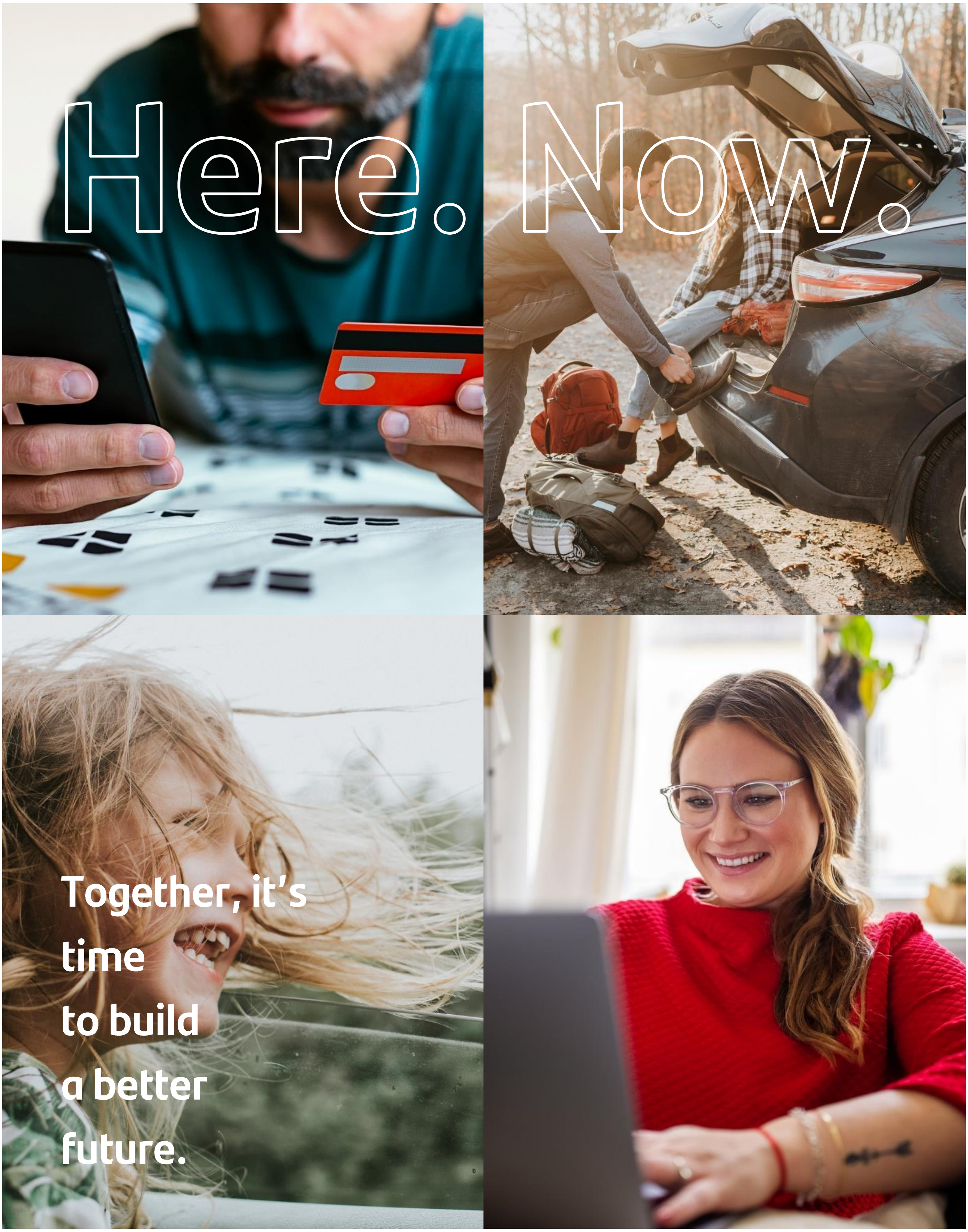


Annual Report **2021**

Santander Consumer Bank

Highlights in 2021

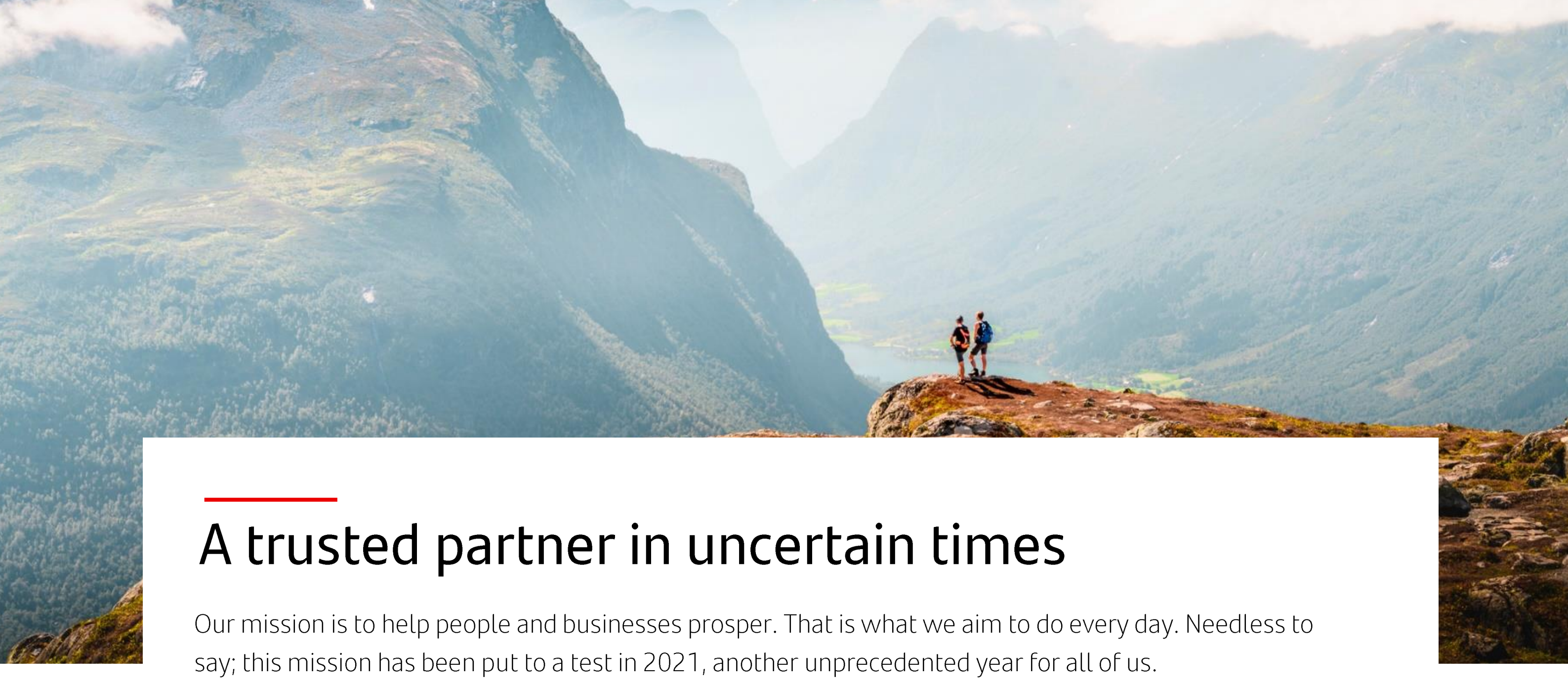
Profit Before Tax	Gross Outstanding Loans	Net interest income	Deposits
3 359	175 588	7 087	73 304
24%	-3%	-7%	-10%

Auto
82%

Unsecured
18%

% of Gross Outstanding

Content



A trusted partner in uncertain times

Our mission is to help people and businesses prosper. That is what we aim to do every day. Needless to say; this mission has been put to a test in 2021, another unprecedented year for all of us.

We will continue being that trusted partner in a time, that for many feels uncertain. That means to provide a customer experience that translates into lasting relationships.

It is truly remarkable what people can get accustomed to. For two years, we have lived according to the COVID-19-restrictions, which has affected both our daily lives and many businesses across our region. We have seen restrictions come and go, for only to come back again. Maybe the only thing that we have learned about the future of the pandemic is that it continues to be uncertain. As we anticipate a return to a more normal everyday life, we are faced with many possible short-term and long-term changes.

Our behaviors have changes during the pandemic, and there is reason to believe not everything will return to normal overnight. Will our patterns of travel or the way we consume culture and events have lasting changes? Will the changing macro-economic trends make us more risk-averse? Just as the evolution of the pandemic has proved to be uncertain, I don't feel safe making crystal clear predictions for the upcoming years.

Responsible and sustainable

What we at Santander will do, is to continue delivering on our mission. First and foremost, we will continue to serve our 1.6 million customers and partners across the Nordic region. We will continue being that trusted partner in a time, that for many feels uncertain. That means to provide a customer experience that translates into lasting relationships.

Under volatile market conditions we have delivered some excellent results in 2021.

The Group improved its profit before tax with 24% compared to last year, achieved mainly by lower losses on loans to customers and by operating more efficiently.

In auto finance, we have delivered solid results, maintaining our total volume of outstanding loans compared to last year and increased our market share in several of the local markets.

As said, our mission is to help people and businesses prosper. To be able to do that, we also must act as a responsible bank, be part of the solution for the challenges we face together. Our obligation is to do business in a more responsible and sustainable way.

It is exciting to see Santander taking a lead role in financing the transition from a fossil-based carpark to an electric one. For 2021, our finance penetration is significantly higher for EVs than for non-EVs. We also issued our inaugural green bond in Norway last year, where the proceeds will be used to finance a loan portfolio of new and existing retail loan and lease contracts for electric vehicles.

In addition, The Group continues to increase its position within green energy financing for homeowners, primarily financing of solar panels and ground water heating systems.

We aspire to be the leading Nordic consumer finance platform and believe that our business model with a strong presence in the local markets, combined with being a part of the global Santander Group, makes us well prepared for changing market conditions.

Michael Hvidsten, CEO

A strong and inclusive culture: our bedrock for building a more responsible bank

The Santander Way

Our purpose

to help **people and businesses prosper.**

Our aim

to be **the best open financial services platform** by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and society.

Our how

everything we do should be **simple, personal, and fair.**

Global meets local

Our steady growth in the Nordic region has made us a strong player in the fields in which we operate. We serve over 1,6 million customers and thousands of partners, and our scale lets us keep proximity at the core.

We benefit from being part of a global organization - sharing the competencies and experiences of one of the biggest banks in the world with a solid history going back more than 160 years. We strive to be the best open financial service platform by acting responsibly.

The combination of local knowhow and global experience enables us to better understand our customers, partners, and their businesses, and provide flexible and trustworthy financing options tailored for their different needs. Key to this is having a strong culture - a responsible business in which all we do is Simple, Personal and Fair.

Employees

Nordic Region
1154

Globally
197 070

Customers

Nordic Region
1,6m

Globally
153mn

39,5 years
average age of employees
Nordic Region

7,6 years
average length of service,
Nordic Region

68
Women in manager positions
Nordic Region

108
Men in manager positions
Nordic Region

Meeting our commitments

The 11 public commitments Banco Santander announced in 2019 reflect our responsible banking ambitions and help embed ESG criteria in operations. They are "SMART" (Specific, Measurable, Achievable, Realistic and Time-bound) to fulfil the UN SDGs and the targets set out in the Paris Agreement on climate change.

In 2021, we met (or exceeded) all our commitments for 2019-2021 and made progress on our targets for 2025. Our new public commitments include initial decarbonization targets for the power industry for 2025 and 2030, which measure emission intensity.

Santander Responsible Banking targets

We delivered on the six Responsible Banking targets set in 2019 to be met by 2021:

		2018	2019	2020	2021	2021 target	2025/ 2030 target
	Single use plastic free		75%	98%	100%	Achieved → 100%	
	Top 10 Company to work for	4	5	6	6	Achieved → 6	
	Scholarships, internships & entrepreneurships		69 k	225 k	389 k	Achieved 325 k	
	People Helped		1.6 mn	4.0 mn	6.0 mn	Achieved 4 mn	
	Women on the Board	33%	40%	40%	40%	Achieved → 40%-60%	
	Electricity from renewable sources	43%	50%	57%	77%	Achieved → 60%	100%
	Carbon neutral in our own operations			0		Achieved	Every year
	Green finance raised and facilitated (€)		19 bn	33.8 bn	61bn		120 bn by 2025 220bn by 2030
New in 2021	Thermal coal-related power & mining phase out (€)				7.0 bn		0 by 2030
New in 2021	Emission intensity of power generation portfolio		0.23				0.18 tCO_{2e} / MWh in 2025 0.11 tCO_{2e} / MWh in 2030
New in 2021	AuMs in Sustainable funds (€)				27bn		100 bn by 2025
	Financially empowered people		2.0 mn	4.9 mn	7.4 mn		10 mn by 2025
	Women in senior positions	20%	23%	23.7%	26.3%		30% by 2025
	Equal pay gap	3%	2%	1.5%	1.0%		~0% by 2025

From...To · Cumulative target · Commitment Achieved

More information available at our corporate web.

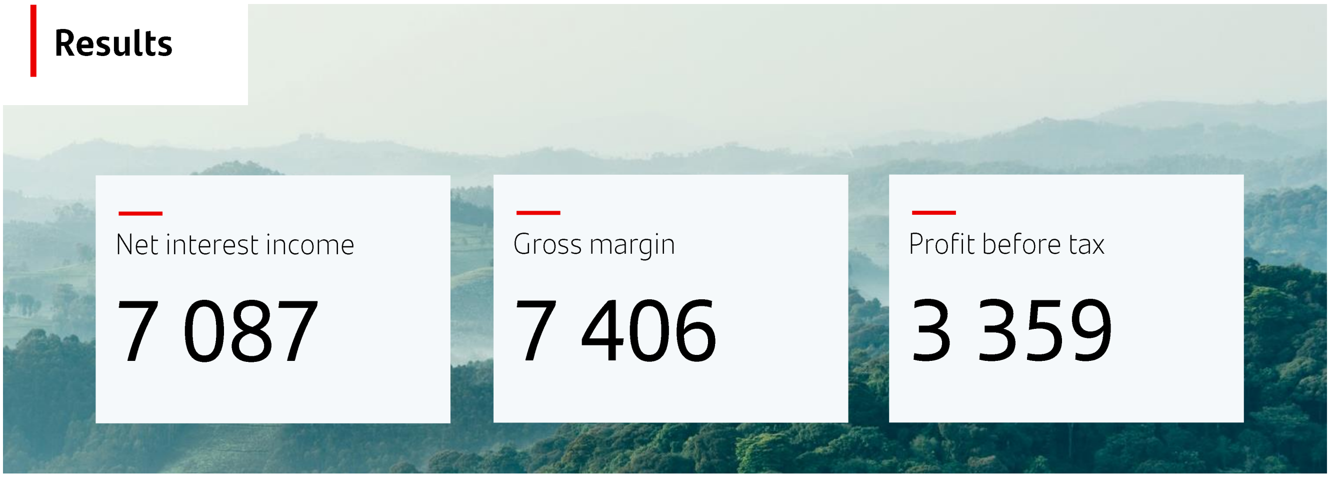
Note: 2021 provisional and not audited data

Our progress in the Nordics in 2021

Promote inclusive & sustainable growth	E	→ As a member of the Banco Santander Group, we embrace the ambition to become Net Zero by 2050 → In 2021, the Group launched its Nordic Responsible Banking agenda outlining an aspiration to establish an end-to-end sustainable value chain → We initiated work to measure climate impact via auto financing and in our own operations → The Group continues to build on the success of the Green Bond framework. The inaugural green bond in the Norwegian market of NOK 1 billion was issued in 2021 → We continue to support and finance the green transition in transportation. As a leader in the Nordic auto finance market, the EV-share of all new cars financed by the Group in 2021 was 32% → Finance of green energy solutions is a priority for the Group. In Finland, green home energy financing is Santander's second biggest financing category and has grown significantly in 2021 → 100% of the energy supplied to the Group's offices in the Nordic countries came from renewal energy sources
	S	→ Contribute to education of personal finances. In 2021 we launched the Personal Financial Management (PFM) customer solution, Prosper. Our partnership with the Finnish organization Talous ja nuoret ("TAT"), supports young people develop their skills in economics, working life and learning about entrepreneurship → The Group is proud sponsor of many sports in the Nordics → In 2021 we have had a strong focus on responsible lending and compliance with regulations → The Group introduced Flexiworking, our new work model to support a healthy work life balance.
Do things the right way	G	→ Established the Responsible Banking forum → Established a Responsible Banking department → Increased focus on climate risks and opportunities

Annual Report of the Board of Directors 2021

Results



KEY FIGURES SANTANDER CONSUMER BANK GROUP

All amounts in millions of NOK	2021	2020**	2019
Net interest income	**7 087**	**7 638**	**7 174**
*Growth**	*-7%*	*6%*	*4%*
Gross margin	**7 406**	**7 816**	**7 595**
*Growth**	*-5%*	*3%*	*3%*
Profit before tax	**3 359**	**2 701**	**3 611**
*Growth**	*24%*	*-25%*	*-13%*
Profit after tax	**2 566**	**2 130**	**2 869**
*Growth**	*20%*	*-26%*	*-9%*
Total assets	**192 357**	**198 892**	**180 941**
*Growth**	*-3%*	*10%*	*3%*
Net Loans to customers	**170 640**	**176 263**	**161 392**
*Growth**	*-3%*	*9%*	*1%*
Customer deposits	**73 304**	**81 142**	**65 484**
*Growth**	*-10%*	*24%*	*20%*

* Year on year
** Figures starting 2020 are affected by the acquisition of Forso Nordic AB.

Financial performance

Review of the Annual Accounts

2021 profit before tax for the Group amounted to 3 359 MM, up 24% compared to last year. The main driver of the increase were lower losses on loans to customers and continued improvement within operating expenses. Outstanding loans to customer decreased with 3% as customers had greater liquidity during the year due to travel and entertainment restrictions.

During 2021, the Group experienced healthy sales results within its Auto business driven by high demand for both new and used vehicles. The Group saw lower sales within its Consumer business compared to 2020 (-8%) due to changed customer behaviours during the pandemic. Spending moved from services to online purchases, as well as reductions in foreign transactions due to reduced customer travel. The Group's outstanding loans to customers amounted to 175.6 Bn NOK at year end 2021, a decrease of 3% or 6,0 Bn NOK compared to year end 2020. The decrease was mainly driven by a strengthening of the NOK, which increased the FX impact of translation of loans in other currencies (non-NOK denominated) of 6,6 Bn NOK.

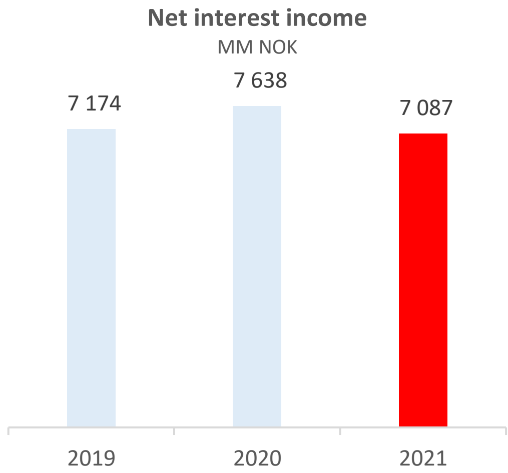
The Groups financial results for 2021 showed a net interest income of 7 087 MM NOK, representing a decrease of 551 MM NOK from 2020. The change in net interest income was due to lower interest income of 1 026 MM NOK, offset by lower interest expenses of 474 MM NOK compared to 2020. Of the reduction in interest income, approximately 179 MM NOK was due to a decrease in outstanding loans to customers and approximately 823 MM NOK due to lower margins resulting from a shift in product mix towards more Auto loans with lower yields than Consumer lending. The reduction in interest expenses was a result of lower XIBOR and Customer deposit rates in 2021 compared to 2020.

Net fee and commission income increased by 55 MM NOK compared to last year. The increase was caused by higher income from insurance products of 12 MM NOK, demonstrating our customers' increased appetite for insurance during the pandemic period.

Operating expenses for the year were 2 870 MM NOK, compared to 3 370 MM NOK in 2020. The decrease of 500 MM NOK was mainly driven by expenses from the acquisition with Forso Nordic AB in 2020, reduced personnel expenses after the reorganization and a positive FX impact of 75 MM NOK due to a weaker NOK in 2021 than in 2020. Other income and costs ended at -10 MM NOK, a decrease of 247 MM NOK from 2020. The reduction was mainly driven by the acquisition of Forso Nordic AB in 2020 where we recognized a Badwill of 57 MM NOK and a compensation of 196 MM in relation to early termination of an agreement with a partner in Sweden.

Net impairment losses improved with 817 MM NOK, compared to last year mainly driven by improved credit quality within portfolios compared to 2020 and a release of specific reserves related to the COVID-19 pandemic recognized last year. In addition, The Group sold portfolios of written off loans with a net gain of 129 MM NOK higher than last year.

The Group's profit before tax amounted to 3 359 MM NOK, an increase of 24% compared to last year due to the reasons explained above. The annual accounts are presented based on a going-concern assumption, and the Board of Directors hereby confirms this basis for the continued operations.



Allocation of profits

The profit of the year is proposed allocated in the following way: 2 BN NOK in dividens, the remaining is allocated to other equity.

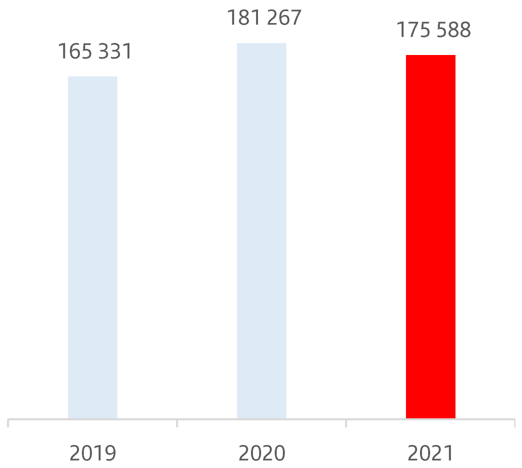
Loans and deposits performance

Loans to Customers

The Group's gross outstanding loans to customers came to 175 588 MM NOK per December 2021. This is a decrease of 3% (5 679 MM NOK) compared to December 2020.

Gross loans to customers

MM NOK



3%

Decrease

Auto financing

The Group strengthened its position as market leader in the Nordic auto finance market with a strong focus on partnerships with dealers and importers.

Sales of new cars in 2021 ended at 878 888 units, Personal cars (PC) and Light commercial vehicles (LCV) in the Nordic markets saw a growth of 5.8%. Used car sales decreased by 2.0% to 2.999.859 units compared to the previous year. In total the car sales have slightly decreased (0.2%), but with major variations between the months and countries as well as new and used.

Throughout 2021 three major factors have driven the sales figures. Firstly, the COVID-19 pandemic continues to impact the demand for used cars. Secondly, the increased demand for Hybrid and Electric Vehicles (EV) continues to rise. Thirdly, the semiconductor shortage impacted and consequently reduced car deliveries.

Financing the green shift

The Corporate Average Fuel Economy (CAFE) regulations have come into effect, penalizing manufacturers which have a higher average CO2 emission. To meet the requirments, manufacturers increased production and registration of cars with a zero and low CO2 emission, especially in markets with higher demand for EVs (including Norway and Sweden). Most manufacturers have been facing semiconductor shortages and prioritize the vehicles with low emissions to meet requirements and send higher emission vehicle to their most profitable markets, therefore reducing supply in low profit markets (such as Denmark).

These developments have led to an acceleration of EV and Hybrid car adoption in the Nordic market. Where Norway has led with an EV share nearing 75% in the last few months of 2021, the changes in the other markets are remarkable: Sweden's EV share is now close to 30%, Denmark 20% and Finland 15%, all doubling within a year. During 2021, 32% of all new cars financed by Santander are EVs, 28% are hybrids. Finance penetration is significantly higher for EVs than for non-EVs, helped by the strong partnerships the Group have across the region.

The Nordic market

The Swedish market, which is the largest in the Nordic shows a growing share of EV and Hybrids, both combined making up 51% of the market (EV 18%) in 2021 up from a total of 22% during 2019. The total new car sales are up by 4.4% in new car sales, for used car sales the market went down by 1.0%. The Swedish market is prioritized by manufacturers due to high profit margins and growing EV and Hybrid sales.

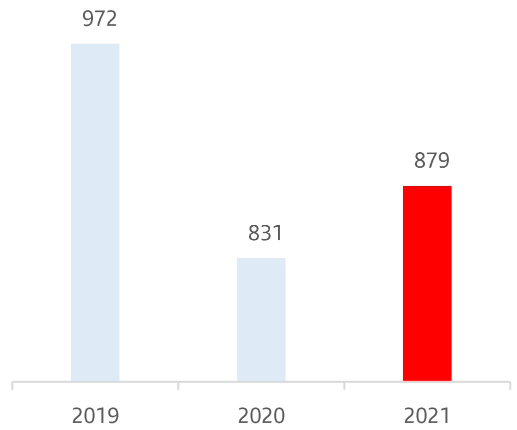
In Norway sales have been very strong. The new car registration went up by 21.3% and reached an all time high in new car sales. The old record was set in 1986. The EU regulation caused many manufacturers to increase their efforts in one of Europe's largest EV markets.
Used car sales went down by 3.2%, as supply dries up and used EVs can be more easily sold in other European markets, reducing the need to export to Norway.

In Denmark sales decreased by 6.1% for used vehicles and only increased slightly for new vehicles (by 2.0%). Denmark is the only Nordic market where Diesel cars still have a significant presence although rapidly declining as well (YTD at 13%) despite the increase in EV and Hybrid vehicles combined share increased to 38% in 2021.

Finland saw a small increase in new car sales of 1.4%, however not yet reaching the record levels of the other markets. A growth of 2.0% in used car registration resulted in the total car registration being up by 1.9%. The EV and Hybrid vehicles made up 60% of car registrations in 2021, up from 38% in 2020.

Sales of new cars (PC and LCV*)

Units in thousands (Market in total)

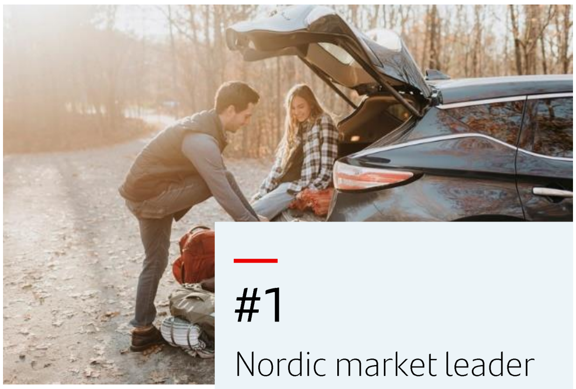


*Personal cars and Light commercial vehicles

Innovation changes the market

In all markets we see increased dealer consolidation where the distribution of a brand is concentrated on fewer owners, often Private importers taking over from manufacturers.

Finance has become a more integrated part of the car sales offer, in terms of finance bundled with services such as insurance, maintenance and other relevant products. We expect this trend to continue, with more flexible "mobility" models, including flexible finance periods and the possibility to trade in and exchange cars based on an agreed residual value.



#1

Nordic market leader in auto finance

Nordic market leader

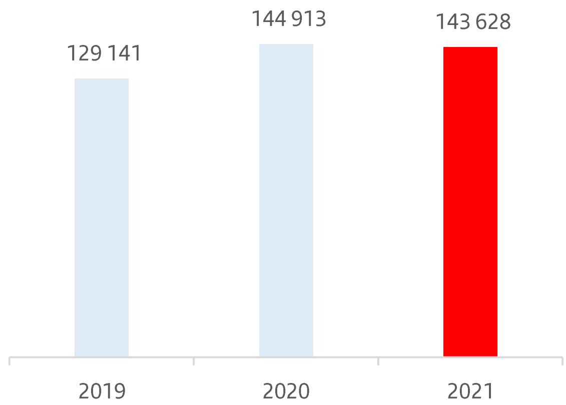
The competition has increased with parties such as leasing companies entering car financing in different market segments, causing pressure on the margins. The Group has a strong position as market leader in the Nordic auto finance market. The main focus is on partnerships with dealers and importers and OEM-owned national sales companies. Important partnerships have been renewed, and the Group has ensured operations and processes have been optimized to protect margins and increase focus on market developments.

Overall, in the Nordics, the Group is the market leader with a prime position in Finland, Norway and Denmark. The Swedish car finance market is dominated by captive lenders for the two largest brands, Volvo and Volkswagen.

Total outstanding auto financing is 143 628 MM NOK, a decrease of 0.1% compared to last year.

Gross Auto Financing

MM NOK



2022 expectations

The impact of the new emission target for car sales in Europe will continue to be significant. To avoid large penalties, there is a need to reach lower average emission targets each year. The manufacturers continue to invest in new technology, consolidate and create partnerships between brands.

The demand for low emission cars will increase in all markets, supported by increased governmental incentives in most, for example revised taxation being more directed towards low emission vehicles. An exception will be Norway, which continues to phase out tax and other incentives on EV cars.

The impact of COVID-19 on the car industry is decreasing. However, the increased regulations and seimoconductor shortages continue to impact sales. Some (smaller) manufacturers will choose to exit from certain markets and sell importerships to private importers or exit completely. At the same time there is an opportunity with regards to car brands, as Chinese brands are entering the Nordic market, purely focused on EV cars. A successful example is MG managing to become one of the most sold cars in Sweden during the Summer of 2021.

In car finance, bundled products will continue, but the growth for mobility solutions is delayed as mobility has reduced since the COVID-19 pandemic has changed consumer behaviour. In the largest cities, we anticipate increased focus from the governments on reducing car traffic and providing incentives for other mobility solutions such as car sharing and public transportation, which will pick up again after 2021.

OEMs are expected to grow their online presence, enabling customers to order cars and car related services online. Dealer relationships will change when alternative distribution models are implemented. The Group will support partners during this transformation and integrate financial solutions into their web platform.

The Group have a strong position in the Nordic market and will further strengthen this position with its existing partnerships and is well positioned to meet the changes foreseen within the auto area.

Unsecured lending

Unsecured lending continues to be of strategic importance to the Group and consists of consumer loans, sales finance and credit cards. The Group aspires to be the leading Nordic Consumer Finance platform.

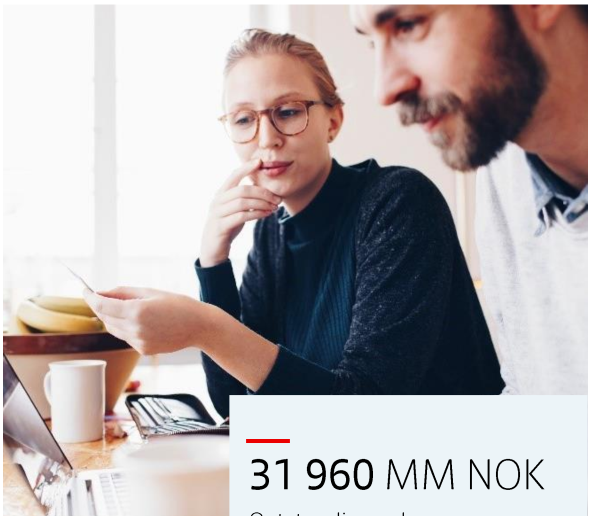
The Group's overall outstanding volume for the Unsecured lending. Business portfolio remains 31 960 compared to last year at 36 354 MM NOK.

The Group's consumer loans portfolio in 2021 has decreased by 12,0% in outstanding volumes compared to 2020. The Norwegian market has the largest portfolio decrease of 23,9% compared to 2020.

The Group's consumer loans sale dropped by 8,4% in 2021 compared to 2020. The Swedish market has the largest decrease with a 11.1% reduction of sales, followed by Finland with 10,9% decrease and Denmark with 8,3% decrease. The trend in the Norwegian market has stabilized and end with a decrease of 5,2%.

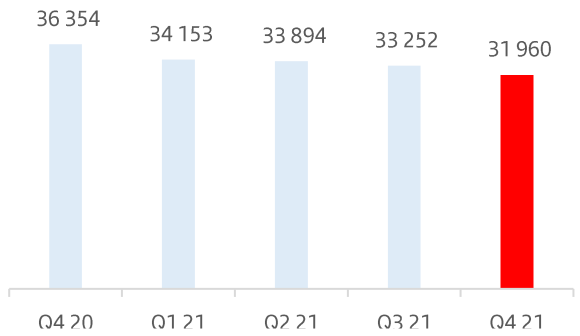
Concerning Credit cards, the Group's portfolio has decreased with 9% in 2021 compared to 2020. The main driver for the reduction is lower new business volumes as Cards have been negatively affected by the pandemic due to lockdowns and travel restrictions.

The durable product, part of the Sales Finance business area, has experienced substantial growth in 2021 compared to 2020 with an increase of 28%.



31 960 MM NOK

Outstanding volume



Consumer Loans

2021 has presented a very dynamic however decreased Consumer loans market in the Nordics. This is primarily driven by legislation being imposed in the region, aimed at protecting consumers, well in line with the Group's Responsible Banking agenda. Consequently, the Group observed a fast transformation into a debt consolidation market. The Nordic market has been impacted by COVID-19, also in 2021. Customers have prioritized savings over consumption and paying down loans faster than pre COVID-19.

Adapting to new market conditions

The market dynamics are forcing the Group to adapt, improve and optimize products and digital processes to stay attractive. The Group have strengthened its market share in Denmark and kept its market share in Finland, while losing market shares in Norway and Sweden primarily driven by lack of some product offerings in the portfolio. During the year, the Group have secured optimized pricing for different customer segments, applied new PSD2 data (EUs revised Payment Services Directive) in underwriting and further automated and simplified the application processes in Denmark and Norway.

As previous years, brokers continue to gain market share and are growing in all four markets. During 2021 the Group have onboarded several brokers in the Danish market where the brokers are growing fast. Several initiatives have been implemented in the Danish market, helping the Group to gain additional market share in 2021. In the Finnish market, the Group have secured an attractive offer after the removal of temporary legislation, added more brokers and is growing well with the market. In the Norwegian market, focus has been on price- and process improvements to compete on equal terms as competition, which have turned a negative trend around.

In 2021, the Group have fully implemented a Nordic organization, focused on optimizing the Nordic capabilities and portfolio growth by continuing the work with harmonizing the product offer and decreasing time-to-market. The Group is convinced this will further increase the attractiveness as a large player in the region.

2022 expectations

The Group expect continuous growth in the broker channel, an even stronger shift towards debt-consolidation across the region, increased consumer protection from the FSA's, increased competition on price and continuous focus on digitalization and optimizing customer journeys. The Group is meeting the changes in the market with several interesting development initiatives to be implemented first half of 2022 and strengthen the Group's position in this highly competitive market.

Sales Finance

2021 has been an interesting year from a Nordic Sales Finance perspective. The market dynamics continue to be characterized by the pandemic, which becomes evident for a product segment centered in a shopping environment.

Changing consumer behaviour

The Group observes a shift in consumer spending where, notably, the Do It Yourself (DYI) and Home Electronics retailers have gained traction and consumers have continued to spend their money. The Group is well positioned with good coverage of retailers in the DIY and Home Electronics segments across the region.

The Group have also noted a significant shift in sales from physical stores to e-commerce, a trend continued from last year. E-commerce share of the Group's total transactions is now a significant part. The move to e-commerce will be beneficial for the Group with solid solutions in place (in most of the countries) in the region.

A Nordic offering

During 2021, the Group have continued the journey towards becoming a true regional player with the ability to offer the merchants a single set of products through one endpoint/API, an important and valued area for the merchants. In 2021, the Nordic Sales Finance team have continued to further adapt into a Nordic organization and to launch more solutions that can be provided in all Nordic markets, especially in the e-commerce area.

The Group have successfully managed to defend and grow the position as a leading player with a positive merchant base growth across markets. In addition, some competitors have changed focus or even pulled out of the market, leading to new market opportunities.

Enhanced regulations

It has been a year with continuous pressure from a regulatory perspective, with new regulations being implemented with the intention to further strengthen the consumer protection in the region. The practical implication for the Group is an even more thorough credit evaluation, to secure compliance. From a commercial perspective, this has impacted approval rates negatively, especially noted in Norway and Denmark.

Financing the green shift

One focus area for the Group is to grow in Green energy financing. In 2021, the Group has increased the focus on financing of green energy solutions for homeowners, primarily financing of solar panels and ground water heating systems. This is an attractive and growing market segment which fits well with the Group's Responsible Banking agenda. The Danish and Finnish businesses have established agreements with a range of merchants and anticipate further business growth in this sector.

2022 expectations

Moving into 2022, the Group expects a further increase of e-commerce share of sale volumes across all retail segments. This is a prioritized focus area for the Group. Solid plans are in place to launch updated customer journeys and solutions for the merchants that will further strengthen the position as a leading player in the Sales Finance market in the region. The Group observed an increased number of exciting requests for proposal (RFP)-opportunities with key merchants in the region, that hopefully will contribute to continuous growth in 2022. The Group expects and welcome, an increased focus from regulatory authorities putting pressure on competition to follow newly imposed regulations already implemented by the Group. These mentioned aspects present a market outlook for 2022, which looks promising for the Groups Sales Finance business in the Nordics.

Credit cards

During 2021, new business volumes have been negatively affected by the pandemic due to lockdowns and travel restrictions, as the card offer is attractive for travel, holidays, and dining. Some card-activity have moved to grocery shopping and domestic travel, but not compensating the total reduction in volume. In the second half of the year, there were positive signs with the planned opening of the Nordics and the rest of Europe and the increase in travel-related spending and expected growth in the months to come. With the Omicron-virus entering in Q4, which resulted in new lock downs and travel restrictions, the Group is facing a new uncertainty in this product area in the months to come.

Well positioned
for future growth within cards and payments

Improving product offering

The Group is revisiting the card value proposition to make it even more attractive to segments besides travel. The Group is also improving the product offering through biometric features, virtual cards and optimizing customer journeys with Big Pays across the region.

The Group have used 2021 wisely and finalized the Swedish migration project, consolidating the card payment infrastructure in the region to minimize costs and streamline products and processes. The old legacy core systems are now decommissioned as planned, providing Nordic consolidated capabilities across the region, important for attractiveness and competitiveness. The Group has invested in repositioning the future Cards and Payments offering in the region and made plans for strong growth and increased profitability in this business area in the years to come.

The Group will continue to leverage and build a strengthened card payment infrastructure and advanced data analytics to provide more commercially oriented campaigns with the newly launched SalesForce marketing cloud CRM tool. The Group have ensured PSD2 compliance initiatives such as Strong Customer Authentication for online transactions and launched a "fast checkout" feature using our MyCards app to secure fast, secure payments.

The Group is well positioned to face the challenges ahead and the strategy and initiatives for growth are solid.

Deposits

Following strong growth in 2020, volumes in deposits have reached a mature level. In 2021, the focus has been on creating a loyal customer base, while steering balances to provide lower funding costs.

10%
Decrease

Managing balances in a changing market

With the pandemic triggering a slowdown in consumer spending, availability of deposits was high across the Nordics in 2020. As a result, after achieving strong growth in its deposits portfolios in 2020, the focus for the Group in 2021 shifted towards creating a loyal customer base, while steering balances to provide lower funding costs.

Total outstanding volume for the Group is 73 304 MM NOK as of Q4 2021, representing a decrease of 7 838 MM NOK (-10%) compared to year end 2020. The Group operates deposit platforms in three of its four home markets: Denmark, Norway and Sweden.

Volumes in the Danish platform have grown to represent the largest share of deposits within the three markets. Outstanding balances as of Q4 2021 were 29 312 MM NOK, ending the quarter at the same level as year-end 2020. The high level of balances reflects the dynamics in the Danish deposit market, where the Group is one of the few banks offering non-negative yields. In 2020, the Group closed the Danish deposit products to new customers to maintain balances at current levels.

The Danish business has the most diverse product range by offering a demand product, a notification product and term deposits. The notification product requires customers to notify any withdrawals 31 days in advance of the actual withdrawal. In the Danish market, the Group also offers its only deposit product with fixed interest rates, with a term of two years.

The Norwegian business launched a notification product to complement its demand product offering and to align its product offerings with Sweden and Denmark in Q3 2021. At the same time, the business also introduced a tiered structure to its pricing model to manage pricing competitively and to reward small savers. The Norwegian business had an outstanding balance of 22 773 MM NOK as of end Q4 2021, representing a 17% reduction compared to year-end 2020.

The Swedish business offers both a demand product and a notification product. In addition, the unit has an ongoing cooperation with a broker. While the Group's strategy is focused on maintaining its in-house products, the cooperation provides additional flexibility for managing the Swedish deposits portfolio. Outstanding volumes in Sweden stood at 21 201 MM NOK as at the end of Q4 2021, which is approximately 13% lower compared to year-end 2020.

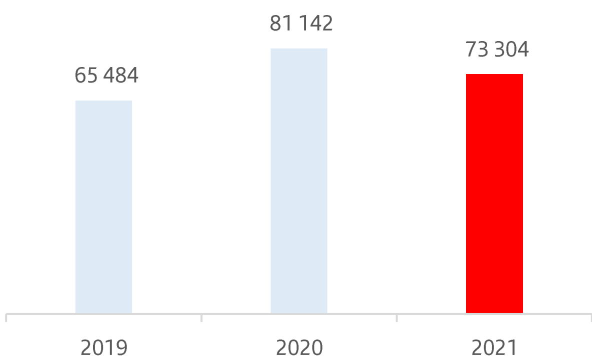
Helping people prosper

The Group continues to focus on improving the customer experience, through the optimization of mobile responsive onboarding solutions, net banks, apps and chat bots. In the Danish market, a new Private Netbank and App were launched in 2020. In addition, new features, such as saving goals and the possibility to view personal balances in third party banks, were introduced in the Danish market throughthe Group's new financial tool named Prosper. The Group will look to roll-out similar customer solutions for the Norwegian and Swedish platforms.

The Group is a member of the Norwegian Banks' Guarantee Fund. Customer Deposits are covered according to the local guarantee limits, providing our Deposits customers a guaranteed amount per debitor of 100 000 EUR in the Danish and Swedish market, and 2 MM NOK in the Norwegian market.

Gross customer deposits

MM NOK



Insurance

The insured customer base continues to grow with a total of 225 000 insured customers across the Nordic countries. The COVID-19 situation has seen increased awareness among consumers and partners of the importance of insurance. With insurance income representing 4% of total revenue in 2021, it is firmly positioned as a strategic priority for the Group.

3%
increase

Total insurance income for the Group is 393 MM NOK per December 2021, representing an increase of 13 MM NOK (3%) compared to December 2020. The Group is currently registered as ancillary insurance distributor with the Norwegian Financial Supervisory Authority (N-FSA), in accordance with the Norwegian Insurance Distribution Act and Regulation on Ancillary Distribution. SCF Oy is a legal entity in its own right.

With the implementation of the Insurance Distribution Directive (IDD) in Norway in 2022, the Group will need to re-register as a fully licensed insurance intermediary with the N-FSA and passport this license to Denmark and Sweden. The delayed implementation of IDD in Norway has had knock-on implications for Denmark with a sales ban imposed in June 2021 and in force until IDD takes effect.

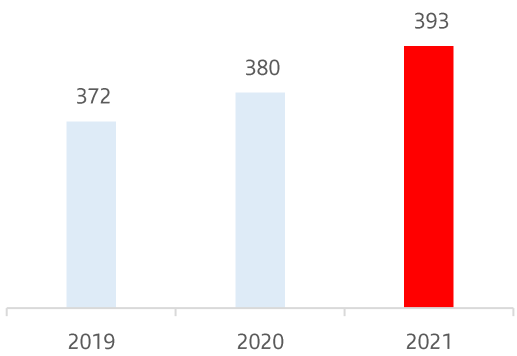
Currently the Group distributes credit protection insurance in all four home markets (apart from Denmark where a temporary sales lead model has been implemented) to Auto, Consumer Loan, Sales Finance and Card customers. Several other smaller related insurance products are also distributed in all four markets.

Growth in a challenging market

The insurance business continues to face increased regulation, and with the implementation of IDD in Norway in 2022 tighter requirements are expected in face-to-face traditional distribution channels. Digital distribution has and will become increasingly important and inevitably more effort is being placed to ensure seamless digital customer journeys with relevant embedded insurance offerings.

The Group is currently investing in an insurance platform that will enable rapid expansion of the number of insurance product offering capabilities as well as the quality of the customer onboarding and claims processes. This is expected to translate into increased sustainable insurance revenue for the Group.

Insurance Income
MM NOK



Risk Management

The Group's risk management function, underpinned by a strong risk culture and a solid governance structure, is key to making sure we remain a robust safe and sustainable bank that helps people and businesses prosper.

We face a complex environment, with a challenging macro recovery across the Nordic region, conditioned by the COVID-19 pandemic evolution - which has changed customer behaviour and expectations. We are also experiencing high pressure on margins due to a strong competition from different players, while dealing with an increasing regulatory pressure and transitioning to a sustainable finance.
To face these challenges the Group counts on a robust risk management and control model supported by cutting edge tools and a strong governance framework. This ensures an effective oversight and management of their risk profile, risk strategy and compliance strategies aligned with latest regulatory expectations. A responsible and sustainable business model, combined with a solid risk culture.

Strong risk culture where 'Risk is Everyone's Business'

Credit Risk

The Group's Credit Risk profile in 2021 remains stable for the total portfolio, in line with business strategy. The consolidated Non-Performing Loans (NPL) Ratio ended at 3.08% (1.62% for Secured and 9.63% for Unsecured portfolios) in Q4 2021, compared to 2.74% in Q4 2020 (1.35% for Secured and 8.28% for Unsecured). The NPL ratio has increased slightly during the last year due to the implementation of the European Banking Authority's new definition of default.

