capital premium	Additional Tier 1 capital	Other Equity	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 30 June 2018	**9 652**	**891**	**2 250**	**8 940**	**98**	**26**	**-3**	**-18**	**-85**	**21 753**
Profit for the period	-	-	43	521	-	-	-	-	-	565
OCI movements (net of tax)	-	-	-	-	-14	-	-15	4	-	-24
Interest payments additional Tier 1 capital	-	-	-43	-	-	-	-	-	-	-43
Tax on interest payment additional Tier 1 capital	-	-	-	11	-	-	-	-	-	11
Share dividend	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2018	**9 652**	**891**	**2 250**	**9 472**	**84**	**26**	**-18**	**-13**	**-85**	**22 261**

YTD Q3 2018

All amounts in millions of NOK	Share capital	Share capital premium	Additional Tier 1 capital	Other Equity	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 2018	**9 652**	**891**	**2 250**	**8 274**	**178**	**32**	**21**	**-50**	**-70**	**21 180**
Changes in initial application of IFRS 9*	-	-	-	-601	-	-12	-	-	-	-614
Changes in initial application of IFRS 9 - tax*	-	-	-	144	-	3	-	-	-	147
Restated balance at 1 January 2018	**9 652**	**891**	**2 250**	**7 817**	**177**	**23**	**21**	**-50**	**-70**	**20 713**
Profit for the period	-	-	127	1974	-	-	-	-	-	2101
OCI movements (net of tax)	-	-	-	-	-93	3	-39	37	-15	-107
Interest payments additional Tier 1 capital	-	-	-127	-	-	-	-	-	-	-127
Tax on interest payment additional Tier 1 capital	-	-	-	32	-	-	-	-	-	32
Share dividend	-	-	-	-350	-	-	-	-	-	-350
Balance at 30 September 2018	**9 652**	**891**	**2 250**	**9 472**	**84**	**26**	**-18**	**-13**	**-85**	**22 261**

* See accounting principles for further details.

Total shares registered as at September 30, 2018, was 965 241 842.

Restricted capital as at September 30, 2018, was 9 652 MM NOK and unrestricted capital was 12 609 MM NOK. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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

Financial Year 2017

All amounts in millions of NOK	Share capital	Share capital premium	Additional Tier 1 capital	Other Equity	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**	**2 250**	**6 626**	**-36**	**29**	**-48**	**24**	**-123**	**19 266**
Profit for the period	-	-	170	2 885	-	-	-	-	-	3 055
OCI movements (net of tax)	-	-	-	-	213	3	69	-74	-25	186
Interest payments additional Tier 1 capital	-	-	-170	-	-	-	-	-	-	-170
Tax on interest payment additional Tier 1 capital	-	-	-	42	-	-	-	-	-	42
Pension release	-	-	-	-79	-	-	-	-	79	-
Capital increase	-	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-	-1 200	-	-	-	-	-	-1 200
Correction previous years	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2017	**9 652**	**891**	**2 250**	**8 274**	**178**	**32**	**21**	**-50**	**-70**	**21 179**

Total shares registered as at December 31, 2017, was 965 241 842.

Restricted capital as at December 31, 2017, was 9 652 MM NOK and unrestricted capital was 11 526 MM NOK. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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

Profit and Loss - Santander Consumer Bank AS

All amounts in millions of NOK	Note	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Total interest income		1 765	1 715	5 243	5 021	6 781
Total interest expenses		-297	-293	-891	-859	-1 150
Net interest income	9	**1 469**	**1 422**	**4 353**	**4 162**	**5 630**
Fee and commission income		145	115	398	417	545
Fee and commission expenses		-24	-24	-77	-55	-86
Value change and gain/loss on foreign exchange and securities		-4	-6	34	-29	-33
Other operating income		26	50	73	50	312
Other operating expenses		-25	-63	-83	-77	-120
Gross margin		**1 587**	**1 495**	**4 698**	**4 468**	**6 248**
Salaries and personnel expenses		-265	-281	-857	-819	-1 002
Administrative expenses		-295	-357	-960	-1 013	-1 418
Depreciation and amortization		-27	-24	-120	-71	-95
Net operating income		**1 001**	**833**	**2 761**	**2 565**	**3 733**
Other income and costs		-167	-	-204	-9	-59
Impairment losses on other assets		-	-	-	-	-
Impairment losses on loan, guarantees etc.	3, 4, 5	-234	-102	-186	1	-40
Profit before tax		**600**	**730**	**2 372**	**2 557**	**3 634**
Income tax expense		-152	-200	-607	-630	-820
Profit after tax		**447**	**531**	**1 765**	**1 927**	**2 814**
Allocation of profit after tax						
Transferred to other earned equity		404	489	1 638	1 799	2 644
Transferred to additional Tier 1 capital	15	43	42	127	127	170
Total allocations		**447**	**531**	**1 765**	**1 927**	**2 814**

Profit after tax	**447**	**531**	**1 765**	**1 927**	**2 814**
Items not to be recycled to profit and loss					
Actuarial gain/loss on post employment benefit obligations	-	-	-15	-48	-25
Items to be recycled to profit and loss					
Net exchange differences on translating foreign operations	-	-5	4	5	11
Value change of assets available for sale	-	-	3	6	5
Net gains on investments in equity instruments designated at FVOCI	-	-	-	-	-
Cash flow hedge	-17	24	-39	32	52
Other comprehensive income for the period net of tax	**-17**	**19**	**-47**	**-5**	**43**
Total comprehensive income for the period	**430**	**550**	**1 718**	**1 921**	**2 857**

Balance Sheet - Santander Consumer Bank AS

All amounts in millions of NOK	Note	Q3 2018	Q3 2017	FY 2017
Assets				
Cash and receivables on central banks	10	65	60	65
Deposits with and receivables on financial institutions	10	2 569	620	1 351
Loans to customers	3, 4, 5, 10, 12	119 812	112 166	116 484
Commercial papers and bonds	10, 11	7 361	8 480	8 475
Financial derivatives	10, 11	37	187	232
Consignment		1 434	1 603	1 788
Repossessed assets		8	5	6
Loans to subsidiaries and SPV's	10, 14	8 545	8 714	9 050
Investments in subsidiaries		1 229	1 222	1 277
Other ownership interests	10, 11	26	20	23
Intangible assets		605	633	677
Deferred tax assets		77	69	27
Fixed assets		247	212	222
Other assets		1 074	1 363	1 449
Total assets		**143 088**	**135 354**	**141 126**
Liabilities				
Debt to credit institutions	10, 14	30 620	30 255	30 045
Deposits from customers		53 119	48 297	50 617
Debt established by issuing securities	10, 13	33 791	33 274	35 785
Financial derivatives	10, 11	15	132	172
Tax payable		465	64	395
Other financial liabilities		333	139	342
Deferred tax		598	782	620
Pension liabilities		98	273	88
Other liabilities		1 540	1 290	1 380
Subordinated loan capital	10, 14	1 692	1 815	1 753
Total liabilities		**122 270**	**116 323**	**121 198**
Equity				
Share capital		9 652	9 652	9 652
Share capital premium		891	891	891
Additional Tier 1 capital		2 250	2 250	2 250
Other equity		8 110	6 394	7 164
OCI items		(86)	(157)	(30)
Total equity		**20 818**	**19 031**	**19 928**
Total liabilities and equity		**143 088**	**135 354**	**141 126**

Cash Flow - Santander Consumer Bank AS

All amounts in millions of NOK	Note	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Cash flow from operations						
Profit before tax		600	730	2 372	2 556	3 634
Adjustments for:						
- Depreciation, amortization and impairment on fixed and intangible assets		30	26	128	78	105
- Net interest income	9	-1 469	-1 422	-4 353	-4 162	-5 630
- Value change and gain/loss on foreign exchange and securities		4	6	-34	29	33
- Dividends on financial assets at FVOCI		-	-	-	-	-241
Changes in:						
- Loans to customers	12	-6 721	-1 208	-8 209	-8 432	-12 751
- Consignment and operational lease		-7	-76	316	-280	-459
- Repossessed assets		1	5	-2	-	-1
- Other assets		-11	652	375	623	-1 060
- Deposits from customers		2 327	1 912	4 358	7 327	9 647
- Other liabilities and provisions		140	-277	50	-1 327	205
Interests received		1 772	1 715	5 254	5 021	6 781
Dividends received		-	-	-	-	241
Interests paid		-473	-293	-1 128	-859	-1 150
Net income taxes paid		-51	-42	-230	-531	-832
Net cash flow from operations		**-3 861**	**1 728**	**-1 102**	**43**	**-1 479**
Cash flow from investments						
Purchase of bonds		-1 716	-536	-4 473	-1 768	-2 809
Proceeds from matured bonds		1 768	2 127	4 778	5 840	6 164
Purchase of fixed and intangible assets		-25	-39	-79	-94	-159
Proceeds from sale of fixed and intangible assets		2	-	3	-	17
Net cash flow from investments		**29**	**1 552**	**228**	**3 978**	**3 213**
Cash flow from financing						
Proceeds from issued securities		2 055	688	10 074	9 015	11 795
Repayments of issued securities		794	-1 793	-10 834	-2 214	-2 483
Change in loans and deposits from credit institutions		3 066	-3 054	3 736	-10 385	-10 218
Proceeds from issue of subordinated loans	14	-	-	-	-	500
Repayment of subordinated loans	14	-	-	-	-	-80
Dividend payments		-	-	-350	-1 200	-1 200
Interest payments on additional Tier 1 capital	15	-43	-42	-127	-127	-170
Net cash flow from financing		**5 873**	**-4 201**	**2 499**	**-4 911**	**-1 856**
Exchange gains / (losses) on cash and cash equivalents		**-5**	**-33**	**48**	**10**	**-21**
Net change in cash and cash equivalents		1 581	-953	1 218	-880	-144
Cash and cash equivalents at the beginning of the period		1 053	1 632	1 416	1 560	1 560
Cash and cash equivalents at the end of the period		**2 634**	**680**	**2 634**	**680**	**1 416**

Statement of changes in equity - Santander Consumer Bank AS

Q3 2018

All amounts in millions of NOK	Share capital	Share capital premium	Additional Tier 1 capital	Other equity	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Actuarial gain/loss	Total
Balance at 30 June 2018	**9 652**	**891**	**2 250**	**7 695**	**-8**	**26**	**-2**	**-85**	**20 420**
Profit for the period	-	-	43	404	-	-	-	-	447
OCI movements (net of tax)	-	-	-	-	-	-	-17	-	-17
Interest payments additional Tier 1 capital	-	-	-43	-	-	-	-	-	-43
Tax on interest payment additional Tier 1 capital	-	-	-	11	-	-	-	-	11
Share dividend	-	-	-	-	-	-	-	-	-
Balance at 30 September 2018	**9 652**	**891**	**2 250**	**8 110**	**-8**	**26**	**-19**	**-85**	**20 818**

YTD Q3 2018

All amounts in millions of NOK	Share capital	Share capital premium	Additional Tier 1 capital	Other Equity	Translation differences from foreign currencies	Value change available for sale assets	Cash flow hedge	Actuarial gain/loss	Total
Balance at 1 January 2018	**9 652**	**891**	**2 250**	**7 164**	**-12**	**31**	**20**	**-70**	**19 928**
Changes in initial application of IFRS 9*	-	-	-	-498	-	-11	-	-	-509
Changes in initial application of IFRS 9 - tax*	-	-	-	124	-	3	-	-	127
Restated balance at 1 January 2018	**9 652**	**891**	**2 250**	**6 791**	**-12**	**23**	**20**	**-70**	**19 546**
Profit for the period	-	-	127	1 638	-	-	-	-	1 765
OCI movements (net of tax)	-	-	-	0	4	3	-39	-15	-47
Interest payments additional Tier 1 capital	-	-	-127	**0**	-	-	-	-	-127
Tax on interest payment additional Tier 1 capital	-	-	-	32	-	-	-	-	32
Share dividend	-	-	-	-350	-	-	-	-	-350
Balance at 30 September 2018	**9 652**	**891**	**2 250**	**8 111**	**-8**	**26**	**-19**	**-85**	**20 818**

* See accounting principles for further details.