The total loan loss reserves have slightly decreased from 5 096 MM NOK per Q4 2020 to 5 015 MM NOK per Q4 2021. The total reserves as of Q4 2021 of 5 015 MM NOK include 4 949 MM NOK related to loans to customers and 66 MM NOK connected to off-balance exposures. In relation to the improvement of the current situation, the COVID Reserves Overlay of 408 million NOK that was booked at the end of 2020 has been transitioned as of December 2021 towards forward looking "post-COVID" model adjustments.

The aforementioned post model adjustments include reserves related to payment holidays of 109 MM NOK and forward-Looking factor reserves of 79 MM NOK. Payment holidays (PH) reserves are booked to cover the increased risk of future potential losses for customers that cannot deliver on upcoming payments after the PH expired. The macroeconomic forwards-looking factors reserves refer to the overall worsening of the macroeconomic indicators that lead to increased losses.

Liquidity Risk and interest rate risk

Liquidity Risk in the Group is measured using the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Liquidity stress testing. Both LCR and NSFR are regulatory metrics used to measure short and long-term liquidity risk.

The Group has a strong liquidity position, managed at Nordic level to ensure efficient use of liquidity across the Group and the liquidity risk management has been further strengthened during 2021, As of December 2021, the Group's LCR was 144 %
and the NSFR was 110.14%. Both metrics are comfortably exceeding the regulatory requirements.

The Group's balance sheet composition is designed to ensure that interest rate risk is managed at prudent levels and within established limits. The Group policy is not to actively take on interest rate risk in its operations and continuously monitors the sensitivity of its net interest income (NIM) and equity value (MVE) to changes in interest rates. The exposure to interest changes on both metrics are within defined limits per end of December 2021. The Group has a credit line with the parent company and can utilize this to manage short term liquidity needs and to the extent external funding might become unavailable or is considered unfavorable.

Foreign currency risk

The Group is exposed to currency risks through its activities in the Swedish, Danish, and Finnish markets and from funding activities in the Euro-markets. The main source of currency exposures is retained earnings in EUR, which are accumulated in the Finnish subsidiary to meet its solvency targets.
The Group minimizes currency risk by ensuring assets are funded by liabilities in the same currency. The risk is measured through an FX exposure report, covering all significant currency for the Group. When raising funds through international debt markets, any net open currency exposure is managed through derivatives.

The total open currency exposure as of end of 2021 was 2 684 MM NOK equivalent for consolidated SEK, DKK, and EUR exposures, which is comfortably inside the defined FX exposure limits for the Group in 2021.

Operational risk

The Group defines operational risk as the risk of losses from defects or failures in internal processes, people, systems, or external events. It covers risk categories such as fraud, technological, cyber-risk, legal and conduct risk, however it does not include events arising due to strategic or reputational risk. Operational risk is inherent to all products, activities, processes, and systems. It is generated in all business and support areas. Our Operational risk management and control model is based on a continual process of identifying, evaluating, reporting, and mitigating sources of risk, regardless of whether they have materialized or not, ensuring that risk management priorities are established appropriately.

While the operational risk focus in 2020 was on adequate management of continuity risks due to the Covid-19 outbreak. In 2021, additionally to monitoring the evolution of the pandemic, the Group's attention has turned towards aspects with special relevance such as fraud, cybersecurity and vendor risk management inrelation to monitoring and management of ongoing projects. At the end of April 2021, five Operational risk events with medium criticality were internally identified and subsequently reported to Norwegian FSA. The root cause of the events was linked to change management deficiencies identified on the testing and quality assurance before implementation and deployment. Consequently, an improvement initiative was launched and in course with the aim of addressing the identified deficiencies under the close monitoring of management. In 2021 several minor GDPR related events were reported to local data protection authorities. The Group`s operational risk profile remained stable during 2021 and is expected to remain stable within medium-low risk profile in 2022.

Climate & Enviromental risk

We seek to build our business for the long term by balancing social, environmental, and economic considerations in the decisions we make. We are committed to managing and mitigating Climate & Environmental-related risks, both physical & transitional, and continue to incorporate consideration of these into how we manage and oversee risks.

Our overall approach to Climate & Environmental risk is being integrated into our Enterprise Risk Management framework (Top Risks, Risk Appetite Statement, Risk Map and Risk Strategy) and key strategic exercises (ICAAP, Stress tests, annual planning, and budget process). Its management is continuously evolving aiming to its fully integration within all the phases of the risk cycle and to meet supervisory and our stakeholders' expectations.

Risk Pro: The Group`s risk culture

Our strong risk culture is deeply rooted in the principle: 'Risk is Everybody's Business', where all employees are risk managers and responsible for managing the risks they encounter, regardless of their level or role. RiskPro culture is embedded in all steps of the employee lifecycle: recruitment, onboarding, growth and development, day-to-day operations, and leadership across all businesses.

In 2021, greater efforts have been made across the Nordics to boost our RiskPro culture with the re-launch of the Group-wide 'RiskPro Academy' and the establishment of more consistent, frequent and multifaced 'RiskPro Communications'. Both initiatives aim to ensure that every employee fully understands all the risks the Group is facing and is fully equipped to manage them.

Having a strong Risk Culture is one of the key success factors that has allowed the Group to effectively respond to changes in economic cycles, new customer demands, increased competition, and increased regulatory pressure. It is an integral part of what defines the Group and the way they operate: Simple, Personal and Fair.

Funding

The Group remains committed to its diversified funding strategy. Diversification has benefitted the Group during COVID-19, with the Group's deposit base and access to parent liquidity staying consistently strong throughout the year. The Group's funding position has been further supported by the recovery in the Capital Markets in the second half of the year.

81%

Self-funding

Self-funding ratio

A solid funding platform

Over the past ten years, the Group has developed multiple funding channels ranging from deposit products across three of its four markets, unsecured bonds in the Norwegian, Danish, Swedish and European bond markets, including Swedish and Norwegian green bonds, and securitization transactions with assets from all four Nordic countries. Intragroup funding provides a buffer where critically needed. Historically, the Group has received all of its short-term funding from the parent entity, however, reliance has reduced somewhat in the past two years with the issuance of commercial paper in Norway and Sweden. The Group aims to maintain a consistent self-funding strategy, with variations due to seasonal fluctuations and timing of transactions. Self-funding sources totaled 81% per Q4 2021, with parent company loans providing the remaining 19%.

Total outstanding bond and certificate issuance decreased in 2021, standing at 38 375 MM NOK or 25% of total funding per Q4 2021. Senior unsecured issuance and certificates outstanding end year 2021 include 2 500 MM EUR in the Euro market, 6 855 MM SEK in the Swedish market, 750 MM DKK in the Danish market and 5 700 MM NOK in the Norwegian market. Given strong deposits liquidity, we have temporarily scaled back our presence in the certificates of deposits market in Norway and Sweden, and currently do not have any outstanding certificates as of end-year 2021.

The weighted average remaining term to maturity, excluding certificate issuances, is 2.1 years. This number fluctuates somewhat and typically remains around 2 years.

The Green Bond program

The Group launched its inaugural Norwegian Green Bond issuance in November 2021. The transaction was issued with a size of 1 000 MM NOK. Consistent with the Framework, the transaction is supported solely by the sizeable EV portfolio in the Norwegian market. While providing an opportunity to further diversify the Group's funding base, the Green Bond program also forms a key part of the Group's Responsible Banking strategy, and it represents a contribution to the environmental progress of the communities in which the Group operates.

1 000 MM NOK

Green Bond transaction

Ratings

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.

ABS

The Group accessed the asset-backed securities market in Q4 2021 with a 450 MM EUR transaction backed by Finnish assets. Securitizing the Finnish portfolio has been a consistent source of funding. While the Group's overall funding from securitizations has decreased since 2016 due to the change in securitization law in Norway, which has prevented us from issuing ABS backed by Scandinavian assets, the Finnish program has provided approximately 10% of the Group's funding since 2016. Total outstanding volumes in securitisations currently equals 13 143 MM NOK.

The Group looks to utilize its securitization capabilities more frequently going forward, once Norwegian legislation is harmonized with the new Securitization Regulation (Regulation (EU) 2017/2402), together with the amendment to the Capital Requirements Regulation (Regulation (EU) 2017/2401). The new Securitization Regulation establishes a standardized framework for securitization and creates a specific framework for simple, transparent and standardized securitizations. In June 2019 the Norwegian Ministry of Finance (MoF) released a consultation paper on the adoption of the new regulations. In December 2020, the MoF published a proposal to implement the EU Securitization Regulation into Norwegian law. The proposal was adopted by the Norwegian Parliament on April 23 2021 and is expected to enter into force once the relevant EU regulations have been implemented in the EEA Agreement. The exact timing of the latter is currently unknown but is likely to occur during 2022.

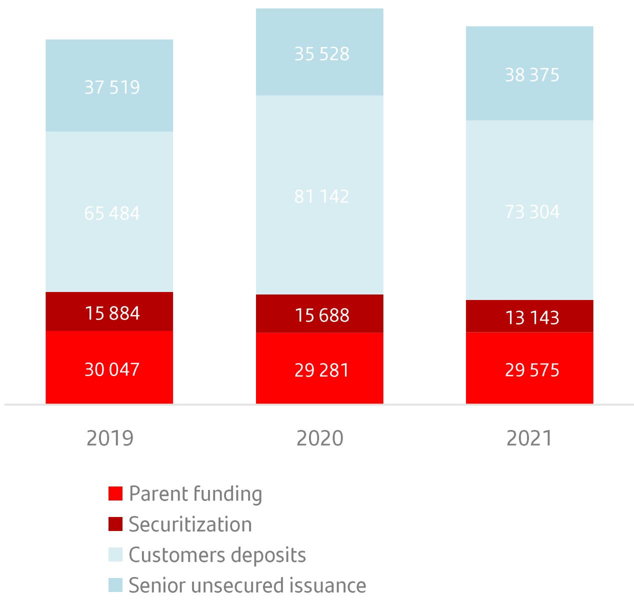
Once adopted, the legislation will align the Norwegian securitization legal framework with that under which European financial institutions currently operate.

Intragroup Funding

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.

Funding composition

MM NOK



Solvency and Capital Adequacy

The Group ended the year 2021 with a strong capital position and is well positioned to meet the expected increase in countercyclical buffers going forward. Since the out break of the COVID-19 pandemic and until the last quarter of 2021, banks were encouraged by regulators not to distribute dividend. During Q4 2021, the bank distributed dividend of 1.7 Bn NOK to its main shareholder Santander Consumer Finance S.A. and plan to propose further distribution in Q1 2022.

Capital position

The Group is jointly supervised by the Norwegian FSA and the European Central Bank (together the Joint Supervisory Team) and must comply with capital requirements for banks in Norway both at consolidated level (the Group) and at stand-alone level (SCB AS).

The Group publishes capital ratios on a transitional rules basis (allowing for a reversal of 50% of IFRS 9 capital impact in 2021) and a fully phased-in basis. Transitional capital ratios are the official ratios required to meet the minimum capital requirements set forth by regulatory authorities and are the ones displayed below.

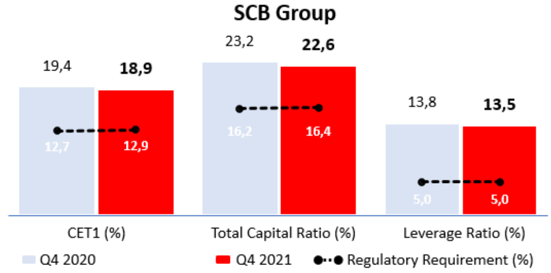
The common equity Tier 1 (CET1) ratio of the Group is reduced from 19.39% per 31.12.20 to 18.89% per 31.12.21. The corresponding numbers for SCB AS is a drop from 19.78% to 18.34%. The reduction is mainly explained by the dividend payment of 1.7 Bn NOK in Q4 2021 and the proposed dividend distribution of 2.0 Bn NOK. The proposed dividend is distribution of almost 100% of profit after tax for SCB AS for the financial year 2021 and is expected to be paid in first quarter of 2022 after notification to the Norwegian FSA and approval in General Meeting.

Total risk weighted assets have been stable during the year, with a reduction in Retail exposure under the standard approach and an increase in Retail exposure under the IRB approach. This is mainly explained by a reduction in unsecured portfolios and increase in retail auto portfolios. NOK has strengthened versus SEK, DKK and EUR during the course of the year which has dampened the increase in risk weighted assets.

The leverage ratio for the Group is reduced from 13.78% per 31.12.20 to 13.52% per 31.12.21. The corresponding numbers for SCB AS is a drop from 15.07% to 13.84%.

Although there has been a reduction in capital ratios from December 2020 to December 2021, the bank has a healthy buffer above capital requirements. The CET1 ratio for the Group was 6.0%-points above the regulatory requirements (including Pillar 2 guidance) per 31.12.21, while SCB AS had a CET1 ratio which was 5.34%-points above the regulatory requirement. The leverage ratios are well above the 5% regulatory requirement.

Capital adequacy with IFRS9 transitional rules



SCB Group

Actuals	Q4 2020	Q4 2021
CET1 capital ratio	**19,4 %**	**18,9 %**
Tier 1 capital ratio	**21,1 %**	**20,7 %**
Total capital ratio	**23,2 %**	**22,6 %**
Leverage ratio	**13,8 %**	**13,5 %**
Capital requirements	**Q4 2020**	**Q4 2021**
CET1 capital ratio	**12,7 %**	**12,9 %**
Minimum Core Equity	4,5 %	4,5 %
Pillar 2 Requirement	3,3 %	3,3 %
Pillar 2 Guidance	1,0 %	1,0 %
Countercyclical Buffer (combined)	0,3 %	0,3 %
Conservation Buffer	2,5 %	2,5 %
Systemic Risk Buffer (combined)	1,2 %	1,3 %
Tier 1 capital ratio	**14,2 %**	**14,4 %**
Total capital ratio	**16,2 %**	**16,4 %**
Leverage ratio	**5,0 %**	**5,0 %**

SCB AS		
Actuals	**Q4 2020**	**Q4 2021**
CET1 capital ratio	**19,8 %**	**18,3 %**
Tier 1 capital ratio	**21,6 %**	**20,2 %**
Total capital ratio	**23,9 %**	**22,2 %**
Leverage ratio	**15,1 %**	**13,8 %**
Capital requirements	**Q4 2020**	**Q4 2021**
CET1 capital ratio	**13,8 %**	**13,0 %**
Minimum Core Equity	4,5 %	4,5 %
Pillar 2 Requirement	3,3 %	3,3 %
Pillar 2 Guidance	1,0 %	1,0 %
Countercyclical Buffer (combined)	0,5 %	0,3 %
Conservation Buffer	2,5 %	2,5 %
Systemic Risk Buffer (combined)	2,0 %	1,4 %
Tier 1 capital ratio	**15,3 %**	**14,5 %**
Total capital ratio	**17,3 %**	**16,5 %**
Leverage ratio	**5,0 %**	**5,0 %**

Current and future capital requirements

During the second half of 2021, regulators in the Nordics have communicated their expectations towards increasing the countercyclical buffer requirements ("CCyB"). In Norway, the CCyB will increase from 1% to 1.5% with effect from 30 June 2022 and further from 1.5% to 2.0% with effect from 30 December 2022. In Denmark, the CCyB will increased from 0% to 1% with effect from September 2022 and further to 2.0% with effect from 31 December 2022. In Sweden, the CCyB will increase from 0% to 1% with effect from 29 September 2022. The Group has considered, in its capital planning, that buffer requirements are expected to return to pre-COVID levels in a near future and is well positioned to meet such increase in capital requirements.

The Group expects to receive revised Pillar 2 requirements and guidance during February 2022 applicable from end of Q1 2022.

Regulatory

In the spring of 2019, the EU adopted what is collectively called the "Banking Package", including changes to EU's capital requirements legislation and the Bank Recovery and Resolution Directive, CRR II, CRD V and BRRD II, which entered into force in the EU from the spring of 2021. The Norwegian implementation has been delayed and it is expected that the requirements will enter into force in Norway during 2022. The bank is well positioned to meet the changes to capital requirements and do not expect the changes to have material impact on the bank's capital position.

The Group uses the advanced IRB-approach for the private auto portfolios in Norway, Sweden, and Finland. In July 2021, the Group submitted updated IRB models to the Joint Supervisory Team incorporating new regulations and guidelines.

The Joint Supervisory Team has communicated that the Group can expect to receive MREL requirements in the near future. MREL eligible debt will be internal funding provided by the Santander Group.

For further details regarding Capital Adequacy, please see (Note 9) "Capital adequacy".

Regulatory Changes

The regulatory framework for the financial sector is constantly changing and the number of initiatives from regulators continues to be high, both on EU level and nationally. The Group works continuously to ensure compliance and has frameworks to secure monitoring and implementation of new legislation. The Group strives to take on an active role in legislative processes through Finans Norge and other finance associations and networks.

Consumer protection

Consumer protection continues to be an area of high focus from European and Nordic regulators and supervisors.

In Norway, a consolidated regulation on requirements on sound lending practices for house mortgages and consumer loans entered into force in January 2021 (the Norwegian Lending Regulation). The Norwegian Supervisory Authority also issued a new circular with guidelines to the Norwegian Lending Regulation, which is mainly a continuation of existing practices, but in some areas entails stricter requirements.

The new Norwegian Financial Agreements Act is expected to enter into force during 2022. The Act will considerably impact financial institutions in Norway, including the Group, and further enhance consumer protection. The Act implements provisions from several

EU legislative acts such as directives on mortgages, payment services and payment accounts.

The Swedish Financial Supervisory Authority announced that it would have a greater focus on consumer protection during 2021, and new guidelines on consumer credits were issued in September. The guidelines, which entered into force on 1 November 2021, provide clarified rules on the information to be included in credit assessments of consumers, how this information shall be collected, verified, and considered in order to assess the consumer´s ability to repay. The Swedish Consumer Agency has also issued a report on consumer credits outlining focus areas where actions can be taken to improve consumer protection.

In Denmark, the Consumer Ombudsman and the Danish Financial Authority published updated guidelines in relation to creditworthiness assessments in April 2021. Although creditworthiness assessments have been and continues to be a focus area for all Nordic and European supervisors and regulators, the Danish market somewhat stands out with the high number of Consumer Ombudsman cases related to the topic.

In Finland, the Finnish Ministry of Justice has proposed to implement a positive credit register, applicable from April 2024.

In June, the European Commission issued a proposal for a directive on consumer credits repealing and replacing the Consumer Credit Directive 2008/48/EC. The proposed directive applies to credit agreements with consumers, although with a number of listed exceptions, and member states are given further discretion to determine application of certain provisions. The scope is extended to cover loans below 200 EUR, interest free credit, all overdraft facilities and all leasing agreements. The general aim of the new directive is to reduce the consumer detriment and risks in taking out loans in a changing market and to facilitate a cross-border provision of consumer credits and the competitiveness of the internal market. The proposal entails, inter alios, more detailed regulation regarding creditworthiness, regulation on fees and charges and caps on interest rate.

The EBA Guidelines on loan origination and monitoring

In May 2020, the European Banking Authority (EBA) issued new guidelines on loan origination and monitoring. Both Danish and Swedish Supervisory Authorities stated that they would comply with the guidelines from 30 June 2021. For Norway, the guidelines will apply from 1 January 2022. The guidelines specify the internal governance arrangements for granting and monitoring of credit facilities throughout their lifecycle. The guidelines introduce requirements for borrowers' creditworthiness assessment and bring together the EBA's prudential and consumer protection objectives. The guidelines aim to ensure that banks have robust and prudent standards for credit risk taking, management and monitoring, and that newly originated loans are of high credit quality. The guidelines also aim to ensure that the banks' practices are aligned with consumer protection rules and AML requirements. During the year, the Group has had an ongoing project to ensure implementation of the guidelines across the region.

Sustainable finance

In July 2020, the framework regulation for the establishment of an EU Taxonomy entered into force. The Taxonomy is a framework to facilitate environmentally and socially sustainable investments, and it will be applicable in the EU from 1 January 2022. The EU Taxonomy is the first step of the EU Commission Action Plan on Financing Sustainable Growth. Detailed requirements follow under delegated acts and other relevant regulations. Sustainable finance has an important role in mobilising the necessary capital to deliver on the policy objectives under the European Green Deal as well as the EU's international commitments on climate and sustainability objectives. The Taxonomy Regulation and the Regulation on sustainability-related disclosures in the financial services sector will most likely be implemented in Norway during the first half of 2022.

The combat against money laundering and terror financing continues

In July, the European Commission presented an ambitious package of legislative proposals to strengthen the EU's anti-money laundering and countering the financing of terrorism (AML/CFT) rules. The aim is to improve the detection of suspicious transactions and activities, and close loopholes used by criminals to launder illicit proceeds or finance terrorist activities through the financial system. The package also includes the proposal for the creation of a new EU authority to fight money laundering.

Data privacy

Looking at Data Privacy, the European Commission has published new Standard Contractual Clauses (SCCs) for transferring personal data to countries outside the EEA. The new SCCs came into force on 27 June 2021. Existing contracts that include the old SCCs will have to be updated within eighteen months (i.e., by 27 December 2022). Further, in June, the European Data Protection Board adopted the final Recommendations on measures that supplement transfer tools to ensure compliance with the EU level of protection of personal data for data transfers outside of the EEA.

Implementation of the EU's "Banking Package"

In the spring of 2019, the EU adopted what is collectively called the "Banking Package" or the "Risk Reduction Package", including changes to EU's capital requirements legislation and the Bank Recovery and Resolution Directive, CRR II, CRD V and BRRD II, and entered into force in the EU from the spring of 2021. The Norwegian implementation has been delayed and it is expected that the requirements will enter into force in Norway during 2022.

Implementation of EU's securitization legislation

Another regulatory development which is key for the Group and its self-funding was the implementation of EU's securitization legislation that was presented by the Ministry of Finance last year. Once the regulation is adopted it will enable the Group to carry out securitizations once again in Norway, Denmark and Sweden.

Corporate Governance

Santander Consumer Bank AS is a Norwegian commercial bank, operating under a banking license granted and supervised by the Financial Supervisory Authority of Norway. The bank has branches in Sweden and in Denmark, and a wholly owned subsidiary in Finland. The bank is fully owned by Santander Consumer Finance S.A which in turn is owned by Banco Santander S.A.

The bank and the Group have solid corporate governance, based on its strong culture and values, and a robust control of risks, all of which ensure that management is aligned with the interests of our shareholders, investors, employees, suppliers, customers and other stakeholders. Pursuant to section 2-2 of the bank's articles of association, the acquisition of shares is conditional on consent from the board. Consent may however only be refused on just ground and refusal of consent must be justified in writing. The bank does not have a Santander Consumer Bank AS share scheme for employees.

The composition of the Board of Directors

The Board of Directors is the bank's highest decision-making body, except for matters reserved for the general meeting.

The Board has, pursuant to the Norwegian Act on Limited Companies section 6-23, established a policy outlining rules of procedure for the Board's work. In 2021, the Board met ten times in addition to handling certain Board items via circulation.

The composition of the Board of Directors is balanced between external and internal (employed by the shareholder Santander Consumer Finance S.A. and the Santander Consumer Bank Nordic Group) directors. The Board of Directors has eight members, 3 external members, 3 internal members and two employee representatives. The chair and deputy chair of the board are elected by the general assembly. The Board of Directors consists of four woman and four men. The elected members of the Board serve for two years. If a board member retires before its period of office has expired, a replacement for the remaining period is elected.

Each employee representative has a personal deputy also elected among and by the employees. In addition, the employees elect an observer to the Board. The election of the employee representatives is organized so that each of the countries in the Group at all times have a Board representative, either by the means of a fixed member, or as a deputy or observer.

The Board has a skills matrix to ensure an overview of board competencies at all times and in order to support and ensure successful succession planning. Each year, the Board carries out a self-assessment of its competencies and work and every other year it's carried out with an external facilitator. The Group has a Board and Directors insurance also including the CEO and senior management.

The committees

The Group has a board audit committee consisting of three members chosen by and among board members, currently the Board's two external directors, one of whom has the required qualifications in auditing and accounting, and one internal director who is an employee representative. The committee carries out the tasks set forth in section 8-19 of the Norwegian Financial Undertakings Act (Finansforetaksloven). The board audit committee's objective is to serve as an advisory and preparatory committee in relation to the Board's administrative and supervisory tasks connected to financial reporting and associated internal controls, and to follow up on the internal and external audit of the bank including its operations via branches and subsidiaries.

The Group has a board risk committee consisting of three members chosen by and among board members, currently two of the Board's external directors and one internal director. They carry out the tasks set forth in section 13-6 of the Norwegian Financial Undertakings Act (Finansforetaksloven). Among other functions, the risk committee advises the Board on the Group's overall current and future risk appetite and strategy and assists the Board in the overseeing the implementation of the Group's risk strategy.

The Group has a remuneration committee consisting of five members chosen by and among board members, currently three of the board's external directors and two internal directors, whereas one is an employee representative. They carry out the tasks set forth in section 15-3 of the Norwegian Regulation on Financial Undertakings (Finansforetaksforskriften). The remuneration committee, among other functions, is to be a preparatory and advisory committee for the Board with respect to the bank's Remuneration Policy and corresponding procedures and the monitoring and control with the effectiveness of the implementation of them.

The Group has a nomination committee consisting of five board members, currently three of the board's external directors and two internal directors, whereas one is employee representative. The objective of the Nomination Committee is to be a preparatory and advisory to the general assembly and sole owner with respect to suitability assessments, selections and nominations of candidates to the Board, including senior management, CEO and succession planning.

Day-to-day management

The Board has delegated the day-to-day management to the Group's CEO. Management committees, including an Executive Management Committee, have been established in order to facilitate the work of the CEO and to ensure effectiveness and efficiency of business, and to enhance the internal control of the Group. The Executive Management Committee consists of the senior managers of the Group's main functions; CEO, Commercial, Financial Control, Financial Management, Technology and Operations, Operating Office, Compliance and Risk, currently two women and six men. The Executive Management Committee meet on a weekly basis. The Group's organizational structure includes separation of duties between the Group's functions, with defined responsibilities to ensure a healthy and prudent management.

The Group has a process for the review, approval and implementation of internal and external regulations such as policies and procedures, outlined in a governing document approved by the Board. Further, the Group has an internal governance office focusing on ensuring an at all times strong internal governance. The Group further has a process of the identification, monitoring and reporting to the business, management and board of regulatory developments relevant for the bank and the Group. The Group strives to take an active role in the public debate and in legislative processes, either via its membership in the financial institution's associations or directly. The Group also has a process for the communications and reporting to its supervisory authorities.

The Finnish subsidiary and Board of Directors

The subsidiary in Finland, Santander Consumer Finance OY (SCF OY), has its own Board of Directors who is overall responsible for the organization and administration of the subsidiary's affairs, including internal governance and control structure. However, it is the board of the Group's responsibility to ensure sound and proper communication with the Board of SCF OY, including ensuring that the Board of SCF OY receives relevant information, with regards to resolutions that may concern them, in a timely manner and prior to any related resolution being made by the Board of SCF OY. The Board consists of two members and one deputy.

Compliance and Conduct

The Compliance Risk is defined as a risk of legal and regulatory sanctions, financial loss or damage to the reputation of the Group arising from the Group or its directors, officers and employees not adhering to applicable laws, rules, regulations, and internal policies. The Group's Compliance and Conduct Program covers the following risk taxonomies; Regulatory Compliance Risk, Anti-Money Laundering and Countering Terrorism Financing Risk, Product Governance and Customer Protection Risk as well as Reputational Risk.

The Compliance Risk is defined as a risk of legal and regulatory sanctions, financial loss or damage to the reputation of the Group arising from the Group or its directors, officers and employees not adhering to applicable laws, rules, regulations, and internal policies. The Group's Compliance and Conduct Program covers the following four risk areas; Regulatory Compliance Risk, Anti-Money Laundering and Countering Terrorism Financing Risk, Product Governance and Customer Protection Risk as well as Reputational Risk.

The Group has adopted the three lines of defense model. The business units and functions constitute the first line of defense and have primary responsibility for identifying, managing and mitigating the compliance risk. To oversee the compliance processes in the Group and to secure that management and the Board of Directors are provided with independent information regarding the compliance status in the business, the Group has an independent Compliance and Conduct function in second line of defense. The third line of defense consists of the Internal Audit function, reviewing and reporting on the first and second line of defence activities.

The Compliance and Conduct function promotes adherence to rules, supervisory requirements, principles of good conduct and values by acting as a second line of defense – establishing standards, challenging, advising and reporting – in the interest of employees, customers, shareholders and the wider community. The function performs independent assessments by performing risk-based monitoring, controls, testing, and thematic reviews. Annual risk assessment forms the risk-based approach of the Compliance and Conduct function activities, and the prioritizing between the activities is concluded in the Annual Compliance Plan.

The Compliance and Conduct function consists of compliance professionals across the Nordics, overseen by the Chief Compliance Officer (CCO), who reports to the CEO and has a functional reporting line to the Chief Compliance Officer at Santander Consumer Finance S.A. To ensure the independence of the Compliance & Conduct function, the CCO has direct access to the Board of Directors and the Board Risk Committee.

During 2021 the Compliance & Conduct function has enhanced and further developed the Compliance and Conduct program by structuring the function in teams based on the four compliance risk areas to further specialize the work of the compliance subject matter experts in the function across the four markets of the Group. The Compliance & Conduct function reports quarterly to the management, the Board Risk Committee and the Board of Directors.

The conduct program is continuously being improved and developed to ensure that customers are treated fairly throughout all stages of the customer lifecycle. This includes a "new product approval process" to ensure that the compliance and conduct risk is mitigated in the design and development of new and significantly changed products and services.

The focus is high on ensuring that they are not being used for any illegal activities and that the Group is complying with, and have focus on, all applicable financial crime regulations and mitigating actions. In 2022, the Group have continued to improve the financial crime program – the "Financial Crime Prevention Unit" have been transformed into the "Anti-Money Laundering Office," moving activities to Operations to align with risk ownership. Compliance and Conduct have introduced the AML taxonomy to focus on the financial crime regulations and have rebuilt the existing AML Control Framework to better address this area.

The Group's General Code of Conduct is applicable to all employees and members of the Board and sets the ethics, principles and rules of conduct by which all activities of the Group should be governed, and therefore comprises the central component of the Santander Group's Compliance Program. All employees are required to complete a mandatory training in the Code of Conduct to ensure proper knowledge and awareness of the ethical principles.

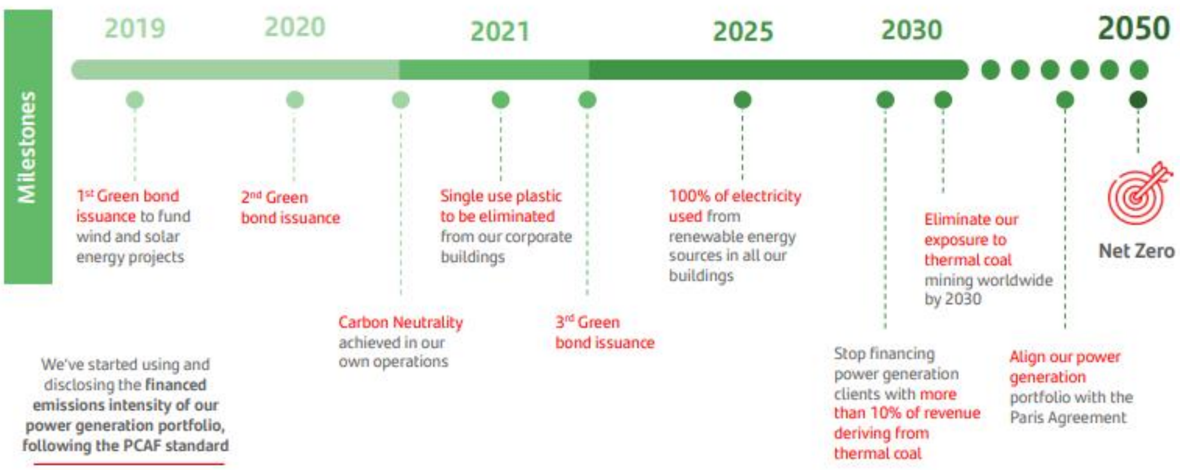
The Group have a digital and secure whistleblowing channel. Reporting should be made on improper conduct that is believed illegal or which violates the Group's Code of Conduct and other internal policies. Employees are free to report their concerns anonymously to the Compliance and Conduct function and employees who report such concerns in good faith are protected from retaliation.

Responsible Banking - The approach to sustainability

As a founding member of the Principles for Responsible Banking and the Net Zero Banking Alliance, Banco Santander places sustainability at the center of its core activities.

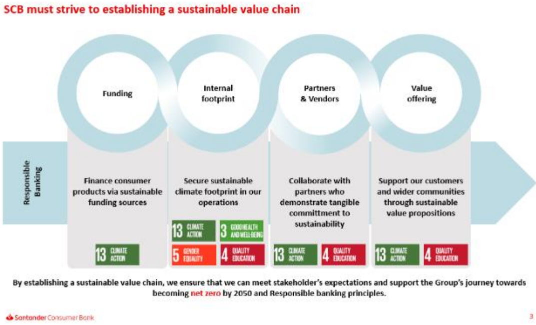
Banco Santander possesses a strategic vision to play a major role in the transition to a low carbon economy and to support inclusive and sustainable growth. To achieve this, Banco Santander has established a Net Zero by 2050 ambition, which aligns with the decarbonization targets of the Paris Agreement. In this context, Net Zero relates to possessing a carbon neutral footprint and implementing measures to reduce CO2 emissions. In addition, Banco Santander has communicated 11 Responsible Banking commitments focused on inclusivity and sustainability.

Banco Santander Commitments:



Nordic Responsible Banking agenda

As a member of the Banco Santander group, the Group is committed to realising the global ambitions and those of society at large. During 2021, the Group launched its Nordic Responsible Banking agenda outlining an aspiration to establish an end-to-end sustainable value chain, which fully supports Banco Santander's Net Zero by 2050 ambition. This means, the Group is committed to incorporating sustainability in its operations, ensuring the financing needs of customers and partners are met in a responsible way.



To fully support these endeavours, it is imperative that the Group maintains the requisite culture, skills, governance, and business practices to meet stakeholder's expectations. A key driving element of the value chain is the strategic commitment to supporting customers in the green transition by financing electric vehicles (EVs) and sustainable home energy solutions. These are attractive market segments with further growth potential, which align well with the Group's overarching corporate strategy.

To meet the Net Zero by 2050 goal, the Group has initiated work on a range of other initiatives, including carbon accounting to measure emissions emanating from relevant loan portfolios according to the Greenhouse Gas (GHG) Protocol and in line with the Paris Agreement, broadening the scope of its vendor onboarding process via integration of ESG screening questions to secure that the Group has responsible partners, and the development of a stand-alone sustainability report, which will leverage both the GRI (Global Reporting Initiative) standards and the TCFD (Taskforce on Climate-Related Financial Disclosures) framework.

Selected UN goals

Banco Santander has chosen 10 out of UN's 17 Sustainable Development Goals (SDG's) to guide their global sustainability efforts, the Group affords particular focus on four goals, as depicted below:

The COVID-19 pandemic has reiterated the importance of ensuring good health and well-being of the wider society.
The Group has been, and continues to be, a strong promoter of social health and wellbeing.

Promoting well-being

BeHealthy Week is an annual global event in Santander where focus is on the physical and mental well-being of employees. In April 2021, the Group took the opportunity to combine employee well-being with positive action for those less fortunate. The format of BeHealthy Week was an internal contest whereby each shared activity, pictures or health tip provided by employees saw the Group donate NOK 250 to Right to Play. In practical terms, for every employee who engaged with the campaign, an entire year of education, protection and empowerment was provided for one child. In total, the Group raised NOK 542 thousand (helping more than 2 000 children), built employee engagement, and increased awareness of the importance of taking care of physical and mental health.

Furthermore, 2021 saw the Group introduce FlexiWorking, a new work model that allows employees to combine working at the office with working from home. This initiative is in service of supporting a healthy work life balance, whilst ensuring serving our customers remains top priority. Through FlexiWorking, the Group explicitly recognizes the tangible benefits associated with combining remote working with maintaining a communal place of work.

Supporting activities in Nordic communities and beyond

The Group is a strong advocate of sport as an enabler of good health and well-being. In addition, sport is seen to be a strong social tool that ensures inclusivity by bringing together people from different backgrounds and instils positive values. The Group believes that its commitment to supporting sport across the region is aligned with several of the UN's sustainability development goals. Accordingly, the Group has established numerous partnerships with major sporting teams, events, and charities across the region and, internationally. Beyond finance support, the Group's employees and commercial partners actively participate in activities to support the community.
International: The Group enjoys a long-term partnership with the international not-for-profit organization Right to Play, whose mission is to protect, educate and empower children to rise above adversity using the power of play. In total 4,080 children have been helped through a broad range of campaigns held during 2021.

Norway: The Group is a proud sponsor of Norwegian Football Association (NFF) and the Norwegian 3v3 League. The 3v3 tournaments were arranged together with clubs from all over Norway and were played by 6–7-year-olds, who got the opportunity to experience the joy of football. In total, up to 8,750 young players got the opportunity to enjoy football together with others.

Sweden: Since 2016, the Group has been one of the main sponsors of the Svensk Klassiker, a multi-discipline sporting competition. During the COVID-19 pandemic, due to cancelled exercises and working from home, health is as important as ever. The aim is to inspire and motivate people to invest in a healthy lifestyle.

Denmark: Since 2015, the Group has been the main sponsor of the Danish Cup handball tournament, branded the "Santander Cup". The Group has also actively joined the fight against cancer through its support of the Danish Cancer Association and participation in Cycling4Cancer.

Finland: The Group is a one of the main sponsors of Helsinki Ski Week held at the Olympic Stadium. While supporting the joy for exercising, Santander will act as the event's climate partner making the event climate neutral through carbon offsetting.

Commitment to Responsible Lending

The aim of the Group's activity is to meet customer financing needs without conflicting the responsibility to contribute to a fair and sustainable society. The Group has developed strong foundations and maintains the ambition to further integrate responsible principles and practices into its business and operating model.

- The Group has focused efforts on integrating responsible lending and ESG principles within its credit origination and underwriting processes, in line with the Group's strategy to do business in a sustainable and responsible way. During 2021, a key activity in these areas has been to implement of the EBA Loan Origination and Monitoring Guidelines, and related local FSA guidelines. Specifically, these guidelines communicate best practices on how to assess the borrower's creditworthiness, and how to handle the information and data for such assessments. The objective of the guidelines is to ensure newly originated loans have adequate credit quality, are aligned with consumer protection rules, and respect fair treatment of consumers.
- Through the medium of a digital magazine, the Group provides dynamic and relevant financial content to readers, focusing on support and guidance with respect to personal finances. Titled "bedre økonomi", the chapter of the magazine provides significant visual and text-based content aimed at educating the reader and enabling them to make better, more informed financial decisions.
- In Denmark, the Personal Financial Management (PFM) customer solution, Prosper, which was launched in 2020, has shown strong growth. Prosper is an innovative solution that provides customers with budgeting and other relevant tools support financial oversight and responsibility.

In accordance with the overarching strategic aspiration of the Group, focus and resources will continue to be allocated to the supporting responsible lending objectives.

Promoting financial education and financial knowledge

Education is the foundation of a fair society and strong economy and the Group is committed to helping people prosper by using educational to empower and promote financial resilience.

The Group has continued its partnership with the Finnish organization Talous ja nuoret ("TAT"), whose mission is to help young people develop their skills in economics, working life and learning about entrepreneurship. The Group contributes to the partnership by collaborating with TAT (and other financial institutions) to develop financial education content for high school syllabuses and finance courses. Through 2021, this activity served to financially empower more than 20,000 people.

The podcast series developed in collaboration with Sopsed continued to attract listeners during 2021 with more than 500 unique listeners. The podcast is based on real user stories and discusses how individuals have managed their finances and overcome personal financial challenged.

Support is afforded to customers and the wider public via Økonomiskolen, Santander's own School of Economics. The aim is to educate and inform about financial concepts, terminology, and bank products in an entertaining way. Therefore, the Group publishes informative articles and videos to support financial knowledge.

Education through sports

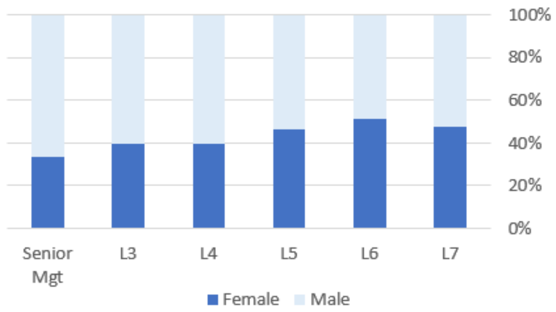
The Group enjoys a strategic and long-term partnership with the international organization Right to Play, whose mission is to protect, educate and empower children to rise above adversity using the power of play. The Group's contribution goes beyond finance; employees actively participate in charity races and activities supporting their mission.

Continuous development of employees

As referred to in People and Culture section of this report, the Group has made significant steps in its evolution to becoming a learning organization. Within this, one key area of development in 2021 was the launch of a Learning Management System, DOJO, a fully digital learning environment than enables employee development. In addition, the Group continuously ensures that its employees undertake requisite training on critical subjects such as AML, Compliance and Cybersecurity.

A diverse and inclusive workforce, reflective of wider society, is of critical importance. In this context, the Group is committed to ensuring fair and transparent employment and remuneration.

Workforce gender composition



One of the Group's equality objectives is to have a good gender balance across management positions. (People and Culture section) The Group shares Banco Santander's commitment and ambition to ensure that 30% of senior leadership positions are held by women by 2025.

At the end of 2021, women in senior leadership positions within the Group amounted to 33%. In total, our total workforce consisted of 48% women and 52% men, taking all levels into account.

Addressing the gender pay gap

The gender pay gap is an important structural workforce aspect and the Group strives to be a driving force for equality. (People and Culture section) In 2021, the Group's gender pay gap was 15.5%, which is a significant improvement from 2020 with pay gap of 20%. The gender pay gap is calculated based on the total earnings of all male and female employees across the organization and is therefore impacted by the gender composition in the workforce.

When comparing wages of women and men performing the same job within the same function and level, the equal pay gap amounted to 11.8%.

Achieving targets for representation of women at management level and closing the pay gap is of paramount importance to ensure the Group becomes a more responsible bank and employer.

Supporting green initiatives in the Nordic region

To help tackle climate change, the Group has a responsibility to reduce its emissions and environmental footprint. Furthermore, support must be given to help customers transition to the green economy.

The Group has a strategic commitment to supporting the green transition by financing vehicle electrification. As a leader in the Nordic auto finance market, 32% of all new cars financed by the Group are EVs. The Group financed 30,351 purchases of new EVs, representing 14.72% of the total market in 2021. In Norway, the Group financed 16,582 new EVs, representing 14.82% of the total Norwegian market. In Sweden, 19.8% of the purchased EVs were financed via Santander, 4.5% in Denmark, and 10.0%% in Finland. Whilst Norway continues to lead the way in terms of EV sales as a proportion of all new car sales, the uptake of EVs continues to grow in the other three Nordic markets. During 2021, the Group's auto finance customers were offered the opportunity to offset their vehicle carbon emissions. Carbon offsetting solutions were offered in Sweden through our partnership with Choose and CO2Esto in Finland.

The Group's Sales Finance proposition affords financing of green home energy solutions, such as solar panels and ground water heating systems, among others. In 2021, the Group continued to successfully establish additional home energy financing partnerships in Denmark and Finland in alignment with the increased focus on green finance. In Finland, green home energy financing is the second biggest financing category and has grown significantly in 2021. This is an attractive and growing market segment, which fits well with the Group's corporate strategy and Responsible Banking agenda.

The intention for 2022 is to further build on the growing interest and commitment to green finance by exploring various green consumer loan products.

Building on the Green Bond Framework established in December 2019, the Group continues to successfully issue Green Bonds. In 2021, five Green Bonds were issued in total, three in Sweden and two in Norway. The issuances have secured 1.5 Bn SEK and 1 Bn NOK of funding that will be utilised to finance new, and existing, passenger EVs. The Group will assess the potential to issue additional green bonds in 2022.

Reducing environmental footprint

The Group is committed to reducing its environmental footprint. Since the end of 2020, 100% of the energy supplied to the Group's offices in the Nordic countries came from renewal energy sources. In Sweden, the Group has a green tenancy agreement for the Stockholm office to continuously improve energy usage, reduce emissions, and waste disposal.

During 2021, the Group initiated work on a carbon accounting project, which will enable further monitoring of the direct and indirect carbon emissions emanating from its operations. In the context of carbon calculations, the Group has started to assess the emissions resulting from vehicle financing through the application of the GHG protocol/PCAF. Reducing the footprint is a crucial component in the Responsible Banking agenda.

The Group is a long-term sponsor of several events that brings people together in a responsible way. In Norway, the Group sponsors the Oslo Business Forum, an annual conference focused on leadership, strategy, and innovation. Together with carbon offset partner Chooose, the Group offsets the carbon footprint of participants and support workers, helping the event to become the world's first climate neutral business conference.

In November 2021, it was publicly communicated that the Group will be the climate partner of the Helsinki Ski Week, scheduled to take place in 2022. The Group will climate compensate the event, including logistics, energy consumption and material procurement via Gold Standard-certified climate projects sourced through Banco Santander's approved development projects.

Governance, policies, and frameworks

The Group has a robust governance structure allowing for effective oversight between reporting lines and implementation of the Responsible Banking agenda.

Board of directors govern the Group's business, the bank strategy, organization, and current and future risks. This ensures the Group achieves the strategic objectives while operating responsibly.

Executive management committee consists of the main functions from senior management, to ensure efficiency and to enhance internal control. This includes execution and monitoring of the bank's strategy.

Responsible Banking department coordinate the operationalization of the Responsible Banking agenda in alignment with Grupo and assists with an oversight of Responsible Banking efforts. The Responsible Banking department interacts via the Executive management committee and facilitates the Responsible Banking forum.

Responsible Banking forum consists of functional representatives that serves as an operative governing body to underpin Responsible

Banking efforts. The forum meets on monthly basis to ensure alignment between the Responsible Banking agenda and future and ongoing initiatives.

To ensure being responsible in everything we do, our activities within the Group are guided by best practices, policies, and frameworks. The Group recognizes the rapid changes on the market which is why the governance of responsible banking and ESG is continuously revised, and policies are reviewed on annual basis.

Key policies operationalizing responsible banking throughout the organization

To ensure being responsible in everything we do, the Group follows best practices, policies and frameworks. The Group recognizes the rapid changes on the market which is why the governance of Responsible Banking and ESG related matters are continuously revised, and policies reviewed.

The governing documents are made available for the organization via a centralized governance portal to ensure transparency and availability. The review of reach policy is conducted by the owning function, together with relevant network of departments. To ensure proper knowledge and awareness of the ethical principles all employees are required to complete a mandatory training in the Code of Conduct. Furthermore, additional trainings are frequently conducted for employees connected to regulatory requirements like AML, Compliance, and Cybersecurity.

General code of conduct: Assembles ethical standards and rules of conduct employees must attend to and is fundamental to the compliance administration.

Corporate culture policy: Forms the standards and principles to embed a consistent and healthy corporate culture within the Group.

General sustainability policy: Compiles the Group's overarching sustainability and responsible banking principles, including voluntary undertakings, oriented to create long-term value for the Group's stakeholders.

Human rights policy: Outlines our commitment to protect human rights, taking into consideration the UN Guiding Principles on Business and Human rights.

Flexi work policy: Sets out the new work model to support a healthy work life balance within the organization.

Additional policies and frameworks supporting sustainability and Responsible Banking efforts:

- Consumer protection policy
- Code of conduct in security markets
- Cyber security corporate framework
- Third party certification policy
- Outsourcing policy
- Tax policy
- Conflict of interest policy
- Financing of political parties' policy
- Global mobility policy
- Nordic company car policy
- Brand, sustainability, and communications corporate framework
- Anti-Money Laundering and Counter Terrorist Financing (AML /CTF) Policy

Climate Risks and Opportunities

The Group is committed to doing business in a responsible and sustainable way by supporting people and businesses transition towards a low carbon and more green economy. The Group continuously monitors market developments and enterprise activities to assess potential related risk exposures. For a full overview of the Group's risks, please see the Risk Management Chapter in the report.

Climate and environmental risks are embedded into the Group's Enterprise Risk Management framework (Top Risks, Risk Appetite Statement, Risk Map and Risk Strategy) and key strategic exercises (ICAAP, Stress tests, annual planning, and budgeting process). This ensures efficient oversight of the identified risks.

The areas taken into consideration are physical risks and transition risks and the identification of risks and opportunities has been made in accordance with the TCFD framework. However, the Group will publish a more in-depth report, which applies the full TCFD framework.

Risk categories	Impact from Physical Risks (non-exhaustive)	Impact from Transition Risks (non-exhaustive)
Credit risk	1. Potential physical risk to collateral due to exposure to natural hazards 2. Potential risk upon credit affordability due to climatic impacts on household energy prices	X
Market risk	X	X
Liquidity risk	X	X
Structural risk	X	X
Operational risk	1.Potential risk of extreme weather events causing damage to office premises causing disruption in servicing customers	X
Regulatory compliance risk	X	1.Potential risk of non-compliance with emerging EU, national governmental or municipal climate-relate laws and policies impacting reputation and/or profitable
Model risk	X	1.Potential risk within residual value model, calculation a result of advances of EV technology, potentially impacting profitability
Reputation risk	X	1.Potential risk of not meeting stakeholder (customer, partners, regulators, investors) expectations as to responsible and sustainable business conduct
Strategic risk	X	1.Potential risk emission regulations or consumption habits impacting private vehicle ownership, resulting in lower vehicles sales and financing opportunities

X = No significant risks identified

Climate change and the associated transition towards a low-carbon economy presents various opportunities for the Group to consider. Such opportunities are linked to different opportunity categories, such as resource efficiency, energy sources, products and services, markets, and resilience.

The key opportunities the Group identifies include supporting customers adoption of low-emission mobility solutions and green home energy systems and expanding the green bonds and other sustainable funding sources. These are in accordance with the Group's sustainable value chain ambition.

Opportunity categories	Climate Opportunities
Resource Efficiency *Ensure resource efficiency in buildings and in operations*	1.Efficient utilization of office space based on actual usage and flexi working 2.Increase data storage efficiency by reducing duplicate data 3.Reduce business travel (pre-covid levels) by leveraging digital collaboration solutions 4.Become fully digital by transitioning from physical documentation (paper) 5.Develop organization wide recycling in offices 6.Pursue sustainable sourcing of vendors 7.Less commuting for employees who work from the home office 9.Ensure all company cars are EV
Energy Source: *Ensure usage of clean energy sources*	1.Ensure renewable energy in offices
Product and Services *Develop climate related/low-emission products, services or good*	1.Enable reusability of consumables (cell phones etc.) via financial services 2.Broaden green funding proposition 3.Develop and embed sustainability features within consumer product offering 4.Integrate carbon offsetting capabilities for end customers
Markets: *Access to new markets or assets*	1.Continue to support consumer's adoption to EVs, including financial products for home charging 2.Continue issuance of green bonds in accordance with Green Bond Framework 3.Support customers adoption of green home energy solutions (solar panels, geothermal heat etc.) 4.Expand into the market for alternative mobility solutions by offer financing via SCB 5.Advise and support partners on sustainability 6.Expand financing of alternative transportation such as Bicycles/el-bicycles
Resilience: *Advance the adaptive capacity*	*Not applicable*

People and culture

The primary focus within People and Culture in 2021 has been to keep people, partners and customers safe throughout the pandemic.

2021 Focus

#1 Keep our people, customers, and partners safe throughout the pandemic.

The primary focus within People and Culture in 2021 has been to keep people, partners and customers safe throughout the pandemic. The Group has enforced initiatives connected to remote leadership and emotional resilience. 89% of the Group`s people have approved how the Group has acted. Speed has been kept on both the digital transformation as well as organizational restructuring of the Group during 2021. The workload has been considered high, impacting negatively on the engagement and well-being of their people.

The working environment in the Group is assessed on an annual basis through the employee opinion survey. The 2021 response rate was stable at 88 per cent. The overall result in the Nordic countries declined, still with strong and stable results within the dimensions of executed leadership, risk management and equality.

Already back in 2018 the Group started to work on mental health as part of Grupo Sandander`s BeHealthy program, enforcing the focus on emotional awareness in both self-leading and leadership. BeHealthy is a global health and well-being program that aims to make Grupo Santander among the best in class and which aspires to improve people's lives. The overall well-being of the employees is essential to having healthy, content, and committed teams with high performance on an individual, employment and community level.
The continuous initiative on mental heath in the recent years seems to have provided the Group with an advantage facing complexity, both internally and externally. The psychological safety has increased to a high level of 84%.

The Group continued to develop agile working environments during 2021, keeping units close to markets and customers.
During 2021 the Group has also implemented the next step in becoming a learning organization with the concept Grow@Santander.

The Group has implemented a skill-matrix for all areas and functions, related to individual & strategic competence development, HRM systems and our new Learning Management System called DOJO. The architecture also provides a career path as specialist and/or people manager. DOJO is a fully digital learning environment than enables planning and development of their people according to future competence needs as well as a catalyzer for the awareness of curiosity and learning.

There is a continuous focus on corporate behaviors, which are also incorporated in variable remuneration. The Group utilizes 360º feedback methodology for executives, which includes the opinions of their teams and other employees they interact with, as well as their line manager.

The Group has a Working Environment Committee and Liaison Committee. Statutory meetings are held frequently and the cooperation between the management and the employee representatives is solid. As new regulations and new expectations reach the banking industry, the Group needs to make sure that all employees across the Nordics understand their responsibilities. Trainings are therefore frequently conducted for employees connected to regulatory requirements like AML, Compliance and cybersecurity. People and Culture/HR reports monthly to compliance on fullfillment on mandatory training in a "Compliance training completion report", per year end: All employees 97%, New hires 90-180 days 86%.
The Group holds an employee handbook about gifts and representation, hereby registation requirement.

Health, safety and environment are important elements in the Group`s policy concerning people and organization. Preventive working environment measures should be adopted to promote employees' safety, health, well-being and working capacity. Human rights are covered both in Diversity & Inclusion Policy and Code of conduct. The Group has no reported incidents of sexual harassment in 2021. There has been no personnell injuries in the workplace during the year. In 2021 the sick leave rate was 2,86%. 13% of the Group`s employees had parental leave during 2021 whereof 46% were men and 54% were women.

The Group is committed to gender-balanced participation in its talent and management development programs, and it has flexible schemes that make it easier to combine a career with family life.

Diversity is by the Group considered to enhance human capital, encourage an inclusive working environment, and to offer better solutions and higher value added. The Group considers all sources of diversity when managing its people's talents.

The Group has participated in Banco Santander's worldwide Gender Diversity Policy and investigated gender salary gaps. In 2021, the Group's gender pay gap was 15.5%, which is a significant improvement from 2020 with pay gap of 20%. The gender pay gap is calculated based on the total earnings of all male and female employees across the organization and is therefore impacted by the gender composition in the workforce.

When comparing wages of women and men performing the same job within the same function and level, the equal pay gap amounted to 11.8%.

The Group has also reviewed succession plans to ensure women will be incorporated into all succession streams to make sure the Group develop gender diversity in top management. At the end of 2021, women in senior leadership positions within the Group amounted to 33%. In total, the total workforce consisted of 48% women and 52% men, taking all levels into account. The Nordic senior management team consists of 3 women and 6 men. The Board of Directors consists of 4 woman and 4 men.

At year-end 2021, the Group had 1 154 employees (excluding temporary hired employees), of which 228 worked in Sweden, 198 in Denmark, 151 in Finland and 547 in Norway.

Employees

1154

2021 Focus

Mental health and wellbeing, agile transformation, learning, gender & diversity.

Strategic priorities to stay in the lead

The banking sector landscape

The macroeconomic environment in which the Group has been operating in has not been overly supportive of traditional balance sheet business models, characterized by low interest rates, economic contraction, and reduced consumer confidence. Looking ahead, whilst due consideration must be given to the unwinding of supportive government policies, there are several macroeconomic factors that serve as a cause for optimism for banks. With inflation showing signs of permanence, interest rates are expected to increase, providing relief for net interest income.

Furthermore, consumer and business confidence are improving and support strong growth expectations – 2022 GDP growth in the Nordic region is estimated to be more than 3.5% (3.9% in Norway, 3.5% in Sweden, 3.0% in Denmark and 2.9% in Finland).

The trend of new banking sector entrants and other competitors targeting specific parts of the bank value chains, is expected to increase competition and contestability within financial products and services. Whilst a threat, the advancements in technology and regulation will enable banks to develop and/or evolve business and operating models to leverage existing strengths and deliver shareholder value creation.

The 2021 United Nations Climate Change Conference (COP26) towards the end of 2021 reinforced the trajectory and significance of climate change and more broadly, sustainability. Banks must respond and continue to play a significant role in this journey and there exists significant opportunities to build new propositions that are underpinned by sustainability principles.

Corporate strategy

The Group's overarching commitment is to do business in a responsible and sustainable way. This is reinforced by the corporate purpose to help people and businesses prosper and underpinned by a values platform that ensures everything the Group does is simple, personal, and fair.

The Group has a clearly defined strategic ambition of being the leading Nordic consumer finance platform. This means striving to meet all customer and partner needs in a seamless and collaborative manner.

The aim is to generate long-term, sustainable value creation for the Group's shareholder, Santander Consumer Finance SA. Within this context, the Group also strives to generate value for a broader group of stakeholders including employees, customers, partners and society at large.

To support and guide strategic execution in pursuit of these measures, the following three strategic pillars drive their execution efforts:

Grow selectively
Sustainable profitability at the core of existing and new business propositions.

Operate efficiently
Efficient, robust and scalable operating model and resource allocation.

Work collaboratively
Modern organisational model underpinned by collaboration and engagement.

As part of the Group`s corporate strategy, four long-term primary measures were determined that reflects the commitment to delivering long term stakeholder value.

- No. 1 customer & partner satisfaction in core markets
- Employee satisfaction greater than 85%
- Cost to income below 35%
- RoRWA(Return on Risk Weighted Assets) greater than 2%

Strategic focus areas

Despite the challenges faced in 2021, the Group was able to take significant strides forward towards executing on its corporate strategy and thereby future proofing its business.

- Operationalized the new organization in service of both diminishing the presence of operational siloes and increasing efficiencies.
- Launched the Responsible Banking agenda in support of the Banco Santander's Group strategy and its "Net Zero by 2050" sustainability ambition.
- Continued to support mobility electrification by financing the purchase of 30,351 new electric vehicles ("EVs") per December 2021, representing 14.72% of all EVs purchased in the Nordic region.
- Progressed the digital capability transformation, ensuring that the Group possesses a modern and scalable infrastructure that will enable greater connectivity to customers and partners whilst releasing desired efficiencies.
- Introduced FlexiWorking, a new work model allowing employees to combine working at their offices with working from home, supporting a healthier work-life balance.

The Group's corporate strategy will focus attention upon the following key business opportunities:

Deliver demand-based, competitive, and fair consumer propositions
The Group is increasingly committed to developing and evolving its value propositions to secure that the bank meets underlying customer demand, providing products and services that contribute to stakeholder value. Underpinning this is the strong commitment to deliver propositions that i) adhere to all regulatory requirements and best practices, ii) operate on a digital first basis, and iii) are price competitive.

Continue to support the electrification of mobility
As a market leader in auto finance across the Nordic region, a key strategic objective is to further support the transition to electric drive chains. This objective is aligned to Nordic governmental policy of targeting zero emission mobility – Norway by 2030 and Sweden, Denmark and Finland by 2045. Through continued collaboration with partners and capability investments, the Group will continue to support this transition.

Execute the Nordic Responsible Banking Agenda
The Nordic Responsible Banking agenda is critical in supporting both Banco Santander in achieving its global sustainability ambitions and the Bank delivering on its responsibilities to its stakeholders. Following communication of the Bank's Responsible Banking agenda in 2Q 2021, focus now turns to executing on a key set of initiatives including enhancing the Bank's sustainability reporting to stakeholders.

Accelerate digital capabilities to realize efficiencies
Following the progress made in 2021, continued focus will be on developing digital capabilities. The transformation is critical in providing the Group with a modern technology platform to power customer centric products and services and, to deliver the cost efficiencies required to meet established profitability targets. A key component of the Group's digital capabilities will also focus on cyber security, ensuring that the Bank's digital platforms are secure, robust, and reliable.

Lysaker, 24th February 2022

The Board of Directors of Santander Consumer Bank

Henning Strøm Chair	Federico Ysart Deputy Chair	Javier Anton
Ramon Billordo	Anne Kvam	Tina Stiegler
Sara Norberg Employee Representative	Tone Bergsaker Strømsnes Employee Representative	Michael Hvidsten Chief Executive Officer

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Profit and Loss - Santander Consumer Bank Nordic Group

All amounts in millions of NOK	Note	2021	2020
Total interest income*		7 982	9 008
Total interest expenses		-895	-1 369
Net interest income	11	**7 087**	**7 638**
Fee and commission income		556	553
Fee and commission expenses		-238	-291
Value change and gain/loss on foreign exchange and securities		30	-92
Other operating income	12	317	310
Other operating expenses	12	-345	-302
Gross margin		**7 406**	**7 816**
Salaries and personnel expenses	29, 30	-1 360	-1 439
Administrative expenses		-1 265	-1 735
Depreciation and amortisation	23, 24	-246	-196
Net operating income**		**4 536**	**4 446**
Other income and costs		-10	237
Impairment losses on loan, guarantees etc.	2, 4, 5, 15	-1 166	-1 983
Profit before tax		**3 359**	**2 701**
Income tax expense	13	-793	-571
Profit after tax		**2 566**	**2 130**

Allocation of profit after tax			
Transferred to other earned equity		2 448	1 994
Transferred to additional Tier 1 capital	33	118	136
Total allocations		**2 566**	**2 130**

Profit after tax		**2 566**	**2 130**
Items not to be recycled to profit and loss			
Actuarial gain/loss on post-employment benefit obligations		58	-4
Items to be recycled to profit and loss			
Net exchange differences on translating foreign operations		-278	208
Measured at FVTOCI		-18	7
Cash flow hedge	20	38	-
Net investment hedge	13, 20	150	-141
Other comprehensive income for the period net of tax		**-49**	**71**
Total comprehensive income for the period		**2 517**	**2 201**

** Total interest income calculated using the effective interest method*

*** Net operating income before impairment losses on loans*

Balance Sheet - Santander Consumer Bank Nordic Group

All amounts in millions of NOK	Note	2021	2020
Assets			
Cash and receivables on central banks	17	3 784	3 363
Deposits with and receivables on financial institutions	17	4 391	7 238
Loans to customers	2, 4, 6, 14, 15, 16, 17, 25	170 640	176 263
Commercial papers and bonds	4, 17	9 672	6 813
Financial derivatives	17, 19	59	18
Repossessed assets	26	62	16
Other ownership interests	17, 19	20	38
Intangible assets	24	1 276	1 315
Fixed assets	23	1 014	1 247
Other assets		1 440	2 581
Total assets		**192 357**	**198 892**
Liabilities			
Debt to credit institutions	17, 32	30 443	29 363
Deposits from customers	17	73 304	81 142
Debt established by issuing securities	17, 18	51 518	51 216
Financial derivatives	17, 19	53	25
Tax payable	13	192	221
Other financial liabilities	17, 28	402	490
Deferred tax	13	1 277	1 166
Pension liabilities	29	49	147
Other liabilities		2 801	3 129
Subordinated loan capital	17, 32	2 463	2 821
Total liabilities		**162 502**	**169 720**
Equity			
Share capital		10 618	10 618
Share capital premium		1 926	1 926
Additional Tier 1 capital		2 250	2 250
Other equity		14 985	14 253
OCI items		76	125
Total equity	9	**29 855**	**29 172**
Total liabilities and equity		**192 357**	**198 892**

Cash Flow - Santander Consumer Bank Nordic Group

All amounts in millions of NOK	Note	2021	2020
Cash flow from operations			
Profit before tax		3 359	2 701
Adjustments for:			
- Depreciation, amortisation and impairment on fixed and intangible assets		246	350
- Net interest income	12, 23, 24	-7 087	-7 638
- Value change and gain/loss on foreign exchange and securities		-30	92
- Dividends on financial assets at FVOCI		-	-
Changes in:			
- Loans to customers	14	-840	-7 841
- Operational lease	23	161	-99
- Repossessed assets	26	-56	-5
- Other assets		1 141	-987
- Deposits from customers		-4 856	12 435
- Other liabilities and provisions		-336	860
Interests received		7 982	9 057
Dividends received		-	-17
Interests paid		-895	-1 365
Net income taxes paid		-361	-782
Net cash flow from operations		**-1 572**	**6 760**
Cash flow from investments			
Purchase of bonds		-20 454	-10 161
Proceeds from matured bonds		17 077	15 607
Acquisition of Forso	36	-	-369
Purchase of fixed and intangible assets		-233	-286
Proceeds from sale of fixed and intangible assets		19	8
Net cash flow from investments		**-3 591**	**4 799**
Cash flow from financing			
Proceeds from issued securities	18, 27	12 518	13 972
Repayments of issued securities	18, 27	-9 813	-15 995
Payments related to leasing liabilites		-80	-52
Change in loans and deposits from credit institutions	27	2 718	-3 293
Proceeds from issue of subordinated loans	27, 32	-	500
Repayment of subordinated loans	27, 32	-250	-250
Dividend payments		-1 700	-
Interest payments on additional Tier 1 capital	33	-118	-136
Net cash flow from financing		**3 276**	**-5 253**
Exchange gains / (losses) on cash and cash equivalents		-539	261
Net change in cash and cash equivalents		-2 426	6 306
Cash and cash equivalents at the beginning of the period		10 601	4 034
Cash and cash equivalents at the end of the period		**8 175**	**10 601**

Statement of changes in equity - Santander Consumer Bank Nordic Group

2021

All amounts in millions of NOK	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation differences from foreign currencies	Measured at FVTOCI	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 January 2021	**10 618**	**1 926**	**2 250**	**14 253**	**418**	**38**	**-11**	**-193**	**-126**	**29 172**
Profit for the period	-	-	118	2 448	-	-	-	-	-	2 566
Adjustment of equity from merger with Forso	-	-	-	-17	-	-	-	-	-	-17
OCI movements (net of tax)	-	-	-	-	-278	-18	38	150	58	-49
Interest payments additional Tier 1 capital	-	-	-118	-	-	-	-	-	-	-118
Dividend	-	-	-	-1 700	-	-	-	-	-	-1 700
Balance at 31 December 2021	**10 618**	**1 926**	**2 250**	**14 985**	**140**	**20**	**27**	**-43**	**-68**	**29 855**

Total shares registered as at December 31, 2021, was 965 241 842, each with a par value of 11 NOK

Restricted capital as at December 31, 2021, was 10 618 MM NOK. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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

2020

All amounts in millions of NOK	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation differences from foreign currencies	Measured at FVTOCI	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 January 2020	**9 652**	**891**	**2 250**	**12 242**	**209**	**31**	**-11**	**-52**	**-122**	**25 090**
Profit for the period	-	-	136	1 994	-	-	-	-	-	2 130
Equity from merger with Forso	-	-	-	17	-	-			-	17
OCI movements (net of tax)	-	-	-	-	208	7	-	-141	-4	70
Interest payments additional Tier 1 capital	-	-	-136	-	-	-	-	-	-	-136
Capital increase	965	1 035	-	-	-	-			-	2 000
Dividend	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2020	**10 618**	**1 926**	**2 250**	**14 253**	**418**	**38**	**-11**	**-193**	**-126**	**29 172**

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

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Profit and Loss - Santander Consumer Bank AS

All amounts in millions of NOK	Note	2021	2020
Total interest income*		6 781	7 618
Total interest expenses		-834	-1 288
Net interest income	11	**5 948**	**6 330**
Fee and commission income		491	487
Fee and commission expenses		-217	-267
Value change and gain/loss on foreign exchange and securities		8	-74
Other operating income	12	191	173
Other operating expenses	12	-205	-167
Gross margin		**6 216**	**6 481**
Salaries and personnel expenses	29, 30	-1 180	-1 252
Administrative expenses		-1 063	-1 351
Depreciation and amortisation	23, 24	-210	-169
Net operating income**		**3 764**	**3 710**
Other income and costs		-15	195
Impairment losses on loan, guarantees etc.	2, 4, 5, 15	-1 039	-1 686
Profit before tax		**2 709**	**2 219**
Income tax expense	13	-690	-493
Profit after tax		**2 020**	**1 726**

Allocation of profit after tax			
Transferred to other earned equity		1 902	1 591
Transferred to additional Tier 1 capital	33	118	136
Total allocations		**2 020**	**1 726**

Profit after tax		**2 020**	**1 726**
Items not to be recycled to profit and loss			
Actuarial gain/loss on post-employment benefit obligations		58	-4
Items to be recycled to profit and loss			
Net exchange differences on translating foreign operations		-74	75
Measured at FVTOCI		-18	7
Cash flow hedge	20	31	-1
Net investment hedge	13, 20	-1	22
Other comprehensive income for the period net of tax		**-3**	**99**
Total comprehensive income for the period		**2 016**	**1 825**

** Total interest income calculated using the effective interest method*

*** Net operating income before impairment losses on loans*

Balance Sheet - Santander Consumer Bank AS

All amounts in millions of NOK	Note	2021	2020
Assets			
Cash and receivables on central banks	17	3 784	3 363
Deposits with and receivables on financial institutions	17	3 188	5 261
Loans to customers	2, 4, 6, 14, 15, 16, 17, 25	136 057	137 157
Commercial papers and bonds	4, 17	8 275	6 094
Financial derivatives	17, 19	-	-
Repossessed assets	26	17	-3
Loans to subsidiaries and SPV's	17	18 498	14 163
Investments in subsidiaries	31	1 647	1 733
Other ownership interests	17, 19	20	38
Intangible assets	24	863	876
Fixed assets	23	568	714
Other assets		1 378	2 531
Total assets		**174 296**	**171 927**
Liabilities			
Debt to credit institutions	17, 32	28 400	20 428
Deposits from customers	17	73 304	81 142
Debt established by issuing securities	17, 18	38 375	35 528
Financial derivatives	17, 19	-	8
Tax payable	13	133	199
Other financial liabilities	17, 28	393	477
Deferred tax	13	1 574	1 462
Pension liabilities	29	49	147
Other liabilities		2 222	2 577
Subordinated loan capital	17, 32	2 463	2 821
Total liabilities		**146 914**	**144 789**
Equity			
Share capital		10 618	10 618
Share capital premium		1 926	1 926
Additional Tier 1 capital		2 250	2 250
Other equity		12 612	12 364
OCI items		-24	-20
Total equity	9	**27 382**	**27 138**
Total liabilities and equity		**174 296**	**171 927**

Cash Flow - Santander Consumer Bank AS

All amounts in millions of NOK	Note	2021	2020
Cash flow from operations			
Profit before tax		2 709	2 219
Adjustments for:			
- Depreciation, amortisation and impairment on fixed and intangible assets		210	209
- Net interest income	12, 23, 24	-5 948	-6 330
- Value change and gain/loss on foreign exchange and securities		-8	74
- Dividends on financial assets at FVOCI		-	-
Changes in:			
- Loans to customers	14	-4 661	-8 324
- Operational lease	23	80	-34
- Repossessed assets	26	-30	9
- Other assets		1 154	-1 013
- Deposits from customers		-4 856	12 668
- Other liabilities and provisions		-362	907
Interests received		6 781	7 664
Dividends received		-	-17
Interests paid		-834	-1 363
Net income taxes paid		-225	-703
Net cash flow from operations		**-5 991**	**5 965**
Cash flow from investments			
Purchase of bonds		-18 275	-7 852
Proceeds from matured bonds		15 570	11 262
Acquisition of Forso AB	36	-	-1 020
Merge Forso AB	36	-	1 043
Purchase of fixed and intangible assets		-225	-281
Proceeds from sale of fixed and intangible assets		10	4
Net cash flow from investments		**-2 920**	**3 157**
Cash flow from financing			
Proceeds from issued securities	18, 27	8 024	6 933
Repayments of issued securities	18, 27	-3 537	-8 488
Payments related to leasing liabilites		-78	-44
Change in loans to and deposits from credit institutions	27	5 362	-1 730
Proceeds from issue of subordinated loans	27, 32	-	500
Repayment of subordinated loans	27, 32	-250	-250
Dividend payments		-1 700	-
Interest payments on additional Tier 1 capital	33	-118	-136
Net cash flow from financing		**7 704**	**-3 215**
Exchange gains / (losses) on cash and cash equivalents		-445	109
Net change in cash and cash equivalents		-1 652	6 016
Cash and cash equivalents at the beginning of the period		8 624	2 499
Cash and cash equivalents at the end of the period		**6 972**	**8 624**

Statement of changes in equity - Santander Consumer Bank AS

2021

All amounts in millions of NOK	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation differences from foreign currencies	Measured at FVTOCI	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 January 2021	**10 618**	**1 926**	**2 250**	**12 364**	**62**	**38**	**-16**	**22**	**-126**	**27 138**
Profit for the period	-	-	118	1 902	-	-	-	-	-	2 020
Adjustment of equity from merger with Forso	-	-	-	46	-	-	-	-	-	46
OCI movements (net of tax)	-	-	-	-	-74	-18	31	-1	58	-3
Interest payments additional Tier 1 capital	-	-	-118	-	-	-	-	-	-	-118
Dividend	-	-	-	-1 700	-	-	-	-	-	-1 700
Balance at 31 December 2021	**10 618**	**1 926**	**2 250**	**12 612**	**-12**	**20**	**15**	**21**	**-68**	**27 382**

Total shares registered as at December 31, 2021, was 965 241 842, each with a par value of 11 NOK

Restricted capital as at December 31, 2021, was 10 618 MM NOK. The split between restricted and unrestricted capital is in accordance with the Norwegian limited companies act.

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2020

All amounts in millions of NOK	Share Capital	Share Capital Premium	Additional Tier 1 Capital	Other Equity	Translation differences from foreign currencies	Measured at FVTOCI	Cash flow hedge	Net investment hedge	Actuarial gain/loss	Total
Balance at 1 January 2020	**9 652**	**891**	**2 250**	**10 774**	**-13**	**31**	**-15**	**-**	**-122**	**23 448**
Profit for the period	-	-	136	1 591	-	-	-	-	-	1 726
OCI movements (net of tax)	-	-	-	-	75	7	-1	22	-4	99
Interest payments additional Tier 1 capital	-	-	-136	-	-	-	-	-	-	-136
Capital increase	965	1 035	-	-	-	-	-	-	-	2 000
Dividend	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2020	**10 618**	**1 926**	**2 250**	**12 364**	**62**	**38**	**-16**	**22**	**-126**	**27 138**

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Lysaker, 24th February 2022

The Board of Directors of Santander Consumer Bank

Henning Strøm Chair	Federico Ysart Deputy Chair	Javier Anton
Ramon Billordo	Anne Kvam	Tina Stiegler
Sara Norberg Employee Representative	Tone Bergsaker Strømsnes Employee Representative	Michael Hvidsten Chief Executive Officer

Accounting Principles

1. GENERAL INFORMATION ABOUT SANTANDER CONSUMER BANK AS

Santander Consumer Bank AS (the Bank) is a limited liability company incorporated in Norway. The Bank's principal offices are located at Strandveien 18, Lysaker, Norway. The Bank is a wholly owned subsidiary of Santander Consumer Finance S.A. which is part of Grupo Santander. Key figures from Grupo Santander are available at www.santander.com

The financial statements show the activities of the Bank in Norway, Sweden and Denmark. The Group accounts include the Finnish subsidiary Santander Consumer Finance OY (SCF OY) and the Special Purpose Vehicles ("SPV").

The 2021 consolidated financial statements of the Group and financial statements of the Bank cover the period 01.01.2021 to 31.12.2021 and was approved by the Board of Directors and general assembly on 24.02.2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of accounting

The financial reports and the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and interpretations of them. The financial statements are based on the historical cost basis, except financial assets measured at fair value through other comprehensive income and financial derivatives.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. See section 3 for further details regarding the use of accounting estimates.

The financial statements are presented in Norwegian kroner ("NOK") and all figures are rounded to millions of kroner unless indicated otherwise.

2.2. Changes in accounting policy and disclosures

No new or amended IFRS and interpretations have been applied or have had a significant impact on the Group's financial position, results or disclosures for the financial year beginning on 1 January 2021.

This includes amendments to IFRS and IAS due to the ongoing Interest Rate Benchmark Reform which has been assessed and is not expected to have significant impact on the interest rate benchmark used by the Group.

2.3. Consolidation

The consolidated financial statement comprises the parent company and entities, including SPV's, over which the parent company has control. The parent company controls an entity when the parent company is exposed to, or has rights to, variable returns from its involvement with the entity, and can affect those returns through its power over the entity. These entities, subsidiaries, are included in the consolidated financial statements in accordance with the acquisition method from the day that control is obtained and are excluded from the day that control ceases.

According to the acquisition method, the acquired unit's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria are recognized and measured at fair value upon acquisition. The surplus between the cost of the business combination, transferred consideration measured at fair value on the acquisition date and the fair value of the acquired share of identifiable assets, liabilities and reported contingent liabilities is recognized as goodwill. If the amount is less than the fair value of the acquired company's net assets, the difference is recognized directly in the income statement as bargain purchase. The consolidated financial statement comprises the Finnish subsidiary and the SPVs of which, based on analysis, it is considered that the Group continues to exercise control.

Intercompany transactions, balances and unrealized gains or loss on transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2.4. Investment in subsidiaries

Shares in subsidiaries are valued at cost and tested for impairment. Any impairment losses and reversal of impairment losses are classified as net gains (loss and impairment) on investments in subsidiaries in the income statement.

2.5. Recognition of income and expenses

The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities. The most significant criteria used by the Group to recognize its income and expenses are summarized as follows:

Interest income, interest expenses and similar items are generally recognized on an accrual basis using the effective interest method. This implies that interest is recorded when incurred, with the addition of amortized fees which are regarded as an integral part of the effective interest rate. The effective interest rate is set by discounting contractual cash flows based on the expected life of the asset, either car leasing contract or consumer loan. Cash flows include fees and transaction costs which are not paid directly by the customer, plus any residual value at the expiry of the asset's expected life. Interest taken to income on impaired loans corresponds to the effective interest rate on the written-down value.

Fees which are not included in effective interest rate calculations, as well as commissions, are recorded during the period when the services are rendered, or the transactions are completed.

Fees and commission income and expenses are recognized in the profit and loss accounts using criteria that vary based on their nature. The main criteria are as follows:

- Fee and commission income and expenses relating to financial assets and financial liabilities measured at fair value through profit or loss are recognized when they occur.
- Those arising from transactions or services that are performed over a period are recognized over the life of these transactions or services.
- Those relating to services provided in a single act are recognized when the single act is carried out.

Non-finance income and expenses are recognized for accounting purposes on an accrual basis.

Fee and commission income, other than fees included in the calculation of the effective interest rate, is accounted for when the customer receives control of the sold goods or service according to IFRS 15. In the Group, fees and commissions recognized after IFRS15 include the following services:

- Sale of insurance policies (acting as an agent)
- Collections

2.6. Financial assets and liabilities

Measurement methods

Amortized cost and effective interest rate

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal payments, plus or minus the cumulative amortization using the effective interest method of any differences between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowances.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Group calculates interest income on credit-impaired loans by applying the effective interest rate to their amortized cost. The Group have not had any 'POCI' financial assets during 2021.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit of loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortized cost of the financial asset.
(b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized costs and investments in debt instruments measured at FVOCI, as described in section 2.6.1 (ii), which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as gain or loss.
(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

2.6.1. Financial assets

(i) Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit and loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortized cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments
Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) The Group's business model for managing the asset; and
(ii) The cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by an expected credit loss allowance recognised and measured as described in section 2.6.1 (ii). Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value thorugh other comprehensive income (FVOCI). Movements in carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain and loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost of FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the asset or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (i.e. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Group's business model for Loans to customers is to hold and collect contractual cash flows as the Group's objective is solely to collect contractual cash flows, and sales only being made internally to consolidated SPVs as part of the Group's funding strategy, with no result of derecognition by the Group.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making the assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interests includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistant with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity instruments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for other purposes than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income then the Group's right to receive payments is established. The Group elected, at initial recognition, to designate its equity instruments (Other ownership interests) at FVOCI.

Financial instruments with the characteristics of equity:
The Group has issued a capital instrument which satisfies the requirements in CRD IV as Additional Tier 1 capital. Since the Group has a unilateral right not to repay interest or the principal to the investors, the capital instrument does not meet the requirements for a liability as defined in IAS 32 and are therefore presented as Additional Tier 1 capital within the Groups equity. Interest expense is presented as a part of other equity and associated tax deduction is presented as part of the year's tax cost in the statement of profit and loss in accordance with IAS 12.

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments. The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,
- The time value of money, and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Group did not use the low credit risk exemption for any of its financial instruments for the year ended 31 December 2021.

Expected credit loss measurement

IFRS 9 outline a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. Please see below for a description of how the Group determines when a significant increase in credit risk has occurred.
- Along with financial assets assessed to be in "Stage 2" due to SICR criteria, the Group uses other criteria to classify financial assets in Stage 2. Please refer below for details on other criteria used by the Group.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please see below for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured based on default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please see below for a description of inputs, assumptions and estimation techniques used in measuring ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. See below for an explanation of how the Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on lifetime basis (Stage 3).

Further explanation is also provided on how the Group determines appropriate groupings when ECL is measured on a collective basis. See below.

The following diagram summarizes the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The Group uses "Cure Period – not in default state as of reporting date but was in default during last 12 months prior to reporting date", as a condition to classify financial instruments in stage 2. That way, the Group ensures that stage 3 exposures are migrated to stage 2 for a minimum period of 12 consecutive months before they are migrated to stage 1 .

There is no specific criteria followed for migrating exposures from stage 2 to stage 1.

Significant increase in credit risk (SICR)

Credit rating is one of the risk characteristics as suggested in the guideline, in the Group behavioral scores which can be directly translated to corresponding PD are used as key factors to identify any credit risk deterioration event.

Assessment methodology in the Group compares initial behavioral score with the monthly updated behavior score (PIT) and based on empirical data test results, score drop assumptions of 5%/10%/15%, depending on product lines and market, are considered a significant change in credit risk. SICR assessment is based on remaining lifetime PD at reporting date compared with remaining lifetime PD at origination and using a combination of absolute and a relative threshold, SICR assessment is made if the credit risk has increased significantly since initial recognition.

Further, along with financial assets assessed to have increased credit risk, financial assets falling under either of the categories mentioned below are classified as stage 2.

(i) Not in default state as of reporting date but was in default during any of last 12 months before reporting date.
(ii) Loan with forbearance action and not normalized as of reporting date and not in stage 3.
(iii) More than 30 days past due and not in stage 3.

Definition of default and credit-impaired assets

For estimation purposes (PD, LGD or EAD) the following definition of default (credit-impaired) is used: "A contract is considered to be default if it reaches 90 days in arrears, or for reasons such as bankruptcy, litigation, or special handling within collections". Concerning subjective doubtful, it includes contracts, which are not classifiable as write-off or objective default (more than 90 days past due), but for which there are reasonable doubts about their full repayment or future behavior under the contractual terms. The elements to be taken as indications of unlikeliness to pay could include:

- The bank puts the credit obligation on non-accrued status.
- The bank makes a charge-off or account-specific provision resulting from a significant perceived decline in credit quality subsequent to the bank taking on the exposure.
- The bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement of principal, interest or (where relevant) fees, negative equity, persistent losses, inadequate economic or financial structure, insufficient cash flows to meet debts or impossibility of obtaining further financing.
- The bank has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the banking group.
- The transactions which the debtor has legally disputed, the collection of which depends on the lawsuit's outcome.
- Situations in which the entity has decided to terminate the contract to recover possession of the asset.

Measuring ECL – explanation of inputs, assumptions and estimation techniques

The expected credit loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), defined as follow:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), of over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amount the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for credit cards, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of product, availability of collateral or other credit support and the geography where the financial asset is handled. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, EAD and LGD for future periods and each individual exposure or collective segment. PD estimation includes the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). These three components (PD adjusted with likelihood of survival, LGD and EAD) are multiplied together to calculate ECL. This effectively calculates an ECL for future periods, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the effective interest rate calculated at portfolio level based on interest and fee income specific to the portfolio.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by empirical analysis.

The 12-month and lifetime EAD are determined based on the expected payment profile, which varies by product type.

- For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower. The expected probability of full redemption is captured in PD estimation through incorporation of likelihood of survival. Any changes in contractual repayments due to refinancing or restructuring is included in ECL calculation by considering new schedule of payments.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by observed behavior of the exposure in the Group and current limit utilization band, based on analysis of the Group's recent default data.

The LDGs is estimated based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral value realized from sale of repossessed asset, any recovery thereafter and recovery from sale of debt.
- For unsecured products, LGDs are influenced by collection strategies, including contracted debt sales and price.
- The Group separately estimates LGD for defaulted exposures. These LGDs are largely influenced by product type (secured or unsecured) and months in default.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product time. See below for an explanation of forward-looking information and its inclusion in ECL calculations.

The new definition of default for IFRS9 was implemented as at December 31, 2021. Additional information on this update is explained in Note 6. No further significant changes in estimation techniques or significant assumptions have been made in the model during the reporting period.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has analysed and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The macro economic variables incorporated in determining ECL include gross domestic product, unempolyment rates and housing Price Index.

ECL is estimated for different macroeconomic scenarios, and by applying weights to the scenarios the final ECL is estimated.

To address uncertainty related to volatility in the forward looking macros, an assessment of the portfolios susceptibility to the macroeconomic developments has been performed where the forward looking factors were stressed to more accurately estimate the underlying risk in the portfolios.

More details on this is disclosed in note 4.

Grouping of instruments for losses measured on a collective basis

All standardized portfolio ECL calculation is done on a collective basis. Since IFRS 9 parameters are built on IRB framework, portfolios used in IFRS 9 are the same as rating systems used in IRBA and a basic requirement for rating system is to have homogenous pool of exposures. The following characteristics are used within a rating system to determine grouping for ECL calculation collectively:

- Product type (Secured, Unsecured)
- Loan type (Close end loans, Revolving loans)
- Customer type (Individuals, SME, Non-Standardized portfolio)
- Relevant scores (Admission, behavior)
- Credit scoring band
- Risk Bucket
- Restricting action taken on exposure

(iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, that substantially affects the risk profile of the loan.
- Significant extension of the lean term when the borrower is not in financial difficulty.
- Significant change in interest rate.

Considering nature of business, the change in terms are not substantially different and hence the renegotiation or modification does not result in derecognition. In exceptional cases where the loan is derecognized. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments.

(iv) Derecognition other than on a modification

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or are transferred and the Group has transferred substantially all risks and rewards of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received are recognized in profit or loss. The Group enters transactions whereby it transfers assets recognized on the statement of financial position but retains substantially all the risks and rewards of the transferred asset. In such cases, the transferred assets are not derecognized. The Group transfers financial assets that are not derecognized through the following transactions:

- Sale and repurchase of securities
- Securitization activities in which loans to customers are transferred to securitization vehicles.

Specific to consumer loan product, after observing desired payment behavior on the exiting loan, the Group in selected cases provides a top-up on existing loan. In some cases, the old loan is derecognized, and a new contract is created. The new date of booking is then subsequently considered to be date of initial recognition for impairment calculation purposes including SICR (Significant Increase in Credit Risk) assessment.

(v) Write-off policy

The Group write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) insolvency of the borrower and (ii) realization of the collateral where the Group's recovery method is foreclosing on collateral is such that there is no reasonable expectation of recovery in full.

The Group may write-off financial assets that are still subject to enforcement activity. The Group still seeks to recover amounts it is legally owed in full, but which have been partly written off due to no reasonable expectation of full recovery.

2.6.2. Financial instruments with the characteristics of equity

The Group has issued a capital instrument which satisfies the requirements in CRD IV as Additional Tier 1 capital. Since the Group has a unilateral right not to repay interest or the principal to the investors, the capital instrument does not meet the requirements for a liability as defined in IAS 32 and are therefore presented as Additional Tier 1 capital within the Groups equity. Interest expense is presented as a part of other equity and associated tax deduction is presented as part of the year's tax cost in the statement of profit and loss in accordance with IAS 12.

2.6.3. Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortized cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that it attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that gives rise to market risk) and partially in profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which the gains and losses attributable to changes in the credit risk of the liability are also presented in profit of loss,
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby financial liability is recognized for the consideration received for the transfer. In subsequent periods, the Group recognizes any expense incurred on the financial liability, and
- Financial guarantee contracts and loan commitments

(ii) Derecognition

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

2.6.4. Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Financial guarantee contracts issued by a group entity are initially measured at their fair values and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described in 2.6.1 (ii); and
- The amount initially recognized less, where appropriate, the cumulative amount of income recognized.

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in 2.6.1 (ii)). The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognized as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognized as a provision.

2.6.5. Fair value measurement

'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 at that date. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

2.7. Offsetting

Financial assets and liabilities are offset and recognized net in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

Master netting agreements or similar agreements give the right to offset in the event of default but do meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognized amounts only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle on a net basis or to realize the assets simultaneously.

2.8. Derivative financial instruments and hedging activities

The Group has elected to continue to apply the hedge accounting requirements of IAS 39 on adoption of IFRS 9.
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.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.
The Group designates certain derivatives as either:

a) hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);
b) hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
c) hedges of a net investment in a foreign operation (net investment hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

2.9. Leases

2.9.1. Santander Consumer Bank as lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

The Group offers car leasing. When the Group is a lessor in a lease agreement that transfers substantially all the risk and rewards incidental to ownership of the car to the lessee, the arrangement is classified as finance lease. Finance lease receivables are recognized and presented within 'loans to customers'. Contracts with residual value are depreciated to agreed residual value, distributed over the lease term. The interest part of the leasing fee is entered as interest income in the profit and loss account in accordance with the principles described under the point for loans, whereas the repayment of the principal reduces the balance sheet value. In taxation terms, the leasing objects depreciate according to the diminishing balance method. Sales profits from leasing objects and repossessed assets, are entered under 'Other operating income' in the profit and loss account.

Fee income from finance lease consists of interest and repayment of principal and is classified under the line item interest income in the profit and loss statement.

The Group has contracts in which the Group guarantees residual value of the leased assets. For these contracts the Group considers that not substantially all the risk and rewards incidental to the ownership of the asset has been transferred and thus the contracts are classified as operating leases. Operating lease income is recognized as occurring in accordance with the underlying contracts. Initial direct costs incurred in negotiating and arranging the lease that are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Operating equipment is included under the item fixed assets in the balance sheet.

2.9.2. Santander Consumer Bank as lessee

In accordance with the implementation of IFRS 16, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group (the commencement date). Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets with a purchase value below 5.000 USD.

2.10. Foreign currency translation

The presentation currency in the Group's consolidated financial statements is Norwegian kroner (NOK). The Group has foreign branches and subsidiary whose functional currency is different from NOK. Foreign currency is translated to presentation currency NOK in two consecutive stages, which are further described in the following sections:

1) Translation of foreign currency transactions into the functional currency of the Group entities, and,
2) Translation of group entities whose functional currency is different from the presentation currency NOK.