Total shares registered as at September 30, 2018, was 965 241 842.

Restricted capital as at September 30, 2018, was 9 652 MMNOK and unrestricted capital was 11 165 MM NOK. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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

Financial Year 2017

All amounts in millions of NOK	Share capital	Share capital premium	Additional Tier 1 capital	Other equity	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	2 250	5 757	-22	26	-32	-123	18 399
Profit for the period	-	-	170	2 644	-	-	-	-	2 814
OCI movements (net of tax)	-	-	-	-	11	5	52	-25	43
Interest payments additional Tier 1 capital	-	-	-170	-	-	-	-	-	-170
Tax on interest payment additional Tier 1 capital	-	-	-	42	-	-	-	-	42
Pension release	-	-	-	-79	-	-	-	79	-
Capital increase	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-	-1 200	-	-	-	-	-1 200
Balance at 31 December 2017	**9 652**	**891**	**2 250**	**7 164**	**-12**	**31**	**20**	**-70**	**19 928**

Total shares registered as at December 31, 2017, was 965 241 842.

Restricted capital as at December 31, 2017, was 9 652 MM NOK and unrestricted capital was 10 274 MM NOK. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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Lysaker, 15th November 2018

The Board of Directors of Santander Consumer Bank

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)	Jim Grøtner (Employee Representative)	Michael Hvidsten (Chief Executive Officer)

Notes

Santander Consumer Bank Nordic Group

Note 1 - Basis of preparation

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

The Santander Consumer Bank interim accounts for the first quarter of 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual report as at and for the year ended 31 December.

The annual report for 2017 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting www.santander.no.

These interim financial statements were authorized by the Board of Directors on 15th November 2018.

Note 2 - Accounting principles

The Group's accounting policies are consistent with those of the previous financial year as described in the 2017 annual report and in the Q1 2018 report where accounting principles of Financial instruments was updated according to IFRS 9.

Note 3 - Credit risk exposure

All amounts in millions of NOK

Maximum exposure to credit risk - Financial intruments subject to impairment

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

	Q3 2018				
Loans to customers	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
Credit grade					
Loans not past due date	132 177	8 199	-	-	140 376
Standard monitoring	4 423	3 134	-	-	7 557
Special monitoring	-	464	-	-	464
Default	-	-	3 144	-	3 144
Gross carrying amount	**136 600**	**11 797**	**3 144**	-	**151 541**
Loss allowance	-1 115	-560	-1 773	-	-3 448
Carrying amount	**135 485**	**11 237**	**1 371**	-	**148 093**

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

Standard monitoring: Exposures in early arrears.

Special monitoring: Exposures under special monitoring.

Default: Defaulted loans.

	Q3 2018				
Commercial papers and bonds	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
Credit grade					
Investment grade	9 197	-	-	-	9 197
Standard monitoring	-	-	-	-	-
Special monitoring	-	-	-	-	-
Default	-	-	-	-	-
Gross carrying amount	**9 197**	-	-	-	**9 197**
Loss allowance	-1	-	-	-	-1
Carrying amount	**9 197**	-	-	-	**9 197**

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

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

	Maximum exposure to credit risk
Financial derivatives	38

Santander Consumer Bank

Note 4 - Risk classification

All amounts in millions of NOK

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.

	Balance			Loss reserves		
	Q3 2018	**Q3 2017**	**FY 2017**	**Q3 2018**	**Q3 2017**	**FY 2017**
Current - not past due date	140 376	127 786	132 664	-1 151	-1 032	-908
Current - past due date	8 021	6 838	8 039	-524	-276	-306
Total impaired loans	3 144	2 836	2 912	-1 773	-1 640	-1 608
Total gross loans to customers	**151 541**	**137 460**	**143 615**	**-3 448**	**-2 948**	**-2 822**

	Balance			Loss reserves		
Ageing of past due but not impaired loans	**Q3 2018**	**Q3 2017**	**FY 2017**	**Q3 2018**	**Q3 2017**	**FY 2017**
1 - 29 days	6 082	5 554	6 485	-268	-120	-131
30 - 59 days	1 117	956	1 162	-160	-84	-95
60 - 89 days	375	327	392	-95	-72	-80
Total loans due but not impaired	**7 573**	**6 838**	**8 039**	**-524**	**-276**	**-306**

	Balance			Loss reserves		
Ageing of impaired loans	**Q3 2018**	**Q3 2017**	**FY 2017**	**Q3 2018**	**Q3 2017**	**FY 2017**
90 - 119 days	240	236	242	-125	-82	-82
120 - 149 days	188	170	185	-99	-72	-77
150 - 179 days	167	150	154	-85	-73	-75
180 + days	902	956	798	-574	-686	-551
Economic doubtful*	1 646	1 324	1 532	-891	-728	-823
Total impaired loans	**3 144**	**2 836**	**2 912**	**-1 773**	**-1 640**	**-1 608**

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

Note 5 - Loss allowance

All amounts in millions of NOK

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

Loans to customers	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
Loss allowance as at 1 January 2018	**1 171**	**542**	**1 709**	-	**3 421**
Changes due to financial instruments recognized as at 1 January 2018					
Transfer from Stage 1 to Stage 2	-72	267	-	-	195
Transfer from Stage 1 to Stage 3	-22	-	449	-	427
Transfer from Stage 2 to Stage 1	22	-121	-	-	-99
Transfer from Stage 2 to Stage 3	-	-67	230	-	163
Transfer from Stage 3 to Stage 2	-	12	-102	-	-90
Transfer from Stage 3 to Stage 1	5	-	-5	-	-
New financial assets originated or purchased	385	123	157	-	665
Changes to assumptions and methodologies	-227	-19	25	-	-221
Financial assets that have been derecognised	-170	-78	-157	-	-404
Write-offs	-17	-86	-504	-	-607
Loss allowance as at 30 September 2018	**1 073**	**573**	**1 802**	**-**	**3 448**

Commercial papers and bonds	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
Loss allowance as at 1 January 2018	2	-	-	-	2
Changes due to financial instruments recognized as at 1 January 2018					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
New financial assets originated or purchased	1	-	-	-	1
Changes to assumptions and methodologies	-	-	-	-	-
Financial assets that have been derecognised	-2	-	-	-	-2
Write-offs	-	-	-	-	-
Loss allowance as at 30 September 2018	**1**	**-**	**-**	**-**	**1**

2017

The Group has not provided comparative information for periods before the date of initial application of IFRS 9 for the new disclosures introduced by IFRS 9 as a consequential amendment to IFRS 7, as permitted by IFRS 7 paragraph 44Z.

All amounts in millions of NOK

Specific loan reserves	**Q3 2017**	**FY 2017**
Specific loan reserves 01.01.	1 555	1 555
+/- Fx rate adjustment opening balance	13	28
Reclassification between specific and generic loan reserves	37	39
+ Specific loan reserves for the period	25	-17
= Specific loan reserves period end	**1 630**	**1 605**
Generic loan reserves		
Generic loan reserves 01.01	1 371	1 371
+/- Fx rate adjustment opening balance	25	56
Release of reserves related to bad debt sale	0	-
Reclassification between specific and generic loan reserves	-37	-39
+/- Generic loan reserves for the year	-41	-172
= Generic loan reserves period end	**1 318**	**1 216**
Total Loan Reserves in Balance Sheet	**2 948**	**2 822**

Loan losses expenses	**Q3 2017**	**YTD Q3 2017**	**FY 2017**
Change in loan reserves provision	110	16	189
+/- Fx rate adjustment opening balance	-3	1	3
+ Total realized losses	-376	-1132	-1 567
- Recoveries on previously realized losses	142	1100	662
- Gain on sold portfolios	-	-	601
= Loan losses in the period	**-127**	**-15**	**-113**

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

All amounts in millions of NOK

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

Liquidity Coverage Ratio (LCR) %	Q3 2018	Q3 2017	FY 2017
Liquidity Coverage Ratio (LCR) Total	123	120	148
Liquidity Coverage Ratio (LCR) NOK	94	132	125
Liquidity Coverage Ratio (LCR) SEK	155	119	128
Liquidity Coverage Ratio (LCR) DKK	154	361	283
Liquidity Coverage Ratio (LCR) EUR	115	95	198

Note 7 - Capital adequacy

All amounts in millions of NOK

	Q3 2018	Q3 2017	FY 2017
Balance sheet equity			
Paid in equity	9 652	9 652	9 652
Share premium	891	891	891
Other equity	9 472	7 626	8 274
Tier 1 Capital	2 250	2 250	2 250
Other reserves	-5	-87	111
Total Equity	**22 261**	**20 333**	**21 179**
Common Equity Tier 1 Capital			
(-) Profit not eligible as capital	-1102	-1424	-350
Cash-flow hedge adjustment	-	-	-21
IRB Expected Loss - Reserves	-337	-345	-361
Goodwill	-672	-671	-700
Other intangible assets	-266	-286	-317
Deferred tax assets	-	-	-
Adjustment Prudent Valuation (AVA)	-9	-9	-7
Tier 1 Capital	-2 250	-2 250	-2 250
Total common Equity Tier 1 Capital (with full IFRS9 impact)	**17 625**	**15 347**	**17 172**
Capital adjustment according to IFRS9 Transitional rules	434	-	-
Total common Equity Tier 1 Capital (after IFRS9 transitional rules)	**18 059**	**15 347**	**17 172**
Tier 1 Capital			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
Total Tier 1 Capital (with full IFRS9 impact)	**19 875**	**17 597**	**19 422**
Total Tier 1 Capital (after IFRS9 transitional rules)	**20 309**	**17 597**	**19 422**
Total Capital			
Paid up subordinated loans	1 689	1 791	1 711
Subordinated loans not eligible	-	-79	-
Total Capital (with full IFRS9 impact)	**21 563**	**19 309**	**21 133**
Total Capital (after IFRS9 transitional rules)	**21 998**	**19 309**	**21 133**
Risk exposure on Standard Approach			
Regional governments or local authorities	63	-	78
Institutions	751	983	978
Corporates	4 851	4 722	5 528
Retail Standard Approach	53 121	50 473	51 402
Exposures in default SA	921	1053	1 051
Covered bonds	417	471	420
Other Exposures	6 750	5 969	7 414
Total Risk exposure amount on Standard Approach	**66 875**	**63 750**	**66 871**
Risk exposure on Internal Rating Based Approach			
Retail Other	33 819	30 066	31 032
Total Risk exposure amount on Internal Rating Based Approach	**33 819**	**30 066**	**31 032**
Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**100 694**	**93 815**	**97 903**