2.10.1. Translation of foreign currency transactions

Foreign currency transactions performed by consolidated entities are initially recognized in their respective functional currencies using the spot exchange rate at the date of the transaction. At the end of the reporting period, balance sheet items and income and expenses are retranslated as follows:

- Monetary items in foreign currency are subsequently translated to their functional currencies using the closing exchange rate.

- Non-monetary items measured at historical cost are translated to the functional currency at the exchange rate at the date of acquisition.

- Non-monetary items measured at fair value are translated at the exchange rate at the date when the fair value was determined.

- Income and expenses are translated at the average exchange rates for the year for all the transactions performed during the year. When applying this criterion, the Group considers whether there have been significant changes in the exchange rates in the year which, in view of their materiality with respect to the consolidated financial statements taken as a whole, would make it necessary to use the exchange rates at the transaction date rather than the aforementioned average exchange rates.

The exchange differences arising on the translation of foreign currency balances to the functional currency are generally recognized at their net amount under exchange differences in the consolidated profit and loss account, except for exchange differences arising on financial instruments at fair value through profit or loss, which are recognized in the consolidated profit and loss account without distinguishing them from other changes in fair value, and for exchange differences arising on non-monetary items measured at fair value through other comprehensive income, which are recognized under 'Value change and gain/loss on foreign exchange and securities'.

2.10.2. Translation of branches and subsidiary to presentation currency NOK

If the functional currency of a consolidated or equity accounted entity is not NOK, the balances in the financial statements of the consolidated entities are translated to NOK as follows:

- Assets and liabilities, at the closing exchange rates.
- Income and expenses, at the average exchange rates for the year.
- Equity items, at the historical exchange rates.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.
The exchange differences arising on the translation to NOK of the financial statements denominated in functional currencies other than NOK are recognized in other comprehensive income and accumulated in equity under the heading 'Net exchange differences on translating foreign operations'.

2.11. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment are calculated using the linear method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Buildings 3-10 years
- Machines, fittings, equipment 1-10 years (average 3 years)
- Assets held under operating and finance lease 1 month – 10 years (average 3 years)

Right-of-use assets are included in the fixed assets group to which the asset belong.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount, less costs to sell, if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the profit and loss.

2.12. Intangible assets

2.12.1. Goodwill

Goodwill arises on acquisitions and represents the excess of the purchase consideration over the interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired business and the fair value of the non-controlling interest in the acquired business.

For impairment testing, goodwill acquired in a business combination is allocated to each or groups of the cash generating units ("CGU") that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. An impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other non-financial assets of the CGU proportionally based on the carrying amount of each asset. Any impairment is recognized immediately as an expense and is not subsequently reversed.

2.12.2. Computer software and IT-systems

Acquired software is recognized at cost with the addition of expenses incurred to make the software ready for use. Costs for internally developed software which are controlled by the Group are recognized as intangible assets when the following criteria are met:

- Management intends to complete the software and use it
- There is an ability to use the software as it can be demonstrated how the software is contributing to probable future economic benefits and the expenditure attributable to the software during its development can be reliably measured.

Costs associated with maintaining computer software programs and IT-systems are expensed as incurred. Directly attributable costs that are capitalized as part of the software, include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Computer software development costs recognized as assets are amortized over their expected life.

At the end of each reporting period, the Group reviews the carrying amounts of its intangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use. Is assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it's carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit and loss.

2.13. Pension benefit schemes

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension schemes. Swedish branch has had both defined contribution and defined benefit schemes. The Norwegian company mainly has defined contribution schemes, and a few executive liabilities in defined benefit schemes and early retirement plans subject to defined benefit. The Danish branch and the Finnish company only have defined contribution schemes.

A defined contribution scheme is a pension scheme under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit scheme is a pension scheme that is not a defined contribution scheme. Typically, defined benefit schemes define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using demographic assumptions based on the current population. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. The fixing of the input parameters in the actuary's calculation at year-end is disclosed in note 24. The major part of the assets covering the pension liabilities is invested in liquid assets and valued at quoted prices at year-end.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately into the profit and loss account.

For defined contribution schemes, the Group pays contributions to publicly or privately administered pension insurance schemes on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.14. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In these cases, the tax effect of the transactions as presented both gross and net in the other comprehensive income and/or in the equity reconciliation.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Bank and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15. Cash and cash equivalents

The cash flow statements show cash flows grouped according to source and use. Cash is defined as cash, deposits with central banks and deposits with credit institutions with no agreed period of notice. This means that all cash and cash equivalents are immediately available. The cash flow statement has been prepared in accordance with the indirect method.

2.16. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the decision makers, including the Board of Directors, Senior Management team and CEO.

2.17. Dividends

Dividend income is recognized when the right to receive payment is established. Dividend distribution to the Bank's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Bank's shareholders.

3. CRITICAL ACCOUNTING ESTIMATES

The presentation of consolidated financial statements in conformity with IFRS requires the management to make judgments and estimates that affect the recognized amounts for assets, liabilities and disclosures of contingent assets and liabilities as of the closing day as well as recognized income and expenses during the report period. The management continuously evaluates these estimates and judgments based on its judgments and assumptions on previous experience and several other factors that are considered reasonable under the circumstances. Actual results may deviate from judgments and estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- Impairment of loans requires judgment in determining future cash flows for individual and grouping of loans.
- Loan loss provision is based on estimates on the expected loss on identified non-performing loans, as well as estimates on the portfolio as a total.
- The Group is subject to income taxes in different jurisdictions. Judgment is required in determining the provision for income taxes. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. See note 13.

4. CAPITALIZATION POLICY AND CAPITAL ADEQUACY

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital while maintaining solid solvency above regulatory minimum requirements.
The Group's minimum capital requirement is defined by Norwegian legislation (*Kapitalkravsforskriften*).

5. PROVISIONS

The provisions are liabilities of uncertain timing or amount and are recognized when the Group has a present legal or constructive obligation arising from a past event and it is likely that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligations. Provisions are tested on each closing day and adjusted when needed, so that they correspond to the current estimate of the value of the obligations.

Significant judgment is required in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. The Group is required to estimate the results of ongoing legal proceedings, and credit losses on undrawn commitments and guarantees. The forward-looking nature of these estimates requires the use of a significant amount of judgment in projecting the timing and amount of future cash flows. The Group records provisions based on all available information at the end of the reporting period and make adjustments on a quarterly basis to reflect current expectations. Should actual results differ from the expectations, expenses more than the provisions recognized may incur.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, such as an insurer, a separate asset is recognized if it is virtually certain that reimbursement will be received.

Notes

Santander Consumer Bank Nordic Group

Note 1 - Risk Management

The Group's approach to Risk

Our risk management and control model rely on a set of common principles together with a risk culture embedded throughout the Group, a solid governance structure and advanced risk management (ARM) processes and tools (such as: our risk profile assessment, scenario analysis, our risk reporting structure and the annual planning and budget process). It is carried out by an independent risk management function, led by the CRO, consistent with our model of three lines of defense and a robust structure of risk committees, with a forward-looking and comprehensive approach for all businesses and risk types. This model allows the Group to carry out its activity and to adapt itself to a changing economic and regulatory environment.

The Group's risk framework covers all types of risks which affect the Group and could impact on the achievement of its strategic objectives. Key risk types as reflected in the Group's Risk Map include financial risks (including credit risk, market risk, liquidity & structural risk and capital risk), non-financial risks (including operational risk and reputational risk) and cross risks (including model risk and strategic risk). The latest change in 2021 was the addition of Climate risks as a new cross-risk.

Areas of special interest

During 2021, some areas were considered as areas of special interest because of the effect they may have on the Group.

i. Risk related to COVID-19

The COVID-19 has had a profound impact on our lives, on our economies and nearly every corner of the globe.
After a challenging year, 2021 began with the clear target of slowing the virus's spread and preventing health care systems from being overwhelmed, through an ambitious goal of reaching a herd immunity (70% of adults vaccinated), by the beginning of summer 2021. After facing some delays in the production and issues in the distribution of vaccines, by end of August, the EU reached a crucial milestone with 70% of the adult population fully vaccinated. The rapid, full vaccination of all targeted populations, in Europe and globally, has been key to controlling the impact of the pandemic throughout the year and bend the curve and the severity of the virus.

Since the COVID-19 crisis began, global GDP has fallen dramatically, however, the rollout of vaccine programs has helped to steady the boat. Vaccination programs have helped to relax containment measures and have been, together with the stimulus measures and the support provided jointly by governments and financial institutions, the best economic policy.

As some developed economies started recovering, central banks and national governments have been weighing the impact and timing of tapering off monetary and fiscal support as a result of concerns over potential inflationary pressures against the prospect of slowing the pace of the recovery. These concerns are compounded by the emergence of new disease variants and rolling pandemic hotspots that challenge national efforts to contain infections and fully restore economic activities.

Within the Nordic region, our economies have made strides in vaccinating growing shares of their populations, raising prospects of a sustained economic recovery in late 2021 and into 2022. However, the threat of new variants of the COVID-19 virus and a surge in diagnosed cases and resistance to vaccinations raised questions about the speed and strength of an economic recovery over the near term. The Group's business has been gradually returning to normal levels during the year, while most contingent measures were lifted. However, returning to '*normal*' has been characterized by the inflation being on the rise, driven by higher energy and gas prices.

During 2021, overlays for Covid 19 were revisited and transitioned towards forward looking post model adjustments, see Note 4, with consideration for the macroeconomic evolution, including inflationary factors, uncertainty regarding the depth and length of the recovery period with new Covid waves emerging, and potential effects of lifting governmental support.

ii. Our approach to Climate & Environmental risk

Climate change can have an impact across the Group's risk taxonomy through both physical and transition channels.
Transition risk can arise from the move to a low-carbon economy, such as through policy, regulatory and technological changes. Physical risk can arise through increasing severity and/or frequency of severe weather or other climatic events, such as rising sea levels and flooding. These have the potential to result in potential financial and non-financial impacts for the Group.

Our overall approach to climate & environmental risk is being integrated into our Enterprise Risk Management framework (Top Risks, Risk Appetite Statement, Risk Map and Risk Strategy) and key strategic exercises (ICAAP, Stress tests, annual planning, and budget process). In this sense we plan to develop and enhance our Risk Appetite Statement (RAS) iteratively through 2022/23.

For further information, see our responsible banking chapter on page 26.

Credit risk

Credit risk is considered the most significant risk for the Group. Credit risk is to be kept at a level that over time corresponds to the average of companies within Santander Consumer Finance Group, considering differences among the companies with regard to collection and product mix. The Group has established credit policies that ensure a good diversification among the customers regarding geography, occupation, or age among others. Single large credit exposures are to be reported to the Board.

Credit processes and policies describe the guiding principles for the type of customer that the Group wants. Processes are divided into "Standardized" and "Non-Standardized". Standardized credits follow a standard, very much automated, credit approval process. Non-Standardized credits either do not meet the score requirements, are of a significant credit amount or credit limit, or else are classified as stock finance. Non-Standardized credits are handled individually and are granted according to delegated credit authorities in accordance with current credit policy.

The assessment of customers or transactions using rating or scoring systems constitutes a judgement of their credit quality, which is quantified through the probability of default (PD), in accordance with Basel II terminology. In addition to customer assessment, the quantification of credit risk requires the estimation of other parameters, such as exposure at default (EAD) and the percentage of EAD that will not be recovered (loss given default or LGD). Therefore, other relevant factors are taken into account in estimating the risk involved in transactions, such as the quantification of off-balance-sheet exposures, which depends on the type of product, or the analysis of expected recoveries, which is related to existing guarantees and other characteristics of the transaction. These factors are the main credit risk parameters. Their combination facilitates calculation of the probable loss or expected loss (EL). This loss is considered an additional cost of the activity which is reflected in the risk premium and must be charged in the transaction price.

The Group uses both Advanced IRB approach (A-IRB) and Standardized Approach for capital adequacy calculations for credit risk.

Market risk

Market risk is the risk of losses in on- and off-balance sheet positions arising from adverse movements in market prices. The Group's strategy is to avoid taking on market risk in excess of what follows directly from the operation of the bank.

Market risk in the Group concentrates mainly around structural interest rate risk and structural currency risk. The Group does not have a trading portfolio.

Standardized Approach is exercised for the regulatory capital calculation for market risk.

Interest rate risk

Interest rate risk is the risk of reduced earnings or reduction in the economic value of the equity due to changes in the market interest rates. The Group strives for a balance sheet composition that minimizes the interest rate risk by ensuring a similar total weighted interest term for assets and liabilities.

Limits are set for interest risk exposure in each of the currencies the Group has operations in. The Interest rate risk position is assessed based on two methods: The Net Interest Margin (NIM) sensitivity and the Market Value of balance sheet equity (MVE) sensitivity. The Group monitors the sensitivity of NIM and MVE for +/- 25 bp parallel shifts in market interest rates. In addition, the Group conducts stress testing of the interest rate risk with the Basel IRRBB scenarios containing non-parallel movements in the interest rate curves (please refer to Note 8 for further information).

Currency risk

The risk of changes in the value of a currency position due to foreign exchange fluctuations, adversely affecting the Group.

The Group strives for a composition of the balance sheet that minimizes currency risk by ensuring that assets, liabilities, and incoming and outgoing cash flows are denominated in the same currency. Practical considerations and requirements laid down by the parent company will also be taken into consideration in connection with the management of currency risk.

The Group currency risk is connected to currency positions as a result of operations in Sweden, Finland and Denmark and from funding activities in EUR markets. Limits are set for each currency net open exposure as well as the total exposure. Routines which ensure that The Group's currency exposure is continuously monitored and controlled are in place.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The credit spread risk on the Group's liquidity portfolio is managed through strict limits on type of bonds to be held, minimum rating and maximum maturities. Bonds are also held to maturity rather than sold in the market. The CVA risk is considered minimal as the Group's derivatives have CSA agreements.

Liquidity risk

Liquidity risk is the possibility of failing to meet payment obligations on time or at an excessive cost. This includes losses due to forced sales of assets or impacts on margins due to a mismatch between estimated cash inflows and outflows.

The Group manages liquidity risk through minimizing the maturity gap between assets and liabilities, maintaining a portfolio of High-Quality Liquid Assets and diversification of funding. Funding sources are adequately diversified, both in terms of type of funding, currency, domestic market, and investors. Funding sources include deposits, secured issuances (ABS), unsecured issuances as Euro Medium Term Notes (EMTN) and commercial papers and intragroup loans. The Group is mostly self-funded and rather independent from the parent company in its funding.

The main metrics for measuring liquidity risk are the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The Group also conducts liquidity stress testing on a monthly basis. The Group controls liquidity risk through limits for LCR, NSFR and the minimum stress test survival horizon (please refer to Note 7 for further information).

Capital risk

Capital Risk is the risk that the Group does not have an adequate amount or quality of capital to meet the risks it is exposed to and consequently is not able to meet strategic objectives and regulatory requirements. Our Capital Risk function, which is part of the second line of defense, controls and oversees capital management in the first line. It controls the A-IRB system and that the bank has an adequate amount of capital to cover the risks it is exposed to. It also validates and monitors significant risk transfers (SRT) transactions stemming from the bank's securitization program. Our internal capital adequacy assessment (ICAAP) and liquidity assessment (ILAAP) are carried out annually. The main metrics that are monitored to ensure regulatory compliance are the CET1, Tier1, Tier2 and Leverage ratios.

Operational risk

In accordance with the Basel framework, the Group defines operational risk as the risk of losses from defects or failures in internal processes, people, systems, or external events. It covers risk categories such as fraud, technological, cyber-risk, legal (legal processes with an operational risk root cause) and conduct risk. Operational risk is inherent to all products, activities, processes, and systems. It is generated in all business and support areas.

Note that strategic and reputational risk are monitored across all risk areas.

Our Operational risk management and control model is based on a continual process of identifying, evaluating, reporting, and mitigating sources of risk, regardless of whether they have materialized or not, ensuring that risk management priorities are established appropriately. Operational risk is reduced through securing a good internal control environment which the Group continuously strives to improve. A Basic Indicator Approach is used for the calculation of regulatory capital for operational risk.

Note 2 - Risk classification

All amounts in millions of NOK

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

	Gross outstanding		Loss reserves	
	2021	**2020**	**2021**	**2020**
Current - not past due date	165 910	169 789	-1 880	-1 846
Current - past due date	4 276	6 518	-313	-379
Total impaired loans	5 402	4 960	-2 756	-2 825
Total gross loans to customers	**175 588**	**181 267**	**-4 949**	**-5 050**

	Gross outstanding		Loss reserves	
Ageing of past due but not impaired loans	**2021**	**2020**	**2021**	**2020**
1 - 29 days	3 168	4 948	-120	-127
30 - 59 days	738	1 115	-125	-164
60 - 89 days	370	455	-68	-87
Total loans due but not impaired	**4 276**	**6 518**	**-313**	**-378**

	Gross outstanding		Loss reserves	
Ageing of impaired loans	**2021**	**2020**	**2021**	**2020**
90 - 119 days	318	302	-125	-140
120 - 149 days	204	240	-84	-115
150 - 179 days	123	180	-50	-91
180 + days	1 852	2 213	-1 137	-1 379
Economic doubtful*	2 905	2 025	-1 360	-1 100
Total impaired loans	**5 402**	**4 960**	**-2 756**	**-2 825**

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

Note 3 - Net foreign currency position

All amounts in millions of NOK

2021	Balance		Net positions		Effect on OCI from change in foreign currency against NOK	
	Asset	Debt	In NOK	In foreign currency	5% Appreciation	5% Depreciation
SEK	52 307	52 246	61	63	3	-3
DKK	45 054	44 916	138	103	5	-5
EUR	46 420	43 935	2 485	249	12	-12
Total	**143 781**	**141 098**	**2 684**			

2020	Balance		Net positions		Effect on OCI from change in foreign currency against NOK	
	Asset	Debt	In NOK	In foreign currency	5% Appreciation	5% Depreciation
SEK	53 690	53 655	35	34	2	-2
DKK	49 128	48 685	443	315	16	-16
EUR	50 692	48 698	1 994	190	10	-10
Total	**153 510**	**151 038**	**2 472**			

Note 4 - Credit risk exposure

All amounts in millions of NOK

Maximum exposure to credit risk - Financial instruments subject to impairment

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

Loans not past due date includes exposures that are not in arrears and not in default. Standard monitoring includes exposures in early arrears.

For December 2021 month-close, SCB implemented the New Default Definition - NDD to its portfolio. Consequently, IFRS9 PD LGD and CCF models have been assessed and redeveloped considering NDD information.

The impact of such implementation are migrations from exposures going from Stage 1 to Stage 2, and a general Stage 3 increase, as expected with the introduction of the EBA NDD. This is caused because the EBA guidelines indicate stricter criteria for the exposures to return into a performing status, leading to exposures spending a longer period in Stage 3 before migrating to Stage 2 and eventually Stage 1. The quantitative impact of this implementation is a 700 MNOK increase in Stage 3 exposures.

	2021				2020			
Unsecured loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Credit grade								
Loans not past due date	25 961	1 555	-	**27 516**	29 770	1 648	-	**31 418**
Standard monitoring	464	623	-	**1 087**	770	894	-	**1 664**
Special monitoring	-	279	-	**279**	-	261	-	**261**
Default	-	-	3 078	**3 078**	-	-	3 011	**3 011**
Gross carrying amount	**26 425**	**2 457**	**3 078**	**31 960**	**30 540**	**2 803**	**3 011**	**36 354**
Loss allowance	-622	-388	-1 874	**-2 884**	-712	-452	-1 838	**-3 002**
Carrying amount	**25 803**	**2 068**	**1 205**	**29 076**	**29 828**	**2 351**	**1 173**	**33 352**
Loss allowance (off balance exposures)	-29	-9	-29	**-66**	**-21**	**-7**	**-18**	**-46**
Loss allowance (%)				**9,02%**				**8,26%**

	2021				2020			
Secured loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Credit grade								
Loans not past due date	135 824	1 947	-	**137 771**	135 552	2 129	-	**137 681**
Standard monitoring	2 067	1 122	-	**3 189**	3 414	1 440	-	**4 854**
Special monitoring	-	344	-	**344**	-	428	-	**428**
Default	-	-	2 324	**2 324**	-	-	1 950	**1 950**
Gross carrying amount	**137 891**	**3 413**	**2 324**	**143 628**	**138 966**	**3 997**	**1 950**	**144 913**
Loss allowance	-822	-247	-995	**-2 064**	-794	-240	-968	**-2 002**
Carrying amount	**137 069**	**3 165**	**1 329**	**141 563**	**138 172**	**3 757**	**982**	**142 911**
Loss allowance (%)				**1,44%**				**1,38%**

* Secured loans include secured auto loans and finance leases where the underlying assets serve as collateral.

	2021				2020			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime		12-month	Lifetime	Lifetime	
Commercial papers and bonds	**ECL**	**ECL**	**ECL**	**Total**	**ECL**	**ECL**	**ECL**	**Total**
Credit grade								
Investment grade	9 672	-	-	**9 672**	6 814	-	-	**6 814**
Standard monitoring	-	-	-	**-**	-	-	-	**-**
Special monitoring	-	-	-	**-**	-	-	-	**-**
Default	-	-	-	**-**	-	-	-	**-**
Gross carrying amount	**9 672**	**-**	**-**	**9 672**	**6 814**	**-**	**-**	**6 814**
Loss allowance	-	-	-	**-**	-	-	-	**-**
Carrying amount	**9 672**	**-**	**-**	**9 672**	**6 814**	**-**	**-**	**6 814**
Loss allowance (%)				**0,00%**				**0,00%**

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

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

Maximum exposure to credit risk	2021	2020
Financial derivatives Assets	59	18
Financial derivatives Liabilities	53	25

The macroeconomic situation this year has still been affected to a certain degree by the current COVID-19 pandemic, although the ongoing vaccination campaign and the progressive reduction of restrictive measures from all the governments activated all the Nordic economies this year. Macroeconomic variables (GDP, unemployment rates, house prices) are not expected to stabilize before 2023.

In relation with the improvement of the current situation, the COVID Reserves Overlay of 408 million NOK that was booked at the end of 2020 has been transitioned as of December 2021 towards the regular process of inclusion of macroeconomic scenarios through forward-looking components, including the application of new stress tests in the provision models. As the volatility in the post Covid economy cannot be appropriately fully captured by current models, SCB must assess the aforementioned (historic predictor of LLP/LLR) in addition to other macroeconomic factors occurring in the economy and expectations forward.

It was observed that normalised losses have been below expectations throughout 2021 in the banking industry. To date, many factors have impacted, directly and/or indirectly the lower than expected losses ranging from unprecedented heavy government support to personal and corporate customers along with payment moratoriums granted across the banking industry. These factors are coupled with changes in customer behaviour while society has been "closed", where repayment behaviour has increased at the same time leisure activity opportunities have been reduced. Society started to open in September 2021, however the future outlook has been impacted, and is expected to be further impacted, by additional COVID waves.

Interest rates are beginning to increase again and there is a noticeable trend for climbing energy, fuel prices, and producer price inflation. These factors are expected to eat into the disposal income across the Nordics increasing future expected loss related to consumer finance customers.

Due to this situation, a forward looking "post-COVID" model adjustment has been booked to cover for future potential losses derived from the current portfolio. This post model adjustment is divided between Payment Holidays expected behavior regarding specific customer portfolios and macroeconomic forward-looking.

Payment Holidays post-COVID model adjustment:

Observation has been that losses from our customer portfolios have been lower than business as usual despite the expectations from the downturn in the economy due to COVID. As society returns to normal following the large steps in the opening of borders, withdrawals of government support and payment free periods expiring, it is expected that customers behaviours and resulting expected credit losses associated to customers will increase. Monitoring of the remaining volume of customer loans which were granted payment holidays during COVID period, leads to a slight increase in rate of default in the most recent months compared to the rest of the portfolio. With this trend coupled with the forward looking expectations on customer disposable income, a post-model adjustment of 109 MNOK has been booked to cover the risk identified in the portfolio.

Macroeconomic forward-looking:

To address uncertainty related to volatility in the forward looking macros, an assessment of the portfolios susceptibility to the aforementioned Macro developments has been performed where the forward looking factors were stressed to more accurately estimate the underlying risk in the portfolios. This resulted in a post-model adjustment of 79 MNOK.

	Post-COVID Model Adjustments by Category		
	Payment Holidays	Macro Forward-Looking	TOTAL
Norway	74,43	5,82	**80,25**
Finland	10,56	-	**10,56**
Denmark	11,35	64,25	**75,60**
Sweden	13,40	8,70	**22,10**
Total	**109,74**	**78,77**	**188,51**

	Post-COVID Model Adjustments by Stage			
	Stage 1	Stage 2	Stage 3	TOTAL
Norway	70,31	9,94	-	**80,25**
Finland	9,67	0,89	-	**10,56**
Denmark	73,53	2,07	-	**75,60**
Sweden	16,84	5,26	-	**22,10**
Total	**170,35**	**18,16**	**-**	**188,51**

ECL Forward Looking Scenario Weights:
Scenario weights applied in the ECL estimates for the period ended 31 December 2021 are shown below. ECL is estimated for all scenarios, and applying the weights shown below the final ECL requirement is estimated.

All Units	**Weight**
Base scenario	50%
Upside scenario 1	20%
Upside scenario 2	5%
Downside scenario 1	20%
Downside scenario 2	5%

A sensitivity analysis comparing relative increase or decrease in ECL from the base scenario to the four scenarios described above are shown below:

Relative impact on ECL	**Downside Scenario 1**	**Downside Scenario 2**	**Upside Scenario 1**	**Upside Scenario 2**
Norway	3,73%	6,05%	-1,47%	-2,66%
Sweden	4,57%	6,95%	-1,57%	-3,47%
Denmark	5,74%	7,70%	-1,58%	-2,63%
Finland	5,46%	8,58%	-1,87%	-4,04%
Nordic	4,62%	6,99%	-1,57%	-3,06%

Below is a calculation of forward looking scenario impact for period ending 31 December 2021. For the period ending 31 December 2021, forward looking ECL parameters had resulted in additional reserves of 44,8 MM NOK for the Group.

Forward looking impact	**Local currency**	**Exchange rate**	**NOK**
Norway	10,2	1,0000	10,2
Sweden	10,6	0,9738	10,3
Denmark	9,2	1,3429	12,3
Finland	1,2	9,9860	12,0
Total Group			44,8

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:

	2021				2020			
Unsecured loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loss allowance at 1 January	**712**	**452**	**1 838**	**3 002**	**476**	**355**	**1 515**	**2 346**
Transfers:								
Transfer from Stage 1 to Stage 2	-173	1 105	-	**932**	-182	1 208	-	**1 026**
Transfer from Stage 1 to Stage 3	-11	-	127	**116**	-8	-	170	**162**
Transfer from Stage 2 to Stage 3	-	-513	886	**373**	-	-745	1 169	**424**
Transfer from Stage 2 to Stage 1	102	-717	-	**-615**	84	-722	-	**-638**
Transfer from Stage 3 to Stage 2	-	81	-232	**-151**	-	71	-282	**-211**
Transfer from Stage 3 to Stage 1	0	-	-7	**-7**	-	-	-2	**-2**
Assets remaining in same Stage	21	7	173	**201**	156	232	244	**632**
Methodological changes	-	-	-	**-**	-	-	-	**-**
Financial assets derecognised that are not write-offs	-111	-50	-117	**-278**	-66	-21	-675	**-762**
of which 'accounts that have closed in the period'	*-111*	*-50*	*-117*	**-278**	*-66*	*-21*	*-675*	**-762**
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-709	**-709**	-	-	-374	**-374**
New financial assets originated or purchased	181	-	-	**181**	135	-	-	**135**
Changes in PDs/LGDs/EADs	-68	14	-12	**-66**	69	59	-16	**112**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	-30	9	-72	**-93**	48	15	89	**152**
Loss allowance at 31 December	**622**	**388**	**1 874**	**2 884**	**712**	**452**	**1 838**	**3 002**

	2021				2020			
Secured loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loss allowance at 1 January	**794**	**240**	**968**	**2 002**	**538**	**220**	**835**	**1 593**
Transfers:								
Transfer from Stage 1 to Stage 2	-98	710	-	**612**	-99	604	-	**505**
Transfer from Stage 1 to Stage 3	-26	-	349	**324**	-20	-	319	**299**
Transfer from Stage 2 to Stage 3	-	-250	752	**503**	-	-270	735	**465**
Transfer from Stage 2 to Stage 1	67	-479	-	**-412**	96	-480	-	**-384**
Transfer from Stage 3 to Stage 2	-	103	-463	**-360**	-	78	-482	**-404**
Transfer from Stage 3 to Stage 1	1	-	-27	**-25**	-	-	-25	**-25**
Assets remaining in same Stage	-326	-111	155	**-282**	-1	161	223	**383**
Methodological changes	-	-	-	**-**	-	-	-	**-**
Financial assets derecognised that are not write-offs	-211	-66	-321	**-598**	-132	-53	-170	**-355**
of which 'accounts that have closed in the period'	*-211*	*-66*	*-321*	***-598***	*-132*	*-53*	*-170*	***-355***
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-475	**-475**	-	-	-464	**-464**
New financial assets originated or purchased	491	-	-	**491**	338	-	-	**338**
Changes in PDs/LGDs/EADs	133	96	67	**296**	77	-35	-30	**12**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	-4	4	-12	**-12**	-3	15	27	**39**
Loss allowance at 31 December	**822**	**247**	**995**	**2 064**	**794**	**240**	**968**	**2 002**

	2021				2020			
Commercial papers and bonds	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loss allowance at 1 January	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**1**
Transfers:								
Transfer from Stage 1 to Stage 2	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 1 to Stage 3	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 2 to Stage 3	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 2 to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 3 to Stage 2	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 3 to Stage 1	-	-	-	**-**	-	-	-	**-**
Assets remaining in same Stage	-	-	-	**-**	-	-	-	**-**
Methodological changes	-	-	-	**-**	-	-	-	**-**
Financial assets derecognised that are not write-offs	-	-	-	**-**	-	-	-	**-**
of which 'accounts that have closed in the period'	-	-	-	**-**	-	-	-	**-**
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-	**-**	-	-	-	**-**
New financial assets originated or purchased	-	-	-	**-**	-	-	-	**-**
Changes in PDs/LGDs/EADs	-	-	-	**-**	-	-	-	**-**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	-	-	-	**-**	-1	-	-	**-1**
Loss allowance at 31 December	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	2021				2020			
Off balance exposure*	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loss allowance at 1 January	**21**	**7**	**18**	**46**	**46**	**15**	**22**	**83**
Transfers:								
Transfer from Stage 1 to Stage 2	-3	24	-	**21**	-5	36	-	**31**
Transfer from Stage 1 to Stage 3	-0	-	13	**13**	-	-	14	**14**
Transfer from Stage 2 to Stage 3	-	-2	12	**10**	-	-5	13	**8**
Transfer from Stage 2 to Stage 1	4	-28	-	**-25**	5	-44	-	**-39**
Transfer from Stage 3 to Stage 2	-	6	-18	**-12**	-	4	-15	**-11**
Transfer from Stage 3 to Stage 1	0	-	-2	**-2**	-	-	-	**-**
Assets remaining in same Stage	12	6	19	**36**	-18	3	6	**-9**
Methodological changes	-	-	-	**-**	-	-	-	**-**
Financial assets derecognised that are not write-offs	-9	-3	-12	**-24**	-13	-2	-20	**-35**
of which 'accounts that have closed in the period'	*-9*	*-3*	*-12*	***-24***	*-13*	*-2*	*-20*	***-35***
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-2	**-2**	-	-	-1	**-1**
New financial assets originated or purchased	3	-	-	**3**	5	-	-	**5**
Changes in PDs/LGDs/EADs	-	-	-	**-**	-	-	-	**-**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	-0	0	-0	**-0**	1	-	-1	**-**
Loss allowance at 31 December	**29**	**9**	**29**	**66**	**21**	**7**	**18**	**46**

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

The Group does not have any engagements where no ECL provision has been made due to the value of the collateral.
Write off under management was 2 131 MM NOK as at December 31, 2021, and 2 055 MM NOK as at December 31, 2020.

Note 6 - Gross carrying amount

All amounts in millions of NOK

During 2021 the Outstanding distribution by stages and the resulting ECL has been impacted mostly by two factors:

1. The New Definition of Default was successfully implemented on December 2021, bringing some updates:
   - New staging based on New Definition of Default rules issued by the ECB.
   - New PD models, LGD models and Credit Conversion Factors (CCF) in order to measure more accurately the losses.
   - New Behavior Score models for three portfolios.
   - Forward-looking update.
   - New Significant Increase in Credit Risk (SICR) thresholds and recalibration based on new PD models.

2. Continued effect from the COVID-19 pandemic reduced the new business volume in Unsecured products. Reduced number of Credit Cards and Consumer Loans contracts were given this year, and the amortization on existing contracts made the Unsecured exposures to decrease in Norway, Sweden and Denmark. Sales Finance on the other hand strengthed its position in all countries.

The following tables explain changes in the gross carrying amount of loans to customers to explain their significance to the changes in the loss allowance:

	2021				2020			
Unsecured loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross carrying amount at 1 January	**30 540**	**2 803**	**3 011**	**36 354**	**31 355**	**2 227**	**2 608**	**36 190**
Transfers:								
Transfer from Stage 1 to Stage 2	-7 540	7 540	-	**-**	-7 687	7 687	-	**-**
Transfer from Stage 1 to Stage 3	-333	-	333	**-**	-314	-	314	**-**
Transfer from Stage 2 to Stage 3	-	-1 702	1 702	**-**	-	-2 191	2 191	**-**
Transfer from Stage 2 to Stage 1	6 058	-6 058	-	**-**	5 131	-5 131	-	**-**
Transfer from Stage 3 to Stage 2	-	424	-424	**-**	-	533	-533	**-**
Transfer from Stage 3 to Stage 1	13	-	-13	**-**	3	-	-3	**-**
Financial assets derecognised excl. write-offs	-8 474	-467	-443	**-9 384**	-5 453	-370	-1 106	**-6 930**
of which 'accounts that have closed in the period'	*-5 160*	*-300*	*-206*	***-5 667***	*-3 824*	*-123*	*-1 120*	***-5 067***
of which 'normal amortizations'	*-3 314*	*-167*	*-237*	***-3 717***	*-1 629*	*-247*	*14*	***-1 863***
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-1 020	**-1 020**	-	-	-1 073	**-1 073**
New financial assets originated or purchased	6 838	-	-	**6 838**	7 937	-	-	**7 937**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	-677	-84	-66	**-826**	-431	48	613	**230**
Gross carrying amount at 31 December	**26 425**	**2 457**	**3 078**	**31 960**	**30 540**	**2 803**	**3 011**	**36 354**

	2021				2020			
Secured loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross carrying amount at 1 January	**138 966**	**3 997**	**1 950**	**144 913**	**122 588**	**4 839**	**1 713**	**129 140**
Transfers:								
Transfer from Stage 1 to Stage 2	-10 141	10 141	-	**-**	-12 305	12 305	-	**-**
Transfer from Stage 1 to Stage 3	-1 228	-	1 228	**-**	-1 223	-	1 223	**-**
Transfer from Stage 2 to Stage 3	-	-2 302	2 302	**-**	-	-2 297	2 297	**-**
Transfer from Stage 2 to Stage 1	7 265	-7 265	-	**-**	10 068	-10 068	-	**-**
Transfer from Stage 3 to Stage 2	-	1 091	-1 091	**-**	-	1 255	-1 255	**-**
Transfer from Stage 3 to Stage 1	69	-	-69	**-**	92	-	-92	**-**
Financial assets derecognised excl. write-offs	-70 020	-1 887	-887	**-72 793**	-45 279	-1 799	-860	**-47 937**
of which 'accounts that have closed in the period'	*-36 983*	*-1 198*	*-639*	***-38 820***	*-30 776*	*-1 215*	*-399*	***-32 390***
of which 'normal amortizations'	*-33 037*	*-689*	*-248*	***-33 973***	*-14 503*	*-584*	*-461*	***-15 547***
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-654	**-654**	-	-	-549	**-549**
New financial assets originated or purchased	72 219	-	-	**72 219**	65 350	-	-	**65 350**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	761	-362	-455	**-56**	-325	-238	-528	**-1 091**
Gross carrying amount at 31 December	**137 891**	**3 413**	**2 324**	**143 628**	**138 966**	**3 997**	**1 950**	**144 913**

	2021				2020			
Commercial papers and bonds	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross carrying amount at 1 January	**6 814**	**-**	**-**	**6 814**	**11 536**	**-**	**-**	**11 536**
Transfers:								
Transfer from Stage 1 to Stage 2	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 1 to Stage 3	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 2 to Stage 3	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 2 to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 3 to Stage 2	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 3 to Stage 1	-	-	-	**-**	-	-	-	**-**
Financial assets derecognised excl. write-offs	-6 041	-	-	**-6 041**	-14 262	-	-	**-14 262**
of which 'accounts that have closed in the period'	-	-	-	**-**	-	-	-	**-**
of which 'normal amortizations'	-	-	-	**-**	-	-	-	**-**
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	*-6 041*	-	-	***-6 041***	*-14 262*	-	-	***-14 262***
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-	**-**	-	-	-	**-**
New financial assets originated or purchased	*8 540*	-	-	**8 540**	*15 698*	-	-	**15 698**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	360	-	-	**360**	-6 158	-	-	-6 158
Gross carrying amount at 31 December	**9 672**	**-**	**-**	**9 672**	**6 814**	**-**	**-**	**6 814**

	2021				2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**		**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	
Off balance exposure				**Total**				**Total**
Gross carrying amount at 1 January	**28 785**	**325**	**179**	**29 289**	**25 904**	**621**	**203**	**26 728**
Transfers:								
Transfer from Stage 1 to Stage 2	-1 631	1 631	-	**-**	-1 499	1 499	-	**-**
Transfer from Stage 1 to Stage 3	-154	-	154	**-**	-107	-	107	**-**
Transfer from Stage 2 to Stage 3	-	-126	126	**-**	-	-114	114	**-**
Transfer from Stage 2 to Stage 1	1 776	-1 776	-	**-**	1 759	-1 759	-	**-**
Transfer from Stage 3 to Stage 2	-	132	-132	**-**	-	93	-93	**-**
Transfer from Stage 3 to Stage 1	57	-	-57	**-**	-	-	-	**-**
Financial assets derecognised excl. write-offs	-8 112	-147	-103	**-8 362**	-7 204	-108	-159	**-7 471**
of which 'accounts that have closed in the period'	*-8 112*	*-147*	*-103*	***-8 362***	*-7 204*	*-108*	*-159*	***-7 471***
of which 'normal amortizations'	-	-	-	**-**	-	-	-	**-**
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-	**-**	-	-	-	**-**
New financial assets originated or purchased	2 765	-	-	**2 765**	2 392	-	-	**2 392**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	6 441	179	20	**6 641**	7 540	93	7	**7 640**
Gross carrying amount at 31 December	**29 927**	**218**	**187**	**30 332**	**28 785**	**325**	**179**	**29 289**

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

Note 7 - Liquidity risk

Contractual cash flow at certain intervals of maturity presented in NOK.

In 2021, we have made changes in how we present maturities in the note. To get correct comparative information, we have corrected the presentation of the 2020 figures.

All amounts in millions of NOK

2021	=< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	With no specific maturity	Total
Cash and receivables on central banks	-	-	-	-	-	3 784	**3 784**
Deposits with and receivables on financial institutions	670	1 073	-	-	-	2 647	**4 391**
Loans to customers	3 325	6 625	34 086	100 643	21 113	4 848	**170 640**
Commercial papers and bonds	1 005	5 868	2 414	385	-	-	**9 672**
Financial derivatives	-	59	-	-	-	-	**59**
Other financial assets	189	101	919	609	-	1 994	**3 812**
Total cash from assets	**5 189**	**13 726**	**37 419**	**101 637**	**21 113**	**13 273**	**192 357**
Debt to credit institutions	2 929	7 863	16 082	3 506	-	62	**30 443**
Deposits from customers	-	-	-	-	-	73 304	**73 304**
Debt established by issuing securities	-	8 147	2 365	28 787	12 219	-	**51 518**
Financial derivatives	-	53	-	-	-	-	**53**
Other financial liabilities	418	156	221	131	-	3 795	**4 721**
Subordinated loan capital	-	-	-	-	2 463	-	**2 463**
Total cash from debt	**3 347**	**16 219**	**18 668**	**32 424**	**14 682**	**77 162**	**162 502**
Net cash flow	**1 842**	**-2 493**	**18 751**	**69 213**	**6 431**	**-63 889**	**29 855**

All amounts in millions of NOK

2020	=< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	With no specific maturity	Total
Cash and receivables on central banks	-	-	-	-	-	3 363	**3 363**
Deposits with and receivables on financial institutions	1 988	1 477	-	-	-	3 773	**7 238**
Loans to customers	3 533	6 987	36 854	102 186	21 062	5 641	**176 263**
Commercial papers and bonds	524	2 648	2 869	772	-	-	**6 813**
Financial derivatives	-	18	-	-	-	-	**18**
Other financial assets	204	133	1 320	816	0	2 724	**5 197**
Total cash from assets	**6 248**	**11 263**	**41 044**	**103 774**	**21 062**	**15 501**	**198 892**
Debt to credit institutions	1 780	15 519	11 511	471	-	81	**29 363**
Deposits from customers	-	-	-	-	-	81 142	**81 142**
Debt established by issuing securities	-	760	3 152	33 984	13 320	-	**51 216**
Financial derivatives	-	25	-	-	-	-	**25**
Other financial liabilities	523	167	264	191	-	4 010	**5 154**
Subordinated loan capital	-	-	-	252	2 569	-	**2 821**
Total cash from debt	**2 303**	**16 471**	**14 927**	**34 897**	**15 889**	**85 233**	**169 720**
Net cash flow	**3 945**	**-5 208**	**26 117**	**68 877**	**5 173**	**-69 732**	**29 172**

The Board of Santander Consumer Bank AS has decided limits for the liquidity risk to ensure the Group has a solid liquidity position. The limits for liquidity risk are reviewed at least on a yearly basis. The Group manages the liquidity position by matching maturities of the assets and the liabilities. The average duration of the asset side is low with a duration below two years. The liabilities side is financed by customer deposits, secured bonds, unsecured bonds and intragroup loans. Consignment is included in the financial statement line "Loans to customers".

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% for SEK, DKK and EUR, and 50% for NOK. With a stable basis of High Quality Liquid Assets, the Group fulfills the minimum LCR requirements.

Liquidity Coverage Ratio (LCR) %	2021	2020
Liquidity Coverage Ratio (LCR) Total	144%	237%
Liquidity Coverage Ratio (LCR) NOK	77%	130%
Liquidity Coverage Ratio (LCR) SEK	208%	175%
Liquidity Coverage Ratio (LCR) DKK	201%	1097%
Liquidity Coverage Ratio (LCR) EUR	124%	283%

Note 8 - Interest rate risk

The tables show the interest rate risk. Changes in market interest rates will affect our assets and debt by the timing displayed below due to fixed interest rate contracts. A change in market interest rate will affect our short term positions immediately, but our long term positions later.

Santander Consumer Bank Nordic Group

All amounts in millions of NOK

2021	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Cash and receivables on central banks	3 784	-	-	-	-	-	**3 784**
Deposits with and receivables on financial institutions	4 391	-	-	-	-	-	**4 391**
Loans to customers	3 978	153 897	6 751	6 011	2	-	**170 640**
Commercial papers and bonds	2 691	4 567	2 413	-	-	-	**9 672**
Financial derivatives	59	-	-	-	-	-	**59**
Other non-interest bearing assets	-	-	-	-	-	3 812	**3 812**
Total assets	**14 902**	**158 464**	**9 165**	**6 011**	**2**	**3 812**	**192 357**
Debt to credit institutions	8 774	18 989	2 680	-	-	-	**30 443**
Deposits from customers	12 271	61 033	-	-	-	-	**73 304**
Debt established by issuing securities	16 892	22 191	-	12 435	-	-	**51 518**
Financial derivatives	53	-	-	-	-	-	**53**
Subordinated loan capital	-	1 963	-	501	-	-	**2 463**
Other non-interest bearing liabilities	-	-	-	-	-	4 721	**4 721**
Equity	2 566	-	-	-	-	27 288	**29 855**
Total liabilities and equity	**40 557**	**104 175**	**2 680**	**12 935**	**-**	**32 010**	**192 357**
Net interest risk exposure	**-25 655**	**54 289**	**6 484**	**-6 924**	**2**	**-28 197**	**-**

Santander Consumer Bank Nordic Group

All amounts in millions of NOK

2020	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Cash and receivables on central banks	3 363	-	-	-	-	-	**3 363**
Deposits with and receivables on financial institutions	7 238	-	-	-	-	-	**7 238**
Loans to customers	10 836	122 290	17 912	24 841	384	-	**176 263**
Commercial papers and bonds	1 370	3 370	2 073	-	-	-	**6 813**
Financial derivatives	18	-	-	-	-	-	**18**
Other non-interest bearing assets	-	-	-	-	-	5 197	**5 197**
Total assets	**22 825**	**125 660**	**19 985**	**24 841**	**384**	**5 197**	**198 892**
Debt to credit institutions	7 156	17 356	4 851	-	-	-	**29 363**
Deposits from customers	16 244	63 631	957	310	-	-	**81 142**
Debt established by issuing securities	6 587	12 703	4 028	27 898	-	-	**51 216**
Financial derivatives	25	-	-	-	-	-	**25**
Subordinated loan capital	250	2 570	-	-	-	-	**2 820**
Other non-interest bearing liabilities	-	-	-	-	-	5 154	**5 154**
Equity	2 250	-	-	-	-	26 922	**29 172**
Total liabilities and equity	**32 512**	**96 260**	**9 836**	**28 208**	**-**	**32 076**	**198 892**
Net interest risk exposure	**-9 687**	**29 400**	**10 149**	**-3 367**	**384**	**-26 879**	**-**

The tables below show the same as the tables above, but split per country. The accumulated tables below will not reconcile with the tables above due to difference in classification between assets and liabilities in the presented tables.