Foreign exchange (zero if under threshold)	1 042	1115	852
Risk exposure amount for position, foreign exchange and commodities risks	**11 896**	**1 115**	**852**
Basic indicator approach	11 896	9 835	11 896
Risk exposure amount for operational risk	**11 896**	**9 835**	**11 896**
Standardized method	99	187	165
Risk exposure amount for credit valuation adjustment	**99**	**187**	**165**
Total risk exposure amount (with full IFRS9 impact)	**113 731**	**104 952**	**110 815**
Risk Exposure adjustment according to IFRS9 Transitional rules	380	-	-
Total risk exposure amount (after IFRS9 transitional rules)	**114 110**	**104 952**	**110 815**
Total exposure for Leverage Ratio			
Derivatives: Add-on under market-to-market method	493	962	734
Off-balance sheet items with 10% CCF	2 458	1 592	2 041
Off-balance sheet items with 20% CCF	867	1 490	269
Off-balance sheet items with 50% CCF	34	42	41
Adjusted On balance sheet exposure	162 655	152 254	159 100
Total exposure for Leverage Ratio (with full IFRS9 impact)	**166 507**	**156 341**	**162 184**
Exposure adjustment according to IFRS9 Transitional rules	571	-	-
Total exposure for Leverage Ratio (after IFRS9 transitional rules)	**167 078**	**156 341**	**162 184**
Minimum Regulatory Capital			
Minimum Core Equity	4,50%	4,50%	4,50%
Pillar 2 Requirement	2,30%	2,20%	2,20%
Countercyclical Buffer (combined)	1,13%	1,00%	1,14%
Conservation Buffer	2,50%	2,50%	2,50%
Systemic Risk Buffer	3,00%	3,00%	3,00%
Minimum Regulatory Capital ratio (CET1)	**13,43%**	**13,20%**	**13,34%**
Minimum Regulatory Capital			
Minimum Core Equity	5 118	4 723	4 987
Pillar 2 Requirement	2 616	2 309	2 438
Countercyclical Buffer (combined)	1 285	1 050	1 263
Conservation Buffer	2 843	2 624	2 770
Systemic Risk Buffer	3 412	3 149	3 324
Minimum Regulatory Capital amount (full IFRS9 impact)	**15 274**	**13 854**	**14 783**
Surplus of Core Equity Tier 1 capital (full IFRS9 impact)	2 351	1 494	2 389
Minimum Regulatory Capital amount (after IFRS9 transitional rules)	**15 325**	**13 854**	**14 783**
Surplus of Core Equity Tier 1 capital (after IFRS9 transitional rules)	2 734	1 494	2 389
Common equity tier 1 capital ratio (full IFRS9 impact)	**15,50%**	**14,62%**	**15,50%**
Common equity tier 1 capital ratio (after IFRS9 transitional rules)	**15,83%**	**14,62%**	**15,50%**
CET1 regulatory requirements	13,43%	13,20%	13,34%
Tier 1 capital ratio (full IFRS9 impact)	**17,48%**	**16,77%**	**17,53%**
Tier 1 capital ratio (after IFRS9 transitional rules)	**17,80%**	**16,77%**	**17,53%**
Tire 1 regulatory requirements	14,93%	14,70%	14,71%

Total capital ratio (full IFRS9 impact)	**18,96%**	**18,40%**	**19,07%**
Total capital ratio (after IFRS9 transitional rules)	**19,28%**	**18,40%**	**19,07%**
Total capital regulatory requirements	16,93%	16,70%	16,71%
Leverage ratio (full IFRS9 impact)	**11,94%**	**11,26%**	**12,05%**
Leverage ratio (after IFRS9 transitional rules)	**12,16%**	**11,26%**	**12,05%**
LR regulatory requirements	5,00%	5,00%	5,00%

Specification of IFRS Transition rules (based on initial impact)	
IFRS 9 Increase in Loss Reserves	-601
- whereof Internal Rating Based	-
Tax impact from increased loss reserves	144
Deferred tax assets impact on capital	-
Initial IFRS9 net impact on capital	-457
Base amount for IFRS9 transitional rule on capital	457
Transition %	95%
Capital adjustment due to Transitional rule	**434**
Std Approach value adjustments Spec Reserves	-601
- whereof Retail (75%RW)	-600
- whereof Covered Bonds (10%RW)	-2
Deferred tax assets impact on Risk Exposure Amount (250%RW) *	20
Initial IFRS9 net impact on Risk Exposure Amount	-400
Base amount for IFRS9 transitional rule on Risk Exposure Amount	400
Transition %	95%
Risk Exposure adjustment due to Transitional rule	**380**
Impact from Transitional rules on capital ratios (same impact for Tier 1 and 2)	0,33%

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

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

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

Note 8 - Segment information

All amounts in millions of NOK

Financial management in Santander is oriented towards the various geographical markets. Monitoring of the overall profitability of the geographic areas are important dimensions of the strategic priorities and allocation of resources in the Group. Reported figures for the various segments reflect the 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 the Group management. The 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 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 Group's governance model. All the 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 Group treasury at market conditions. Surplus liquidity is transferred to the Group treasury at market conditions.
Internal agreements at market conditions or simulated market conditions are made when segments cooperate on the delivery of financial services to customers.
Services provided by the Group's central functions and staff are charged segments based on an allocation agreement.

Product segmentation per country (gross lending before expected losses)

	Q3 2018					
	Unsecured loans*	**Secured loans**	**Financial lease**	**Operational lease**	**Consignment**	**Total**
Norway	11 097	37 176	10 780	-	-	**59 053**
Sweden	13 472	15 120	4 865	-	1 144	**34 601**
Denmark	5 811	21 813	2 623	198	290	**30 735**
Finland	2 646	23 706	2 432	384	1 763	**30 932**
Total	**33 026**	**97 815**	**20 701**	**582**	**3 197**	**155 320**

* The reduction in unsecured loans in Sweden from Q3 2017 to Q3 2018 is due to FX. In local currency unsecured loans in Sweden was 14 670 MM SEK per Q3 2018 compared to 14 008 MM SEK per Q3 2017.

	Q3 2017					
	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**
Finland	2 571	18 553	1 587	290	1 721	**24 722**
Total	**32 741**	**86 515**	**18 204**	**450**	**3 324**	**141 234**

P&L and Balance sheet per country

	Q3 2018					
	Norway	**Sweden**	**Denmark**	**Finland**	**Eliminations**	**Total Group**
Total interest income	967	392	429	289	-14	2 063
Total interest expenses	-220	-36	-48	-26	-11	-339
Net interest income	**747**	**356**	**381**	**263**	**-**	**1 724**
Fee and commission income	57	36	45	15	-	152
Fee and commission expenses	-18	-1	-6	-4	-	-30
Value change and gain/loss on foreign exchange and securities	-7	-	4	-	-	-4
Other operating income	10	1	14	31	-	57
Other operating expenses	-8	-5	-12	-26	-	-52
Gross margin	**781**	**386**	**427**	**278**	**-**	**1 847**
Salaries and personnel expenses	-97	-95	-72	-44	-	-308
Administrative expenses	-134	-89	-71	-61	-	-332
Depreciation and amortization	-14	-4	-8	-3	-	-29
Net operating income	**536**	**197**	**275**	**170**	**-**	**1 177**
Other income and costs	-162	-3	-1	-	-	-167
Impairment losses on other assets	-	-	-	-	-	-
Impairment losses on loan, guarantees etc.	-92	-77	-74	-23	-	-265
Profit before taxes	**282**	**117**	**201**	**147**	**-**	**745**
Income tax expense	-73	-28	-52	-29	-	-181
Profit after tax	**209**	**90**	**149**	**118**	**-**	**565**

	YTD Q3 2018					
	Norway	**Sweden**	**Denmark**	**Finland**	**Eliminations**	**Total Group**
Total interest income	2 853	1179	1283	844	-41	6 118
Total interest expenses	-657	-108	-149	-85	16	-982
Net interest income	**2 196**	**1 071**	**1 134**	**759**	**-**	**5 136**
Fee and commission income	134	109	131	45	-	418
Fee and commission expenses	-58	-5	-17	-14	-	-94
Value change and gain/loss on foreign exchange and securities	22	-1	14	2	-	36
Other operating income	23	5	44	90	-	163
Other operating expenses	-28	-17	-38	-77	-	-161
Gross margin	**2 289**	**1 161**	**1 269**	**804**	**-**	**5 498**
Salaries and personnel expenses	-359	-275	-222	-133	-	-989
Administrative expenses	-460	-290	-210	-174	23	-1 111
Depreciation and amortization	-80	-12	-27	-9	-	-128
Net operating income	**1 390**	**583**	**809**	**488**	**-**	**3 269**
Other income and costs	-164	-37	-2	1	-	-203
Impairment losses on other assets	-	-	-	-	-	-
Impairment losses on loan, guarantees etc.	30	-77	-161	-67	-	-274
Profit before taxes	**1 256**	**469**	**647**	**422**	**-**	**2 792**
Income tax expense	-355	-109	-143	-84	-	-691
Profit after tax	**901**	**361**	**504**	**338**	**-**	**2 101**

Cash and receivables on central banks	65	-	-	-	-	65
Deposits with and receivables on financial institutions	824	1 690	604	815	-	3934
Total gross loans to customers	59 053	33 457	30 247	28 785	-	151541
Write-downs	-1 773	-668	-503	-504	-	-3448
Commercial papers and bonds	1 981	1 877	1 529	4 051	-	9438
Financial derivatives	37	-	-	1	-	38
Investments in subsidiaries	-	-	-	-	-	-
Other assets	336	1 448	1 684	2 403	351	6 222
Total assets	**60 524**	**37 803**	**33 561**	**35 552**	**351**	**167 791**

Debt to credit institutions	4 893	12 932	16 075	27 954	-18 108	43 747
Deposits from customers	22 601	14 576	15 941	-	-	53 119
Debt established by issuing securities	28 862	9 099	653	4 906	-	43 519
Financial derivatives	15	-	-	-	-	15
Other liabilities	2 533	1 307	930	410	-49	5 130
Equity	20 964	-110	-37	2 278	-834	22 261
Total liabilities and equity	**79 868**	**37 804**	**33 562**	**35 548**	**-18 991**	**167 791**