Santander Consumer Bank AS Norway

All amounts in millions of NOK

2021	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	4 430	5 261	16 579	33 921	41	2 468	**62 700**
Liabilities	7 119	8 235	4 260	10 827	3 901	28 358	**62 700**
Net balance	**-2 689**	**-2 974**	**12 319**	**23 094**	**-3 860**	**-25 891**	**-**
Repricing gap	-2 689	-2 974	12 319	23 094	-3 860	-25 891	**-**
Cumulative gap	-2 689	-5 663	6 656	29 750	25 891	-	**-**

A +1,00 % parallel increase in market rates will result in a 159,46 million NOK increase in profit in Norway.

Santander Consumer Bank AS Norway
All amounts in millions of NOK

2020	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	2 053	52 113	4 927	2 794	46	2 300	**64 232**
Liabilities	6 092	30 510	-	-	-	27 630	**64 232**
Net balance	**-4 039**	**21 603**	**4 927**	**2 794**	**46**	**-25 331**	**-**
Repricing gap	-4 039	21 603	4 927	2 794	46	-25 331	**-**
Cumulative gap	-4 039	17 564	22 491	25 285	25 331	-	**-**

A +1,00 % parallel increase in market rates will result in a 150,74 million NOK increase in profit in Norway.

Santander Consumer Bank AS Norway
All amounts in millions of EUR

2021	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	18	135	80	-	-	130	**363**
Liabilities	5	185	169	-	-	4	**363**
Net balance	**13**	**-50**	**-89**	**-**	**-**	**125**	**-**
Repricing gap	13	-50	-89	-	-	125	**-**
Cumulative gap	13	-37	-125	-125	-125	-	**-**

A +1,00 % parallel increase in market rates will result in a 0,81 million EUR decrease in profit in Norway.

Santander Consumer Bank AS Norway
All amounts in millions of EUR

2020	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	70	40	-	-	-	130	**240**
Liabilities	26	106	94	-	-	14	**240**
Net balance	**44**	**-66**	**-94**	**-**	**-**	**116**	**-**
Repricing gap	44	-66	-94	-	-	116	**-**
Cumulative gap	44	-22	-116	-116	-116	-	**-**

A +1,00 % parallel increase in market rates will result in a 0,66 million EUR decrease in profit in Norway.

Santander Consumer Bank AS Sweden
All amounts in millions of SEK

2021	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	7 092	3 080	13 231	27 420	0	3 336	**54 160**
Liabilities	13 887	19 508	4 700	10 221	3 797	2 047	**54 160**
Net balance	**-6 796**	**-16 427**	**8 531**	**17 199**	**-3 796**	**1 289**	**-**
Repricing gap	-6 796	-16 427	8 531	17 199	-3 796	1 289	**-**
Cumulative gap	-6 796	-23 223	-14 692	2 507	-1 289	-	**-**

A +1,00 % parallel increase in market rates will result in a 53,28 million SEK decrease in profit in Sweden.

Santander Consumer Bank AS Sweden
All amounts in millions of SEK

2020	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	6 438	40 649	530	214	10	3 543	**51 384**
Liabilities	14 555	34 014	-	-	-	2 814	**51 384**
Net balance	**-8 118**	**6 635**	**530**	**214**	**10**	**729**	**0**
Repricing gap	-8 118	6 635	530	214	10	729	-
Cumulative gap	-8 118	-1 483	-953	-739	-729	0	-

A +1,00 % parallel increase in market rates will result in a 50,88 million SEK decrease in profit in Sweden.

Santander Consumer Bank AS Denmark
All amounts in millions of DKK

2021	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	2 776	3 118	8 401	13 962	6	1 185	**29 449**
Liabilities	7 210	942	3 515	12 106	4 252	1 423	**29 449**
Net balance	**-4 434**	**2 176**	**4 886**	**1 856**	**-4 246**	**-238**	**-**
Repricing gap	-4 434	2 176	4 886	1 856	-4 246	-238	-
Cumulative gap	-4 434	-2 258	2 628	4 484	238	-	-

A +1,00 % parallel increase in market rates will result in a 14,3 million DKK increase in profit in Denmark

Santander Consumer Bank AS Denmark
All amounts in millions of DKK

2020	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	2 746	21 497	2 124	2 250	-	1 876	**30 493**
Liabilities	7 062	16 113	678	5 068	-	1 573	**30 493**
Net balance	**-4 316**	**5 384**	**1 447**	**-2 817**	**-**	**303**	**-**
Repricing gap	-4 316	5 384	1 447	-2 817	-	303	-
Cumulative gap	-4 316	1 068	2 515	-303	-303	0	-

A +1,00 % parallel increase in market rates will result in a 7,59 million DKK decrease in profit in Denmark

Santander Consumer Finance OY
All amounts in millions of EUR

2021	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	730	428	1 062	1 591	33	3	**3 847**
Liabilities	1 561	77	233	1 537	-	440	**3 847**
Net balance	**-830**	**351**	**829**	**54**	**33**	**-437**	**-**
Repricing gap	-830	351	829	54	33	-437	-
Cumulative gap	-830	-479	350	404	437	-	-

A +1,00 % parallel increase in market rates will result in a 1,36 million EUR decrease in profit in Finland.

Santander Consumer Finance OY
All amounts in millions of EUR

2020	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	865	330	1 099	1 783	31	8	**4 117**
Liabilities	233	538	810	2 154	-	383	**4 117**
Net balance	**633**	**-208**	**289**	**-371**	**31**	**-374**	**-**
Repricing gap	633	-208	289	-371	31	-374	**-**
Cumulative gap	633	425	714	343	374	-	**-**

A +1,00 % parallel increase in market rates will result in a 0,22 million EUR increase in profit in Finland.

Note 9 - Capital adequacy

All amounts in millions of NOK

Balance sheet equity	**2021**	**2020**
Paid in equity	10 618	10 618
Share premium	1 926	1 926
Other equity	14 985	14 253
Tier 1 Capital	2 250	2 250
Other reserves	76	125
Total Equity	**29 855**	**29 172**
Common Equity Tier 1 Capital		
(-) Profit not eligible as capital	-2 000	-
Cash-flow hedge adjustment	-	-
IRB Expected Loss - Reserves	-392	-410
Goodwill	-795	-834
Other intangible assets	-482	-482
Deferred tax assets	-	-
Adjustment Prudent Valuation (AVA)	-8	-6
Tier 1 Capital	-2 250	-2 250
Total common Equity Tier 1 Capital (with full IFRS9 impact)	**23 929**	**25 191**
Capital adjustment according to IFRS9 Transitional rules	229	320
Total common Equity Tier 1 Capital with IFRS9 transitional rules)	**24 157**	**25 511**
Tier 1 Capital		
Paid in Tier 1 capital instruments	2 250	2 250
Total Tier 1 Capital (with full IFRS9 impact)	**26 179**	**27 441**
Total Tier 1 Capital (with IFRS9 transitional rules)	**26 407**	**27 761**
Total Capital		
Paid up subordinated loans	2 461	2 816
Subordinated loans not eligible	-	-23
Total Capital (with full IFRS9 impact)	**28 639**	**30 234**
Total Capital (with IFRS9 transitional rules)	**28 868**	**30 554**
Risk exposure on Standard Approach		
Regional governments or local authorities	66	73
Institutions	700	988
Corporates	7 899	11 180
Retail Standard Approach	54 105	59 065
Exposures in default SA	3 229	1 209
Covered bonds	64	100
Other Exposures	3 512	4 030
Total Risk exposure amount on Standard Approach	**69 574**	**76 645**

Risk exposure on Internal Rating Based Approach	2021	2020
Retail Other	41 141	37 864
Total Risk exposure amount on Internal Rating Based Approach	**41 141**	**37 864**

Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**110 716**	**114 509**
Foreign exchange (zero if under threshold)	2 684	2 472
Risk exposure amount for position, foreign exchange and commodities risks	**2 684**	**2 472**
Basic indicator approach	14 261	14 247
Risk exposure amount for operational risk	**14 261**	**14 247**
Standardized method	30	46
Risk exposure amount for credit valuation adjustment	**30**	**46**
Total risk exposure amount (with full IFRS9 impact)	**127 690**	**131 275**
Risk Exposure adjustment according to IFRS9 Transitional rules	200	280
Total risk exposure amount (with IFRS9 transitional rules)	**127 890**	**131 555**
Total exposure for Leverage Ratio		
Derivatives: Add-on under market-to-market method	467	518
Off-balance sheet items with 10% CCF	3 033	3 012
Off-balance sheet items with 20% CCF	740	323
Off-balance sheet items with 50% CCF	37	38
Adjusted On balance sheet exposure	190 681	197 161
Total exposure for Leverage Ratio (with full IFRS9 impact)	**194 959**	**201 052**
Exposure adjustment according to IFRS9 Transitional rules	301	421
Total exposure for Leverage Ratio (after IFRS9 transitional rules)	**195 260**	**201 473**
Minimum Regulatory Capital		
Minimum Core Equity	4,50 %	4,50 %
Pillar 2 Requirement	3,30 %	3,30 %
Pillar 2 Guidance	1,00 %	1,00 %
Countercyclical Buffer (combined)	0,29 %	0,26 %
Conservation Buffer	2,50 %	2,50 %
Systemic Risk Buffer	1,30 %	1,18 %
Minimum Regulatory Capital ratio (CET1)	**12,89 %**	**12,74 %**
Minimum Regulatory Capital		
Minimum Core Equity	5 746	5 907
Pillar 2 Requirement	4 214	4 332
Pillar 2 Guidance	1 277	1 313
Countercyclical Buffer (combined)	370	341
Conservation Buffer	3 192	3 282
Systemic Risk Buffer (combined)	1 665	1 549
Minimum Regulatory Capital amount (full IFRS9 impact)	**16 464**	**16 724**
Surplus of Core Equity Tier 1 capital (full IFRS9 impact)	7 464	8 466

	2021	2020
Minimum Regulatory Capital amount (with IFRS9 transitional rules)	**16 490**	**16 760**
Surplus of Core Equity Tier 1 capital (with IFRS9 transitional rules)	7 667	8 751
Common equity tier 1 capital ratio (full IFRS9 impact)	**18,74 %**	**19,19 %**
Common equity tier 1 capital ratio (with IFRS9 transitional rules)	**18,89 %**	**19,39 %**
CET1 regulatory requirements	12,89 %	12,74 %
Tier 1 capital ratio (full IFRS9 impact)	**20,50 %**	**20,90 %**
Tier 1 capital ratio (with IFRS9 transitional rules)	**20,65 %**	**21,10 %**
Tire 1 regulatory requirements	14,39 %	14,24 %
Total capital ratio (full IFRS9 impact)	**22,43 %**	**23,03 %**
Total capital ratio (with IFRS9 transitional rules)	**22,57 %**	**23,23 %**
Total capital regulatory requirements	16,39 %	16,24 %
Leverage ratio (full IFRS9 impact)	**13,43 %**	**13,65 %**
Leverage ratio (with IFRS9 transitional rules)	**13,52 %**	**13,78 %**
LR regulatory requirements	5,00 %	5,00 %
Specification of IFRS Transition rules (based on initial impact)		
IFRS 9 Increase in Loss Reserves	-601	-601
- whereof Internal Rating Based	-	-
Tax impact from increased loss reserves	144	144
Deferred tax assets impact on capital	-	-
Initial IFRS9 net impact on capital	**-457**	**-457**
Base amount for IFRS9 transitional rule on capital	457	457
Transition %	50 %	70 %
Capital adjustment due to Transitional rule	**229**	**320**
Std Approach value adjustments Spec Reserves	-601	-601
- whereof Retail (75%RW)	-600	-600
- whereof Covered Bonds (10%RW)	-2	-2
Deferred tax assets impact on Risk Exposure Amount (250%RW) *	20	20
Initial IFRS9 net impact on Risk Exposure Amount	**-400**	**-400**
Base amount for IFRS9 transitional rule on Risk Exposure Amount	400	400
Transition %	50 %	70 %
Risk Exposure adjustment due to Transitional rule	**200**	**280**
Impact from Transitional rules on capital ratios (same impact for Tier 1 and 2)	0,15%	0,20%

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

From December 2015, the Group is 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.santanderconsumer.no. The Pillar 3 Disclosure report is published at www.santanderconsumer.no.

Note 10 - Segment information

All amounts in millions of NOK

Financial management in the Group 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 the Group'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)

2021

	Unsecured loans	Secured loans	Finance leases	Operating leases	Total
Norway	6 236	40 734	12 307	-	**59 277**
Sweden	15 129	18 878	13 534	-	**47 540**
Denmark	6 009	24 543	2 934	365	**33 851**
Finland	4 587	27 906	2 793	447	**35 733**
Total	**31 960**	**112 060**	**31 568**	**813**	**176 401**

2020

	Unsecured loans	Secured loans	Finance leases	Operating leases	Total
Norway	8 190	38 615	11 800	-	**58 605**
Sweden	16 625	20 266	9 214	-	**46 105**
Denmark	6 892	26 644	3 240	460	**37 236**
Finland	4 647	32 191	2 943	533	**40 314**
Total	**36 354**	**117 716**	**27 197**	**993**	**182 260**

Profit and Loss per Country				2021		
	Norway	**Sweden**	**Denmark**	**Finland**	**Eliminations**	**Total Group**
Total interest income	3 050	2 052	1 754	1 922	-797	**7 982**
Total interest expenses	-522	-314	-64	-793	799	**-895**
Net interest income	**2 528**	**1 738**	**1 690**	**1 129**	**2**	**7 087**
Fee and commission income	202	197	94	133	-70	**556**
Fee and commission expenses	-119	-81	-26	-83	70	**-238**
Value change and gain/loss on foreign exchange and securities	20	-5	-8	23	-1	**30**
Other operating income	45	18	128	125	-	**317**
Other operating expenses	-83	-36	-86	-141	-	**-345**
Gross margin	**2 594**	**1 831**	**1 792**	**1 188**	**1**	**7 406**
Salaries and personnel expenses	-507	-377	-296	-180	0	**-1 360**
Administrative expenses	-430	-367	-266	-200	-2	**-1 265**
Depreciation and amortisation	-90	-72	-48	-36	-	**-246**
Net operating income	**1 566**	**1 015**	**1 183**	**772**	**-1**	**4 536**
Other income and costs	-26	-1	12	5	-	**-10**
Impairment losses on loan, guarantees etc.	-577	-420	-44	-126	-	**-1 166**
Profit before taxes	**963**	**594**	**1 152**	**650**	**-1**	**3 359**
Income tax expense	-310	-127	-253	-103	-	**-793**
Profit after tax	**654**	**468**	**898**	**547**	**-1**	**2 566**

Profit and Loss per Country				2020		
	Norway	**Sweden**	**Denmark**	**Finland**	**Eliminations**	**Total Group**
Total interest income	3 711	2 107	2 021	2 128	-960	**9 007**
Total interest expenses	-878	-427	-115	-907	958	**-1 369**
Net interest income	**2 833**	**1 680**	**1 906**	**1 221**	**-2**	**7 638**
Fee and commission income	173	197	120	141	-78	**553**
Fee and commission expenses	-135	-115	-36	-83	78	**-291**
Value change and gain/loss on foreign exchange and securities	-87	9	3	-18	1	**-92**
Other operating income	47	30	113	137	-17	**310**
Other operating expenses	-52	-33	-82	-135	-	**-302**
Gross margin	**2 779**	**1 768**	**2 024**	**1 263**	**-18**	**7 816**
Salaries and personnel expenses	-615	-326	-324	-173	-1	**-1 439**
Administrative expenses	-502	-529	-378	-387	61	**-1 735**
Depreciation and amortisation	-103	-47	-21	-25	-	**-196**
Net operating income	**1 559**	**867**	**1 301**	**678**	**42**	**4 446**
Other income and costs	1	200	-5	-3	45	**238**
Impairment losses on loan, guarantees etc.	-457	-506	-760	-312	52	**-1 983**
Profit before taxes	**1 103**	**560**	**536**	**363**	**139**	**2 701**
Income tax expense	-304	-122	-70	-75	-	**-571**
Profit after tax	**799**	**438**	**466**	**288**	**139**	**2 130**

Balance Sheet per Country				2021		
	Norway	**Sweden**	**Denmark**	**Finland**	**Eliminations**	**Total Group**
Cash and receivables on central banks	65	3 718	-	-	-	**3 784**
Deposits with and receivables on financial institutions	535	366	2 350	1 139	-	**4 391**
Total gross loans to customers	59 277	47 540	33 486	35 285	-	**175 588**
Write-downs	-1 822	-1 360	-1 064	-703	-	**-4 949**
Commercial papers and bonds	4 200	1 654	2 421	1 870	-473	**9 672**
Financial derivatives	-	-	-	59	-	**59**
Investments in subsidiaries	1 647	-	-	-	-1 647	**-0**
Other assets	26 205	388	1 355	25 493	-49 629	**3 812**
Total assets	**90 107**	**52 307**	**38 549**	**63 144**	**-51 749**	**192 357**
Debt to credit institutions	6 177	20 548	7 311	21 412	-25 005	**30 443**
Deposits from customers	22 792	21 201	29 312	-	-	**73 304**
Debt established by issuing securities	30 697	7 594	999	12 701	-473	**51 518**
Financial derivatives	-	-	-	53	-	**53**
Other liabilities	3 264	2 904	783	25 287	-25 053	**7 185**
Equity	27 177	61	143	3 690	-1 218	**29 855**
Total liabilities and equity	**90 107**	**52 307**	**38 549**	**63 144**	**-51 749**	**192 357**

Balance Sheet per Country				2020		
	Norway	**Sweden**	**Denmark**	**Finland**	**Eliminations**	**Total Group**
Cash and receivables on central banks	66	3 297	-	-	-	**3 363**
Deposits with and receivables on financial institutions	935	1 259	3 200	1 844	-	**7 238**
Total gross loans to customers	58 604	46 105	36 777	39 781	-	**181 267**
Write-downs	-1 726	-1 220	-1 383	-675	-	**-5 004**
Commercial papers and bonds	3 092	1 012	1 988	1 906	-1 185	**6 813**
Financial derivatives	-	-	-	18	-	**18**
Investments in subsidiaries	1 733	-	-	-	-1 733	**-**
Other assets	24 763	817	1 732	24 592	-46 707	**5 197**
Total assets	**87 467**	**51 270**	**42 314**	**67 466**	**-49 625**	**198 892**
Debt to credit institutions	3 470	13 817	9 839	25 225	-22 988	**29 363**
Deposits from customers	27 498	24 278	29 365	-	-	**81 142**
Debt established by issuing securities	26 291	9 646	1 814	14 651	-1 186	**51 216**
Financial derivatives	8	-	-	17	-	**25**
Other liabilities	3 550	3 494	844	24 273	-24 186	**7 975**
Equity	26 650	35	452	3 299	-1 265	**29 172**
Total liabilities and equity	**87 467**	**51 270**	**42 314**	**67 466**	**-49 625**	**198 892**

Note 11 - Net interest income

Amounts in millions of NOK

	2021	2020
Interest and similar income on loans to and receivables from credit institutions	32	18
Interest and similar income on loans to and receivables from customers	7 881	8 900
Interest and similar income on comm. paper, bonds and other securities	6	21
Interest and similar income on loans to subsidiaries, branches and SPVs	63	69
Other interest income and similar income	-	-
Total interest income	**7 982**	**9 008**
Interest and similar expenses on debt to credit institutions	-59	-153
Interest and similar expenses on deposits from and debt to customers	-438	-759
Interest and similar expenses on issued securities	-315	-376
Interest on subordinated loan capital	-56	-67
Other interest expenses and similar expenses	-26	-14
Total interest expense	**-895**	**-1 369**
Net interest income	**7 087**	**7 638**

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

To credit institutions	**2021**	**2020**
Interest expenses	-59	-153
Average loan	29 903	29 768
Average nominal interest rate	**0,20%**	**0,52 %**

To customers	**2021**	**2020**
Interest expenses	-438	-759
Average deposit	77 223	73 313
Average nominal interest rate	**0,57%**	**1,04 %**

To bondholders	**2021**	**2020**
Interest expenses	-315	-376
Average issued notes and bonds	51 367	52 309
Average nominal interest rate	**0,61%**	**0,72 %**

Subordinated loan capital	**2021**	**2020**
Interest expenses	-56	-67
Average subordinated loan capital	2 642	2 621
Average nominal interest rate	**2,14%**	**2,56 %**

Total of tables above	**2021**	**2020**
Interest expenses	-869	-1 356
Loan	161 134	158 012
Average nominal interest rate	**0,54%**	**0,86 %**

Note 12 - Other operating income and expenses

Amounts in millions of NOK

	2021	2020
Operating lease income	250	247
Dividends from investments	1	17
Other	65	45
Total other operating income	**317**	**310**
Depreciation on operating lease assets	-144	-154
Fee to The Norwegian Banks' Guarantee Fund	-92	-85
Other	-109	-63
Total other operating expenses	**-345**	**-302**

Note 13 - Tax

All amounts in millions of NOK

Income tax	2021	2020
Tax payable	-765	-337
Adjustments in respect of prior years	-130	-7
Currency effects foreign tax credits	-	-
Total current tax	**-895**	**-344**
Change in temporary differences	102	-227
Currency effects	-	-
Adjustments in respect of prior years	-	-
Total change in deferred tax	**102**	**-227**
Income tax expense	**-793**	**-571**

	2021	2020
Profit before tax	3 359	2 701
Estimated income tax at nominal tax rate 25%	-840	-675
Tax effects of:		
- Income not subject to tax	29	73
- Non-deductible expenses	-19	31
Impact of lower tax rate in subsidiary	32	19
Adjustments in respect of prior years*	5	-18
Tax charge	**-793**	**-571**

The tax charge/credit relating to components of other comprehensive income is as follows:

2021	Before tax	Total tax charge	After tax
Actuarial assumption related to pension	90	23	68
Cash flow hedges	21	4	17
Net investment Hedge	-	-	-
Currency translation differences	-135	4	-139
Shares in VN Norge AS - value adjustment	-20	-	-20
Other comprehensive income	**-44**	**31**	**-74**
Tax payable		4	
Deferred tax		27	
Tax in OCI		**31**	

Deferred tax in the balance sheet	2021	2020
Deferred tax assets/deferred taxes as at 1 January	1 166	697
Changes recognized in income statement	62	225
Changes recognized in OCI	-19	-13
Currency adjustment	21	6
Adjustments in respect of prior years*	46	250
Net Deferred tax assets/deferred taxes at 31 December	**1 276**	**1 166**

Deferred taxes related to the following temporary differences	2021	2020
Fixed assets	5 541	5 251
Net pension commitments	-49	-147
Financial instruments	-48	-134
Net other taxable temporary differences	-340	-348
Total deferred tax position	**5 104**	**4 621**
Fixed assets	1 385	1 326
Net pension commitments	-12	-37
Financial instruments	-12	-34
Net other taxable temporary differences	-85	-90
Net Deferred tax assets/deferred taxes at 31 December	**1 276**	**1 166**

Tax effect of different tax rates in other countries:
The Group has operations in Sweden, Denmark and Finland whose tax rates are different from that in Norway (25 percent).

Estimated taxes on tax-related losses which cannot be utilized. No deferred taxes are calculated on tax-related losses if the Group considers the future scope of such losses to be uncertain.

* The adjustment in respect of prior years relates to true-up adjustment of tax settlements.

Note 14 - Loans to customers

All amounts in millions of NOK

	2021	2020
Credit Card	5 274	6 055
Unsecured loans	26 686	30 299
Auto loans	143 628	144 913
- Installment loans	*112 060*	*117 716*
- Finance leases	*31 568*	*27 197*
Total gross loans to customers	**175 588**	**181 267**
- Loan loss allowance - Stage 1	-1 444	-1 506
- Loan loss allowance - Stage 2	-636	-692
- Loan loss allowance - Stage 3	-2 869	-2 806
Total net loans to customers	**170 640**	**176 263**

Note 15 - Impairment losses on loan, guarantees etc.

All amounts in millions of NOK

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

	2021	2020
Change in loss allowance - Unsecured loans	-13	-510
Change in loss allowance - Secured loans	-107	-297
Change in loss allowance - Commercial papers and bonds	0	-
+ Total realized losses	-1 693	-1 634
- Recoveries on previously realized losses	270	234
- Gain on sold portfolios	377	224
Impairment losses on loan, guarantees etc.	**-1 166**	**-1 983**

Note 16 - Loans and impairment by main sectors

All amounts in millions of NOK

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

2021	Gross carrying amount	Accumulated impairment	Total
Private individuals	144 806	-4 526	**140 280**
Wholesale and retail trade	11 975	-96	**11 878**
Construction	8 464	-150	**8 315**
Transport and storage	2 440	-69	**2 372**
Professional, scientific and technical activities	1 913	-23	**1 891**
Manufacturing	1 757	-22	**1 735**
Real estate activities	781	-12	**769**
Accommodation and food service activities	683	-12	**672**
Information and communication	664	-11	**653**
Other services	582	-10	**573**
Human health services and social work activities	489	-6	**483**
Governments	400	-5	**395**
Education	276	-5	**271**
Agriculture, forestry and fishing	259	-2	**257**
Electricity, gas, steam and air conditioning supply	45	-0	**45**
Mining and quarrying	34	-0	**33**
Other financial corporations	16	-0	**16**
Public administration and defence, compulsory social security	3	-0	**3**
Total	**175 588**	**-4 949**	**170 640**

2020	Gross carrying amount	Accumulated impairment	Total
Private individuals	148 551	-4 523	**144 028**
Wholesale and retail trade	13 709	-130	**13 579**
Construction	8 349	-148	**8 201**
Transport and storage	2 505	-67	**2 438**
Other financial corporations	14	-	**14**
Manufacturing	1 860	-27	**1 833**
Professional, scientific and technical activities	1 844	-27	**1 817**
Real estate activities	810	-20	**790**
Other services	706	-13	**693**
Information and communication	716	-15	**701**
Accommodation and food service activities	653	-12	**641**
Human health services and social work activities	529	-8	**521**
Governments	374	-4	**370**
Education	282	-7	**275**
Agriculture, forestry and fishing	262	-2	**260**
Electricity, gas, steam and air conditioning supply	58	-1	**57**
Mining and quarrying	39	-	**39**
Public administration and defence, compulsory social security	6	-	**6**
Total	**181 267**	**-5 004**	**176 263**

Note 17 - Classification of financial instruments

All amounts in millions of NOK

Classification of financial assets 31 December 2021	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	-	-	3 784	3 784
Deposits with and receivables on financial institutions	-	-	4 391	4 391
Loans to customers	-	-	170 640	170 640
Commercial papers and bonds	-	-	9 672	9 672
Financial derivatives	59	-	-	59
Other ownership interests	-	20	-	20
Total financial assets	**59**	**20**	**188 486**	**188 565**

Non-financial assets	3 792
Total assets	**192 357**

Classification of financial liabilities 31 December 2021	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	30 443	30 443
Deposits from customers	-	-	73 304	73 304
Debt established by issuing securities	-	-	51 518	51 518
Financial derivatives	53	-	-	53
Other financial liabilities	-	-	402	402
Subordinated loan capital	-	-	2 463	2 463
Total financial liabilities	**53**	**-**	**158 130**	**158 183**

Non-financial liabilities and equity	34 174
Total liabilities and equity	**192 357**

Classification of financial assets 31 December 2020	Financial assets at fair value through P&L	Financial assets at fair value through OCI	Amortized cost	Book value
Cash and receivables on central banks	-	-	3 363	3 363
Deposits with and receivables on financial institutions	-	-	7 238	7 238
Loans to customers	-	-	176 263	176 263
Commercial papers and bonds	-	-	6 813	6 813
Financial derivatives	18	-	-	18
Other ownership interests	-	38	-	38
Total financial assets	**18**	**38**	**193 677**	**193 733**

Non-financial assets	5 159
Total assets	**198 892**

Classification of financial liabilities 31 December 2020	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	29 363	29 363
Deposits from customers	-	-	81 142	81 142
Debt established by issuing securities	-	-	51 216	51 216
Financial derivatives	25	-	-	25
Other financial liabilities	-	-	490	490
Subordinated loan capital	-	-	2 821	2 821
Total financial liabilities	**25**	**-**	**165 032**	**165 057**

Non-financial liabilities and equity	33 835
Total liabilities and equity	**198 892**

Note 18 - Issued securities

All amounts in millions of NOK

	2021	2020
Senior unsecured issued securities	38 375	35 528
Asset backed issued securities	13 143	15 688
Total issued securities	**51 518**	**51 216**

Changes in liability issued securities	**Book value 1 January 2021**	**New issues/ repurchase**	**Monthly payments and at maturity**	**Changes in foreign fx rates**	**Book value 31 December 2021**
Senior unsecured issued securities	35 528	8 024	-3 537	-1 640	38 375
Asset backed issued securities	15 688	4 494	-6 276	-764	13 143
Total issued securities	**51 216**	**12 518**	**-9 813**	**-2 404**	**51 518**

Bonds **Issuer**	**Net nominal value**	**Currency**	**Interest**	**Call date**	**Book value 31 December 2021**
Senior unsecured issued securities					
Santander Consumer Bank AS	750	DKK	Floating	2022-04-04	1 008
Santander Consumer Bank AS	500	SEK	Floating	2023-01-18	488
Santander Consumer Bank AS	500	SEK	Floating	2022-05-11	487
Santander Consumer Bank AS	500	SEK	Floating	2023-08-14	487
Santander Consumer Bank AS	250	SEK	Floating	2023-08-14	243
Santander Consumer Bank AS	105	SEK	Floating	2022-05-11	102
Santander Consumer Bank AS	500	SEK	Floating	2022-09-19	487
Santander Consumer Bank AS	999	SEK	Floating	2023-05-12	974
Santander Consumer Bank AS	500	SEK	Floating	2025-01-15	488
Santander Consumer Bank AS	500	SEK	Floating	2022-09-19	487
Santander Consumer Bank AS	500	SEK	Floating	2026-01-19	487
Santander Consumer Bank AS	500	SEK	Floating	2025-01-15	488
Santander Consumer Bank AS	500	SEK	Floating	2024-04-29	487
Santander Consumer Bank AS	500	SEK	Floating	2024-04-29	487
Santander Consumer Bank AS	500	SEK	Floating	2024-10-11	487
Santander Consumer Bank AS	700	NOK	Floating	2022-01-17	702
Santander Consumer Bank AS	200	NOK	Floating	2022-01-17	201
Santander Consumer Bank AS	150	NOK	Floating	2022-01-17	151
Santander Consumer Bank AS	50	NOK	Floating	2022-01-17	50
Santander Consumer Bank AS	1 000	NOK	Floating	2022-02-07	1 002
Santander Consumer Bank AS	499	EUR	Fixed	2023-03-01	5 034
Santander Consumer Bank AS	500	EUR	Fixed	2022-01-21	5 033
Santander Consumer Bank AS	499	EUR	Fixed	2024-09-11	4 969
Santander Consumer Bank AS	498	EUR	Fixed	2025-02-25	4 969
Santander Consumer Bank AS	300	NOK	Floating	2022-11-21	301
Santander Consumer Bank AS	801	NOK	Floating	2024-03-14	801
Santander Consumer Bank AS	500	NOK	Floating	2024-11-13	501
Santander Consumer Bank AS	500	NOK	Floating	2025-09-15	500
Santander Consumer Bank AS	497	EUR	Fixed	2026-04-14	4 972
Santander Consumer Bank AS	500	NOK	Floating	2022-11-21	501
Santander Consumer Bank AS	749	NOK	Floating	2022-02-07	751
Santander Consumer Bank AS	250	NOK	Floating	2022-02-07	250
Totals issued bonds					**38 375**

Asset backed issued securities

Issuer	Net nominal value	Currency	Interest	Call date	Book value 31 December 2021
SAF WH 1	474	SEK	Floating	2029-06-09	462
SCF Rahoituspalvelut VII DAC	93	EUR	Floating	2027-11-25	924
SCF Rahoituspalvelut VIII DAC	247	EUR	Floating	2029-10-25	2 463
SCF Rahoituspalvelut IX DAC	481	EUR	Floating	2030-10-25	4 800
SCF Rahoituspalvelut X DAC	450	EUR	Floating	2031-10-25	4 494
Total asset backed issued securities					**13 143**

The Group has not had any defaults of principal or interest or other breaches with respect to its issued securities during the years ended 31 December 2021 and 31 December 2020.

Note 19 - Valuation Hierarchy

All amounts in millions of NOK

2021					**With**	
			Quoted market price	**Using observable inputs**	**significant unobservable inputs**	
Financial instruments measured at fair value			**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets						
Name	***Type***	***Notional***				
KIMI7 Pass Through	Interest Rate Swap	MM EUR 77	-	1	-	**1**
KIMI8A Fixed	Interest Rate Swap	MM EUR 208	-	2	-	**2**
KIMI8B Fixed	Interest Rate Swap	MM EUR 23	-	0	-	**0**
KIMI9A Fixed	Interest Rate Swap	MM EUR 423	-	12	-	**12**
KIMI9B Fixed	Interest Rate Swap	MM EUR 31	-	1	-	**1**
KIMI10	Interest Rate Cap	MM EUR 435	-	42	-	**42**
Total financial trading derivatives			**-**	**59**	**-**	**59**
Name	***Type***					
VN Norge	Equity		-	20	-	**20**
Total other ownership interests			**-**	**20**	**-**	**20**
Total Assets			**-**	**79**	**-**	**79**
Financial liabilities						
Name	***Type***	***Notional***				
KIMI7 Fixed	Interest Rate Swap	MM EUR 80	-	1	-	**1**
KIMI8A Pass Through	Interest Rate Swap	MM EUR 206	-	0	-	**0**
KIMI8B Pass Through	Interest Rate Swap	MM EUR 22	-	-	-	**-**
KIMI9A Pass Through	Interest Rate Swap	MM EUR 422	-	8	-	**8**
KIMI9B Pass Through	Interest Rate Swap	MM EUR 31	-	1	-	**1**
KIMI10 Pass Through	Interest Rate Cap	MM EUR 435	-	42	-	**42**
Total financial derivatives			**-**	**53**	**-**	**53**
Total Liabilities			**-**	**53**	**-**	**53**
Derivatives designated for hedge accounting - assets						
Name	***Type***	***Notional***				
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	28	-	**28**
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	5	-	**5**
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	0	-	**0**
Kimi8A	Interest Rate Swap	MM EUR 206	-	0	-	**0**
Kimi8B	Interest Rate Swap	MM EUR 22	-	0	-	**0**
Kimi9A	Interest Rate Swap	MM EUR 422	-	8	-	**8**
Kimi9B	Interest Rate Swap	MM EUR 31	-	1	-	**1**
Total derivatives designated for hedging - assets*			**-**	**43**	**-**	**43**

Derivatives designated for hedge accounting - liabilities			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Name	*Type*	*Notional*				
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	9	-	**9**
KIMI7	Interest Rate Swap	MM EUR 77	-	1	-	**1**
Total derivatives designated for hedging - liabilities*			**-**	**10**	**-**	**10**

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

2020

Financial instruments measured at fair value			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Financial assets						
Name	*Type*	*Notional*				
KIMI6 Pass Through	Interest Rate Swap	MM EUR 22	-	-	-	**-**
KIMI7 Pass Through	Interest Rate Swap	MM EUR 170	-	4	-	**4**
KIMI8A Pass Trough	Interest Rate Swap	MM EUR 382	-	5	-	**5**
KIMI8B Pass Trough	Interest Rate Swap	MM EUR 42	-	1	-	**1**
KIMI9A Pass Trough	Interest Rate Swap	MM EUR 592	-	8	-	**8**
KIMI9B Pass Trough	Interest Rate Swap	MM EUR 31	-	1	-	**1**
Total financial trading derivatives			**-**	**18**	**-**	**18**
Name	*Type*					
VN Norge	Equity		-	38	-	38
Total other ownership interests			**-**	**38**	-	**38**
Total Assets			-	**56**	-	**56**
Financial liabilities						
Name	*Type*	*Notional*				
KIMI6 Fixed	Interest Rate Swap	MM EUR 32	-	-	-	**-**
KIMI7 Fixed	Interest Rate Swap	MM EUR 165	-	6	-	**6**
KIMI8A Fixed	Interest Rate Swap	MM EUR 366	-	2	-	**2**
KIMI8B Fixed	Interest Rate Swap	MM EUR 42	-	-	-	**-**
KIMI9A Fixed	Interest Rate Swap	MM EUR 592	-	8	-	**8**
KIMI9B Fixed	Interest Rate Swap	MM EUR 31	-	-	-	**-**
FX Swap NOK/SEK	Cross Currency Swap	MM EUR 191	-	8	-	**8**
Total financial derivatives			**-**	**25**	**-**	**25**
Total Liabilities			**-**	**25**	**-**	**25**

Derivatives designated for hedge accounting - assets			Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Name	*Type*	*Notional*				
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	49	-	**49**
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	10	-	**10**
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	3	-	**3**
Total derivatives designated for hedging - assets*			**-**	**62**	**-**	**62**

Derivatives designated for hedge accounting - liabilities						
Name	*Type*	*Notional*				
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	13	-	**13**
KIMI6	Interest Rate Swap	MM EUR 22	-	-	-	**-**
KIMI7	Interest Rate Swap	MM EUR 170	-	4	-	**4**
KIMI8A	Interest Rate Swap	MM EUR 382	-	5	-	**5**
KIMI8B	Interest Rate Swap	MM EUR 42	-	1	-	**1**
KIMI9A	Interest Rate Swap	MM EUR 592	-	9	-	**9**
KIMI9B	Interest Rate Swap	MM EUR 31	-	-	-	**-**
Total derivatives designated for hedging - liabilities*			**-**	**32**	**-**	**32**

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

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

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

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

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

Offsetting of financial assets and financial liabilities

The disclosure in the table below includes financial assets and financial liabilities that are subject to enforceable master netting arrangements or similar arrangements.

The ISDA and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The Group receives and gives collateral in the form of cash and marketable securities in respect of the following transactions:
- derivatives
- sale-and-repurchase, and reverse sale-and-repurchase agreements

This collateral is subject to standard industry terms including, when appropriate, an ISDA credit support annex.

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the below tables have been measured in the statement of financial position on the following bases:
- derivative assets and liabilities – fair value
- assets and liabilities resulting from sale-and-repurchase agreements, reverse sale-and repurchase agreements – amortised cost

				Related amounts not offset in the statement of financial position		
2021	**Gross amounts**	**Amounts offset in the statement of financial position**	**Net amount presented in the financial statements**	**Financial instruments**	**Collateral**	**Net amount after possible netting**
Financial assets						
Derivatives	59	-	59	-	62	-
Reverse repurchase arrangements	942	-	942	942	-	-
Financial liabilities						
Derivatives	11	-	11	-	79	-
Repurchase arrangements	-	-	-	-	-	-

				Related amounts not offset in the statement of financial position		
2020	**Gross amounts**	**Amounts offset in the statement of financial position**	**Net amount presented in the financial statements**	**Financial instruments**	**Collateral**	**Net amount after possible netting**
Financial assets						
Derivatives	80	-	80	-	75	5
Reverse repurchase arrangements	3 466	-	3 466	3 466	-	-
Financial liabilities						
Derivatives	51	-	51	-	48	3
Repurchase arrangements	-	-	-	-	-	-

Note 20 - Hedging

All amounts in millions of NOK

Fair Value Hedge

Fair value hedges are used to protect the Group against exposures to changes in the market prices of recognized fixed interest-notes issued in EUR. The Group uses cross currency interest rate swaps and interest rate swaps that qualify as hedging instruments, and designates these to the hedge relationship at time of inception if all criteria for hedge accounting are met. Changes in fair value of the hedging instruments are recognized in the income statement together with changes in the fair value of the hedged liability that are attributable to the hedged risk.

For the fair value hedges the Group assesses whether the derivative designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in fair value of the hedged item using the dollar offset method. This method is a quantitative method that consists of comparing the change in fair value or cash flows of the hedging instrument (including any counterparty credit risk) with the change in fair value of the hedged item attributable to the hedged risk. As counterparties credit risk is not hedged this is a source of ineffectiveness.

The fair values of derivatives designated as fair value hedges is as follows:

	2021			2020		
	Assets	Liabilities	Gains (losses) recognized in P&L	Assets	Liabilities	Gains (losses) recognized in P&L
Hedged item (Issued Bonds)	-	6 506	60	-	6 814	-29
Hedge instruments (Cross currency swaps)	29	32	-59	66	8	30
Fair value hedge adjustment	-	-	-	-	53	-
Nominal of hedging instruments	-	6 506	-	-	6 814	-
Net exposure over P&L			**1**			**1**

Inefficiency	2021 Ineffectiveness recognized in P&L	2020 Ineffectiveness recognized in P&L
Fair value hedging ineffectiveness	1	1

Cash Flow Hedge

Cash flow hedging is applied for the exposure to variation in future interest payments due to exchange rate risk on issued notes in foreign currency (EUR). Cross currency swaps (NOK swapped to EUR) are used as hedging instruments and they are designated into hedge relationships at inception when all criteria for hedge accounting are met.

Further, cash flow hedging is applied for the exposure of variation in future interest payments from issued floating rate-notes with floating EURIBOR-rate. Interest rate swaps (fixed interest swapped to floating) are used as hedging instruments and they are designated into hedge relationships at inception when all criteria for hedge accounting are met.

The portion of the gain or loss in the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. Gains or losses on hedging instruments that have been accumulated in equity are recognized in profit or loss in the same period as interest expense from the hedged liability. The ineffective portion of the gain or loss on hedging instruments is recognized in profit or loss.

The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in cash flows of the hedged item (prospectively and retrospectively) using the hypothetical derivative method. This method assess hedge ineffectiveness by comparing the change in fair value of the actual derivative designated as the hedging instrument and the change in fair value of a "hypothetical derivative" that would result in perfect hedge effectiveness for the designated item. The hypothetical derivative would have terms that exactly match the critical terms of the hedged item with the lower of the two cumulative changes always appearing in Equity.

The fair values of derivatives designated as cash flow hedges are as follows:

	2021			2020		
	Assets	Liabilities	Amount recognized in OCI	Assets	Liabilities	Amount recognized in OCI
Hedged item (Bonds)	-	14 084	-	-	20 160	-
Hedge instruments (Cross currency interest rate swaps)	28	1	-20	3	13	21
Hedge instruments (Interest rate swaps)	10	1	-16	-	19	-7
Nominal of hedging instruments	-	14 084	-	-	20 160	-
Net exposure over P&L			**-36**			**14**

	2021	2020
Inefficiency	**Ineffectiveness recognized in P&L**	**Ineffectiveness recognized in P&L**
Cash flow hedging ineffectiveness	-16	19

Periods when the cash flows are expected to occur and when they are expected to affect profit or loss;

	2021			2020		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Cash inflows (assets)	-	-	-	-	-	-
Cash outflows (liabilities)	5 474	8 610	-	4 738	15 423	-
Net cash flows	**5 474**	**8 610**	**-**	**4 738**	**15 423**	**-**

Reclass from OCI to profit and loss:	**2021**	**2020**
Reclassified amount	-	-1

Net investment Hedge

The Group owns a subsidiary in Finland and has a branch in Sweden. Foreign currency exposure arises from the net investment in the Finnish subsidiary Santander Consumer Finance OY, which has a different functional currency from that of the parent entity. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiary (EUR) and the Bank's functional currency (NOK), which causes the amount of the net investment to vary. The hedged risk in the net investment hedges is the risk of fluctuations in EUR against NOK, which will result in fluctuating values of the net investment in the subsidiary.

Loans from external parties nominated in EUR is designated as hedging instruments and designated into the hedging relationship when all criteria for hedge accounting are met. The Group assesses whether the EUR nominated loans designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in cash flows of the hedged item (prospectively and retrospectively) using the dollar offset method.

Santander Consumer Bank AS has a Swedish branch and foreign currency risk arises from the net investments in foreign operations. In order to mitigate the exchange rate risk arising from the fact that the branch in Sweden is nominated in Swedish Krona while functional currency of the Santander Consumer Bank AS is Norwegian Krona, Santander Consumer Bank AS is funding it's operations in Sweden with loans nominated in SEK and designating it as a hedge relationship.

The value of EUR loans designated as net investment hedges is as follows:

	2021			2020		
	Assets	Liabilities	Amount recognized in OCI	Assets	Liabilities	Amount recognized in OCI
Hedged item (Net assets in foreign subsidiary)	1 308	-	-64	1 372	-	80
Hedge instrument (EUR-loan)	-	-1 308	64	-	-1 372	-80
Hedged item (Net investment Sweden)	-	-	-	486		-30
Hedge instrument (SEK-loan)	-	-	-		-486	30
Net exposure over OCI	-	-	**-**	-	-	**-**

	2021	2020
Inefficiency	**Ineffectiveness recognized in P&L**	**Ineffectiveness recognized in P&L**
Net investment hedging ineffectiveness	-	-

Interest Rate Benchmark Reform: Amendments to IFRS 9; IAS 39 and IFRS 7

The Group is closely monitoring the market and the output from the various industry working groups managing the transition to new benchmark interest rates. The Group has established a project to manage the transition for any of its contracts that could be affected.