	Q3 2017					
	Norway	**Sweden**	**Denmark**	**Finland**	**Eliminations**	**Total Group**
Total interest income	942	409	397	256	-13	1 991
Total interest expenses	-220	-40	-46	-25	20	-310
Net interest income	**722**	**369**	**351**	**232**	**7**	**1 681**
Fee and commission income	31	35	38	14	-1	117
Fee and commission expenses	-18	-2	-4	-7	-	-31
Value change and gain/loss on foreign exchange and securities	-5	-	-	-	-	-6
Other operating income	-	-	-	38	-	88
Other operating expenses	-22	-10	-31	-32	-	-95
Gross margin	**722**	**398**	**383**	**246**	**6**	**1 755**
Salaries and personnel expenses	-128	-85	-68	-33	-2	-316
Administration expenses	-183	-106	-68	-36	-3	-397
Depreciation and amortization	-12	-5	-8	-3	-	-27
Net operating income	**399**	**203**	**239**	**175**	**0**	**1 015**
Other income and costs	-	-	-	-	-	1
Impairment losses on other assets	-	-	-	-	-	-
Impairment losses on loan, guarantees etc.	-17	-57	-36	-17	-	-127
Profit before taxes	**383**	**145**	**203**	**159**	**0**	**890**
Income tax expense	-125	-36	-39	-32	-	-232
Profit after tax	**257**	**109**	**164**	**128**	**0**	**657**

	YTD Q3 2017					
	Norway	**Sweden**	**Denmark**	**Finland**	**Eliminations**	**Total Group**
Total interest income	2 799	1 184	1 143	731	-40	5 818
Total interest expenses	-661	-121	-127	-79	59	-929
Net interest income	**2 138**	**1 063**	**1 016**	**652**	**19**	**4 889**
Fee and commission income	159	110	111	41	2	424
Fee and commission expenses	-37	-6	-13	-17	-	-73
Value change and gain/loss on foreign exchange and securities	-27	3	-3	1	-	-26
Other operating income	15	6	29	94	-	144
Other operating expenses	-29	-18	-30	-75	-	-153
Gross margin	**2 218**	**1 158**	**1 111**	**696**	**21**	**5 204**
Salaries and personnel expenses	-379	-247	-193	-94	-12	-926
Administration expenses	-515	-315	-184	-107	-7	-1 129
Depreciation and amortization	-34	-14	-23	-7	-1	-80
Net operating income	**1 290**	**581**	**711**	**487**	**0**	**3 070**
Other income and costs	-9	-	-	1	-	-8
Impairment losses on other assets	-	-	-	-	-	-
Impairment losses on loan, guarantees etc.	86	-35	-67	1	-	-15
Profit before taxes	**1 367**	**546**	**643**	**490**	**-**	**3 047**
Income tax expense	-361	-129	-141	-98	-	-729
Profit after tax	**1 006**	**417**	**502**	**392**	**0**	**2 318**

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	-	-	-	-1 222	-
Other assets	21 232	1 477	1 669	2 210	-20 033	6 554
Total assets	**79 549**	**35 844**	**29 970**	**28 745**	**-21 255**	**152 853**
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	-	-	48 297
Debt established by issuing securities	31 472	8 690	-2	3 928	-	44 088
Financial derivatives	132	-	-	3	-	135
Other liabilities	2 135	1 412	870	405	-57	4 764
Equity	18 834	61	128	2 164	-830	20 358
Total liabilities and equity	**79 549**	**35 844**	**29 970**	**28 745**	**-21 255**	**152 853**

Note 9 - Net interest income

All amounts in millions of NOK

	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest and similar income on loans to and receivables from credit institutions	25	19	73	58	80
Interest and similar income on loans to and receivables from customers	2025	1948	5 990	5 671	7 670
Interest and similar income on comm. paper, bonds and other securities	14	23	55	88	100
Total interest income	**2 063**	**1 991**	**6 118**	**5 818**	**7 850**
Interest and similar expenses on debt to credit institutions	-45	-48	-148	-157	-205
Interest and similar expenses on deposits from and debt to customers	-168	-158	-502	-439	-603
Interest and similar expenses on issued securities	-88	-96	-260	-309	-391
Interest on subordinated loan capital*	-12	-9	-34	-26	-37
Other interest expenses and similar expenses	-28	1	-39	2	-7
Total interest expense	**-340**	**-310**	**-982**	**-930**	**-1 243**
Net interest income	**1 723**	**1 680**	**5 136**	**4 888**	**6 607**

* Additional Tier 1 capital of 2 250 MM NOK has been reclassified from Subordinated loan capital to equity in 2017. Interest expenses for Q3 2017 of 42 MM NOK and YTD Q3 2017 of 85 MM NOK are consequently presented in equity. Please see Accounting principles in 2017 annual report for further details.

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

To credit institutions	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest expenses	-45	-48	-148	-157	-205
Average loan	39 479	36 738	39 479	36 738	33 019
Average nominal interest rate	**0,46%**	**0,52%**	**0,75%**	**0,86%**	**0,62%**

To customers	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest expenses	-168	-158	-502	-439	-603
Average deposit	50 708	43 648	50 708	43 648	45 794
Average nominal interest rate	**1,32%**	**1,45%**	**1,98%**	**2,01%**	**1,32%**

To bondholders	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest expenses	-88	-96	-260	-309	-391
Average issued notes and bonds	43 803	41 132	43 803	41 132	46 940
Average nominal interest rate	**0,80%**	**0,94%**	**1,19%**	**1,50%**	**0,83%**

Subordinated loan capital*	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest expenses	-12	-9	-34	-26	-37
Average subordinated loan capital	1 754	2 689	1 754	2 689	1 525
Average nominal interest rate	**2,64%**	**1,37%**	**3,86%**	**1,93%**	**2,44%**

Total of tables above:	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest expenses	-312	-311	-944	-931	-1 236
Loan	135 744	124 207	135 744	124 207	127 278
Average nominal interest rate	**0,92%**	**1,00%**	**1,39%**	**1,50%**	**0,97%**

Note 10 - Classification of financial instruments

All amounts in millions of NOK

Classification of financial assets 30 September 2018	Financial assets at fair value through P&L	Financial assets at fair value through OCI	Amortized cost	Book value
Cash and receivables on central banks	-	-	43 747	43 747
Deposits with and receivables on financial institutions	-	-	53 119	53 119
Loans to customers	-	-	43 519	43 519
Commercial papers and bonds	-	-	-	15
Financial derivatives	38	-	337	337
Other ownership interests	-	26	1 692	1 692
Total financial assets	**38**	**26**	**142 414**	**142 429**
			Non financial assets	6 196
			Total assets	**167 791**

Classification of financial liabilities 30 September 2018	Financial assets at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	37 711	37 711
Deposits from customers	-	-	52 649	52 649
Debt established by issuing securities	-	-	43 126	43 126
Financial derivatives	15	-	-	39
Other financial liabilities	-	-	272	272
Subordinated loan capital	-	-	1 686	1 686
Total financial liabilities	**15**	**-**	**135 444**	**135 483**
			Non financial liabilities and equity	25 362
			Total liabilities and equity	**167 791**

2017

The Group has not provided comparative information for periods before the date of initial application of IFRS 9 for the new disclosures introduced by IFRS 9 as a consequential amendment to IFRS 7, as permitted by IFRS 7 paragraph 44Z.

Classification of financial assets 31 December 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	-	-	-	65	65
Deposits with and receivables on financial institutions	-	-	-	3 226	3 226
Loans to customers	-	-	-	140 793	140 793
Commercial papers and bonds	-	6 859	-	-	6 859
Financial derivatives	237	-	-	-	237
Other ownership interests	-	23	-	-	23
Other financial assets	-	-	-	1 586	1 586
Total financial assets	**237**	**6 882**	**-**	**145 670**	**152 790**
				Non financial assets	6 310
				Total assets	**159 100**

Classification of financial liabilities 31 December 2017	Financial liabilities at fair value through P&L	Financial liabilities measured at amortized cost	Book value
Debt to credit institutions	-	31 020	31 020
Deposits from customers	-	50 617	50 617
Debt established by issuing securities	-	51 270	51 270
Financial derivatives	175	-	175
Other financial liabilities	-	344	344
Subordinated loan capital	-	1 753	1 753
Total financial liabilities	**175**	**135 004**	**135 179**
		Non financial assets	23 921
		Total liabilities and equity	**159 100**

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

Note 11 - Valuation Hierarchy

Q3 2018

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Financial assets						
Name	***Type***	**Notional**				
Bilkreditt 6 Fixed	Cross Currency Swap	MM EUR 14	-	19	-	19
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 95	-	18	-	18
KIMI4 Pass Through	Interest Rate Swap	MM EUR 0	-	-	-	-
KIMI5 Fixed	Interest Rate Swap	MM EUR 139	-	-	-	-
KIMI6 Pass Through	Interest Rate Swap	MM EUR 383	-	-	-	-
KIMI6 Fixed	Interest Rate Swap	MM EUR 365	-	1	-	1
Total financial trading derivatives			**-**	**38**	**-**	**38**
Name	***Type***					
VISA	Equity		-	26	-	26
Total other ownership interests			**-**	**26**	**-**	**26**
Total Assets			**-**	**64**	**-**	**64**
Financial liabilities						
Name	***Type***	**Notional**				
KIMI5	Interest Rate Swap	MM EUR 135	-	-	-	-
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 77	-	15	-	15
KIMI4 Fixed	Interest Rate Swap	MM EUR 10	-	-	-	-
KIMI5 Pass Through	Interest Rate Swap	MM EUR 135	-	-	-	-
Total financial derivatives			**-**	**15**	**-**	**15**
Total Liabilities			**-**	**39**	**-**	**39**
Derivatives designated for hedge accounting - assets						
Name	***Type***	**Notional**				
Bilkreditt 7	Cross Currency Swap	MM EUR 77	-	15	-	15
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	6	-	6
DK EMTN MEUR 240	Cross Currency Swap	MM EUR 240	-	6	-	6
SW EMTN MEUR 100	Cross Currency Swap	MM EUR 100	-	66	-	66
DK EMTN MEUR 245	Cross Currency Swap	MM EUR 245	-	2	-	2
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	20	-	20
Total derivatives designated for hedging - assets*			**-**	**115**	**-**	**115**

Santander Consumer Bank

Derivatives designated for hedge accounting - liabilities

Name	*Type*	Notional				
KIMI6	Interest Rate Swap	MM EUR 383	-	1	-	1
Total derivatives designated for hedging - liabilities*			**-**	**1**	**-**	**1**

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.