Interest rate swaps	**Nominal amount**	**Average maturity**
EURIBOR EUR (1 month)	7 579	2023-02-08

Cross currency swaps	**Nominal amount**	**Average maturity**
EURIBOR EUR (3 months) to CIBOR DKK (3 months)	6 506	2023-10-07
Total	**14 084**	

Note 21 - Financial instruments measured at amortized cost

The financial instruments in the Group's balance sheet are primarily measured and booked to amortized cost. This applies to loans and advances to credit institutions and customers, commercial papers and bonds, deposits from customers and issued securities. Accounting for these items at amortized cost implies that the Group intends to hold or issue the items to collect or pay the contractual cash flows, and adjust for impairment if relevant.

Differences between amortized cost and fair value of the items may be caused by a number of factors, such as different view on macro-economic perspectives, credit risk, market conditions, return requirements and varying access to accurate information. The below table shows estimated fair value of items carried at amortized cost.

Fair value is measured on the basis of the fair value hierarchy as described in note 19.

Commercial papers and bonds:
Quoted prices in active markets exists for these instruments, and the fair value is reported in level 1 for this group of financial instruments.

Level in fair value hierarchy: Level 1

Loans and advances to credit institutions:
These items consist of cash, posted swap collateral and reverse repurchase agreements. Due to their short term nature, the fair value is assumed to equal the book value.

Level in fair value hierarchy: Level 3

Loans to customers:
The Group's portfolio of loans to customers consists of the following main groups; credit cards, finance leases, installment loans and unsecured loans. All loans in the portfolio are subject to continuous evaluation of whether an impairment or loan loss allowance should be booked for it. Interest rates for new business volume are assumed to be a fair representative of market rates. In order to estimate fair value of the portfolio, an adjustment has to be made for the difference between interest rates for new business volume and existing portfolio. The approach for estimation of fair value is based on a correlation model between the average nominal interest rates (TIN) (%) of the portfolio / evaluated portfolio and the average New Business TIN (%) of the last three months of the same portfolios. In case the average TIN (%) of the portfolio differs from that of new business rate (average three months), fair value will be different from book value. When fair value has been identified following this rationale, it will be discounted to the present value of the moment in which the estimate is carried out.

Level in fair value hierarchy: Level 3

Deposits from customers:
Fair value is assessed to equal amortized cost, as the contractual maturity is short and the deposits are affected by changes in credit risk to a limited extent.

Level in fair value hierarchy: Level 3

Issued securities:
The Group has issued securities in both EUR, SEK, DKK and NOK. Issuances of bonds in SEK/EUR/NOK are done on traded markets and quoted market prices (average of bid/ask prices) for the securities are used as fair value (level 1). The Danish market is highly illiquid and for issued bonds nominated in DKK it is assumed that the book value is the best estimate of the fair value as there is little or no relevant market data available to make other reasonable estimates.

The Group also issues commercial papers (bonds with maturity less than one year). These securities are almost not traded among investors and reliable bid/ask prices are therefore not available for an assessment of fair value. As the securities have such short time to maturity it is assessed that the book value reflects the fair value most accurately. The Group has one issued bond nominated in DKK in the unsecured bond market. The Danish market is highly illiquid and a liquidity premium is priced into the spread of this floating rate bond. It is therefore assessed that the book value is the best estimate of the fair value.

Level in fair value hierarchy: Level 1 for securities with quoted market prices and level 3 for remaining securities.

Subordinated loan capital:
The Group issues subordinated loan capital as a part of their funding. The loans are floating rate, and repriced quarterly based on a 3M STIBOR and NIBOR. The book value of the loans is considered to be a good estimate of the fair value, as the loans are floating rate with frequent repricings, ensuring the debt is at market terms.

Level in fair value hierarchy: Level 3

All amounts in millions of NOK

		2021		2020	
Financial assets	**Fair value level**	**Book value**	**Fair value**	**Book value**	**Fair value**
Loans and advances to credit institutions	Level 3	8 175	8 175	10 601	10 601
Loans to customers	Level 3	170 640	163 967	176 263	169 692
Commercial papers and bonds	Level 1	9 672	9 581	6 813	6 819
Total financial assets		**188 486**	**181 723**	**193 677**	**187 111**

		2021		2020	
Financial liabilities	**Fair value level**	**Book value**	**Fair value**	**Book value**	**Fair value**
Loans and deposits from financial institutions	Level 3	30 443	30 443	29 363	29 363
Deposits from customers	Level 3	73 304	73 304	81 142	81 142
Issued securities	Level 1 and 3	51 518	50 982	51 216	50 696
Subordinated loan capital	Level 3	2 463	2 463	2 821	2 821
Total financial liabilities		**157 728**	**157 192**	**164 541**	**164 021**

Note 22 - Securitization

The Group securitizes auto loans by selling portfolios of eligible auto loans to SPVs, which finance the purchase by issuing bonds in the market with security in the assets.

All securitized assets are transferred to related parties, as all the SPVs buying the assets are consolidated into the Group accounts. There are no transfers of securitized assets to unrelated parties.

Note 23 - Fixed assets

All amounts in millions of NOK

2021	Buildings	Machines, fittings, equipment	Operating lease assets	Total
Acquisition cost at 1 January	**371**	**163**	**1 237**	**1 771**
Additions	-	26	56	**82**
Disposals	-	-42	-233	**-275**
Net foreign exchange differences on translation	-11	-5	-	**-16**
Acquisition cost at 31 December	**360**	**142**	**1 060**	**1 562**
Accumulated depreciation and impairment at 1 January	**-124**	**-110**	**-290**	**-524**
Depreciation*	-55	-24	-74	**-152**
Disposals	-	32	69	**102**
Impairment	-	-	20	**20**
Net foreign exchange differences on translation	4	3	-	**7**
Accumulated depreciation and impairment at 31 December	**-175**	**-98**	**-274**	**-548**
Net book value at 31 December	**185**	**44**	**785**	**1 014**

* Depreciation on operating lease assets is reported as "Other operating expenses" in the profit and loss statement.

Method of measurement	Acquisition cost	Acquisition cost	Acquisition cost
Depreciation method	Straight-line	Straight-line	Straight-line
Depreciation plan and useful life	3 – 10 years	1 – 10 years	1 month - 10 years
Average useful life	5 years	3 years	3 years

As at 31 December 2021, Buildings includes right-of-use assets of 185 MM NOK related to leased office premises.

2020	Buildings	Machines, fittings, equipment	Operating lease assets	Total
Acquisition cost at 1 January	**348**	**154**	**1 078**	**1 580**
Additions	23	31	644	**698**
Disposals	-	-14	-485	**-499**
Net foreign exchange differences on translation	-	-8	-	**-8**
Acquisition cost at 31 December	**371**	**163**	**1 237**	**1 771**
Accumulated depreciation and impairment at 1 January	**-56**	**-81**	**-230**	**-367**
Depreciation*	-68	-38	-228	**-334**
Disposals	-	5	174	**179**
Impairment	-	3	-7	**-4**
Net foreign exchange differences on translation	-	1	1	**2**
Accumulated depreciation and impairment at 31 December	**-124**	**-110**	**-290**	**-524**
Net book value at 31 December	**247**	**52**	**948**	**1 247**

* Depreciation on operating lease assets is reported as "Other operating expenses" in the profit and loss statement.

Note 24 - Intangible assets

All amounts in millions of NOK

2021	Software and other intangible assets	Goodwill	Total
Acquisition cost at 1 January	**969**	**834**	**1 803**
Additions	178	-	**178**
Disposals	-277	-	**-277**
Net foreign exchange differences on translation	-17	-39	**-55**
Acquisition cost at 31 December	**853**	**795**	**1 648**
Accumulated amortization and impairment at 1 January	**-488**	**-**	**-488**
Amortization	-163	-	**-163**
Disposals	269	-	**269**
Impairment	-	-	**-**
Net foreign exchange differences on translation	10	-	**10**
Accumulated amortization and impairment at 31 December	**-372**	**-**	**-372**
Net book value at 31 December	**481**	**795**	**1 276**

Method of measurement	Acquisition cost	Acquisition cost
Amortization method	Straight-line	Goodwill is not amortized
Amortization plan and useful life	3 – 7 years	-
Average useful life	5 years	-

The useful life regarding software is evaluated annually. Goodwill is related to the purchase of the portfolio from Eik Sparebank in 2007, the purchase of GE Money Oy in 2009 and GE Money Bank in 2014.

2020	Software and other intangible assets	Goodwill	Total
Acquisition cost at 1 January	**688**	**783**	**1 471**
Additions	281	-	**281**
Disposals	-14	-	**-14**
Net foreign exchange differences on translation	14	51	**65**
Acquisition cost at 31 December	**969**	**834**	**1 803**
Accumulated amortization and impairment at 1 January	**-379**	**-**	**-379**
Amortization	-99	-	**-99**
Disposals	1	-	**1**
Impairment	-12	-	**-12**
Net foreign exchange differences on translation	-	-	**-**
Accumulated amortization and impairment at 31 December	**-488**	**-**	**-488**
Net book value at 31 December	**481**	**834**	**1 315**

Note 25 - Leasing

All amounts in millions of NOK

Finance leases (as lessor):

The Group owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as "loans to customers" in the balance sheet, and are valued at the present value of future cash flows.

	2021	2020
Gross investment in the lease:		
Due in less than 1 year	10 622	10 451
Due in 2 - 5 years	20 882	16 689
Due later than 5 years	65	57
Total gross investment in the lease	**31 568**	**27 197**
Present value of minimum lease payments receivable:		
Due in less than 1 year	10 294	10 064
Due in 1 - 5 years	19 918	15 649
Due later than 5 years	53	44
Total present value of minimum lease payments receivable	**30 264**	**25 757**
Unearned finance income	**1 303**	**1 440**

Operating leases (as lessor)

The Group owns assets leased to customers under operating lease agreements. Operating lease agreements are reported as fixed assets in the balance sheet.

	2021	2020
Future minimum lease payments under non-cancellable operating leases		
Due in less than 1 year	318	337
Due in 1 - 5 years	495	656
Due later than 5 years	-	-
Total future minimum lease payments under non-cancellable operating leases	**813**	**993**

Finance leases (as lessee):
Right-of-use assets

The Group leases several assets including buildings, machines and IT equipment. The average lease term is 3 years. If there is an option to extend the lease term of the right-of-use asset, the probability for extension has been calculated. This is the basis for lease term in the calculation.

2021	Buildings	Machines, fittings, equipment	Total
Cost at 1 January	**371**	**22**	**393**
Additions	-	-1	**-1**
Net foreign exchange differences on translation	-11	-	**-11**
Cost at 31 December	**360**	**21**	**381**
Accumulated depreciation at 1 January	**-124**	**-14**	**-138**
Charge for the year	-55	-5	**-60**
Net foreign exchange differences on translation	4	0	**4**
Accumulated depreciation at 31 December	**-175**	**-19**	**-194**
Carrying amount at 31 December	**185**	**3**	**187**

2020	Buildings	Machines, fittings, equipment	Total
Cost at 1 January	**348**	**22**	**370**
Additions	23	-	**23**
Cost at 31 December	**371**	**22**	**393**
Accumulated depreciation at 1 January	**-56**	**-7**	**-64**
Charge for the year	-68	-7	**-74**
Accumulated depreciation at 31 December	**-124**	**-14**	**-138**
Carrying amount at 31 December	**247**	**8**	**254**

	2021	2020
Amounts recognised in profit and loss		
Depreciation expenses relating to right-of-use assets	60	62
Interest expense on lease liabilities	3	4
Expense relating to short-term leases	29	23
Expense relating to leases of low value assets	3	3

At 31 December 2021, the Group is committed to 29 MNOK in short-term leases.

Note 26 - Repossessed Assets

All amounts in millions of NOK

	2021	2020
Vehicles	62	16
Total repossessed assets	**62**	**16**

Note 27 - Changes in liabilities arising from financing activities

All amounts in millions of NOK

The tables below show a reconciliation of the opening and closing balances for liabilities arising from financing activities.

2021 **Liability**	**2020**	**Changes from financing cash flows**	**Changes in foreign exchange rates**	**Changes in fair value**	**Other changes**	**2021**
Debt to credit institutions	**29 363**	2 718	-1 638	-	-	**30 443**
Debt established by issuing securities	**51 216**	2 705	-2 403	-	-	**51 518**
Subordinated loan capital	**2 821**	-250	-108	-	-	**2 463**
Lease liability (IFRS16)	**249**	-80	-	-	-	**169**

2020 **Liability**	**2019**	**Changes from financing cash flows**	**Changes in foreign exchange rates**	**Changes in fair value**	**Other changes**	**2020**
Debt to credit institutions	**30 174**	-3 293	2 482	-	-	**29 363**
Debt established by issuing securities	**53 403**	-2 023	-165	-	-	**51 216**
Subordinated loan capital	**2 421**	250	150	-	-	**2 821**
Lease liability (IFRS16)	**301**	-52	-	-	-	**249**

Note 28 - Lease liabilities

All amounts in millions of NOK

Maturities of lease liabilities	**2021**	**2020**
Less than a year	38	58
From 1 year to 3 years	101	110
From 3 year to 5 years	30	81
More than 5 years	-	-
Total lease liabilities	**169**	**249**

The Group does not face a significant liquidity risk with regard to its lease liabilities. Liquidity risk is monitored within the Group's treasury function.

Note 29 - Pension expenses and provisions

All amounts in millions of NOK

In Norway, the Group has a collective defined contribution pension scheme under the Occupational Pensions Act for all employees. In addition, employees can withdraw pension from the collectively agreed AFP scheme. This scheme only applies to employees in Norway and forms part of a collective agreement. The previous defined benefit pension schemes were terminated in 2017, and active members were transferred to the defined contribution pension scheme. The remaining defined benefit pension commitments to certain employees consist of executive and early retirement pension schemes.

In Sweden, the Group has a collectively agreed pension scheme for the banking sector, the BTP plan. The plan includes both defined benefit and defined contribution sections. Old-age, early retirement, disability and death benefits are provided under the BTP plan, which are funded via insurance with different insurance providers. Starting 1 July 2015, the results below include the former GE Money Bank pension schemes acquired in Sweden (BTP plan consistent with description above).

The defined benefit pension schemes expose the Group to risks associated with longevity, inflation and salaries and also market risks on plan assets.

In Denmark and Finland, the Group has defined contribution plans.

Pension expenses for defined benefit plans	**2021**	**2020**
Present value of year's pension earnings	-14	-17
Curtailment (gain) / loss	-	-
Settlement (gain) / loss	-	-
Interest cost on accrued liability	-7	-8
Interest income on plan assets	5	18
Allowance for taxes	-0	-
Net Pension expenses	**-16**	**-7**

Pension expenses for defined contribution plans	**2021**	**2020**
Total expenses	113	125

Pension liabilities in balance sheet	**2021**	**2020**
Pension funds at market value	350	357
Estimated pension liability	-399	-504
Net pension liability	**-49**	**-147**

The movement in the defined benefit obligation and fair value of plan assets over the year is as follows:

2021	Present value of obligation	Fair value of plan assets	Net pension liability
At 1 January	**-504**	**357**	**-147**
Current service cost	-14	-	**-14**
Curtailment gain / (loss)	-	-	**-**
Settlement gain / (loss)	-	-	**-**
Interest expense / Income	-7	5	**-2**
	-21	**5**	**-16**
Remeasurements:			
- Return on plan assets	-	-5	**-5**
- Gain/(Loss) from change in demographic assumptions	-	-	**-**
- Gain/(Loss) from change in financial assumptions	60	-	**60**
- Gain/(Loss) from plan experience	20	-	**20**
- Change in asset ceiling	-	-	**-**
	80	**-5**	**75**
Exchange rate differences	33	-24	**9**
Contributions:			
- Employer	-	29	**29**
- Plan participants	-	-	**-**
Payments from plans:			
- Benefit payments	12	-12	**-**
Acquired in a business combination	-	-	**-**
Settlement	-	-	**-**
Others	-	-	**-**
	45	**-7**	**38**
At 31 December	**-399**	**350**	**-49**

2020	**Present value of obligation**	**Fair value of plan assets**	**Net pension liability**
At 1 January	**-444**	**304**	**-140**
Current service cost	-17	-	**-17**
Curtailment gain / (loss)	-	-	**-**
Settlement gain / (loss)	-	-	**-**
Interest expense / Income	-8	18	**10**
	-25	**18**	**-6**
Remeasurements:			
- Return on plan assets	-	-3	**-3**
- Gain/(Loss) from change in demographic assumptions	-	-	**-**
- Gain/(Loss) from change in financial assumptions	-	-	**-**
- Gain/(Loss) from plan experience	-	-	**-**
- Change in asset ceiling	-	-	**-**
	-	**-3**	**-3**
Exchange rate differences	-48	20	**-28**
Contributions:			
- Employer	-	29	**29**
- Plan participants	-	-	**-**
Payments from plans:			
- Benefit payments	12	-12	**-**
Acquired in a business combination	-	-	**-**
Settlement	-	-	**-**
Others	-	-	**-**
	-36	**38**	**2**
At 31 December	**-504**	**357**	**-147**

The defined benefit obligation and plan assets are composed by country as follows:

	2021			**2020**		
	Norway	**Sweden**	**Total**	**Norway**	**Sweden**	**Total**
Present value of obligation	-10	-390	-399	-12	-492	**-504**
Fair value of plan assets	-	350	350	-	357	**357**
Total	**-10**	**-40**	**-49**	**-12**	**-135**	**-147**

The following assumptions have been used calculating future pensions:

	2021		**2020**	
	Norway	**Sweden**	**Norway**	**Sweden**
Discount rate	1,50%	2,00%	1,50%	1,50%
Inflation	1,50%	1,75%	1,50%	1,75%
Salary growth rate	2,50%	3,25%	2,00%	3,25%
Pension growth rate	2,00%	1,75%	1,75%	1,75%
Rate of social security increases	2,00%	1,50%	1,75%	1,60%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2021		2020	
	Norway*	Sweden	Norway*	Sweden
Retiring at the end of the reporting period:				
- Male	-	22	-	22
- Female	-	24	-	24
Retiring 20 years after the end of the reporting period:				
- Male	-	24	-	24
- Female	-	26	-	26

The Mortality table K2013 is used for Norway and DUS14 (White collar) for Sweden.
* The Norwegian defined benefit schemes were terminated in 2017 and the table shows remaining members.

The sensitivity of and the impact on the defined benefit obligation to changes in the weighted principal assumption are:

Norway	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1,00%	Decrease by 7,09%	Increase by 8,04%
Salary growth rate	1,00%	Increase by 1,08%	Increase by 0,98%

Sweden	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1,00%	Decrease by 30,76%	Increase by 26,32%
Salary growth rate	1,00%	Increase by 1,15%	Decrease by 1,21%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognized within the statement of financial position.

The main defined benefit pension schemes in Sweden are funded via insurance policies. The insurance companies have placed the assets in consolidated portfolios of domestic and foreign interest bearing securities, shares, properties and other investment instruments. The defined benefit pension scheme in Norway is unfunded.

The Group's expected contributions for defined benefit plans, including pension payments paid directly by the company and pension related taxes, for the next financial year amount to 27 989 TNOK.

The weighted average duration of the defined benefit obligation is 2.6 years in Norway and 28.4 years in Sweden.

Expected maturity of undiscounted pension benefit payments:

At 31 December 2021	Less than 1 year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Total
Pension benefit payments	12	5	21	49	**87**

Note 30 - Remuneration

All amounts in thousands of NOK

The Group's principles for determining remuneration, including criteria for the stipulation of any variable remuneration, are stipulated in the Group's Remuneration Policy. Further, the Group has established a remuneration committee, which is a subcommittee of the Board of Directors. The remuneration committee works as both a preparatory and advisory committee for the Board of Directors with respect to the Group's Remuneration Policy.

The Remuneration Policy applies to all employees in the Group. Special requirements apply to senior executives, employees with responsibilities which are of great importance to the company's risk exposure ('risk takers'), and employees in independent control functions. The overall objectives for the Group's remuneration policy are to support the Group's strategies for recruiting, retaining, developing and rewarding employees who contribute to creating shareholder value at the Group and to support the Group's performance culture. The Remuneration Policy is intended to ensure the credibility, effectiveness and fairness of the Group's remuneration practices and the adequacy, proportionality and balance of the ratio of fixed versus variable remuneration. Additionally, the Remuneration Policy intends to ensure that the overall remuneration structure reflects sound and effective risk management principles. As a result, a key element in the Remuneration Policy is to counteract risk-taking that exceeds the level of tolerated risk for the Group while, at the same time, offer a flexible remuneration structure. The Remuneration Policy shall further ensure that the total variable remuneration paid out will not conflict with the requirement of maintaining a sound capital base.

Employees identified as "Senior Management Team" and "Material Risk Takers" are included in the Corporate Bonus Scheme (CBS). The CBS is decided by the Banco Santander S.A. Board of Directors and the Group Remuneration Committee on an annual basis. Each participant of the bonus scheme has a Base Bonus level which is the reference bonus.

Principles for Bonus Schemes:

The scheme consists of four equal elements; 1) cash bonus, 2) shares subject to 1 year of holding, 3) cash bonus subject to 1 year of holding with three years deferral and 4) shares subject to 1 year of holding with three years deferral. Based on this 50% of the CBS bonus is awarded in shares and 50% of the bonus is deferred. The shares received are Banco Santander S.A shares.

Conditions for the bonus scheme are to be based on a combination of an individual appraisal of each employee, the performance of the Group, and a qualitative performance of the Group. Control functions are not measured on financial performance. The financial performance is measured on e.g. Net Income or Risk adjusted Profit before Tax; also risk results e.g. Management delinquency variation. The qualitative performance is measured on e.g. Employee satisfaction, compliance and alignment with non-financial targets.

Granted options are not part of the corporate plan.

Remuneration for members of the Board of Directors is subject to approval of the Group's General Meeting.

Pension schemes

The Group offers different pension and insurance schemes in the Nordic countries:

Norway

1. Defined Contribution: 7% up to 7G and 18% from 7G to 12G
2. Pension scheme for wages above 12G: 18% paid over payroll

Sweden

Two different types of pensions schemes. BTP1 & BTP2 according to the collective agreement. All new employees go into the BTP1 plan.

BTP1 – Santander pays a monthly premium, but the actual outcome of pension is unknown.

1. 2 % on salary up to 7,5 "Inkomstbasbelopp" (IBB) - Valbar del
2. 2,5 % on salary up to 75 "Inkomstbasbelopp" (IBB) – Trygg del
3. 30 % of salary between 7,5 – 30 IBB.

BTP2 is defined by promising different per cent of the pension entitling salary:

1. 10 % on salary up to 7,5 "Inkomstbasbelopp" (IBB)
2. 65 % of the salary-parts between 7,5 and 20 IBB
3. 32,5 % on salary-parts between 20 and 30 IBB

The pension is normally paid from the age of 65.

Denmark
Pensions Scheme with employer contribution 11 % of salary, and employee contribution 5,25 % of salary (Optional additional payment).

Finland
The Group does not offer any pension scheme for employees in Finland.

Key management compensation:

The tables below show the accrued salary, bonus, pension and compensations for CEO and other Key management:

	Salary	Bonus	Pension	Other benefits	Total 2021	Total 2020
Michael Hvidsten, Chief Executive Officer	4 897	1 500	166	908	**7 471**	**7 192**
Steve Franklin, Chief Commercial Officer (as of 17.05.2021)	1 750	450	-	519	**2 719**	**-**
Knut Øvernes, Chief Commercial Officer (until 31.08.2021)	2 466	-	-	234	**2 700**	**3 575**
Peter Sjöberg, Chief Operating Officer	2 333	462	-	214	**3 009**	**3 239**
Anders Bruun-Olsen, Chief Financial Officer	1 940	358	146	339	**2 783**	**2 801**
Tina Krogsrud Fjeld, Chief T&O Officer	1 887	480	146	306	**2 819**	**2 506**
Espen Hovland, Chief Controlling Officer	1 714	350	146	270	**2 480**	**2 195**
Andres Diez, Chief Risk Officer	1 946	450	146	331	**2 873**	**2 810**
Marion Bout, Chief Compliance Officer*	1 200	335	-	587	**2 122**	**1 742**
Total	**20 133**	**4 385**	**750**	**3 707**	**28 975**	**26 060**

*Salary net of tax

Bonus shares (part of CBS program)	**Number of shares earned in 2021**	**Total number of shares earned, but not issued as at 31 December 2021**	**Value of the shares earned, but not issued* as at 31 December 2021**
Michael Hvidsten, Chief Executive Officer	25 000	39 431	1 183
Steve Franklin, Chief Commercial Officer (as of 17.05.2021)	7 500	7 500	225
Knut Øvernes, Chief Commercial Officer (until 31.08.2021)	-	7 645	229
Peter Sjöberg, Chief Operating Officer	7 708	14 290	429
Anders Bruun-Olsen, Chief Financial Officer	5 979	11 527	346
Tina Krogsrud Fjeld, Chief T&O Officer	8 000	10 814	324
Espen Hovland, Chief Controlling Officer	5 833	8 510	255
Andres Diez, Chief Risk Officer	7 500	12 842	385
Marion Bout, Chief Compliance Officer	5 592	6 777	203
Total	**73 112**	**119 336**	**3 579**

* All amounts in thousands of NOK

Defined share value	2021	2020	2019
Share value - Banco Santander (EUR) *	3	3	4
Share value - Banco Santander (NOK) *	29	28	36

* Value of shares is an estimate based on the Santander S.A. share price from BME Stock Exchange as at 31 December 2021, and the exchange rate as at 31 December 2021.

Board of Directors		2021	2020
Henning Strøm	Chair of the Board	750	550
Tina Stiegler	Director/ Board Member External	530	450
Anne Kvam	Director/ Board Member External	530	-
Sara Norberg	Director/ Employee Representative	250	25
Tone Bergsaker Strømsnes	Director/ Employee Representative	230	88
Christa Skovgaard	Deputy Director/ Employee Representative	25	-
Lukas Rudolph Jansen van Vuuren	Deputy Director/ Employee Representative	30	-
Arja Pynnönen	Observer	25	200
Federico Ysart Alvarez De Toledo	Deputy Chair/ Board Member Non-executive	-	-
Francisco Javier Anton San Pablo	Director/ Board Member Internal Non-executive	-	-
Ramon Billordo	Director/ Board Member Non-executive	-	-
Total		**2 370**	**1 313**

	2021		2020	
Staff as at 31 December (permanent employees only)	**Number of employees**	**Average FTE for the year**	**Number of employees**	**Average FTE for the year**
Norway	593	535	629	577
Sweden	275	254	320	301
Denmark	225	217	228	247
Finland	174	165	178	178
Total	**1 267**	**1 172**	**1 355**	**1 303**

Audit services and advisory services (without VAT)*	2021	2020
Audit services	13 843	19 282
Other attestation services	265	211
Total	**14 108**	**19 493**

* All amounts in thousands of NOK

Advokatfirmaet PWC has performed tax services at 1 116 thousand NOK in 2021. The amount is not included in the overview of audit services and advisory services.

Note 31 - Ownership interests in group companies

Interests in consolidated entities

The Group holds 100% of the shares in Santander Consumer Finance OY.

The Group retains most of the risk and rewards of the sale of loans to the securitization-vehicles in Finland and Sweden. These are fully consolidated into the Group's financial statement.

Interests in unconsolidated entities

In order to manage the Group's risk exposure the Group has entered into a financial guarantee in the form of a synthetic securitization in Sweden with a limited number of investors. The selected portfolio consists of SEK 4.2 Billion IRB Auto Loans at December 31, 2021. In the transaction investors agree to invest in notes linked to the mezzanine risk of the portfolio.

An Irish SPV, Svensk Autofinans Syn I DAC, was established to provide the financial guarantee to the Group. At the same time, the SPV issued credit linked notes (CLN) which mirror the risk of the financial guarantee. The proceeds from the issuance of the notes are put in a deposit account in the Group to fully collateralize the financial guarantee.

The received collateral amount is recognized in Other Liabilities, whereas the financial guarantee premium the Group pays for the guarantee, is recognized in the Fee and Commission Expenses in the Profit and Loss statement.

This SPV is not included in the consolidated financial statement in accordance with IFRS 10, as the Group does not control the SPV.

Svensk Autofinans Syn I DAC	**2021**	**2020**
Assets*	413	768
Liabilities*	413	768

* Amounts in millions of SEK

Note 32 - Receivables and liabilities to related parties

All amounts in millions of NOK

Debt to related parties:	2021	Accrued Interest 2021	2020	Accrued Interest 2020
Santander Consumer Finance S.A.	29 573	2	29 278	3
Total	**29 573**	**2**	**29 278**	**3**

Balance sheet line: "Subordinated loan capital" - Bonds	2021	Accrued Interest 2021	2020	Accrued Interest 2020
MNOK 250, maturity July 2025, 3 months NIBOR + 3.135% (Santander Consumer Finance S.A)	-	-	250	1
MNOK 500, maturity September 2027, 3 months NIBOR + 1.66% (Santander Consumer Finance S.A)	500	1	500	2
MSEK 750, maturity December 2029, 3 months STIBOR + 2.08% (Santander Consumer Finance S.A)	730	1	783	1
MSEK 750, maturity December 2030, 3 months STIBOR + 2.29% (Santander Consumer Finance S.A)	730	0	783	-
MNOK 500, maturity June 2031, 2.62% (Santander Consumer Finance S.A)	500	1	500	1
Total	**2 461**	**3**	**2 816**	**4**

* Subordinated loan at MNOK 250 with maturity July 2025 was redeemed by exercising the call option in January 2021.

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

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

Note 33 - Transactions with related parties

All amounts in millions of NOK

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

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

The following transactions were carried out with related parties:

	2021	**2020**
Interest income	6	7
Interest expenses	-79	-133
Interest payments additional Tier 1 capital	-118	-136
Fees	-	-
Other	-80	-18
Net transactions	**-271**	**-280**

The Group had transactions with the following related parties as at 31 December 2021:

Banco Santander S.A.
Santander Consumer Finance S.A.
Santander Seguros Y Reaseguros S.A.

Note 34 - Contingent liabilities & commitments and provisions

All amounts in millions of NOK

	2021	**2020**
Contingent liabilities*	75	76
Commitments (Granted undrawn credits)	34 039	28 166

* Contingent liabilities relates mainly to payment guarantees issued to customers.

Note 35 - Result over total assets

All amounts in millions of NOK

	2021	2020
Profit after tax (PAT)	2 566	2 130
Total assets (Assets)	192 357	198 892
PAT over Assets	**1,33%**	**1,07%**

Note 36 - Business combination

All amounts in millions of NOK

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

Purchase consideration

	Shares acquired	
Total purchase price	100%	1 020

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

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

The net cash flow effect of the purchase is MNOK 369. The net cash flow effect is calculated by the total purchase price at MNOK 1 020 deducted for recognised cash and receivables on central banks at MNOK 651. Cash flow not expected to be collected is loan loss reserves of MNOK 420.

On July 1st the merger of Santander Consumer Bank AS and Forso Nordic AB was completed. Statement of net transferred assets is found in the Group's notes.

For accounting purposes the merger has been booked at full continuity. Profit after tax for Forso Nordic AB and Forso Finance OY was included in the Group's result.

For tax purposes the merger has been implemented with continuity in Norway, Sweden and Denmark. The merger has been given taxable effect from 9 September 2020. Due to the change of headquarter from Sweden to Norway, all business and assets allocated to Forso Nordic AB’s Norwegian and Danish branch have been taken out of Swedish tax jurisdiction, and therefore subject to exit taxation in Sweden. Further all business and assets related to Forso Nordic AB’s business in Sweden and Denmark are taken into Norwegian tax jurisdiction by the merger.

In Finland the merger has been booked at full continuity for both tax and accounting purposes, from 1 November 2020.

Profit after tax:	Total
Forso Nordic AB, 1 January - 30 June	37
Forso Finance OY, 1 January - 31 October	18
Profit after tax include:	
Restructuring provision	57,2

A net badwill effect of MNOK 57 as of 28.02.2020 have been booked towards the Groups result, due to difference between purchase price and fair value of net assets acquired.

Notes

Santander Consumer Bank AS

Note 1 - Risk Management

The Bank's approach to Risk

Our risk management and control model rely on a set of common principles together with a risk culture embedded throughout the Bank, a solid governance structure and advanced risk management (ARM) processes and tools (such as: our risk profile assessment, scenario analysis, our risk reporting structure and the annual planning and budget process). It is carried out by an independent risk management function, consistent with our model of three lines of defense and a robust structure of risk committees, with a forward-looking and comprehensive approach for all businesses and risk types. This model allows the Bank to carry out its activity and to adapt itself to a changing economic and regulatory environment.

The Bank's risk framework covers all types of risks which affect the Bank and could impact on the achievement of its strategic objectives. Key risk types as reflected in the Bank's Risk Map include financial risks (including credit risk, market risk, liquidity & structural risk and capital risk), non-financial risks (including operational risk and reputational risk) and cross risks (including model risk and strategic risk). The latest change in 2021 was the addition of Climate risks as a new cross-risk.

Areas of special interest

During 2021, some areas were considered as areas of special interest because of the effect they may have on the Bank.

i. Risk related to COVID-19

The COVID-19 has had a profound impact on our lives, on our economies and nearly every corner of the globe.
After a challenging year, 2021 began with the clear target of slowing the virus's spread and preventing health care systems from being overwhelmed, through an ambitious goal of reaching a herd immunity (70% of adults vaccinated), by the beginning of summer 2021. After facing some delays in the production and issues in the distribution of vaccines, by end of August, the EU reached a crucial milestone with 70% of the adult population fully vaccinated. The rapid, full vaccination of all targeted populations, in Europe and globally, has been key to controlling the impact of the pandemic throughout the year and bend the curve and the severity of the virus.

Since the COVID-19 crisis began, global GDP has fallen dramatically, however, the rollout of vaccine programs has helped to steady the boat. Vaccination programs have helped to relax containment measures and have been, together with the stimulus measures and the support provided jointly by governments and financial institutions, the best economic policy.

As some developed economies started recovering, central banks and national governments have been weighing the impact and timing of tapering off monetary and fiscal support as a result of concerns over potential inflationary pressures against the prospect of slowing the pace of the recovery. These concerns are compounded by the emergence of new disease variants and rolling pandemic hotspots that challenge national efforts to contain infections and fully restore economic activities.

Within the Nordic region, our economies have made strides in vaccinating growing shares of their populations, raising prospects of a sustained economic recovery in late 2021 and into 2022. However, the threat of new variants of the COVID-19 virus and a surge in diagnosed cases and resistance to vaccinations raise questions about the speed and strength of an economic recovery over the near term. The Bank's business has been gradually returning to normal levels during the year, while most contingent measures were lifted. However, returning to '*normal*' has been characterized by the inflation being on the rise, driven by higher energy and gas prices.

During 2021, overlays for Covid 19 were revisited and transitioned towards forward looking post model adjustments, see Note 4, with consideration for the macroeconomic evolution, including inflationary factors, uncertainty regarding the depth and length of the recovery period with new Covid waves emerging, and potential effects of lifting governmental support.

ii. Our approach to Climate & Environmental risk

Climate change can have an impact across the Bank's risk taxonomy through both physical and transition channels.
Transition risk can arise from the move to a low-carbon economy, such as through policy, regulatory and technological changes. Physical risk can arise through increasing severity and/or frequency of severe weather or other climatic events, such as rising sea levels and flooding. These have the potential to result in potential financial and non-financial impacts for the Bank.

Our overall approach to climate & environmental risk is being integrated into our Enterprise Risk Management framework (Top Risks, Risk Appetite Statement, Risk Map and Risk Strategy) and key strategic exercises (ICAAP, Stress tests, annual planning, and budget process). In this sense we plan to develop and enhance our Risk Appetite Statement (RAS) iteratively through 2022/23.

For further information, see our responsible banking chapter on page 26.

Credit risk

Credit risk is considered the most significant risk for the Bank. Credit risk is to be kept at a level that over time corresponds to the average of companies within Santander Consumer Finance Bank, considering differences among the companies with regard to collection and product mix. The Bank has established credit policies that ensure a good diversification among the customers regarding geography, occupation, or age among others. Single large credit exposures are to be reported to the Board.

Credit processes and policies describe the guiding principles for the type of customer that the Bank wants. Processes are divided into "Standardized" and "Non-Standardized". Standardized credits follow a standard, very much automated, credit approval process. Non-Standardized credits either do not meet the score requirements, are of a significant credit amount or credit limit, or else are classified as stock finance. Non-Standardized credits are handled individually and are granted according to delegated credit authorities in accordance with current credit policy.

The assessment of customers or transactions using rating or scoring systems constitutes a judgement of their credit quality, which is quantified through the probability of default (PD), in accordance with Basel II terminology. In addition to customer assessment, the quantification of credit risk requires the estimation of other parameters, such as exposure at default (EAD) and the percentage of EAD that will not be recovered (loss given default or LGD). Therefore, other relevant factors are taken into account in estimating the risk involved in transactions, such as the quantification of off-balance-sheet exposures, which depends on the type of product, or the analysis of expected recoveries, which is related to existing guarantees and other characteristics of the transaction. These factors are the main credit risk parameters. Their combination facilitates calculation of the probable loss or expected loss (EL). This loss is considered an additional cost of the activity which is reflected in the risk premium and must be charged in the transaction price.

The Bank uses both Advanced IRB approach (A-IRB) and Standardized Approach for capital adequacy calculations for credit risk.

Market risk

Market risk is the risk of losses in on- and off-balance sheet positions arising from adverse movements in market prices.
The Bank's strategy is to avoid taking on market risk in excess of what follows directly from the operation of the bank.

Market risk in the Bank concentrates mainly around structural interest rate risk and structural currency risk.
The Bank does not have a trading portfolio.

Standardized Approach is exercised for the regulatory capital calculation for market risk.

Interest rate risk

Interest rate risk is the risk of reduced earnings or reduction in the economic value of the equity due to changes in the market interest rates. The Bank strives for a balance sheet composition that minimizes the interest rate risk by ensuring a similar total weighted interest term for assets and liabilities.

Limits are set for interest risk exposure in each of the currencies the Bank has operations in. The Interest rate risk position is assessed based on two methods: The Net Interest Margin (NIM) sensitivity and the Market Value of balance sheet equity (MVE) sensitivity. The Bank monitors the sensitivity of NIM and MVE for +/- 25 bp parallel shifts in market interest rates. In addition, the Bank conducts stress testing of the interest rate risk with the Basel IRRBB scenarios containing non-parallel movements in the interest rate curves (please refer to Note 8 for further information).

Currency risk

The risk of changes in the value of a currency position due to foreign exchange fluctuations, adversely affecting the Bank.

The Bank strives for a composition of the balance sheet that minimizes currency risk by ensuring that assets, liabilities, and incoming and outgoing cash flows are denominated in the same currency. Practical considerations and requirements laid down by the parent company will also be taken into consideration in connection with the management of currency risk.

The Bank currency risk is connected to currency positions as a result of operations in Sweden and Denmark and from funding activities in EUR markets. Limits are set for each currency net open exposure as well as the total exposure. Routines which ensure that The Bank's currency exposure is continuously monitored and controlled are in place.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The credit spread risk on the Bank's liquidity portfolio is managed through strict limits on type of bonds to be held, minimum rating and maximum maturities. Bonds are also held to maturity rather than sold in the market. The CVA risk is considered minimal as the Bank's derivatives have CSA agreements.

Liquidity risk

Liquidity risk is the possibility of failing to meet payment obligations on time or at an excessive cost. This includes losses due to forced sales of assets or impacts on margins due to a mismatch between estimated cash inflows and outflows.

The Bank manages liquidity risk through minimizing the maturity gap between assets and liabilities, maintaining a portfolio of High-Quality Liquid Assets and diversification of funding. Funding sources are adequately diversified, both in terms of type of funding, currency, domestic market, and investors. Funding sources include deposits, secured issuances (ABS), unsecured issuances as Euro Medium Term Notes (EMTN) and commercial papers and intragroup loans. The Bank is mostly self-funded and rather independent from the parent company in its funding.

The main metrics for measuring liquidity risk are the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The Bank also conducts liquidity stress testing on a monthly basis. The Bank controls liquidity risk through limits for LCR, NSFR and the minimum stress test survival horizon (please refer to Note 7 for further information).

Capital risk

Capital Risk is the risk that the Bank does not have an adequate amount or quality of capital to meet the risks it is exposed to and consequently is not able to meet strategic objectives and regulatory requirements. Our Capital Risk function, which is part of the second line of defense, controls and oversees capital management in the first line. It controls the A-IRB system and that the bank has an adequate amount of capital to cover the risks it is exposed to. It also validates and monitors significant risk transfers (SRT) transactions stemming from the bank's securitization program. Our internal capital adequacy assessment (ICAAP) and liquidity assessment (ILAAP) are carried out annually. The main metrics that are monitored to ensure regulatory compliance are the CET1, Tier1, Tier2 and Leverage ratios.

Operational risk

In accordance with the Basel framework, the Bank defines operational risk as the risk of losses from defects or failures in internal processes, people, systems, or external events. It covers risk categories such as fraud, technological, cyber-risk, legal (legal processes with an operational risk root cause) and conduct risk. Operational risk is inherent to all products, activities, processes, and systems. It is generated in all business and support areas.

Note that strategic and reputational risk are monitored across all risk areas.

Our Operational risk management and control model is based on a continual process of identifying, evaluating, reporting, and mitigating sources of risk, regardless of whether they have materialized or not, ensuring that risk management priorities are established appropriately. Operational risk is reduced through securing a good internal control environment which the Bank continuously strives to improve. A Basic Indicator Approach is used for the calculation of regulatory capital for operational risk.

Note 2 - Risk classification

All amounts in millions of NOK

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

	Gross outstanding		Loss reserves	
	2021	**2020**	**2021**	**2020**
Current - not past due date	133 035	132 900	-1 595	-1 545
Current - past due date	2 802	4 299	-254	-309
Total impaired loans	4 466	4 287	-2 398	-2 522
Total gross loans to customers	**140 303**	**141 486**	**-4 246**	**-4 376**

	Gross outstanding		Loss reserves	
Ageing of past due but not impaired loans	**2021**	**2020**	**2021**	**2020**
1 - 29 days	1 978	3 154	-95	-100
30 - 59 days	536	802	-102	-134
60 - 89 days	287	343	-58	-75
Total loans due but not impaired	**2 802**	**4 299**	**-254**	**-309**

	Gross outstanding		Loss reserves	
Ageing of impaired loans	**2021**	**2020**	**2021**	**2020**
90 - 119 days	241	246	-109	-120
120 - 149 days	153	203	-71	-102
150 - 179 days	92	156	-42	-82
180 + days	1 490	2 002	-949	-1 269
Economic doubtful*	2 489	1 680	-1 227	-949
Total impaired loans	**4 466**	**4 287**	**-2 398**	**-2 522**

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

Note 3 - Net foreign currency position

All amounts in millions of NOK

2021	Balance		Net positions		Effect on OCI from change in foreign currency against NOK	
	Asset	Debt	In NOK	In foreign currency	5% Appreciation	5% Depreciation
SEK	52 307	52 246	61	63	3	-3
DKK	45 054	44 916	138	103	5	-5
EUR	28 962	28 540	421	42	2	-2
Total	**126 323**	**125 703**	**620**			

2020	Balance		Net positions		Effect on OCI from change in foreign currency against NOK	
	Asset	Debt	In NOK	In foreign currency	5% Appreciation	5% Depreciation
SEK	53 690	53 655	35	34	2	-2
DKK	49 128	48 685	443	315	16	-16
EUR	23 745	23 303	442	42	2	-2
Total	**126 562**	**125 642**	**920**			

Note 4 - Credit risk exposure

All amounts in millions of NOK

Maximum exposure to credit risk - Financial instruments subject to impairment

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

Loans not past due date includes exposures that are not in arrears and not in default. Standard monitoring includes exposures in early arrears.

For December 2021 month-close, SCB implemented the New Default Definition - NDD to its portfolio. Consequently, IFRS9 PD LGD and CCF models have been assessed and redeveloped considering NDD information.

The impact of such implementation are migrations from exposures going from Stage 1 to Stage 2, and a general Stage 3 increase, as expected with the introduction of the EBA NDD. This is caused because the EBA guidelines indicate stricter criteria for the exposures to return into a performing status, leading to exposures spending a longer period in Stage 3 before migrating to Stage 2 and eventually Stage 1. The quantitative impact of this implementation is a 432 MNOK increase in Stage 3 exposures.

	2021				2020			
Unsecured loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Credit grade								
Loans not past due date	22 015	1 516	-	**23 530**	25 781	1 616	-	**27 397**
Standard monitoring	304	549	-	**853**	559	789	-	**1 348**
Special monitoring	-	276	-	**276**	-	249	-	**249**
Default	-	-	2 714	**2 714**	-	-	2 713	**2 713**
Gross carrying amount	**22 319**	**2 341**	**2 714**	**27 374**	**26 340**	**2 654**	**2 713**	**31 707**
Loss allowance	-510	-365	-1 657	**-2 532**	-608	-421	-1 687	**-2 716**
Carrying amount	**21 809**	**1 976**	**1 057**	**24 842**	**25 732**	**2 233**	**1 026**	**28 991**
Loss allowance (off balance exposures)	-29	-9	-29	**-66**	-21	-7	-18	**-46**
Loss allowance (%)				**9,25%**				**8,57%**

	2021				2020			
Secured loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Credit grade								
Loans not past due date	107 257	1 690	-	**108 947**	103 312	1 539	-	**104 851**
Standard monitoring	1 156	792	-	**1 949**	2 013	938	-	**2 951**
Special monitoring	-	281	-	**281**	-	402	-	**402**
Default	-	-	1 752	**1 752**	-	-	1 575	**1 575**
Gross carrying amount	**108 413**	**2 764**	**1 752**	**112 929**	**105 325**	**2 879**	**1 575**	**109 779**
Loss allowance	-651	-210	-853	**-1 714**	-599	-197	-817	**-1 613**
Carrying amount	**107 763**	**2 553**	**899**	**111 215**	**104 726**	**2 682**	**758**	**108 166**
Loss allowance (%)				**1,52%**				**1,47%**

* Secured loans include secured auto loans and finance leases where the underlying assets serve as collateral.