Q3 2017

All amounts in millions of NOK

Financial instruments measured at fair value			**Quoted market price Level 1**	**Using observable inputs Level 2**	**With significant unobservable inputs Level 3**	**Total**
Financial assets						
Name	***Type***	**Notional**				
Bilkreditt 5 Fixed	Cross Currency Swap	MM EUR 22	-	24	-	24
Bilkreditt 6 Fixed	Cross Currency Swap	MM EUR 108	-	138	-	138
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 198	-	25	-	25
KIMI5 Fixed	Interest Rate Swap	MM EUR 308	-	2	-	2
KIMI4 Pass Through	Interest Rate Swap	MM EUR 70	-	1	-	1
Total financial trading derivatives			**-**	**190**	**-**	**190**
Name	***Type***					
Government bonds and Treasury Bills	Bonds		4 275	-	-	4 275
Covered Bonds	Bonds		4 709	-	-	4 709
Total commercial papers and bonds *			**8 984**	**-**	**-**	**8 984**
Name	***Type***					
VISA	Equity		-	20	-	20
Total other ownership interests			**-**	**20**	**-**	**20**
Total Assets			**8 984**	**210**	**-**	**9 194**

Financial liabilities

Name	*Type*	*Notional*				
Bilkreditt 5 Pass Through	Cross Currency Swap	MM EUR 7	-	8	-	8
Bilkreditt 6 Pass Through	Cross Currency Swap	MM EUR 79	-	101	-	101
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 183	-	24	-	24
KIMI4 Fixed	Interest Rate Swap	MM EUR 76	-	1	-	1
KIMI4	Interest Rate Swap	MM EUR 70	-	1	-	1
KIMI5 Pass Through	Interest Rate Swap	MM EUR 318	-	1	-	1
Total financial derivatives			**-**	**135**	**-**	**135**
Total Liabilities			**-**	**135**	**-**	**135**

Derivatives designated for hedge accounting - assets

Name	*Type*	*Notional*				
Bilkreditt 5	Cross Currency Swap	MM EUR 7	-	8	-	8
Bilkreditt 6	Cross Currency Swap	MM EUR 79	-	101	-	101
Bilkreditt 7	Cross Currency Swap	MM EUR 183	-	24	-	24
EMTN MEUR 350	Cross Currency Swap	MM EUR 350	-	2	-	2
EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	7	-	7
EMTN MEUR 240	Cross Currency Swap	MM EUR 240	-	13	-	13
SW EMTN MEUR 100	Cross Currency Swap	MM EUR 100	-	1	-	1
EMTN SEK	Interest Rate Swap	MM SEK 500	-	2	-	2
Total derivatives designated for hedging - assets*			**-**	**157**	**-**	**157**

Derivatives designated for hedge accounting - liabilities

Name	*Type*	*Notional*				
KIMI5	Interest Rate Swap	MM EUR 318	-	1	-	1
EMTN MEUR 100	Cross Currency Swap	MM EUR 100	-	4	-	4
DK EMTN MEUR 245	Cross Currency Swap	MM EUR 245	-	1	-	1
Total derivatives designated for hedging - liabilities*			**-**	**6**	**-**	**6**

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 - Loans to customers

All amounts in millions of NOK	**YTD Q3 2018**
Credit Card	6 732
Unsecured loans	26 294
Auto loans	118 515
- Installment loans	*97 815*
- Financial leasing	*20 701*
Total gross loans to customers	**151 541**
- Loan loss allowance - Stage 1	-1 115
- Loan loss allowance - Stage 2	-560
- Loan loss allowance - Stage 3	-1 773
Total net loans to customers	**148 093**

2017

The Group has not provided comparative information for periods before the date of initial application of IFRS 9 for the new disclosures introduced by IFRS 9 as a consequential amendment to IFRS 7, as permitted by IFRS 7 paragraph 44Z.

All amounts in millions of NOK	**YTD Q3 2017**	**FY 2017**
Credit Card	6 172	6 606
Unsecured loans	26 569	27 323
Auto loans	104 719	109 686
- Installment loans	86 515	*90 802*
- Financial leasing	18 204	*18 884*
Total gross loans to customers	**137 460**	**143 615**
- Specific loan reserves	-1 630	-1 605
- Generic loan reserves	-1 318	-1 216
Total net loans to customers	**134 511**	**140 793**

Note 13 - Issued securities

All amounts in millions of NOK

	Q3 2018	Q3 2017	FY 2017
Issued certificates	903	-	901
Senior unsecured issued securities	32 888	33 274	34 884
Asset backed issued securities	9 728	10 814	15 485
Total issued securities	**43 519**	**44 088**	**51 270**

Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in January to a value of NOK 300 MM.
Santander Consumer Bank AS issued bonds on the Oslo Stock exhchange in January to a value of NOK 300 MM.
Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exhchange in January to a value of NOK 200 MM.
Santander Consumer Bank AS issued bonds on the Irish stock exchange in January to a value of SEK 500 MM (NOK 488 MM)
Santander Consumer Bank AS issued bonds on the Oslo Stock exhchange in February to a value of NOK 350 MM.
Santander Consumer Bank AS issued bonds on the Irish stock exchange in March to a value of SEK 500 MM (NOK 473 MM)
Santander Consumer Bank AS issued bonds on the Irish stock exchange in March to a value of EUR 500 MM (NOK 4 830 MM)
Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exhchange in April to a value of NOK 250 MM.
Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exhchange in May to a value of NOK 200 MM.
Santander Consumer Bank AS issued bonds on the Irish stock exchange in May to a value of SEK 500 MM (NOK 464 MM)
Santander Consumer Bank AS issued bonds on the Oslo Stock exhchange in May to a value of NOK 300 MM.
Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exhchange in June to a value of NOK 200 MM.
Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exchange in July to a value of NOK 250 MM
Santander Consumer Bank AS issued bonds on the Irish Stock exchange in August to a value of SEK 500 MM (NOK 458 MM)
Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in August to a value of NOK 500 MM
Santander Consumer Bank AS issued bonds on the Dublin Stock Exchange in September to a value of DKK 500 MM (NOK 643 MM)
Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in September to a value of NOK 200 MM

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

Note 14 - Receivables and liabilities to related parties

Amounts in millions of NOK

Debt to related parties:	**Q3 2018**	**Accrued interest Q3 2018**	**Q3 2017**	**Accrued interest Q3 2017**	**FY 2017**	**Accrued interest FY 2017**
Santander Benelux	254	-	556	2	582	2
Santander Consumer Finance S.A.	43 301	8	34 456	13	29 939	8
Total	**43 555**	**8**	**35 012**	**16**	**30 520**	**10**
Balance sheet line: "Subordinated loan capital" - Bonds						
MNOK 80, maturity October 2017, 3 months NIBOR +1.75% (Santander Consumer Finance S.A)	-	-	80	-	-	-
MNOK 250, maturity March 2025, 3 months NIBOR + 2.2575% (Santander Consumer Finance S.A)	250	-	250	-	250	-
MNOK 250, maturity July 2025, 3 months NIBOR+3.135% (Santander Consumer Finance S.A)	250	2	250	2	250	2
MSEK 750, maturity December 2024, 3 months STIBOR+2.2825% (Santander Consumer Finance S.A)	689	-	732	-	750	-
MNOK 500, maturity September 2027, 3 months NIBOR + 1,66% (Santander Consumer Finance S.A)	500	1	500	1	500	1
Total	**1 689**	**3**	**1 812**	**3**	**1 750**	**3**

Additional Tier 1 capital of 2 250 MM NOK has been reclassified from Subordinated loan capital to equity in 2017. Please see Accounting principles in 2017 annual report for further details.

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

Financial information in accordance with the capital requirement regulation is published at www.santander.no

Note 15 - 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 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest income	-3	8	9	29	39
Interest expenses	-2	-45	-74	-160	-201
Interest payments additional Tier 1 capital	-43	-43	-127	-128	-174
Fees	2	13	7	55	57
Other	-2	1	-2	0	-4
Net transactions	**-48**	**-66**	**-187**	**-204**	**-284**

Santander Consumer Bank Group had transactions with the following related parties per 30 September 2018:

Banco Santander
Santander Consumer Finance SA
Santander Benelux
Produban
Banco Madesant
Santander Securities Services, S.A
Santander Insurance Europe Limited
Santander Insurance Services Ireland Limited
Abbey National Treasury Services plc
Geoban S.A.
Isban Madrid
Santander Consumer Bank AB
Banco Santander (00001)

Notes

Santander Consumer Bank AS

Note 1 - Basis of preparation

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

The Santander Consumer Bank AS interim accounts for the first quarter of 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual report as at and for the year ended 31 December 2017.

The annual report for 2017 may be obtained by contacting Santander Consumer Bank AS, Strandveien 18, Lysaker – or by visiting www.santander.no.

These interim financial statements were authorized by the Board of Directors on 15th November 2018.

Note 2 - Accounting policy

The Santander Consumer Bank AS's accounting policies are consistent with those of the previous financial year as described in the 2017 annual report and in the Q1 2018 report where accounting principles of Financial instruments was updated according to IFRS 9.

Note 3 - Credit risk exposure

All amounts in millions of NOK

Maximum exposure to credit risk - Financial intruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the SCB AS' maximum exposure to credit risk on these assets.

	Q3 2018				
Loans to customers	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
Credit grade					
Loans not past due date	107 484	6 544	-	-	114 028
Standard monitoring	3 163	2 229	-	-	5 392
Special monitoring	-	427	-	-	427
Default	-	-	2 910	-	2 910
Gross carrying amount	**110 647**	**9 199**	**2 910**	**-**	**122 756**
Loss allowance	-864	-418	-1 662	-	-2 944
Carrying amount	**109 783**	**8 781**	**1 248**	**-**	**119 812**

Loans not past due date: Exposures that are not in arrears and not in default.
Standard monitoring: Exposures in early arrears.
Special monitoring: Exposures under special monitoring.
Default: Defaulted loans.

	Q3 2018				
Commercial papers and bonds	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
Credit grade					
Investment grade	5 156	-	-	-	5 156
Standard monitoring	-	-	-	-	-
Special monitoring	-	-	-	-	-
Default	-	-	-	-	-
Gross carrying amount	**5 156**	**-**	**-**	**-**	**5 156**
Loss allowance	-1	-	-	-	-1
Carrying amount	**5 156**	**-**	**-**	**-**	**5 156**

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

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

	Maximum exposure to credit risk
Financial derivatives	37

Note 4 - Risk classification

All amounts in millions of NOK

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.

	Balance			Loss reserves		
	Q3 2018	**Q3 2017**	**FY 2017**	**Q3 2018**	**Q3 2017**	**FY 2017**
Current - not past due date	114 028	106 992	110 336	-867	-816	-673
Current - past due date	5 819	5 105	5 864	-415	-232	-257
Total impaired loans	2 910	2 652	2 708	-1 662	-1 535	-1 495
Total gross loans to customers	**122 756**	**114 749**	**118 909**	**-2 944**	**-2 584**	**-2 425**

	Balance			Loss reserves		
Ageing of past due but not impaired loans	**Q3 2018**	**Q3 2017**	**FY 2017**	**Q3 2018**	**Q3 2017**	**FY 2017**
1 - 29 days	4 191	4 042	4 556	-204	-97	-106
30 - 59 days	885	779	969	-129	-72	-82
60 - 89 days	324	284	339	-82	-63	-70
Total loans due but not impaired	**5 401**	**5 105**	**5 864**	**-415**	**-232**	**-257**

	Balance			Loss reserves		
Ageing of impaired loans	**Q3 2018**	**Q3 2017**	**FY 2017**	**Q3 2018**	**Q3 2017**	**FY 2017**
90 - 119 days	216	207	215	-114	-70	-72
120 - 149 days	170	155	166	-90	-65	-70
150 - 179 days	158	143	144	-80	-69	-70
180 + days	899	955	797	-572	-685	-550
Economic doubtful*	1 467	1 192	1 386	-805	-646	-733
Total impaired loans	**2 910**	**2 652**	**2 708**	**-1 662**	**-1 535**	**-1 495**

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

Note 5 - Interest rate risk

All amounts in millions of NOK

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

Loans to customers

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
Loss allowance as at 1 January 2018	**908**	**406**	**1 607**	**-**	**2 920**
Changes due to financial instruments recognized as at 1 January 2018					
Transfer from Stage 1 to Stage 2	-51	208	-	-	157
Transfer from Stage 1 to Stage 3	-21	-	415	-	394
Transfer from Stage 2 to Stage 1	18	-99	-	-	-81
Transfer from Stage 2 to Stage 3	-	-60	203	-	143
Transfer from Stage 3 to Stage 2	-	11	-97	-	-86
Transfer from Stage 3 to Stage 1	5	-	-5	-	-
New financial assets originated or purchased	303	95	140	-	538
Changes to assumptions and methodologies	-186	-3	25	-	-164
Financial assets that have been derecognized	-137	-57	-137	-	-331
Write-offs	-16	-69	-460	-	-546
Loss allowance as at 30 September 2018	**823**	**430**	**1 691**	**-**	**2 944**

Commercial papers and bonds	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
Loss allowance as at 1 January 2018	**2**	**-**	**-**	**-**	**2**
Changes due to financial instruments recognized as at 1 January 2018					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
New financial assets originated or purchased	1	-	-	-	1
Changes to assumptions and methodologies	-	-	-	-	-
Financial asstes that have been derecognized	-2	-	-	-	-2
Write-offs	-	-	-	-	-
Loss allowance as at 30 September 2018	**1**	**-**	**-**	**-**	**1**

Santander Consumer Bank

2017

The Group has not provided comparative information for periods before the date of initial application of IFRS 9 for the new disclosures introduced by IFRS 9 as a consequential amendment to IFRS 7, as permitted by IFRS 7 paragraph 44Z.

All amounts in millions of NOK

Specific loan reserves	**Q3 2017**	**FY 2017**
Specific loan reserves 01.01.	1 475	1 475
+/- Fx rate adjustment opening balance	10	-22
Reclassification between specific and generic loan reserves	37	-39
+ Specific loan reserves for the period	8	41
= Specific loan reserves period end	**1 530**	**1 455**
Generic loan reserves		
Generic loan reserves 01.01	1 064	1 064
+/- Fx rate adjustment opening balance	14	30
Release of reserves related to bad debt sale	-	-
Reclassification between specific and generic loan reserves	-37	-39
+/- Generic loan reserves for the year	13	-125
= Generic loan reserves period end	**1 053**	**930**
Total Loan Reserves in Balance Sheet	**2 691**	**2 425**

Loan losses expenses	**Q3 2017**	**YTD Q3 2017**	**FY 2017**
Change in loan reserves provision	92	-21	166
+/- Fx rate adjustment opening balance	-3	2	5
+ Total realized losses	-324	-984	-1 363
- Recoveries on previously realized losses	132	1 003	607
- Gain on sold portfolios	-	-	545
= Loan losses in the period	**-102**	**1**	**-40**

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 100% from 31 December 2017. With a stable basis of High Quality Liquid Assets, SCB AS fulfills the minimum LCR requirements.

Liquidity Coverage Ratio (LCR) %	**Q3 2018**	**Q3 2017**	**FY 2017**
Liquidity Coverage Ratio (LCR) Total	126	138	135
Liquidity Coverage Ratio (LCR) NOK	94	132	125
Liquidity Coverage Ratio (LCR) SEK	155	119	128
Liquidity Coverage Ratio (LCR) DKK	154	361	283
Liquidity Coverage Ratio (LCR) EUR	-	-	-

Note 7 - Capital adequacy

All amounts in millions of NOK

	Q3 2018	Q3 2017	FY 2017
Balance sheet equity			
Paid in equity	9 652	9 652	9 652
Share premium	891	891	891
Other equity	8 110	6 366	7 164
Tier 1 Capital	2 250	2 250	2 250
Other reserves	-86	-157	-30
Total Equity	**20 818**	**19 003**	**19 928**
Common Equity Tier 1 Capital			
(-) Profit not eligible as capital	-909	-1165	-350
Cash-flow hedge adjustment	-	-	-20
IRB Expected Loss - Reserves	-206	-182	-250
Goodwill	-281	-282	-294
Other intangible assets	-243	-271	-299
Deferred tax assets	-	-	-
Adjustment Prudent Valuation (AVA)	-5	-6	-6
Tier 1 Capital	-2 250	-2 250	-2 250
Total common Equity Tier 1 Capital (with full IFRS9 impact)	**16 924**	**14 846**	**16 458**
Capital adjustment according to IFRS9 Transitional rules	355	-	-
Total common Equity Tier 1 Capital (after IFRS9 transitional rules)	**17 279**	**14 846**	**16 458**
Tier 1 Capital			
Paid in Tier 1 capital instruments	2 250	2 250	2 250
Total Tier 1 Capital (with full IFRS9 impact)	**19 174**	**17 096**	**18 708**
Total Tier 1 Capital (after IFRS9 transitional rules)	**19 529**	**17 096**	**18 708**
Total Capital			
Paid up subordinated loans	1 689	1 791	1 711
Subordinated loans not eligible	-	-79	-
Total Capital (with full IFRS9 impact)	**20 863**	**18 808**	**20 419**
Total Capital (after IFRS9 transitional rules)	**21 218**	**18 808**	**20 419**
Risk exposure on Standard Approach			
Regional governments or local authorities	63	79	78
Institutions	434	446	585
Corporates	7 931	8 801	9 505
Retail Standard Approach	47 422	45 052	46 214
Exposures in default SA	858	1 002	999
Covered bonds	395	440	388
Other Exposures	12 431	11 864	12 560
Total Risk exposure amount on Standard Approach	**69 532**	**67 682**	**70 330**
Risk exposure on Internal Rating Based Approach			
Retail Other	22 895	21 393	21 920
Total Risk exposure amount on Internal Rating Based Approach	**22 895**	**21 393**	**21 920**
Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**92 426**	**89 075**	**92 250**

Foreign exchange (zero if under threshold)	-	-	-
Risk exposure amount for position, foreign exchange and commodities risks	**-**	**-**	**-**
Basic indicator approach	10 607	8 718	10 607
Risk exposure amount for operational risk	**10 607**	**8 718**	**10 607**
Standardized method	99	186	165
Risk exposure amount for credit valuation adjustment	**99**	**186**	**165**
Total risk exposure amount (with full IFRS9 impact)	**103 132**	**97 979**	**103 021**
Risk Exposure adjustment according to IFRS9 Transitional rules	354	-	-
Total risk exposure amount (after IFRS9 transitional rules)	**103 485**	**97 979**	**103 021**
Total exposure for Leverage Ratio			
Derivatives: Add-on under market-to-market method	373	655	532
Off-balance sheet items with 10% CCF	2 249	1 682	1 927
Off-balance sheet items with 20% CCF	858	950	257
Off-balance sheet items with 50% CCF	34	42	41
Adjusted On balance sheet exposure	138 838	134 866	140 661
Total exposure for Leverage Ratio (with full IFRS9 impact)	**142 352**	**138 195**	**143 419**
Exposure adjustment according to IFRS9 Transitional rules	473	-	-
Total exposure for Leverage Ratio (after IFRS9 transitional rules)	**142 825**	**138 195**	**143 419**
Minimum Regulatory Capital			
Minimum Core Equity	4,50%	4,50%	4,50%
Pillar 2 Requirement	2,30%	2,20%	2,20%
Countercyclical Buffer (combined)	1,46%	1,23%	1,49%
Conservation Buffer	2,50%	2,50%	2,50%
Systemic Risk Buffer	3,00%	3,00%	3,00%
Minimum Regulatory Capital ratio (CET1)	**13,76%**	**13,43%**	**13,69%**
Minimum Regulatory Capital			
Minimum Core Equity	4 641	4 409	4 636
Pillar 2 Requirement	2 372	2 156	2 266
Countercyclical Buffer (combined)	1 506	1 205	1 174
Conservation Buffer	2 578	2 449	2 576
Systemic Risk Buffer	3 094	2 939	3 091
Minimum Regulatory Capital amount (full IFRS9 impact)	**14 191**	**13 159**	**13 743**
Surplus of Core Equity Tier 1 capital (full IFRS9 impact)	2 733	1 687	2 715
Minimum Regulatory Capital amount (after IFRS9 transitional rules)	**14 240**	**13 159**	**13 743**
Surplus of Core Equity Tier 1 capital (after IFRS9 transitional rules)	3 040	1 687	2 715
Common equity tier 1 capital ratio (full IFRS9 impact)	**16,41%**	**15,15%**	**15,98%**
Common equity tier 1 capital ratio (after IFRS9 transitional rules)	**16,70%**	**15,15%**	**15,98%**
CET1 regulatory requirements	13,76%	13,43%	13,44%
Tier 1 capital ratio (full IFRS9 impact)	**18,59%**	**17,45%**	**18,16%**
Tier 1 capital ratio (after IFRS9 transitional rules)	**18,87%**	**17,45%**	**18,16%**
Tire 1 regulatory requirements	15,26%	14,93%	14,94%
Total capital ratio (full IFRS9 impact)	**20,23%**	**19,20%**	**19,82%**
Total capital ratio (after IFRS9 transitional rules)	**20,50%**	**19,20%**	**19,82%**
Total capital regulatory requirements	17,26%	16,93%	16,94%

Leverage ratio (full IFRS9 impact)	**13,47%**	**12,37%**	**13,04%**
Leverage ratio (after IFRS9 transitional rules)	**13,67%**	**12,37%**	**13,04%**
LR regulatory requirements	5,00%	5,00%	5,00%

Specification of IFRS Transition rules (based on initial impact)	
IFRS 9 Increase in Loss Reserves	-498
- whereof Internal Rating Based	-
Tax impact from increased loss reserves	124
Deferred tax assets impact on capital	-
Initial IFRS9 net impact on capital	-374
Base amount for IFRS9 transitional rule on capital	374
Transition %	95%
Capital adjustment due to Transitional rule	**355**

Std Approach value adjustments Spec Reserves	-498
- whereof Retail (75%RW)	-496
- whereof Covered Bonds (10%RW)	-2
Deferred tax assets impact on Risk Exposure Amount (250%RW)	-
Initial IFRS9 net impact on Risk Exposure Amount	-372
Base amount for IFRS9 transitional rule on Risk Exposure Amount	372
Transition %	95%
Risk Exposure adjustment due to Transitional rule	**354**
Impact from Transitional rules on capital ratios (same impact for Tier 1 and 2)	0,29%