	2021				2020			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime		Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
Commercial papers and bonds	**ECL**	**ECL**	**ECL**	**Total**	**ECL**	**ECL**	**ECL**	**Total**
Credit grade								
Investment grade	8 275	-	-	**8 275**	6 094	-	-	**6 094**
Standard monitoring	-	-	-	**-**	-	-	-	**-**
Special monitoring	-	-	-	**-**	-	-	-	**-**
Default	-	-	-	**-**	-	-	-	**-**
Gross carrying amount	**8 275**	**-**	**-**	**8 275**	**6 094**	**-**	**-**	**6 094**
Loss allowance	-	-	-	**-**	-	-	-	**-**
Carrying amount	**8 275**	**-**	**-**	**8 275**	**6 094**	**-**	**-**	**6 094**
Loss allowance (%)				**0,00%**				**0,00%**

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

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

Maximum exposure to credit risk	**2021**	**2020**
Financial derivatives Assets	-	-
Financial derivatives Liabilities	-	8

The macroeconomic situation this year has still been affected to a certain degree by the current COVID-19 pandemic, although the ongoing vaccination campaign and the progressive reduction of restrictive measures from all the governments activated all the Nordic economies this year. Macroeconomic variables (GDP, unemployment rates, house prices) are not expected to stabilize before 2023.

In relation with the improvement of the current situation, the COVID Reserves Overlay of 376 million NOK that was booked at the end of 2020 has been transitioned as of December 2021 towards the regular process of inclusion of macroeconomic scenarios through forward-looking components, including the application of new stress tests in the provision models. As the volatility in the post Covid economy cannot be appropriately fully captured by current models, SCB must assess the aforementioned (historic predictor of LLP/LLR) in addition to other macroeconomic factors occurring in the economy and expectations forward.

It was observed that normalised losses have been below expectations throughout 2021 in the banking industry. To date, many factors have impacted, directly and/or indirectly the lower than expected losses ranging from unprecedented heavy government support to personal and corporate customers along with payment moratoriums granted across the banking industry. These factors are coupled with changes in customer behaviour while society has been “closed”, where repayment behaviour has increased at the same time leisure activity opportunities have been reduced. Society started to open in September 2021, however the future outlook has been impacted, and is expected to be further impacted, by additional COVID waves.

Interest rates are beginning to increase again and there is a noticeable trend for climbing energy, fuel prices, and producer price inflation. These factors are expected to eat into the disposal income across the Nordics increasing future expected loss related to consumer finance customers.

Due to this situation, a forward looking "post-COVID" model adjustment has been booked to cover for future potential losses derived from the current portfolio. This post model adjustment is divided between Payment Holidays expected behavior regarding specific customer portfolios and macroeconomic forward-looking.

Payment Holidays post-COVID model adjustment:

Observation has been that losses from our customer portfolios have been lower than business as usual despite the expectations from the downturn in the economy due to COVID. As society returns to normal following the large steps in the opening of borders, withdrawals of government support and payment free periods expiring, it is expected that customers behaviours and resulting expected credit losses associated to customers will increase. Monitoring of the remaining volume of customer loans which were granted payment holidays during COVID period, leads to a slight increase in rate of default in the most recent months compared to the rest of the portfolio. With this trend coupled with the forward looking expectations on customer disposable income, a post-model adjustment of 99 MNOK has been booked to cover the risk identified in the portfolio.

Macroeconomic forward-looking:

To address uncertainty related to volatility in the forward looking macros, an assessment of the portfolios susceptibility to the aforementioned Macro developments has been performed where the forward looking factors were stressed to more accurately estimate the underlying risk in the portfolios. This resulted in a post-model adjustment of 79 MNOK.

	Post-COVID Model Adjustments by Category		
	Payment Holidays	Macro Forward-Looking	TOTAL
Norway	74,43	5,82	**80,25**
Denmark	11,35	64,25	**75,60**
Sweden	13,40	8,70	**22,10**
Total	**99,18**	**78,77**	**177,95**

	Post-COVID Model Adjustments by Stage			
	Stage 1	Stage 2	Stage 3	TOTAL
Norway	70,31	9,94	-	**80,25**
Denmark	73,53	2,07	-	**75,60**
Sweden	16,84	5,26	-	**22,10**
Total	**160,68**	**17,27**	**-**	**177,95**

ECL Forward Looking Scenario Weights:

Scenario weights applied in the ECL estimates for the period ended 31 December 2021 are shown below. ECL is estimated for all scenarios, and applying the weights shown below the final ECL requirement is estimated.

All Units	
	Weight
Base scenario	50%
Upside scenario 1	20%
Upside scenario 2	5%
Downside scenario 1	20%
Downside scenario 2	5%

A sensitivity analysis comparing relative increase or decrease in ECL from the base scenario to the four scenarios described above are shown below:

Relative impact on ECL	Downside Scenario 1	Downside Scenario 2	Upside Scenario 1	Upside Scenario 2
Norway	3,73%	6,05%	-1,47%	-2,66%
Sweden	4,57%	6,95%	-1,57%	-3,47%
Denmark	5,74%	7,70%	-1,58%	-2,63%

Below is a calculation of forward looking scenario impact for period ending 31 December 2021. For the period ending 31 December 2021, forward looking ECL parameters had resulted in additional reserves of 32,8 MM NOK for AS.

Forward looking impact	Local currency	Exchange rate	NOK
Norway	10,2	1,0000	10,2
Sweden	10,6	0,9738	10,3
Denmark	9,2	1,3429	12,3
Total			32,8

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:

	2021				2020			
Unsecured loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loss allowance at 1 January	**608**	**421**	**1 687**	**2 716**	**431**	**329**	**1 449**	**2 209**
Transfers:								
Transfer from Stage 1 to Stage 2	-149	1 000	-	**851**	-165	1 088	-	**923**
Transfer from Stage 1 to Stage 3	-9	-	113	**104**	-8	-	165	**157**
Transfer from Stage 2 to Stage 3	-	-460	793	**332**	-	-672	1 091	**419**
Transfer from Stage 2 to Stage 1	86	-656	-	**-570**	74	-659	-	**-585**
Transfer from Stage 3 to Stage 2	-	73	-209	**-136**	-	65	-266	**-201**
Transfer from Stage 3 to Stage 1	0	-	-7	**-6**	-	-	-2	**-2**
Assets remaining in same Stage	-2	7	186	**191**	155	221	209	**585**
Methodological changes	-	-	-	**-**	-	-	-	**-**
Financial assets derecognised that are not write-offs	-93	-48	-113	**-254**	-55	-19	-674	**-748**
of which 'accounts that have closed in the period'	*-93*	*-48*	*-113*	***-254***	*-55*	*-19*	*-674*	***-748***
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-663	**-663**	-	-	-359	**-359**
New financial assets originated or purchased	157	-	-	**157**	100	-	-	**100**
Changes in PDs/LGDs/EADs	-61	20	-64	**-106**	45	60	-9	**96**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	-26	8	-66	**-84**	31	8	83	**122**
Loss allowance at 31 December	**510**	**365**	**1 657**	**2 532**	**608**	**421**	**1 687**	**2 716**

Secured loans	2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	2020 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at 1 January	**599**	**197**	**817**	**1 613**	**388**	**160**	**693**	**1 241**
Transfers:								
Transfer from Stage 1 to Stage 2	-80	579	-	**498**	-79	495	-	**416**
Transfer from Stage 1 to Stage 3	-22	-	301	**279**	-15	-	272	**257**
Transfer from Stage 2 to Stage 3	-	-204	578	**374**	-	-223	574	**351**
Transfer from Stage 2 to Stage 1	53	-384	-	**-331**	66	-386	-	**-320**
Transfer from Stage 3 to Stage 2	-	86	-365	**-279**	-	65	-388	**-323**
Transfer from Stage 3 to Stage 1	1	-	-22	**-21**	-	-	-24	**-24**
Assets remaining in same Stage	-248	-102	104	**-246**	21	100	141	**262**
Methodological changes	-	-	-	**-**	-	-	-	**-**
Financial assets derecognised that are not write-offs	-136	-54	-274	**-464**	-89	-39	-122	**-250**
of which 'accounts that have closed in the period'	*-136*	*-54*	*-274*	**-464**	*-89*	*-39*	*-122*	**-250**
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-374	**-374**	-	-	-327	**-327**
New financial assets originated or purchased	396	-	-	**396**	236	-	-	**236**
Changes in PDs/LGDs/EADs	104	90	97	**291**	60	-17	-22	**21**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	-16	2	-9	**-24**	11	42	20	**73**
Loss allowance at 31 December	**651**	**210**	**853**	**1 714**	**599**	**197**	**817**	**1 613**

Commercial papers and bonds	2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	2020 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at 1 January	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**1**
Transfers:								
Transfer from Stage 1 to Stage 2	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 1 to Stage 3	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 2 to Stage 3	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 2 to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 3 to Stage 2	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 3 to Stage 1	-	-	-	**-**	-	-	-	**-**
Assets remaining in same Stage	-	-	-	**-**	-	-	-	**-**
Methodological changes	-	-	-	**-**	-	-	-	**-**
Financial assets derecognised that are not write-offs	-	-	-	**-**	-	-	-	**-**
of which 'accounts that have closed in the period'	-	-	-	**-**	-	-	-	**-**
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-	**-**	-	-	-	**-**
New financial assets originated or purchased	-	-	-	**-**	-	-	-	**-**
Changes in PDs/LGDs/EADs	-	-	-	**-**	-	-	-	**-**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	-	-	-	**-**	-1	-	-	**-1**
Loss allowance at 31 December	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	2021				2020			
Off balance exposure*	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loss allowance at 1 January	**21**	**7**	**18**	**46**	**46**	**15**	**22**	**83**
Transfers:								
Transfer from Stage 1 to Stage 2	-3	24	-	**21**	-5	36	-	**31**
Transfer from Stage 1 to Stage 3	-0	-	13	**13**	-	-	14	**14**
Transfer from Stage 2 to Stage 3	-	-2	12	**10**	-	-5	13	**8**
Transfer from Stage 2 to Stage 1	4	-28	-	**-25**	5	-44	-	**-39**
Transfer from Stage 3 to Stage 2	-	6	-18	**-12**	-	4	-15	**-11**
Transfer from Stage 3 to Stage 1	0	-	-2	**-2**	-	-	-	**-**
Assets remaining in same Stage	12	6	19	**36**	-18	3	6	**-9**
Methodological changes	-	-	-	**-**	-	-	-	**-**
Financial assets derecognised that are not write-offs	-9	-3	-12	**-24**	-13	-2	-20	**-35**
of which 'accounts that have closed in the period'	*-9*	*-3*	*-12*	***-24***	*-13*	*-2*	*-20*	***-35***
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-2	**-2**	-	-	-1	**-1**
New financial assets originated or purchased	3	-	-	**3**	5	-	-	**5**
Changes in PDs/LGDs/EADs	-	-	-	**-**	-	-	-	**-**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	-0	0	-0	**-0**	1	-	-1	**-**
Loss allowance at 31 December	**29**	**9**	**29**	**66**	**21**	**7**	**18**	**46**

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

The Bank does not have any engagements where no ECL provision has been made due to the value of the collateral.
Write off under management was 1 938 MM NOK as at December 31, 2021, and 1 788 MM NOK as at December 31, 2020.

Note 6 - Gross carrying amount

All amounts in millions of NOK

During 2021 the Outstanding distribution by stages and the resulting ECL has been impacted mostly by two factors:

1. The New Definition of Default was successfully implemented on December 2021, bringing some updates:
   - New staging based on New Definition of Default rules issued by the ECB.
   - New PD models, LGD models and Credit Conversion Factors (CCF) in order to measure more accurately the losses.
   - New Behavior Score models for three portfolios.
   - Forward-looking update.
   - New Significant Increase in Credit Risk (SICR) thresholds and recalibration based on new PD models.

2. Continued effect from the COVID-19 pandemic reduced the new business volume in Unsecured products. Reduced number of Credit Cards and Consumer Loans contracts were given this year, and the amortization on existing contracts made the Unsecured exposures to decrease in Norway, Sweden and Denmark. Sales Finance on the other hand strengthed its position in all countries.

The following tables explain changes in the gross carrying amount of loans to customers to explain their significance to the changes in the loss allowance:

	2021				2020			
Unsecured loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross carrying amount at 1 January	**26 340**	**2 654**	**2 713**	**31 707**	**27 895**	**2 133**	**2 461**	**32 489**
Transfers:								
Transfer from Stage 1 to Stage 2	-7 013	7 013	-	**-**	-7 169	7 169	-	**-**
Transfer from Stage 1 to Stage 3	-300	-	300	**-**	-301	-	301	**-**
Transfer from Stage 2 to Stage 3	-	-1 484	1 484	**-**	-	-1 982	1 982	**-**
Transfer from Stage 2 to Stage 1	5 724	-5 724	-	**-**	4 862	-4 862	-	**-**
Transfer from Stage 3 to Stage 2	-	378	-378	**-**	-	497	-497	**-**
Transfer from Stage 3 to Stage 1	13	-	-13	**-**	3	-	-3	**-**
Financial assets derecognised excl. write-offs	-6 762	-430	-388	**-7 580**	-4 324	-351	-1 094	**-5 769**
of which 'accounts that have closed in the period'	*-4 369*	*-289*	*-198*	***-4 857***	*-3 236*	*-117*	*-1 119*	***-4 472***
of which 'normal amortizations'	*-2 393*	*-141*	*-190*	***-2 723***	*-1 088*	*-234*	*25*	***-1 297***
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-927	**-927**	-	-	-1 048	**-1 048**
New financial assets originated or purchased	4 993	-	-	**4 993**	5 827	-	-	**5 827**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	-676	-66	-78	**-820**	-453	50	611	**208**
Gross carrying amount at 31 December	**22 319**	**2 341**	**2 714**	**27 374**	**26 340**	**2 654**	**2 713**	**31 707**

	2021				2020			
Secured loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross carrying amount at 1 January	**105 325**	**2 879**	**1 575**	**109 779**	**92 832**	**2 851**	**1 376**	**97 059**
Transfers:								
Transfer from Stage 1 to Stage 2	-7 551	7 551	-	**-**	-8 506	8 506	-	**-**
Transfer from Stage 1 to Stage 3	-975	-	975	**-**	-1 007	-	1 007	**-**
Transfer from Stage 2 to Stage 3	-	-1 625	1 625	**-**	-	-1 706	1 706	**-**
Transfer from Stage 2 to Stage 1	5 218	-5 218	-	**-**	6 558	-6 558	-	**-**
Transfer from Stage 3 to Stage 2	-	819	-819	**-**	-	980	-980	**-**
Transfer from Stage 3 to Stage 1	61	-	-61	**-**	89	-	-89	**-**
Financial assets derecognised excl. write-offs	-51 845	-1 335	-692	**-53 872**	-33 393	-985	-718	**-35 096**
of which 'accounts that have closed in the period'	*-27 397*	*-849*	*-515*	***-28 761***	*-22 334*	*-689*	*-282*	***-23 305***
of which 'normal amortizations'	*-24 447*	*-486*	*-177*	***-25 110***	*-11 059*	*-296*	*-436*	***-11 791***
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-572	**-572**	-	-	-407	**-407**
New financial assets originated or purchased	57 812	-	-	**57 812**	48 942	-	-	**48 942**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	367	-306	-279	**-218**	-190	-209	-320	**-719**
Gross carrying amount at 31 December	**108 413**	**2 764**	**1 752**	**112 929**	**105 325**	**2 879**	**1 575**	**109 779**

	2021				2020			
Commercial papers and bonds	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross carrying amount at 1 January	**6 094**	**-**	**-**	**6 094**	**9 526**	**-**	**-**	**9 526**
Transfers:								
Transfer from Stage 1 to Stage 2	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 1 to Stage 3	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 2 to Stage 3	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 2 to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 3 to Stage 2	-	-	-	**-**	-	-	-	**-**
Transfer from Stage 3 to Stage 1	-	-	-	**-**	-	-	-	**-**
Financial assets derecognised excl. write-offs	-5 412	-	-	**-5 412**	-9 330	-	-	**-9 330**
of which 'accounts that have closed in the period'	-	-	-	**-**	-	-	-	**-**
of which 'normal amortizations'	-	-	-	**-**	-	-	-	**-**
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	*-5 412*	-	-	***-5 412***	*-9 330*	-	-	***-9 330***
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-	**-**	-	-	-	**-**
New financial assets originated or purchased	6 690	-	-	**6 690**	10 626	-	-	**10 626**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	904	-	-	**904**	-4 728	-	-	**-4 728**
Gross carrying amount at 31 December	**8 275**	**-**	**-**	**8 275**	**6 094**	**-**	**-**	**6 094**

	2021				2020			
Off balance exposure	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross carrying amount at 1 January	**26 663**	**319**	**138**	**27 120**	**24 809**	**556**	**164**	**25 529**
Transfers:								
Transfer from Stage 1 to Stage 2	-1 617	1 617	-	**-**	-1 477	1 477	-	**-**
Transfer from Stage 1 to Stage 3	-154	-	154	**-**	-104	-	104	**-**
Transfer from Stage 2 to Stage 3	-	-123	123	**-**	-	-114	114	**-**
Transfer from Stage 2 to Stage 1	1 774	-1 774	-	**-**	1 659	-1 659	-	**-**
Transfer from Stage 3 to Stage 2	-	132	-132	**-**	-	91	-91	**-**
Transfer from Stage 3 to Stage 1	57	-	-57	**-**	-	-	-	**-**
Financial assets derecognised excl. write-offs	-8 053	-145	-103	**-8 301**	-7 027	-105	-146	**-7 278**
of which 'accounts that have closed in the period'	*-8 053*	*-145*	*-103*	***-8 301***	*-7 027*	*-105*	*-146*	***-7 278***
of which 'normal amortizations'	-	-	-	**-**	-	-	-	**-**
of which 'foreclosed'	-	-	-	**-**	-	-	-	**-**
of which 'sold'	-	-	-	**-**	-	-	-	**-**
of which 'change of perimeter'	-	-	-	**-**	-	-	-	**-**
Write-offs	-	-	-	**-**	-	-	-	**-**
New financial assets originated or purchased	2 670	-	-	**2 670**	2 271	-	-	**2 271**
Modification of contractual cash flows of financial assets	-	-	-	**-**	-	-	-	**-**
FX and other movements	6 074	186	25	**6 285**	6 532	73	-7	**6 598**
Gross carrying amount at 31 December	**27 413**	**212**	**148**	**27 774**	**26 663**	**319**	**138**	**27 120**

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

Note 7 - Liquidity risk

Contractual cash flow at certain intervals of maturity presented in NOK.

In 2021, we have made changes in how we present maturities in the note. To get correct comparative information, we have corrected the presentation of the 2020 figures.

All amounts in millions of NOK

2021	=< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	With no specific maturity	Total
Cash and receivables on central banks	-	-	-	-	-	3 784	**3 784**
Deposits with and receivables on financial institutions	670	1 073	-	-	-	1 445	**3 188**
Loans to customers	2 588	5 123	27 356	77 691	18 451	4 848	**136 057**
Commercial papers and bonds	1 005	4 269	2 163	838	-	-	**8 275**
Financial derivatives	-	-	-	-	-	-	**-**
Loans to subsidiaries and SPV's	-	3 528	-	14 970	-	-	**18 498**
Investments in subsidiaries	-	-	-	-	-	1 647	**1 647**
Other financial assets	175	63	769	326	-	1 513	**2 846**
Total cash from assets	**4 439**	**14 056**	**30 288**	**93 825**	**18 451**	**13 237**	**174 296**
Debt to credit institutions	2 929	7 114	14 805	3 506	-	45	**28 400**
Deposits from customers	-	-	-	-	-	73 304	**73 304**
Debt established by issuing securities	-	8 147	2 365	27 863	-	-	**38 375**
Financial derivatives	-	-	-	-	-	-	**-**
Other financial liabilities	314	152	163	131	-	3 612	**4 371**
Subordinated loan capital	-	-	-	-	2 463	-	**2 463**
Total cash from debt	**3 243**	**15 413**	**17 333**	**31 500**	**2 463**	**76 961**	**146 914**
Net liquidity risk	**1 196**	**-1 357**	**12 955**	**62 325**	**15 988**	**-63 724**	**27 382**

All amounts in millions of NOK

2020	=< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	With no specific maturity	Total
Cash and receivables on central banks	-	-	-	-	-	3 363	**3 363**
Deposits with and receivables on financial institutions	1 988	1 477	-	-	-	1 796	**5 261**
Loans to customers	2 724	5 317	29 315	75 450	18 710	5 641	**137 157**
Commercial papers and bonds	524	2 019	2 292	1 259	-	-	**6 094**
Financial derivatives	-	-	-	-	-	-	**-**
Loans to subsidiaries and SPV's	-	-	-	14 163	-	-	**14 163**
Investments in subsidiaries	-	-	-	-	-	1 733	**1 733**
Other financial assets	121	97	1 190	473	0	2 275	**4 157**
Total cash from assets	**5 357**	**8 910**	**32 797**	**91 345**	**18 710**	**14 808**	**171 927**
Debt to credit institutions	209	10 282	7 269	2 598	-	69	**20 428**
Deposits from customers	-	-	-	-	-	81 142	**81 142**
Debt established by issuing securities	-	526	3 152	31 850	-	-	**35 528**
Financial derivatives	-	8	-	-	-	-	**8**
Other financial liabilities	423	143	241	191	-	3 865	**4 863**
Subordinated loan capital	-	-	-	252	2 569	-	**2 821**
Total cash from debt	**633**	**10 959**	**10 662**	**34 891**	**2 569**	**85 075**	**144 789**
Net liquidity risk	**4 724**	**-2 049**	**22 135**	**56 454**	**16 141**	**-70 267**	**27 138**

The Board of Santander Consumer Bank AS has decided limits for the liquidity risk to ensure the Bank has a solid liquidity position. The limits for liquidity risk are reviewed at least on a yearly basis. The Bank manages the liquidity position by matching maturities of the assets and the liabilities. The average duration of the asset side is low with a duration below two years. The liabilities side is financed by customer deposits, secured bonds, unsecured bonds and intragroup loans. Consignment is included in the financial statement line "Loans to customers".

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% for SEK, DKK and EUR, and 50% for NOK. With a stable basis of High Quality Liquid Assets, the Bank fulfills the minimum LCR requirements.

Liquidity Coverage Ratio (LCR) %	2021	2020
Liquidity Coverage Ratio (LCR) Total	189%	252%
Liquidity Coverage Ratio (LCR) NOK	77%	130%
Liquidity Coverage Ratio (LCR) SEK	212%	190%
Liquidity Coverage Ratio (LCR) DKK	201%	1097%
Liquidity Coverage Ratio (LCR) EUR	169%	2484%

Note 8 - Interest rate risk

The tables show the interest rate risk. Changes in market interest rates will affect our assets and debt by the timing displayed below due to fixed interest rate contracts. A change in market interest rate will affect our short term positions immediately, but our long term positions later.

Santander Consumer Bank AS
All amounts in millions of NOK

2021	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Cash and receivables on central banks	3 784	-	-	-	-	-	**3 784**
Deposits with and receivables on financial institutions	3 188	-	-	-	-	-	**3 188**
Loans to customers	3 172	122 707	5 383	4 793	2	-	**136 057**
Commercial papers and bonds	2 303	3 908	2 065	-	-	-	**8 275**
Financial derivatives	-	-	-	-	-	-	**-**
Other non-interest bearing assets	-	-	-	-	-	22 992	**22 992**
Total assets	**12 446**	**126 615**	**7 448**	**4 793**	**2**	**22 992**	**174 296**
Debt to credit institutions	8 185	17 715	2 500	-	-	-	**28 400**
Deposits from customers	12 271	61 033	-	-	-	-	**73 304**
Debt established by issuing securities	12 583	16 530	-	9 263	-	-	**38 375**
Financial Derivatives	-	-	-	-	-	-	**-**
Subordinated loan capital	-	1 963	-	501	-	-	**2 463**
Other non-interest bearing liabilities	-	-	-	-	-	4 371	**4 371**
Equity	2 020	-	-	-	-	25 362	**27 382**
Total liabilities and equity	**35 059**	**97 240**	**2 500**	**9 763**	**-**	**29 734**	**174 296**
Net interest risk exposure	**-22 613**	**29 375**	**4 947**	**-4 970**	**2**	**-6 742**	**-**

Santander Consumer Bank AS
All amounts in millions of NOK

2020	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Cash and receivables on central banks	3 363	-	-	-	-	-	**3 363**
Deposits with and receivables on financial institutions	5 261	-	-	-	-	-	**5 261**
Loans to customers	3 529	120 315	7 031	6 225	57	-	**137 157**
Commercial papers and bonds	1 491	2 978	1 625	-	-	-	**6 094**
Financial derivatives	-	-	-	-	-	-	**-**
Other non-interest bearing assets	-1	2 833	-	11 330	-	5 890	**20 052**
Total assets	**13 643**	**126 126**	**8 656**	**17 555**	**57**	**5 890**	**171 927**
Debt to credit institutions	5 678	13 777	973	-	-	-	**20 428**
Deposits from customers	16 244	63 631	957	310	-	-	**81 142**
Debt established by issuing securities	8 914	17 246	-	9 368	-	-	**35 528**
Financial Derivatives	8	-	-	-	-	-	**8**
Subordinated loan capital	251	2 570	-	-	-	-	**2 821**
Other non-interest bearing liabilities	-	-	-	-	-	4 862	**4 862**
Equity	2 250	-	-	-	-	24 888	**27 138**
Total liabilities and equity	**33 345**	**97 224**	**1 930**	**9 678**	**-**	**29 750**	**171 927**
Net interest risk exposure	**-19 702**	**28 902**	**6 726**	**7 877**	**57**	**-23 860**	**-**

The tables below show the same as the tables above, but split per country. The accumulated tables below will not reconcile with the tables above due to difference in classification between assets and liabilities in the presented tables.

Santander Consumer Bank AS Norway
All amounts in millions of NOK

2021	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	4 430	5 261	16 579	33 921	41	2 468	**62 700**
Liabilities	7 119	8 235	4 260	10 827	3 901	28 358	**62 700**
Net balance	**-2 689**	**-2 974**	**12 319**	**23 094**	**-3 860**	**-25 891**	**-**
Repricing gap	-2 689	-2 974	12 319	23 094	-3 860	-25 891	**-**
Cumulative gap	-2 689	-5 663	6 656	29 750	25 891	-	**-**

A +1,00 % parallel increase in market rates will result in a 159,46 million NOK increase in profit in Norway.

Santander Consumer Bank AS Norway
All amounts in millions of NOK

2020	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	2 053	52 113	4 927	2 794	46	2 300	**64 232**
Liabilities	6 092	30 510	-	-	-	27 630	**64 232**
Net balance	**-4 039**	**21 603**	**4 927**	**2 794**	**46**	**-25 331**	**-**
Repricing gap	-4 039	21 603	4 927	2 794	46	-25 331	**-**
Cumulative gap	-4 039	17 564	22 491	25 285	25 331	-	**-**

A +1,00 % parallel increase in market rates will result in a 150,74 million NOK increase in profit in Norway.

Santander Consumer Bank AS Norway (Balance sheet items nominated in EUR)
All amounts in millions of EUR

2021	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	18	135	80	-	-	130	**363**
Liabilities	5	185	169	-	-	4	**363**
Net balance	**13**	**-50**	**-89**	**-**	**-**	**125**	**-**
Repricing gap	13	-50	-89	-	-	125	**-**
Cumulative gap	13	-37	-125	-125	-125	-	**-**

A +1,00 % parallel increase in market rates will result in a 0,81 million EUR decrease in profit in Norway.

Santander Consumer Bank AS Norway (Balance sheet items nominated in EUR)
All amounts in millions of EUR

2020	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	70	40	-	-	-	130	**240**
Liabilities	26	106	94	-	-	14	**240**
Net balance	**44**	**-66**	**-94**	**-**	**-**	**116**	**-**
Repricing gap	44	-66	-94	-	-	116	**-**
Cumulative gap	44	-22	-116	-116	-116	-	**-**

A +1,00 % parallel increase in market rates will result in a 0,66 million EUR decrease in profit in Norway.

Santander Consumer Bank AS Sweden
All amounts in millions of SEK

2021	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	7 092	3 080	13 231	27 420	0	3 336	**54 160**
Liabilities	13 887	19 508	4 700	10 221	3 797	2 047	**54 160**
Net balance	**-6 796**	**-16 427**	**8 531**	**17 199**	**-3 796**	**1 289**	**-**
Repricing gap	-6 796	-16 427	8 531	17 199	-3 796	1 289	**-**
Cumulative gap	-6 796	-23 223	-14 692	2 507	-1 289	-	**-**

A +1,00 % parallel increase in market rates will result in a 53,28 million SEK decrease in profit in Sweden.

Santander Consumer Bank AS Sweden
All amounts in millions of SEK

2020	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	6 438	40 649	530	214	10	3 543	**51 384**
Liabilities	14 555	34 014	-	-	-	2 814	**51 384**
Net balance	**-8 118**	**6 635**	**530**	**214**	**10**	**729**	**-**
Repricing gap	-8 118	6 635	530	214	10	729	**-**
Cumulative gap	-8 118	-1 483	-953	-739	-729	-	**-**

A +1,00 % parallel increase in market rates will result in a 50,88 million SEK decrease in profit in Sweden.

Santander Consumer Bank AS Denmark
All amounts in millions of DKK

2021	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	2 776	3 118	8 401	13 962	6	1 185	**29 449**
Liabilities	7 210	942	3 515	12 106	4 252	1 423	**29 449**
Net balance	**-4 434**	**2 176**	**4 886**	**1 856**	**-4 246**	**-238**	**-**
Repricing gap	-4 434	2 176	4 886	1 856	-4 246	-238	**-**
Cumulative gap	-4 434	-2 258	2 628	4 484	238	-	**-**

A +1,00 % parallel increase in market rates will result in a 14,3 million DKK increase in profit in Denmark

Santander Consumer Bank AS Denmark
All amounts in millions of DKK

2020	< 1 months	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Assets	2 746	21 497	2 124	2 250	-	1 876	**30 493**
Liabilities	7 062	16 113	678	5 068	-	1 573	**30 493**
Net balance	**-4 316**	**5 384**	**1 447**	**-2 817**	**-**	**303**	**-**
Repricing gap	-4 316	5 384	1 447	-2 817	-	303	**-**
Cumulative gap	-4 316	1 068	2 515	-303	-303	-	**-**

A +1,00 % parallel increase in market rates will result in a 7,59 million DKK decrease in profit in Denmark

Note 9 - Capital adequacy

All amounts in millions of NOK

Balance sheet equity	**2021**	**2020**
Paid in equity	10 618	10 618
Share premium	1 926	1 926
Other equity	12 612	12 364
Tier 1 Capital	2 250	2 250
Other reserves	-24	-20
Total Equity	**27 382**	**27 138**

Common Equity Tier 1 Capital		
(-) Profit not eligible as capital	-2 000	-
Cash-flow hedge adjustment	-36	-6
IRB Expected Loss - Reserves	-110	-159
Goodwill	-382	-401
Other intangible assets	-481	-475
Deferred tax assets	-	-
Adjustment Prudent Valuation (AVA)	-6	-5
Tier 1 Capital	-2 250	-2 250
Total common Equity Tier 1 Capital (with full IFRS9 impact)	**22 117**	**23 841**
Capital adjustment according to IFRS9 Transitional rules	187	262
Total common Equity Tier 1 Capital (with IFRS9 transitional rules)	**22 304**	**24 103**

Tier 1 Capital		
Paid in Tier 1 capital instruments	2 250	2 250
Total Tier 1 Capital (with full IFRS9 impact)	**24 367**	**26 091**
Total Tier 1 Capital (with IFRS9 transitional rules)	**24 554**	**26 353**

Total Capital		
Paid up subordinated loans	2 461	2 816
Subordinated loans not eligible	-	-23
Total Capital (with full IFRS9 impact)	**26 828**	**28 884**
Total Capital (with IFRS9 transitional rules)	**27 015**	**29 146**

Risk exposure on Standard Approach		
Regional governments or local authorities	59	67
Institutions	409	593
Corporates	6 808	10 969
Retail Standard Approach	46 764	50 845
Exposures in default SA	2 760	1 134
Covered bonds	64	100
Other Exposures	22 482	19 635
Total Risk exposure amount on Standard Approach	**79 346**	**83 343**

Risk exposure on Internal Rating Based Approach	2021	2020
Retail Other	29 084	24 942
Total Risk exposure amount on Internal Rating Based Approach	**29 084**	**24 942**
Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**108 430**	**108 285**
Foreign exchange (zero if under threshold)	620	920
Risk exposure amount for position, foreign exchange and commodities risks	620	920
Basic indicator approach	12 314	12 354
Risk exposure amount for operational risk	**12 314**	**12 354**
Standardized method	30	55
Risk exposure amount for credit valuation adjustment	**30**	**55**
Total risk exposure amount (with full IFRS9 impact)	**121 395**	**121 614**
Risk Exposure adjustment according to IFRS9 Transitional rules	186	261
Total risk exposure amount (with IFRS9 transitional rules)	**121 581**	**121 874**
Total exposure for Leverage Ratio		
Derivatives: Add-on under market-to-market method	300	366
Off-balance sheet items with 10% CCF	2 823	2 828
Off-balance sheet items with 20% CCF	731	310
Off-balance sheet items with 50% CCF	37	38
Adjusted On balance sheet exposure	**173 317**	**170 994**
Total exposure for Leverage Ratio (with full IFRS9 impact)	**177 209**	**174 535**
Exposure adjustment according to IFRS9 Transitional rules	249	348
Total exposure for Leverage Ratio (with IFRS9 transitional rules)	**177 457**	**174 884**
Minimum Regulatory Capital		
Minimum Core Equity	4,50%	4,50%
Pillar 2 Requirement	3,30%	0,00%
Pillar 2 Guidance	1,00%	0,00%
Countercyclical Buffer (combined)	0,31%	0,45%
Conservation Buffer	2,50%	2,50%
Systemic Risk Buffer	1,40%	2,04%
Minimum Regulatory Capital ratio (CET1)	**13,01%**	**9,49%**
Minimum Regulatory Capital		
Minimum Core Equity	5 463	5 473
Pillar 2 Requirement	4 006	-
Pillar 2 Guidance	1 214	-
Countercyclical Buffer (combined)	377	547
Conservation Buffer	3 035	3 040
Systemic Risk Buffer	**1 696**	**2 475**
Minimum Regulatory Capital amount (full IFRS9 impact)	**15 791**	**11 535**
Surplus of Core Equity Tier 1 capital (full IFRS9 impact)	6 326	12 306

	2021	2020
Minimum Regulatory Capital amount (with IFRS9 transitional rules)	**15 815**	**11 560**
Surplus of Core Equity Tier 1 capital (with IFRS9 transitional rules)	6 489	12 543
Common equity tier 1 capital ratio (full IFRS9 impact)	**18,22%**	**19,60%**
Common equity tier 1 capital ratio (with IFRS9 transitional rules)	**18,34%**	**19,78%**
CET1 regulatory requirements	13,01%	9,49%
Tier 1 capital ratio (full IFRS9 impact)	**20,07%**	**21,45%**
Tier 1 capital ratio (with IFRS9 transitional rules)	**20,20%**	**21,62%**
Tire 1 regulatory requirements	14,51%	15,29%
Total capital ratio (full IFRS9 impact)	**22,10%**	**23,75%**
Total capital ratio (with IFRS9 transitional rules)	**22,22%**	**23,91%**
Total capital regulatory requirements	16,51%	17,29%
Leverage ratio (full IFRS9 impact)	**13,75%**	**14,95%**
Leverage ratio (with IFRS9 transitional rules)	**13,84%**	**15,07%**
LR regulatory requirements	5,00%	5,00%
Specification of IFRS Transition rules (based on initial impact)		
IFRS 9 Increase in Loss Reserves	-498	-498
- whereof Internal Rating Based	-	-
Tax impact from increased loss reserves	124	124
Deferred tax assets impact on capital	-	-
Initial IFRS9 net impact on capital	**-374**	**-374**
Base amount for IFRS9 transitional rule on capital	374	374
Transition %	50%	70%
Capital adjustment due to Transitional rule	**187**	**262**
Std Approach value adjustments Spec Reserves	-498	-498
- whereof Retail (75%RW)	-496	-496
- whereof Covered Bonds (10%RW)	-2	-2
Deferred tax assets impact on Risk Exposure Amount (250%RW) *)	-	-
Initial IFRS9 net impact on Risk Exposure Amount	**-372**	**-372**
Base amount for IFRS9 transitional rule on Risk Exposure Amount	372	372
Transition %	50%	70%
Risk Exposure adjustment due to Transitional rule	**186**	**261**
Impact from Transitional rules on capital ratios (same impact for Tier 1 and 2)	0,13%	0,17%

From December 2015, the Bank is 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.santanderconsumer.no. The Pillar 3 Disclosure report is published at www.santanderconsumer.no.

Note 10 - Segment information

All amounts in millions of NOK

Financial management in the Bank 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 Bank. Reported figures for the various segments reflect the Bank'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 Bank management. The Bank 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 the Bank's governance model and the Bank'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 Bank's governance model. All the Bank's trade activities are divided into the reported segments with corresponding balances, income and expenses. Deficit liquidity from the segments are funded by the Bank treasury at market conditions. Surplus liquidity is transferred to the Bank 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 Bank's central functions and staff are charged segments based on an allocation agreement.

Product segmentation per country (gross lending before expected losses)

2021

	Unsecured loans	Secured loans	Finance leases	Operating leases	Total
Norway	6 236	40 734	12 307	-	**59 277**
Sweden	15 129	18 878	13 534	-	**47 540**
Denmark	6 009	24 543	2 934	365	**33 851**
Total	**27 374**	**84 154**	**28 775**	**365**	**140 668**

2020

	Unsecured loans	Secured loans	Finance leases	Operating leases	Total
Norway	8 190	38 615	11 800	-	**58 605**
Sweden	16 625	20 266	9 214	-	**46 105**
Denmark	6 892	26 644	3 240	460	**37 236**
Total	**31 707**	**85 525**	**24 254**	**460**	**141 946**

Profit and Loss per Country	2021				
	Norway	Sweden	Denmark	Eliminations	Total Bank
Total interest income	3 050	1 977	1 754	-	**6 781**
Total interest expenses	-522	-247	-64	-	**-834**
Net interest income	**2 528**	**1 730**	**1 690**	**-**	**5 948**
Fee and commission income	202	195	94	-	**491**
Fee and commission expenses	-119	-72	-26	-	**-217**
Value change and gain/loss on foreign exchange and securities	20	-5	-8	-	**8**
Other operating income	45	18	128	-	**191**
Other operating expenses	-83	-36	-86	-	**-205**
Gross margin	**2 594**	**1 830**	**1 792**	**-**	**6 216**
Salaries and personnel expenses	-507	-377	-296	-	**-1 180**
Administrative expenses	-430	-367	-266	-	**-1 063**
Depreciation and amortisation	-90	-72	-48	-	**-210**
Net operating income	**1 566**	**1 014**	**1 183**	**-**	**3 764**
Other income and costs	-26	-1	12	-	**-15**
Impairment losses on loan, guarantees etc.	-577	-419	-44	-	**-1 039**
Profit before taxes	**963**	**594**	**1 152**	**-**	**2 709**
Income tax expense	-310	-127	-253	-	**-690**
Profit after tax	**654**	**468**	**898**	**-**	**2 020**

Profit and Loss per Country	2020				
	Norway	Sweden	Denmark	Eliminations	Total Bank
Total interest income	3 666	1 946	1 988	18	**7 618**
Total interest expenses	-856	-299	-115	-18	**-1 288**
Net interest income	**2 810**	**1 647**	**1 873**	**-**	**6 330**
Fee and commission income	172	194	120	-	**486**
Fee and commission expenses	-135	-97	-35	-	**-267**
Value change and gain/loss on foreign exchange and securities	-87	10	3	-	**-74**
Other operating income	47	13	113	-	**173**
Other operating expenses	-52	-33	-82	-	**-167**
Gross margin	**2 755**	**1 734**	**1 992**	**-**	**6 481**
Salaries and personnel expenses	-612	-321	-318	-	**-1 251**
Administrative expenses	-483	-510	-358	-	**-1 351**
Depreciation and amortisation	-102	-46	-21	-	**-169**
Net operating income	**1 558**	**857**	**1 295**	**-**	**3 710**
Other income and costs	-0	200	-5	-	**195**
Impairment losses on loan, guarantees etc.	-447	-495	-744	-	**-1 686**
Profit before taxes	**1 111**	**562**	**546**	**-**	**2 219**
Income tax expense	-300	-126	-67	-	**-493**
Profit after tax	**811**	**436**	**479**	**-**	**1 726**

Balance Sheet per Country			2021		
	Norway	Sweden	Denmark	Eliminations	Total Bank
Cash and receivables on central banks	65	3 718	-	-	**3 784**
Deposits with and receivables on financial institutions	535	303	2 350	-	**3 188**
Total gross loans to customers	59 277	46 670	33 486	870	**140 303**
Write-downs	-1 822	-1 360	-1 064	-	**-4 246**
Commercial papers and bonds	4 200	1 654	2 421	-	**8 275**
Financial derivatives	-	-	-	-	**-**
Investments in subsidiaries	1 647	-	-	-	**1 647**
Other assets	26 205	388	1 355	-6 603	**21 344**
Total assets	**90 107**	**51 374**	**38 549**	**-5 733**	**174 296**
Debt to credit institutions	6 177	20 548	7 311	-5 635	**28 400**
Deposits from customers	22 792	21 201	29 312	-	**73 304**
Debt established by issuing securities	30 697	6 679	999	-	**38 375**
Financial derivatives	-	-	-	-	**-**
Other liabilities	3 264	2 886	783	-98	**6 835**
Equity	27 177	61	143	-	**27 382**
Total liabilities and equity	**90 107**	**51 374**	**38 549**	**-5 733**	**174 296**

Balance Sheet per Country			2020		
	Norway	Sweden	Denmark	Eliminations	Total Bank
Cash and receivables on central banks	64	3 299	-	-	**3 363**
Deposits with and receivables on financial institutions	935	1 126	3 200	-	**5 261**
Total gross loans to customers	58 605	43 978	36 777	2 126	**141 486**
Write-downs	-1 726	-1 220	-1 383	-	**-4 329**
Commercial papers and bonds	3 093	1 013	1 988	-	**6 094**
Financial derivatives	-	-	-	-	**-**
Investments in subsidiaries	1 733	-	-	-	**1 733**
Other assets	24 763	817	1 732	-8 993	**18 319**
Total assets	**87 467**	**49 013**	**42 314**	**-6 867**	**171 927**
Debt to credit institutions	3 469	13 818	9 839	-6 698	**20 428**
Deposits from customers	27 498	24 279	29 365	-	**81 142**
Debt established by issuing securities	26 291	7 423	1 814	-	**35 528**
Financial derivatives	8	-	-	-	**8**
Other liabilities	3 550	3 458	844	-169	**7 683**
Equity	26 651	35	452	-	**27 138**
Total liabilities and equity	**87 467**	**49 013**	**42 314**	**-6 867**	**171 927**

Note 11 - Net interest income

Amounts in millions of NOK

	2021	2020
Interest and similar income on loans to and receivables from credit institutions	25	114
Interest and similar income on loans to and receivables from customers	6 596	7 289
Interest and similar income on comm. paper, bonds and other securities	10	24
Interest and similar income on loans to subsidiaries, branches and SPVs	150	191
Other interest income and similar income	-	-
Total interest income	**6 781**	**7 618**
Interest and similar expenses on debt to credit institutions	-90	-153
Interest and similar expenses on deposits from and debt to customers	-427	-759
Interest and similar expenses on issued securities	-251	-297
Interest on subordinated loan capital	-56	-67
Other interest expenses and similar expenses	-8	-12
Total interest expense	**-834**	**-1 288**
Net interest income	**5 948**	**6 330**

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

To credit institutions	**2021**	**2020**
Interest expenses	-90	-153
Average loan	24 414	21 118
Average nominal interest rate	**0,37%**	**0,72 %**

To customers	**2021**	**2020**
Interest expenses	-427	-759
Average deposit	77 223	73 313
Average nominal interest rate	**0,55%**	**1,04 %**

To bondholders	**2021**	**2020**
Interest expenses	-251	-297
Average issued notes and bonds	36 951	36 523
Average nominal interest rate	**0,68%**	**0,81 %**

Subordinated loan capital	**2021**	**2020**
Interest expenses	-56	-67
Average subordinated loan capital	2 642	2 621
Average nominal interest rate	**2,14%**	**2,56 %**

Total of tables above	**2021**	**2020**
Interest expenses	-825	-1 276
Loan	141 230	133 575
Average nominal interest rate	**0,58%**	**0,96 %**

Note 12 - Other operating income and expenses

Amounts in millions of NOK

	2021	2020
Operating lease income	126	111
Dividends from investments	1	18
Other	64	45
Total other operating income	**191**	**173**
Depreciation on operating lease assets	-40	-39
Fee to The Norwegian Banks' Guarantee Fund	-84	-85
Other	-80	-44
Total other operating expenses	**-205**	**-167**

Note 13 - Tax

All amounts in millions of NOK

Income tax	2021	2020
Tax payable	-602	-188
Adjustments in respect of prior years	-157	-7
Currency effects foreign tax credits	-	-
Total current tax	**-759**	**-196**
Change in temporary differences	69	-297
Currency effects	-	-
Adjustments in respect of prior years	-	-
Total change in deferred tax	**69**	**-297**
Income tax expense	**-690**	**-493**

	2021	2020
Profit before tax	2 709	2 219
Estimated income tax at nominal tax rate 25%	-677	-555
Tax effects of:		
- Income not subject to tax*	30	38
- Non-deductible expenses	-20	28
Adjustments in respect of prior years**	-22	-4
Tax charge	**-689**	**-493**

The tax charge/credit relating to components of other comprehensive income is as follows:

2021	Before tax	Total tax charge	After tax
Actuarial assumption related to pension	90	23	68
Cash flow hedges	-48	-12	-36
Currency translation differences	16	4	12
Shares in VN Norge AS - value adjustment	-20	-	-20
Other comprehensive income	**38**	**15**	**24**
Tax payable		4	
Deferred tax		11	
Tax in OCI		**15**	

Deferred tax in the balance sheet	2021	2020
Deferred tax assets/deferred taxes as at 1 January	1 462	893
Changes recognized in income statement	65	297
Changes recognized in OCI	-19	7
Currency adjustment	21	17
Adjustments in respect of prior years**	44	248
Net Deferred tax assets/deferred taxes at 31 December	**1 573**	**1 462**

Deferred taxes related to the following temporary differences	2021	2020
Fixed assets	5 556	5 251
Net pension commitments	-49	-147
Financial instruments	-48	8
Net other taxable temporary differences	834	953
Total deferred tax position	**6 293**	**6 064**
Fixed assets	1 389	1 326
Net pension commitments	-12	-37
Financial instruments	-12	2
Net other taxable temporary differences	209	171
Net Deferred tax assets/deferred taxes at 31 December	**1 574**	**1 462**

Tax effect of different tax rates in other countries:
The Bank has operations in Sweden and Denmark whose tax rates are different from that in Norway (25 percent). Taxes are paid in Norway, and later credited by amount paid in other countries.