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

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

Note 8 - Segment information

All amounts in millions of NOK

Financial management in Santander is oriented towards the various geographical markets. Monitoring of the overall profitability of the geographic areas are important dimensions of the strategic priorities and allocation of resources in 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)

	Q3 2018					
	Unsecured loans*	Secured loans	Financial lease	Operational lease	Consignment	Total
Norway	11 097	37 176	10 780	-	-	**59 053**
Sweden	13 472	15 120	4 865	-	1 144	**34 601**
Denmark	5 811	21 813	2 623	198	290	**30 735**
Total	**30 380**	**74 109**	**18 268**	**198**	**1 434**	**124 388**

* The reduction in unsecured loans in Sweden from Q3 2017 to Q3 2018 is due to FX. In local currency unsecured loans in Sweden was 14 670 MM SEK per Q3 2018 compared to 14 008 MM SEK per Q3 2017

	Q3 2017					
	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**
Total	**30 170**	**67 962**	**16 617**	**160**	**1 603**	**116 512**

P&L and Balance sheet per country

	Q3 2018				
	Norway	Sweden	Denmark	Eliminations	Total
Total interest income	954	382	429	-	1 765
Total interest expenses	-215	-33	-48	-	-296
Net interest income	**739**	**349**	**380**	**-**	**1 469**
Fee and commission income	59	41	45	-	144
Fee and commission expenses	-16	-2	-6	-	-24
Value change and gain/loss on foreign exchange and securities	-8	-	4	-	-4
Other operating income	10	2	14	-	26
Other operating expenses	-8	-5	-12	-	-25
Gross margin	**-1 394**	**-664**	**-709**	**-**	**1 587**
Salaries and personnel expenses	-98	-95	-72	-	-265
Administrative expenses	-134	-89	-71	-	-294
Depreciation and amortization	-14	-4	-8	-	-27
Net operating income	**-1 668**	**-869**	**-899**	**-**	**1 001**
Other income and costs	-162	-3	-1	-	-167
Impairment losses on other assets	-	-	-	-	-
Impairment losses on loan, guarantees etc.	-86	-75	-74	-	-235
Profit before taxes	**-1 997**	**-960**	**-1 000**	**-**	**600**
Income tax expense	-73	-28	-52	-	-152
Profit after tax	**-2 186**	**-1 098**	**-1 214**	**-**	**448**

	YTD Q3 2018				
	Norway	Sweden	Denmark	Eliminations	Total
Total interest income	2 809	1 151	1 283	-	5 243
Total interest expenses	-640	-101	-149	-	-890
Net interest income	**2 169**	**1 050**	**1 134**	**-**	**4 353**
Fee and commission income	142	125	131	-	397
Fee and commission expenses	-55	-5	-17	-	-77
Value change and gain/loss on foreign exchange and securities	21	-1	14	-	34
Other operating income	23	6	44	-	73
Other operating expenses	-28	-17	-38	-	-83
Gross margin	**102**	**108**	**134**	**-**	**4 698**
Salaries and personnel expenses	-360	-275	-222	-	-857
Administrative expenses	-460	-290	-210	-	-960
Depreciation and amortization	-80	-12	-27	-	-120
Net operating income	**-826**	**-487**	**-363**	**-**	**2 761**
Other income and costs	-164	-37	-2	-	-204
Impairment losses on other assets	-	-	-	-	-
Impairment losses on loan, guarantees etc.	48	-73	-161	-	-186
Profit before taxes	**-1 023**	**-610**	**-552**	**-**	**2 372**
Income tax expense	-355	-109	-143	-	-607
Profit after tax	**-1 494**	**-829**	**-858**	**-**	**1 765**

Cash and receivables on central banks	65	-	-	-	65
Deposits with and receivables on financial institutions	491	1 473	604	-	2 569
Total gross loans to customers	59 053	33 457	30 247	-	122 756
Write-downs	-1 773	-668	-503	-	-2 944
Commercial papers and bonds	3 475	2 356	1 529	-	7 361
Financial derivatives	37	-	-	-	37
Investments in subsidiaries	-	-	-	-	-
Other assets	19 900	1 509	1 684	-9 850	13 243
Total assets	**81 249**	**38 128**	**33 561**	**-9 850**	**143 088**
Debt to credit institutions	7 006	17 349	16 075	-9 811	30 620
Deposits from customers	22 601	14 576	15 941	-	53 119
Debt established by issuing securities	28 130	5 008	653	-	33 791
Financial derivatives	15	-	-	-	15
Other liabilities	2 531	1 304	929	-39	4 725
Equity	20 965	-110	-37	-	20 818
Total liabilities and equity	**81 249**	**38 128**	**33 561**	**-9 850**	**143 088**

	Q3 2017				
	Norway	**Sweden**	**Denmark**	**Eliminations**	**Total**
Total interest income	918	400	397	-	1 715
Total interest expenses	-209	-38	-46	-	-292
Net interest income	**709**	**362**	**351**	-	**1 424**
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	-	-	-	-6
Other operating income*	15	6	28	-	50
Other operating expenses**	-22	-10	-31	-	-63
Gross margin	**715**	**398**	**383**	-	**1 496**
Salaries and personnel expenses	-128	-85	-68	-	-281
Administration expenses	-182	-106	-68	-	-357
Depreciation and amortization	-12	-5	-8	-	-24
Net operating income	**393**	**202**	**239**	-	**834**
Other income and costs	-	-	-	-	-
Impairment losses on other assets	-	-	-	-	-
Impairment losses on loan, guarantees etc.	-10	-57	-36	-	-102
Profit before taxes	**383**	**145**	**203**	-	**731**
Income tax expense	-132	-28	-40	-	-201
Profit after tax	**250**	**118**	**163**	-	**531**

	YTD Q3 2017				
	Norway	Sweden	Denmark	Eliminations	Total
Total interest income	2 718	1 160	1 143	-	5 021
Total interest expenses	-615	-117	-127	-	-858
Net interest income	**2 103**	**1 043**	**1 016**	-	**4 162**
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
Gross margin	**2 202**	**1 156**	**1 111**	-	**4 469**
Salaries and personnel expenses	-379	-247	-193	-	-819
Administration expenses	-513	-315	-184	-	-1 013
Depreciation and amortization	-34	-14	-23	-	-71
Net operating income	**1 276**	**579**	**711**	-	**2 565**
Other income and costs	-9	-	-	-	-9
Impairment losses on other assets	-	-	-	-	-
Impairment losses on loan, guarantees etc.	100	-33	-67	-	1
Profit before taxes	**1 367**	**546**	**643**	-	**2 557**
Income tax expense	-368	-120	-142	-	-630
Profit after tax	**999**	**426**	**502**	-	**1 927**

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	1546	1669	-12 161	12 618
Total assets	**81 382**	**36 164**	**29 970**	**-12 161**	**135 354**
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	2 160	1 410	870	-47	4 393
Equity	18 814	61	128	-	19 003
Total liabilities and equity	**81 382**	**36 164**	**29 970**	**-12 161**	**135 354**

Note 9 - Net interest income

All amounts in millions of NOK

	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest and similar income on loans to and receivables from credit institutions	92	122	294	393	513
Interest and similar income on loans to and receivables from customers	1 654	1 559	4 877	4 505	6 126
Interest and similar income on comm. paper, bonds and other securities	19	34	72	122	142
Total interest income	**1 765**	**1 543**	**5 243**	**5 021**	**6 781**
Interest and similar expenses on debt to credit institutions	-37	-41	-117	-133	-174
Interest and similar expenses on deposits from and debt to customers	-168	-158	-502	-439	-603
Interest and similar expenses on issued securities	-81	-82	-235	-254	-325
Interest on subordinated loan capital*	-12	-9	-34	-26	-37
Other interest expenses and similar expenses	-	-2	-3	-6	-11
Total interest expense	**-297**	**-265**	**-891**	**-859**	**-1 150**
Net interest income	**1 469**	**1 278**	**4 353**	**4 162**	**5 630**

* Additional Tier 1 capital of 2 250 MM NOK has been reclassified from Subordinated loan capital to equity in 2017. Interest expenses for Q3 2017 of 42 MM NOK and YTD Q3 2017 of 85 MM NOK are consequently presented in equity. Please see Accounting principles in 2017 annual report for further details.

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

To credit institutions	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest expenses	-37	-41	-117	-133	-174
Average loan	30 437	36 481	30 437	36 481	34 233
Average nominal interest rate	**0,49%**	**0,45%**	**0,77%**	**0,73%**	**0,51%**

To customers	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest expenses	-168	-158	-502	-439	-603
Average deposit	50 708	43 648	50 708	43 648	45 794
Average nominal interest rate	**1,32%**	**1,45%**	**1,98%**	**2,01%**	**1,32%**

To bondholders	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest expenses	-81	-82	-235	-254	-325
Average issued notes and bonds	33 532	29 175	33 532	29 175	31 129
Average nominal interest rate	**0,96%**	**1,13%**	**1,40%**	**1,74%**	**1,04%**

Subordinated loan capital*	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest expenses	-12	-9	-34	-26	-37
Average subordinated loan capital	1 754	2 689	1 754	2 689	1 525
Average nominal interest rate	**2,64%**	**1,37%**	**3,86%**	**1,70%**	**2,43%**

Total of tables above:	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest expenses	-297	-290	-888	-853	-1 139
Loan	116 432	111 993	116 432	111 993	112 681
Average nominal interest rate	**1,02%**	**1,04%**	**1,53%**	**1,52%**	**1,01%**

Note 10 - Classification of financial instruments

All amounts in millions of NOK

Classification of financial assets 30 September 2018	Financial assets at fair value through P&L	Financial assets at fair value through OCI	Amortized cost	Book value
Cash and receivables on central banks	-	-	65	65
Deposits with and receivables on financial institutions	-	-	2 569	2 569
Loans to customers	-	-	119 812	119 812
Commercial papers and bonds	-	-	7 361	7 361
Financial derivatives	37	-	-	-
Loans to subsidiaries and SPV's	-	-	1 229	1 229
Other ownership interests	-	26	-	26
Total financial assets	**37**	**26**	**131 036**	**131 062**

Non financial assets	12 025
Total assets	**143 088**

Classification of financial liabilities 30 September 2018	Financial assets at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	30 620	30 620
Deposits from customers	-	-	53 119	53 119
Debt established by issuing securities	-	-	33 791	33 791
Financial derivatives	15	-	-	15
Other financial liabilities	-	-	333	333
Subordinated loan capital	-	-	1 692	1 692
Total financial liabilities	**15**	**-**	**119 555**	**119 570**

Non financial liabilities and equity	23 518
Total liabilities and equity	**143 088**

2017

The Group has not provided comparative information for periods before the date of initial application of IFRS 9 for the new disclosures introduced by IFRS 9 as a consequential amendment to IFRS 7, as permitted by IFRS 7 paragraph 44Z.

Classification of financial assets 31 December 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	-	-	-	65	65
Deposits with and receivables on financial institutions	-	-	-	1 351	1 351
Loans to customers	-	-	-	116 484	116 484
Commercial papers and bonds	-	5 762	2 713	-	8 475
Financial derivatives	232	-	-	-	232
Loans to subsidiaries and SPV's	-	-	-	9 050	9 050
Other ownership interests	-	23	-	-	23
Other financial assets	-	-	-	1 412	1 412
Total financial assets	**232**	**5 785**	**2 713**	**128 362**	**137 092**

Non financial assets	4 034
Total assets	**141 126**

Classification of financial liabilities 31 December 2017	Financial liabilities at fair value through P&L	Financial liabilities measured at amortized cost	Book value
Debt to credit institutions	-	30 045	30 045
Deposits from customers	-	50 617	50 617
Debt established by issuing securities	-	35 785	35 785
Financial derivatives	172	-	172
Other financial liabilities	-	342	342
Subordinated loan capital	-	1 753	1 753
Total financial liabilities	**172**	**118 543**	**118 715**

Non financial liabilities and equity	22 411
Total liabilities and equity	**141 126**

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

Note 11 - Valuation Hierarchy

All amounts in millions of NOK

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Financial assets						
Name	*Type*	Notional				
Bilkreditt 6 Fixed	Cross Currency Swap	MM EUR 14	-	19	-	19
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 95	-	18	-	18
Total financial trading derivatives			**-**	**37**	**-**	**37**
Name	*Type*					
VISA	Equity		-	26	-	26
Total other ownership interests			**-**	**26**	**-**	**26**
Total Assets			**-**	**63**	**-**	**63**
Financial liabilities						
Name	*Type*	Notional				
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 77	-	15	-	15
Total financial derivatives			**-**	**15**	**-**	**15**
Total Liabilities			**-**	**15**	**-**	**15**
Derivatives designated for hedge accounting - assets						
Name	*Type*	Notional				
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	6	-	6
DK EMTN MEUR 240	Cross Currency Swap	MM EUR 240	-	6	-	6
SW EMTN MEUR 100	Cross Currency Swap	MM EUR 100	-	66	-	66
DK EMTN MEUR 245	Cross Currency Swap	MM EUR 245	-	2	-	2
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	20	-	20
Total derivatives designated for hedging - assets*			**-**	**100**	**-**	**100**

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.

Q3 2017

All amounts in millions of NOK

Financial instruments measured at fair value			**Quoted market price Level 1**	**Using observable inputs Level 2**	**With significant unobservable inputs Level 3**	**Total**
Financial assets						
Name	*Type*	Notional				
Bilkreditt 5 Fixed	Cross Currency Swap	MM EUR 22	-	24	-	24
Bilkreditt 6 Fixed	Cross Currency Swap	MM EUR 108	-	138	-	138
Bilkreditt 7 Fixed	Cross Currency Swap	MM EUR 198	-	25	-	25
Total financial trading derivatives			**-**	**187**	**-**	**187**
Name	*Type*					
Government bonds and Treasury Bills	Bonds		1 336	-	-	1 336
Covered Bonds	Bonds		4 401	-	-	4 401
Total commercial papers and bonds *			**5 737**	**187**	**-**	**5 737**
Name	*Type*					
VISA	Equity		-	20	-	20
Total other ownership interests			**-**	**20**	**-**	**20**
Total Assets			**5 737**	**207**	**-**	**5 944**

Financial liabilities

Name	*Type*	*Notional*				
Bilkreditt 5 Pass Through	Cross Currency Swap	MM EUR 7	-	8	-	8
Bilkreditt 6 Pass Through	Cross Currency Swap	MM EUR 79	-	101	-	101
Bilkreditt 7 Pass Through	Cross Currency Swap	MM EUR 183	-	24	-	24
Total financial derivatives			**-**	**132**	**-**	**132**
Total Liabilities			**-**	**256**	**-**	**256**

Derivatives designated for hedge accounting - assets

Name	*Type*	*Notional*				
EMTN MEUR 350	Cross Currency Swap	MM EUR 350	-	2	-	2
EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	7	-	7
EMTN MEUR 240	Cross Currency Swap	MM EUR 240	-	13	-	13
SW EMTN MEUR 100	Cross Currency Swap	MM EUR 100	-	1	-	1
EMTN SEK	Interest Rate Swap	MM SEK 500	-	2	-	2
Total derivatives designated for hedging - assets**			**-**	**25**	**-**	**25**

Derivatives designated for hedge accounting - liabilities

Name	*Type*	*Notional*				
EMTN MEUR 100	Cross Currency Swap	MM EUR 100		4		4
DK EMTN MEUR 245	Cross Currency Swap	MM EUR 245	-	1	-	1
Total derivatives designated for hedging - liabilities**			**-**	**5**	**-**	**5**

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 - Loans to customers

All amounts in millions of NOK	**YTD Q3 2018**
Credit Card	6 728
Unsecured loans	23 651
Auto loans	92 377
- Installment loans	*74 109*
- Financial leasing	*18 268*
Total gross loans to customers	**122 756**
- Loan loss allowance - Stage 1	-864
- Loan loss allowance - Stage 2	-418
- Loan loss allowance - Stage 3	-1662
Total net loans to customers	**119 812**

2017

The Group has not provided comparative information for periods before the date of initial application of IFRS 9 for the new disclosures introduced by IFRS 9 as a consequential amendment to IFRS 7, as permitted by IFRS 7 paragraph 44Z.

All amounts in millions of NOK	**YTD Q3 2017**	**FY 2017**
Credit Card	6 170	6 603
Unsecured loans	24 001	24 678
Auto loans	84 579	87 628
- Installment loans	67 962	*70 480*
- Financial leasing	16 617	*17 147*
Total gross loans to customers	**114 749**	**118 909**
- Specific loan reserves	-1 530	-1 495
- Generic loan reserves	-1 054	-930
Total net loans to customers	**112 166**	**116 484**

Note 13 - Issued securities

All amounts in millions of NOK

	Q3 2018	Q3 2017	FY 2017
Issued certificates	903	-	901
Senior unsecured issued securities	32 888	33 274	34 884
Asset backed issued securities	-	-	-
Total issued securities	**33 791**	**33 274**	**35 785**

Santander Consumer Bank AS issued bonds on the Oslo Stock exhchange in January to a value of NOK 300 MM.
Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exhchange in January to a value of NOK 200 MM.
Santander Consumer Bank AS issued bonds on the Irish stock exchange in January to a value of SEK 500 MM (NOK 488 MM)
Santander Consumer Bank AS issued bonds on the Oslo Stock exhchange in February to a value of NOK 350 MM.
Santander Consumer Bank AS issued bonds on the Irish stock exchange in March to a value of SEK 500 MM (NOK 473 MM)
Santander Consumer Bank AS issued bonds on the Irish stock exchange in March to a value of EUR 500 MM (NOK 4 830 MM)
Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exhchange in April to a value of NOK 250 MM.
Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exhchange in May to a value of NOK 200 MM.
Santander Consumer Bank AS issued bonds on the Irish stock exchange in May to a value of SEK 500 MM (NOK 464 MM)
Santander Consumer Bank AS issued bonds on the Oslo Stock exhchange in May to a value of NOK 300 MM.
Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exhchange in June to a value of NOK 200 MM.
Santander Consumer Bank AS issued certificates of deposits on the Oslo Stock exchange in July to a value of NOK 250 MM
Santander Consumer Bank AS issued bonds on the Irish Stock exchange in August to a value of SEK 500 MM (NOK 458 MM)
Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in August to a value of NOK 500 MM
Santander Consumer Bank AS issued bonds on the Dublin Stock Exchange in September to a value of DKK 500 MM (NOK 643 MM)
Santander Consumer Bank AS issued bonds on the Oslo Stock exchange in September to a value of NOK 200 MM

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

Note 14 - Receivables and liabilities to related parties

Amounts in millions of NOK

Debt to related parties:	**Q3 2018**	**Accrued interest Q3 2018**	**Q3 2017**	**Accrued interest Q3 2017**	**FY 2017**	**Accrued interest FY 2017**
Santander Benelux	254	-	556	2	582	2
Santander Consumer Finance S.A.	23 648	6	20 469	8	20 433	6
Debt to SPV on future cash flow of securitized loans	6 551	-	9 141	-	8 705	-
Total	**30 453**	**6**	**30 166**	**10**	**29 720**	**8**

Balance sheet line: "Subordinated loan capital" - Bonds						
MNOK 80, maturity October 2017, 3 months NIBOR +1.75% (Santander Consumer Finance S.A)	-	-	80	-	-	-
MNOK 250, maturity March 2025, 3 months NIBOR +2.2575% (Santander Consumer Finance S.A)	250	-	250	-	250	-
MNOK 250, maturity July 2025, 3 months NIBOR +3.135% (Santander Consumer Finance S.A)	250	2	250	2	250	2
MSEK 750, maturity December 2024, 3 months STIBOR +2.2825% (Santander Consumer Finance S.A)	689	-	732	-	750	-
MNOK 500, maturity September 2027, 3 months NIBOR + 1,66% (Santander Consumer Finance S.A)	500	1	500	1	500	-
Total	**1 689**	**3**	**1 812**	**3**	**1 750**	**2**

Additional Tier 1 capital of 2 250 MM NOK has been reclassified from Subordinated loan capital to equity in 2017. Please see Accounting principles in 2017 annual report for further details.

Receivables on related parties:	**Q3 2018**	**Accrued interest Q3 2018**	**Q3 2017**	**Accrued interest Q3 2017**	**FY 2017**	**Accrued interest FY 2017**
Balance sheet line: "Commercial papers and bonds"						
B and C notes issued by SPVs	1 973	1	2 743	1	2 712	1
Balance sheet line :"Loans to subsidiaries and SPV's"						
Loan to subsidiary (Santander Consumer Bank OY)	8 283	25	8 235	29	8 608	45
Subordinated loan to SPVs	242	-	454	-	404	-

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

Financial information in accordance with the capital requirement regulation is published at www.santander.no

Note 15 - 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 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	FY 2017
Interest income	131	139	317	448	588
Interest expenses	-194	-164	-308	-541	-704
Interest payments additional Tier 1 capital	-43	-43	-127	-128	-170
Fees	-16	13	8	55	57
Other	49	-20	49	17	37
Net transactions	**-73**	**-74**	**-61**	**-149**	**-193**

Santander Consumer Bank AS had transactions with the following related parties per 30 September 2018:

Banco Santander
Santander Consumer Finance SA
Santander Benelux
Produban
Santander Securities Services, S.A
Santander Insurance Europe Limited
Santander Insurance Services Ireland Limited
Abbey National Treasury Services plc
Santander Danmark
Santander Norge
Santander Finland
Santander Sverige
Geoban S.A.
Isban Madrid
Santander Consumer Bank AB

SPV:
Bilkreditt 3 (03089)
Bilkreditt 4 (03097)
Bilkreditt 5 (03103)
Bilkreditt 6 (03117)
Bilkreditt 7 (3147)
SV Autofinans Warehousing 1 LTD (03104)