* The Bank has received dividends of TNOK 746 which is not taxable income.

** The adjustment in respect of prior years relates to true-up adjustment of tax settlements.

Note 14 - Loans to customers

All amounts in millions of NOK

	2021	2020
Credit Card	5 274	6 055
Unsecured loans	22 099	25 652
Auto loans	112 929	109 779
- Installment loans	*84 154*	*85 525*
- Finance leases	*28 775*	*24 254*
Total gross loans to customers	**140 303**	**141 486**
- Loan loss allowance - Stage 1	-1 161	-1 207
- Loan loss allowance - Stage 2	-575	-618
- Loan loss allowance - Stage 3	-2 510	-2 504
Total net loans to customers	**136 057**	**137 157**

Note 15 - Impairment losses on loan, guarantees etc.

All amounts in millions of NOK

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

	2021	2020
Change in loss allowance - Unsecured loans	68	-384
Change in loss allowance - Secured loans	-132	-292
Change in loss allowance - Commercial papers and bonds	0	-
+ Total realized losses	-1 511	-1 448
- Recoveries on previously realized losses	244	213
- Gain on sold portfolios	292	224
Impairment losses on loan, guarantees etc.	**-1 039**	**-1 686**

Note 16 - Loans and impairment by main sectors

All amounts in millions of NOK

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

2021	Gross carrying amount	Accumulated impairment	Total
Private individuals	117 137	-3 892	**113 245**
Wholesale and retail trade	9 576	-84	**9 492**
Construction	6 469	-127	**6 341**
Transport and storage	1 700	-55	**1 644**
Professional, scientific and technical activities	1 298	-17	**1 281**
Manufacturing	1 161	-18	**1 142**
Real estate activities	609	-11	**599**
Accommodation and food service activities	457	-10	**447**
Information and communication	442	-9	**433**
Other services	397	-7	**389**
Governments	364	-4	**359**
Human health services and social work activities	269	-3	**265**
Education	225	-4	**220**
Agriculture, forestry and fishing	153	-1	**152**
Electricity, gas, steam and air conditioning supply	24	-0	**23**
Other financial corporations	12	-0	**12**
Mining and quarrying	10	-0	**10**
Public administration and defence, compulsory social security	0	-0	**0**
Total	**140 303**	**-4 246**	**136 057**

2020	Gross carrying amount	Accumulated impairment	Total
Private individuals	117 533	-3 946	**113 587**
Wholesale and retail trade	10 814	-118	**10 696**
Construction	6 306	-119	**6 187**
Other financial corporations	11	-	**11**
Transport and storage	1 658	-53	**1 605**
Professional, scientific and technical activities	1 135	-17	**1 118**
Manufacturing	1 148	-18	**1 130**
Real estate activities	594	-17	**577**
Accommodation and food service activities	407	-9	**398**
Governments	343	-4	**339**
Other services	466	-9	**457**
Information and communication	401	-9	**392**
Human health services and social work activities	260	-3	**257**
Education	218	-6	**212**
Agriculture, forestry and fishing	149	-1	**148**
Electricity, gas, steam and air conditioning supply	29	-	**29**
Mining and quarrying	13	-	**13**
Public administration and defence, compulsory social security	1	-	**1**
Total	**141 486**	**-4 329**	**137 157**

Note 17 - Classification of financial instruments

All amounts in millions of NOK

Classification of financial assets 31 December 2021	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	-	-	3 784	3 784
Deposits with and receivables on financial institutions	-	-	3 188	3 188
Loans to customers	-	-	136 057	136 057
Commercial papers and bonds	-	-	8 275	8 275
Financial derivatives	-	-	-	-
Loans to subsidiaries and SPV's	-	-	18 498	18 498
Other ownership interests	-	20	-	20
Total financial assets	**-**	**20**	**169 802**	**169 822**

Non-financial assets	4 474
Total assets	**174 296**

Classification of financial liabilities 31 December 2021	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	28 400	28 400
Deposits from customers	-	-	73 304	73 304
Debt established by issuing securities	-	-	38 375	38 375
Financial derivatives	-	-	-	-
Other financial liabilities	-	-	393	393
Subordinated loan capital	-	-	2 463	2 463
Total financial liabilities	**-**	**-**	**142 935**	**142 935**

Non-financial liabilities and equity	31 360
Total liabilities and equity	**174 296**

Classification of financial assets 31 December 2020	Financial assets at fair value through P&L	Financial assets at fair value through OCI	Amortized cost	Book value
Cash and receivables on central banks	-	-	3 363	3 363
Deposits with and receivables on financial institutions	-	-	5 261	5 261
Loans to customers	-	-	137 157	137 157
Commercial papers and bonds	-	-	6 094	6 094
Financial derivatives	-	-	-	-
Loans to subsidiaries and SPV's	-	-	14 163	14 163
Other ownership interests	-	38	-	38
Total financial assets	**-**	**38**	**166 038**	**166 076**

Non-financial assets	5 851
Total assets	**171 927**

Classification of financial liabilities 31 December 2020	Financial liabilities at fair value through P&L	Financial liabilities at fair value through OCI	Amortized cost	Book value
Debt to credit institutions	-	-	20 428	20 428
Deposits from customers	-	-	81 142	81 142
Debt established by issuing securities	-	-	35 528	35 528
Financial derivatives	8	-	-	8
Other financial liabilities	-	-	477	477
Subordinated loan capital	-	-	2 821	2 821
Total financial liabilities	**8**	**-**	**140 396**	**140 404**

Non financial-liabilities and equity	31 523
Total liabilities and equity	**171 927**

Note 18 - Issued securities

All amounts in millions of NOK

	2021	2020
Senior unsecured issued securities	38 375	35 528
Total issued securities	**38 375**	**35 528**

Changes in liability issued securities	Book value 1 January 2021	New issues/ repurchase	Monthly payments and at maturity	Changes in foreign fx rates	Book value 31 December 2021
Senior unsecured issued securities	35 528	8 024	-3 537	-1 640	38 375
Total issued securities	**35 528**	**8 024**	**-3 537**	**-1 640**	**38 375**

Bonds Issuer	Net nominal value	Currency	Interest	Call date	Book value 31 December 2021
Senior unsecured issued securities					
Santander Consumer Bank AS	750	DKK	Floating	2022-04-04	1 008
Santander Consumer Bank AS	500	SEK	Floating	2023-01-18	488
Santander Consumer Bank AS	500	SEK	Floating	2022-05-11	487
Santander Consumer Bank AS	500	SEK	Floating	2023-08-14	487
Santander Consumer Bank AS	250	SEK	Floating	2023-08-14	243
Santander Consumer Bank AS	105	SEK	Floating	2022-05-11	102
Santander Consumer Bank AS	500	SEK	Floating	2022-09-19	487
Santander Consumer Bank AS	999	SEK	Floating	2023-05-12	974
Santander Consumer Bank AS	500	SEK	Floating	2025-01-15	488
Santander Consumer Bank AS	500	SEK	Floating	2022-09-19	487
Santander Consumer Bank AS	500	SEK	Floating	2026-01-19	487
Santander Consumer Bank AS	500	SEK	Floating	2025-01-15	488
Santander Consumer Bank AS	500	SEK	Floating	2024-04-29	487
Santander Consumer Bank AS	500	SEK	Floating	2024-04-29	487
Santander Consumer Bank AS	500	SEK	Floating	2024-10-11	487
Santander Consumer Bank AS	700	NOK	Floating	2022-01-17	702
Santander Consumer Bank AS	200	NOK	Floating	2022-01-17	201
Santander Consumer Bank AS	150	NOK	Floating	2022-01-17	151
Santander Consumer Bank AS	50	NOK	Floating	2022-01-17	50
Santander Consumer Bank AS	1 000	NOK	Floating	2022-02-07	1 002
Santander Consumer Bank AS	499	EUR	Fixed	2023-03-01	5 034
Santander Consumer Bank AS	500	EUR	Fixed	2022-01-21	5 033
Santander Consumer Bank AS	499	EUR	Fixed	2024-09-11	4 969
Santander Consumer Bank AS	498	EUR	Fixed	2025-02-25	4 969
Santander Consumer Bank AS	300	NOK	Floating	2022-11-21	301
Santander Consumer Bank AS	801	NOK	Floating	2024-03-14	801
Santander Consumer Bank AS	500	NOK	Floating	2024-11-13	501
Santander Consumer Bank AS	500	NOK	Floating	2025-09-15	500
Santander Consumer Bank AS	497	EUR	Fixed	2026-04-14	4 972
Santander Consumer Bank AS	500	NOK	Floating	2022-11-21	501
Santander Consumer Bank AS	749	NOK	Floating	2022-02-07	751
Santander Consumer Bank AS	250	NOK	Floating	2022-02-07	250
Totals issued bonds					**38 375**

The Bank has not had any defaults of principal or interest or other breaches with respect to its issued securities during the years ended 31 December 2021 and 31 December 2020.

Note 19 - Valuation Hierarchy

All amounts in millions of NOK

2021 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***					
VN Norge	Equity		-	20	-	**20**
Total other ownership interests			**-**	**20**	**-**	**20**
Total Assets			**-**	**20**	**-**	**20**
Financial liabilities						
Total Liabilities			**-**	**-**	**-**	**-**
Derivatives designated for hedge accounting - assets						
Name	***Type***	***Notional***				
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	28	-	**28**
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	5	-	**5**
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	0	-	**0**
Total derivatives designated for hedging - assets**			**-**	**33**	**-**	**33**
Derivatives designated for hedge accounting - liabilities						
Name	***Type***	***Notional***				
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	9	-	**9**
Total derivatives designated for hedging - liabilities* **			**-**	**9**	**-**	**9**

* 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 18.

** 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.

2020 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***					
VN Norge	Equity		-	38	-	**38**
Total other ownership interests			**-**	**38**	**-**	**38**
Total Assets			**-**	**38**	**-**	**38**
Financial liabilities						
Name	***Type***	***Notional***				
FX Swap NOK/SEK	Cross Currency Swap	MM EUR 191	-	8	-	**8**
Total financial trading derivatives			**-**	**8**	**-**	**8**
Total Liabilities			**-**	**8**	**-**	**8**
Derivatives designated for hedge accounting - assets						
Name	***Type***	***Notional***				
DK EMTN MEUR 250	Cross Currency Swap	MM EUR 250	-	49	-	**49**
DK EMTN MEUR 200	Cross Currency Swap	MM EUR 200	-	10	-	**10**
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	3	-	**3**
Total derivatives designated for hedging - assets**			**-**	**62**	**-**	**62**
Derivatives designated for hedge accounting - liabilities						
Name	***Type***	***Notional***				
DK EMTN MEUR 150	Cross Currency Swap	MM EUR 150	-	13	-	**13**
Total derivatives designated for hedging - liabilities* **			**-**	**13**	**-**	**13**

* 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 18.

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

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

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

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

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

Offsetting of financial assets and financial liabilities

The disclosure in the table below includes financial assets and financial liabilities that are subject to enforceable master netting arrangements or similar arrangements.

The ISDA and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The Group receives and gives collateral in the form of cash and marketable securities in respect of the following transactions:
- derivatives
- sale-and-repurchase, and reverse sale-and-repurchase agreements

This collateral is subject to standard industry terms including, when appropriate, an ISDA credit support annex.

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the below tables have been measured in the statement of financial position on the following bases:
- derivative assets and liabilities – fair value
- assets and liabilities resulting from sale-and-repurchase agreements, reverse sale-and repurchase agreements – amortised cost

				Related amounts not offset in the statement of financial position		
2021	**Gross amounts**	**Amounts offset in the statement of financial position**	**Net amount presented in the financial statements**	**Financial instruments**	**Collateral**	**Net amount after possible netting**
Financial assets						
Derivatives	33	-	33	-	45	-
Reverse repurchase arrangements	942	-	942	942	-	-
Financial liabilities						
Derivatives	9	-	9	-	34	-
Repurchase arrangements	-	-	-	-	-	-

				Related amounts not offset in the statement of financial position		
2020	**Gross amounts**	**Amounts offset in the statement of financial position**	**Net amount presented in the financial statements**	**Financial instruments**	**Collateral**	**Net amount after possible netting**
Financial assets						
Derivatives	62	-	62	-	62	-
Reverse repurchase arrangements	3 466	-	3 466	3 466	-	-
Financial liabilities						
Derivatives	21	-	21	-	34	-13
Repurchase arrangements	-	-	-	-	-	-

Note 20 - Hedging

All amounts in millions of NOK

Fair Value Hedge

Fair value hedges are used to protect the Bank against exposures to changes in the market prices of recognized fixed interest-notes issued in EUR. The Bank uses cross currency interest rate swaps and interest rate swaps that qualify as hedging instruments, and designates these to the hedge relationship at time of inception if all criteria's for hedge accounting are met. Changes in fair value of the hedging instruments are recognized in the income statement together with changes in the fair value of the hedged liability that are attributable to the hedged risk.

For the fair value hedges the Bank assesses whether the derivative designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in fair value of the hedged item using the dollar offset method. This method is a quantitative method that consists of comparing the change in fair value or cash flows of the hedging instrument (including any counterparty credit risk) with the change in fair value of the hedged item attributable to the hedged risk. As counterparties credit risk is not hedged this is a source of ineffectiveness.

The fair values of derivatives designated as fair value hedges is as follows:

	2021			2020		
	Assets	**Liabilities**	**Gains (losses) recognized in P&L**	**Assets**	**Liabilities**	**Gains (losses) recognized in P&L**
Hedged item (Issued Bonds)	-	6 506	60	-	6 814	-29
Hedge instruments (Cross currency swaps)	29	32	-59	66	8	30
Fair value hedge item adjustment	-	-	-	-	53	-
Nominal of hedging instruments	-	6 506	-	-	6 814	-
Net exposure over P&L			**1**			**1**

	2021	2020
Inefficiency	**Ineffectiveness recognized in P&L**	**Ineffectiveness recognized in P&L**
Fair value hedging ineffectiveness	1	1

Cash Flow Hedge

Cash flow hedging is applied for the exposure to variation in future interest payments due to exchange rate risk on issued notes in foreign currency (EUR). Cross currency swaps (NOK swapped to EUR) are used as hedging instruments and they are designated into hedge relationships at inception when all criteria's for hedge accounting are met.

Further, cash flow hedging is applied for the exposure of variation in future interest payments from issued floating rate-notes with floating EURIBOR-rate. Interest rate swaps (fixed interest swapped to floating) are used as hedging instruments and they are designated into hedge relationships at inception when all criteria's for hedge accounting are met.

The portion of the gain or loss in the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. Gains or losses on hedging instruments that have been accumulated in equity are recognized in profit or loss in the same period as interest expense from the hedged liability. The ineffective portion of the gain or loss on hedging instruments is recognized in profit or loss.

The Bank assesses whether the derivative designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in cash flows of the hedged item (prospectively and retrospectively) using the hypothetical derivative method. This method assess hedge ineffectiveness by comparing the change in fair value of the actual derivative designated as the hedging instrument and the change in fair value of a "hypothetical derivative" that would result in perfect hedge effectiveness for the designated item. The hypothetical derivative would have terms that exactly match the critical terms of the hedged item with the lower of the two cumulative changes always appearing in Equity.

The fair values of derivatives designated as cash flow hedges are as follows:

		2021			2020	
	Assets	Liabilities	Amount recognized in OCI	Assets	Liabilities	Amount recognized in OCI
Hedged item (Bonds)	-	6 506	-	-	6 814	-
Hedge instruments (Cross currency interest rate swaps)	28	1	-20	3	13	21
Hedge instruments (Interest rate swaps)	-	-	-	-	-	-
Nominal of hedging instruments	-	6 506	-	-	6 814	-
Net exposure over P&L			**-20**			**21**

	2021	2020
Inefficiency	**Ineffectiveness recognized in P&L**	**Ineffectiveness recognized in P&L**
Cash flow hedging ineffectiveness	2	-

Periods when the cash flows are expected to occur and when they are expected to affect profit or loss;

		2021			2020	
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Cash inflows (assets)	-	-	-	-	-	-
Cash outflows (liabilities)	1 496	5 010	-	-	6 814	-
Net cash flows	**1 496**	**5 010**	**-**	**-**	**6 814**	**-**

Reclass from OCI to profit and loss:	**2021**	**2020**
Reclassified amount	0	-

Fair value hedge of shares in subsidiary

The Bank's shares in Santander Consumer Finance OY are denominated in EUR, as the Groups functional currency is NOK it is exposed for translation risks. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiary (EUR) and the Bank's functional currency (NOK), which causes the value of the shares to fluctuate when translating them to NOK.

Loans from external parties nominated in EUR is designated as hedging instruments and designated into the hedging relationship when all criteria's for hedge accounting are met. The Bank assesses whether the EUR nominated loans designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in cash flows of the hedged item (prospectively and retrospectively) using the dollar offset method.

Net investment Hedge

Santander Consumer Bank AS has a Swedish branch and foreign currency risk arises from the net investments in foreign operations. In order to mitigate the exchange rate risk arising from the fact that the branch in Sweden is nominated in Swedish Krona while functional currency of the Santander Consumer Bank AS is Norwegian Krona, Santander Consumer Bank AS is funding it's operations in Sweden with loans nominated in SEK and designating it as a hedge relationship.

The fair values of derivatives designated as net investment hedges is as follows:

	2021			2020		
	Assets	**Liabilities**	**Amount recognized in P&L**	**Assets**	**Liabilities**	**Amount recognized in P&L**
Hedged item (Shares in SCF OY)	1 296	-	-64	1 359	-	80
Hedge instrument (EUR-loan)	-	-1 308	64	-	-1 372	-80
Hedged item (Net investment Sweden)	-	-	-	486		-30
Hedge instrument (SEK-loan)	-	-	-		-486	30
Net exposure over OCI			**-**			**-**

	2021	2020
Inefficiency	**Ineffectiveness recognized in P&L**	**Ineffectiveness recognized in P&L**
Net investment hedging ineffectiveness	-	-

Interest Rate Benchmark Reform: Amendments to IFRS 9; IAS 39 and IFRS 7

The Group is closely monitoring the market and the output from the various industry working groups managing the transition to new benchmark interest rates. The Group has established a project to manage the transition for any of its contracts that could be affected.

Cross currency swaps	**Nominal amount**	**Average maturity**
EURIBOR EUR (3 months) to CIBOR DKK (3 months)	6 506	2023-10-07
Total	**6 506**	

Note 21 - Financial instruments measured at amortized cost

The financial instruments in the Bank's balance sheet are primarily measured and booked to amortized cost. This applies to loans and advances to credit institutions and customers, commercial papers and bonds, deposits from customers and issued securities. Accounting for these items at amortized cost implies that the Bank intends to hold or issue the items to collect or pay the contractual cash flows, and adjust for impairment if relevant.

Differences between amortized cost and fair value of the items may be caused by a number of factors, such as different view on macro-economic perspectives, credit risk, market conditions, return requirements and varying access to accurate information. The below table shows estimated fair value of items carried at amortized cost.

Fair value is measured on the basis of the fair value hierarchy as described in note 19.

Commercial papers and bonds:
Quoted prices in active markets exists for these instruments, and the fair value is reported in level 1 for this group of financial instruments.

Level in fair value hierarchy: Level 1

Loans and advances to credit institutions:
These items consist of cash, posted swap collateral and reverse repurchase agreements. Due to their short term nature, the fair value is assumed to equal the book value.

Level in fair value hierarchy: Level 3

Loans to customers:
The Bank's portfolio of loans to customers consists of the following main groups; credit cards, finance leases, installment loans and unsecured loans. All loans in the portfolio are subject to continuous evaluation of whether an impairment or loan loss allowance should be booked for it. Interest rates for new business volume are assumed to be a fair representative of market rates. In order to estimate fair value of the portfolio, an adjustment has to be made for the difference between interest rates for new business volume and existing portfolio. The approach for estimation of fair value is based on a correlation model between the average nominal interest rates (TIN) (%) of the portfolio / evaluated portfolio and the average New Business TIN (%) of the last three months of the same portfolios. If the average TIN (%) of the portfolio differs from that of new business rate (average three months), fair value will be different from book value. When fair value has been identified following this rationale, it will be discounted to the present value of the moment in which the estimate is carried out.

Level in fair value hierarchy: Level 3

Deposits from customers:
Fair value is assessed to equal amortized cost, as the contractual maturity is short and the deposits are affected by changes in credit risk to a limited extent.

Level in fair value hierarchy: Level 3

Issued securities:
The Bank has issued securities in both EUR, SEK, DKK and NOK. Issuances of bonds in SEK/EUR/NOK are done on traded markets and quoted market prices (average of bid/ask prices) for the securities are used as fair value. The Danish market is highly illiquid and for issued bonds nominated in DKK it is assumed that the book value is the best estimate of the fair value as there is little or no relevant market data available to make other reasonable estimates.

The Bank also issues commercial papers (bonds with maturity less than one year), these securities are almost not traded among investors and reliable bid/ask prices are therefore not available for an assessment of fair value. As the securities have such short time to maturity it is assessed that the book value reflects the fair value most accurately.

Level in fair value hierarchy: Level 1 for securities with quoted market prices and level 3 for remaining securities.

Subordinated loan capital:
The Bank issues subordinated loan capital as a part of their funding. The loans are floating rate, and repriced quarterly based on a 3M STIBOR and NIBOR. The book value of the loans is considered to be a good estimate of the fair value, as the loans are floating rate with frequent repricings ensuring the debt is at market terms.

Level in fair value hierarchy: Level 3

Investment in notes issued by SPV's:
The Bank has invested in issued securities by SPV's. These securities are a part of the SPVs' underlying structure for securitization and issuance of ABS'. These notes are generally fixed rate notes, as the notes are generally very illiquid, it is difficult to find observable, representative market data, for that reason it is assumed that the book value is the best estimate for the fair value.

Level in fair value hierarchy: Level 3

All amounts in millions of NOK

		2021		2020	
Financial assets	**Fair value level**	**Book value**	**Fair value**	**Book value**	**Fair value**
Loans and advances to credit institutions	Level 3	6 972	6 972	8 624	8 624
Loans to customers	Level 3	136 057	129 261	137 157	131 974
Commercial papers and bonds	Level 1	8 275	8 284	6 094	6 099
Loans to financial institutions	Level 3	18 498	18 498	14 163	14 163
Total financial assets		**169 802**	**163 015**	**166 037**	**160 859**

		2021		2020	
Financial liabilities	**Fair value level**	**Book value**	**Fair value**	**Book value**	**Fair value**
Loans and deposits from financial institutions	Level 3	28 400	28 400	20 428	20 428
Deposits from customers	Level 3	73 304	73 304	81 142	81 142
Issued securities	Level 1 and 3	38 375	37 839	35 528	35 008
Subordinated loan capital	Level 3	2 463	2 463	2 821	2 821
Total financial liabilities		**142 542**	**142 007**	**139 918**	**139 398**

Note 22 - Securitization

The Bank securitizes auto loan to customers by selling the loans to special purpose companies, which fund the purchase by issuing bonds with security in the assets. The portfolio of auto loans consists of financing of motor vehicles (including but not limited to cars, light commercial vehicles, motor homes and motorcycles) and the related collateral. For the reporting period ending 31.12.2021, the Bank has sold auto loan portfolio to one SPV. (See note 33 for a list of SPVs)

In accordance with IFRS 9, the sold assets are not derecognized from the Bank's balance sheet, as the Bank retains basically all the risks and rewards of the transferred assets. The risks are retained through the Bank’s ownership in the most subordinated tranche of the issued notes. Through the priority of payments, these notes take on all the losses before the prioritized notes. The rewards are retained as the Bank receives the margin between car loan costumer payments and payments to bondholders.

As the Bank continues to recognize the transferred assets in the balance sheet, a liability to transfer the future cash flows from the customers arises. The Bank therefore recognizes a financial liability for the consideration received.

The table below shows the carrying amounts of all financial assets transferred that are not derecognised in their entirety and associated liabilities as at December 31, 2021.

All amounts in millions of NOK	**2021**	**2020**
Carrying amount of assets (Portfolio of auto loans)	870	2 127
Carrying amount of associated liabilities	870	2 127

Note 23 - Fixed assets

All amounts in millions of NOK

2021	Buildings	Machines, fittings, equipment	Operating lease assets	Total
Acquisition cost at 1 January	**344**	**132**	**511**	**987**
Additions	-	18	32	**49**
Disposals	-	-34	-114	**-149**
Net foreign exchange differences on translation	-9	-4	-	**-13**
Acquisition cost at 31 December	**335**	**112**	**428**	**875**
Accumulated depreciation and impairment at 1 January	**-105**	**-92**	**-78**	**-275**
Depreciation*	-51	-19	-34	**-104**
Disposals	-	28	23	**51**
Impairment	-	-	15	**15**
Net foreign exchange differences on translation	3	2	-	**5**
Accumulated depreciation and impairment at 31 December	**-153**	**-80**	**-74**	**-307**
Net book value at 31 December	**182**	**32**	**354**	**568**

* Depreciation on operating lease assets is reported as "Other operating expenses" in the profit and loss statement.

Method of measurement	Acquisition cost	Acquisition cost	Acquisition cost
Depreciation method	Straight-line	Straight-line	Straight-line
Depreciation plan and useful life	3 – 10 years	1 – 10 years	1 month - 10 years
Average useful life	5 years	3 years	3 years

As at 31 December 2021, Buildings includes right-of-use assets of 182 MM NOK related to leased office premises.

2020	Buildings	Machines, fittings, equipment	Operating lease assets	Total
Acquisition cost at 1 January	**331**	**126**	**454**	**911**
Additions	13	26	203	**242**
Disposals	-	-8	-144	**-152**
Net foreign exchange differences on translation	-	-12	-2	**-14**
Acquisition cost at 31 December	**344**	**132**	**511**	**987**
Accumulated depreciation and impairment at 1 January	**-49**	**-67**	**-54**	**-170**
Depreciation*	-56	-32	-43	**-131**
Disposals	-	4	22	**26**
Impairment	-	4	-3	**1**
Net foreign exchange differences on translation	-	-	-	**-**
Accumulated depreciation and impairment at 31 December	**-105**	**-92**	**-78**	**-275**
Net book value at 31 December	**240**	**40**	**434**	**713**

* Depreciation on operating lease assets is reported as "Other operating expenses" in the profit and loss statement.

Note 24 - Intangible assets

All amounts in millions of NOK

2021	Software and other intangible assets	Goodwill	Total
Acquisition cost at 1 January	**946**	**401**	**1 346**
Additions	177	-	**177**
Disposals	-273	-	**-273**
Net foreign exchange differences on translation	-15	-19	**-34**
Acquisition cost at 31 December	**835**	**382**	**1 217**
Accumulated amortization and impairment at 1 January	**-471**	**-**	**-471**
Amortization	-157	-	**-157**
Disposals	264	-	**264**
Impairment	-	-	**-**
Net foreign exchange differences on translation	10	-	**10**
Accumulated amortization and impairment at 31 December	**-354**	**-**	**-354**
Net book value at 31 December	**481**	**382**	**863**

Method of measurement	Acquisition cost	Acquisition cost	
Amortization method	Straight-line	Goodwill is not amortized	
Amortization plan and useful life	3 – 7 years	-	
Average useful life	5 years	-	

The useful life regarding software is evaluated annually. Goodwill is related to the purchase of the portfolio from Eik Sparebank in 2007, the purchase of GE Money Oy in 2009 and GE Money Bank in 2014.

2020	Software and other intangible assets	Goodwill	Total
Acquisition cost at 1 January	**666**	**375**	**1 041**
Additions	276	-	**276**
Disposals	-14	-	**-14**
Net foreign exchange differences on translation	18	26	**43**
Acquisition cost at 31 December	**946**	**401**	**1 346**
Accumulated amortization and impairment at 1 January	**-369**	**-**	**-369**
Amortization	-91	-	**-91**
Disposals	1	-	**1**
Impairment	-12	-	**-12**
Net foreign exchange differences on translation	-	-	**-**
Accumulated amortization and impairment at 31 December	**-471**	**-**	**-471**
Net book value at 31 December	**475**	**401**	**876**

Note 25 - Leasing

All amounts in millions of NOK

Finance leases (as lessor):

The Bank owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as "loans to customers" in the balance sheet, and are valued at the present value of future cash flows.

	2021	2020
Gross investment in the lease:		
Due in less than 1 year	9 540	9 333
Due in 1 - 5 years	19 178	14 871
Due later than 5 years	56	50
Total gross investment in the lease	**28 775**	**24 254**
Present value of minimum lease payments receivable:		
Due in less than 1 year	9 238	8 976
Due in 1 - 5 years	18 245	13 829
Due later than 5 years	45	38
Total present value of minimum lease payments receivable	**27 528**	**22 843**
Unearned finance income	**1 247**	**1 411**

Operating leases (as lessor)

The Bank owns assets leased to customers under operating lease agreements. Operating lease agreements are reported as fixed assets in the balance sheet.

	2021	2020
Future minimum lease payments under non-cancellable operating leases		
Due in less than 1 year	163	158
Due in 1 - 5 years	202	302
Due later than 5 years	-	-
Total future minimum lease payments under non-cancellable operating leases	**365**	**460**

Finance leases (as lessee):
Right-of-use assets

The Bank leases several assets including buildings, machines and IT equipment. The average lease term is 3 years. If there is an option to extend the lease term of the right-of-use asset, the probability for extension has been calculated. This is the basis for lease term in the calculation.

2021	Buildings	Machines, fittings, equipment	Total
Cost at 1 January	**344**	**22**	**366**
Additions	-	-1	**-1**
Net foreign exchange differences on translation	-9	-	**-9**
Cost at 31 December	**335**	**21**	**356**
Accumulated depreciation at 1 January	**-105**	**-14**	**-119**
Charge for the year	-51	-5	**-56**
Net foreign exchange differences on translation	3	0	**3**
Accumulated depreciation at 31 December	**-153**	**-19**	**-172**
Carrying amount at 31 December	**182**	**3**	**184**

2020	Buildings	Machines, fittings, equipment	Total
Cost at 1 January	**331**	**22**	**352**
Additions	13	-	**13**
Cost at 31 December	**344**	**22**	**365**
Accumulated depreciation at 1 January	**-49**	**-7**	**-56**
Charge for the year	-56	-7	**-63**
Accumulated depreciation at 31 December	**-105**	**-14**	**-119**
Carrying amount at 31 December	**240**	**8**	**248**

	2021	2020
Amounts recognised in profit and loss		
Depreciation expenses relating to right-of-use assets	56	62
Interest expense on lease liabilities	3	4
Expense relating to short-term leases	23	23
Expense relating to leases of low value assets	3	3

At 31 December 2021, the Bank is committed to 23 MNOK in short-term leases.

Note 26 - Repossessed Assets

All amounts in millions of NOK

	2021	2020
Vehicles	17	-3
Total repossessed assets	**17**	**-3**

Note 27 - Changes in liabilities arising from financing activities

All amounts in millions of NOK

The tables below show a reconciliation of the opening and closing balances for liabilities arising from financing activities.

2021 **Liability**	**2020**	**Changes from financing cash flows**	**Changes in foreign exchange rates**	**Changes in fair value**	**Other changes***	**2021**
Debt to credit institutions	**20 428**	5 362	3 867	-	-1 257	**28 400**
Debt established by issuing securities	**35 528**	4 487	-1 639	**-**	-	**38 375**
Subordinated loan capital	**2 821**	-250	-108	-	-	**2 463**
Lease liability (IFRS16)	**247**	-78	-	-	-	**169**

* Other changes regarding the line item Debt to credit institutions, consists of changes in the debt to SPVs on future cash flow of securitized loans.

2020 **Liability**	**2019**	**Changes from financing cash flows**	**Changes in foreign exchange rates**	**Changes in fair value**	**Other changes***	**2020**
Debt to credit institutions	**21 808**	-1 730	2 650	-	-2 300	**20 428**
Debt established by issuing securities	**37 519**	-1 555	-436	-	-	**35 528**
Subordinated loan capital	**2 421**	250	150	-	-	**2 821**
Lease liability (IFRS16)	**291**	-44	-	-	-	**247**

* Other changes regarding the line item Debt to credit institutions, consists of changes in the debt to SPVs on future cash flow of securitized loans.

Note 28 - Lease liabilities

All amounts in millions of NOK

Maturities of lease liabilities	2021	2020
Less than a year	38	56
From 1 year to 3 years	101	110
From 3 year to 5 years	30	81
More than 5 years	-	-
Total lease liabilities	**169**	**247**

The Bank does not face a significant liquidity risk with regard to its lease liabilities. Liquidity risk is monitored within the Bank's treasury function.

Note 29 - Pension expenses and provisions

All amounts in millions of NOK

In Norway, the Bank has a collective defined contribution pension scheme under the Occupational Pensions Act for all employees. In addition, employees can withdraw pension from the collectively agreed AFP scheme. This scheme only applies to employees in Norway and forms part of a collective agreement. The previous defined benefit pension schemes were terminated in 2017 and active members were transferred to the defined contribution pension scheme. The remaining defined benefit pension commitments to certain employees consist of executive and early retirement pension schemes.

In Sweden, the Bank has a collectively agreed pension scheme for the banking sector, the BTP plan. The plan includes both defined benefit and defined contribution sections. Old-age, early retirement, disability and death benefits are provided under the BTP plan, which are funded via insurance with different insurance providers. Starting 1 July 2015, the results below include the former GE Money Bank pension schemes acquired in Sweden (BTP plan consistent with description above).

The defined benefit pension schemes expose the Bank to risks associated with longevity, inflation and salaries and also market risks on plan assets.

In Denmark, the Bank has defined contribution plans.

Pension expenses for defined benefit plans	**2021**	**2020**
Present value of year's pension earnings	-14	-17
Curtailment (gain) / loss	-	-
Settlement (gain) / loss	-	-
Interest cost on accrued liability	-7	-8
Interest income on plan assets	5	18
Allowance for taxes	-0	-
Net Pension expenses	**-16**	**-7**

Pension expenses for defined contribution plans	**2021**	**2020**
Total expenses	89	99

Pension liabilities in balance sheet	**2021**	**2020**
Pension funds at market value	350	357
Estimated pension liability	-399	-504
Net pension liability	**-49**	**-147**

The movement in the defined benefit obligation and fair value of plan assets over the year is as follows:

2021	Present value of obligation	Fair value of plan assets	Net pension liability
At 1 January	**-504**	**357**	**-147**
Current service cost	-14	-	**-14**
Curtailment gain / (loss)	-	-	**-**
Settlement gain / (loss)	-	-	**-**
Interest expense / Income	-7	5	**-2**
	-21	**5**	**-16**
Remeasurements:			
- Return on plan assets	-	-5	**-5**
- Gain/(Loss) from change in demographic assumptions	-	-	**-**
- Gain/(Loss) from change in financial assumptions	60	-	**60**
- Gain/(Loss) from plan experience	20	-	**20**
- Change in asset ceiling	-	-	**-**
	80	**-5**	**75**
Exchange rate differences	33	-24	**9**
Contributions:			
- Employer	-	29	**29**
- Plan participants	-	-	**-**
Payments from plans:			
- Benefit payments	12	-12	**-**
Acquired in a business combination	-	-	**-**
Settlement	-	-	**-**
Others	-	-	**-**
	45	**-7**	**38**
At 31 December	**-399**	**350**	**-49**

2020	Present value of obligation	Fair value of plan assets	Net pension liability
At 1 January	**-444**	**304**	**-140**
Current service cost	-17	-	**-17**
Curtailment gain / (loss)	-	-	**-**
Settlement gain / (loss)	-	-	**-**
Interest expense / Income	-8	18	**10**
	-25	**18**	**-6**
Remeasurements:			
- Return on plan assets	-	-3	**-3**
- Gain/(Loss) from change in demographic assumptions	-	-	**-**
- Gain/(Loss) from change in financial assumptions	-	-	**-**
- Gain/(Loss) from plan experience	-	-	**-**
- Change in asset ceiling	-	-	**-**
	-	**-3**	**-3**
Exchange rate differences	-48	20	**-28**
Contributions:			
- Employer	-	29	**29**
- Plan participants	-	-	**-**
Payments from plans:			
- Benefit payments	12	-12	**-**
Acquired in a business combination	-	-	**-**
Settlement	-	-	**-**
Others	-	-	**-**
	-36	**38**	**2**
At 31 December	**-504**	**357**	**-147**

The defined benefit obligation and plan assets are composed by country as follows:

		2021			2020	
	Norway	**Sweden**	**Total**	**Norway**	**Sweden**	**Total**
Present value of obligation	-10	-390	-399	-12	-492	**-504**
Fair value of plan assets	-	350	350	-	357	**357**
Total	**-10**	**-40**	**-49**	**-12**	**-135**	**-147**

The following assumptions have been used calculating future pensions:

	2021		2020	
	Norway	**Sweden**	**Norway**	**Sweden**
Discount rate	1,50%	2,00%	1,50%	1,50%
Inflation	1,50%	1,75%	1,50%	1,75%
Salary growth rate	2,50%	3,25%	2,00%	3,25%
Pension growth rate	2,00%	1,75%	1,75%	1,75%
Rate of social security increases	2,00%	1,50%	1,75%	1,60%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2021		2020	
	Norway*	Sweden	Norway*	Sweden
Retiring at the end of the reporting period:				
- Male	-	22	-	22
- Female	-	24	-	24
Retiring 20 years after the end of the reporting period:				
- Male	-	24	-	24
- Female	-	26	-	26

The Mortality table K2013 is used for Norway and DUS14 (White collar) for Sweden.
* The Norwegian defined benefit schemes were terminated in 2017 and the table shows remaining members.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Norway	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1,00%	Decrease by 7,09%	Increase by 8,04%
Salary growth rate	1,00%	Increase by 1,08%	Increase by 0,98%

Sweden	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1,00%	Decrease by 30,76%	Increase by 26,32%
Salary growth rate	1,00%	Increase by 1,15%	Decrease by 1,21%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognized within the statement of financial position.

The main defined benefit pension schemes in Sweden are funded via insurance policies. The insurance companies have placed the assets in consolidated portfolios of domestic and foreign interest bearing securities, shares, properties and other investment instruments. The defined benefit pension scheme in Norway is unfunded.

The Bank's expected contributions for defined benefit plans, including pension payments paid directly by the company and pension related taxes, for the next financial year amount to 27 989 TNOK.

The weighted average duration of the defined benefit obligation is 2.6 years in Norway and 28.4 years in Sweden.

Expected maturity of undiscounted pension benefit payments:

At 31 December 2021	Less than 1 year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Total
Pension benefit payments	12	5	21	49	**87**

Note 30 - Remuneration

All amounts in thousands of NOK

The Bank's principles for determining remuneration, including criteria for the stipulation of any variable remuneration, are stipulated in the Bank's Remuneration Policy. Further, the Bank has established a remuneration committee, which is a subcommittee of the Board of Directors. The remuneration committee works as both a preparatory and advisory committee for the Board of Directors with respect to the Bank's Remuneration Policy.

The Remuneration Policy applies to all employees in the Bank, as well as the Bank's subsidiary in Finland. Special requirements apply to senior executives, employees with responsibilities which are of great importance to the company's risk exposure ('risk takers'), and employees in independent control functions. The overall objectives for the Bank's remuneration policy are to support the Bank's strategies for recruiting, retaining, developing and rewarding employees who contribute to creating shareholder value at the Bank and to support the Bank's performance culture. The Remuneration Policy is intended to ensure the credibility, effectiveness and fairness of the Bank's remuneration practices and the adequacy, proportionality and balance of the ratio of fixed versus variable remuneration. Additionally, the Remuneration Policy intends to ensure that the overall remuneration structure reflects sound and effective risk management principles. As a result, a key element in the Remuneration Policy is to counteract risk-taking that exceeds the level of tolerated risk for the Bank while, at the same time, offer a flexible remuneration structure. The Remuneration Policy shall further ensure that the total variable remuneration paid out will not conflict with the requirement of maintaining a sound capital base.

Employees identified as "Senior Management Team" and "Material Risk Takers" are included in the Corporate Bonus Scheme (CBS). The CBS is decided by the Banco Santander S.A. Board of Directors and the Group Remuneration Committee on an annual basis. Each participant of the bonus scheme has a Base Bonus level which is the reference bonus.

Principles for Bonus Schemes:
The scheme consists of four equal elements; 1) cash bonus, 2) shares subject to 1 year of holding, 3) cash bonus subject to 1 year of holding with three years deferral and 4) shares subject to 1 year of holding with three years deferral. Based on this 50% of the CBS bonus is awarded in shares and 50% of the bonus is deferred. The shares received are Banco Santander S.A. shares.

Conditions for the bonus scheme are to be based on a combination of an individual appraisal of each employee, the performance of the Bank, and a qualitative performance of the Bank. Control functions are not measured on financial performance. The financial performance is measured on e.g. Net Income or Risk adjusted Profit before Tax; also risk results e.g. Management delinquency variation. The qualitative performance is measured on e.g. Employee satisfaction, compliance and alignment with non-financial targets.

Granted options are not part of the corporate plan.

Remuneration for members of the Board of Directors is subject to approval of the Bank's General Meeting.

Pension schemes
The Bank offers different pension and insurance schemes in the Nordic countries:

<u>Norway</u>
1. Defined Contribution: 7% up to 7G and 18% from 7G to 12G
2. Pension scheme for wages above 12G: 18% paid over payroll

<u>Sweden</u>
Two different types of pensions schemes. BTP1 & BTP2 according to the collective agreement. All new employees goes into the BTP1 plan.
BTP1 – Santander pays a monthly premium, but the actual outcome of pension is unknown.
1. 2 % on salary up to 7,5 "Inkomstbasbelopp" (IBB) - Valbar del
2. 2,5 % on salary up to 75 "Inkomstbasbelopp" (IBB) – Trygg del
3. 30 % of salary between 7,5 – 30 IBB.

BTP2 is defined by promising different per cent of the pension entitling salary:
1. 10 % on salary up to 7,5 "Inkomstbasbelopp" (IBB)
2. 65 % of the salary-parts between 7,5 and 20 IBB
3. 32,5 % on salary-parts between 20 and 30 IBB

The pension is normally paid from the age of 65.

Denmark

Pensions Scheme with employer contribution 11 % of salary, and employee contribution 5,25 % of salary (Optional additional payment).

Key management compensation:

The tables below show the accrued salary, bonus, pension and compensations for CEO and other Key management:

	Salary	Bonus	Pension	Other benefits	Total 2021	Total 2020
Michael Hvidsten, Chief Executive Officer	4 897	1 500	166	908	**7 471**	**7 192**
Steve Franklin, Chief Commercial Officer (as of 17.05.2021)	1 750	450	-	519	**2 719**	**-**
Knut Øvernes, Chief Commercial Officer (until 31.08.2021)	2 466	-	-	234	**2 700**	**3 575**
Peter Sjöberg, Chief Operating Officer	2 333	462	-	214	**3 009**	**3 239**
Anders Bruun-Olsen, Chief Financial Officer	1 940	358	146	339	**2 783**	**2 801**
Tina Krogsrud Fjeld, Chief T&O Officer	1 887	480	146	306	**2 819**	**2 506**
Espen Hovland, Chief Controlling Officer	1 714	350	146	270	**2 480**	**2 195**
Andres Diez, Chief Risk Officer	1 946	450	146	331	**2 873**	**2 810**
Marion Bout, Chief Compliance Officer*	1 200	335	-	587	**2 122**	**1 742**
Total	**20 133**	**4 385**	**750**	**3 707**	**28 975**	**26 060**

*Salary net of tax

Bonus shares (part of CBS program)	Number of shares earned in 2021	Total number of shares earned, but not issued as at 31 December 2021	Value of the shares earned, but not issued* as at 31 December 2021
Michael Hvidsten, Chief Executive Officer	25 000	39 431	1 183
Steve Franklin, Chief Commercial Officer (as of 17.05.2021)	7 500	7 500	225
Knut Øvernes, Chief Commercial Officer (until 31.08.2021)	-	7 645	229
Peter Sjöberg, Chief Operating Officer	7 708	14 290	429
Anders Bruun-Olsen, Chief Financial Officer	5 979	11 527	346
Tina Krogsrud Fjeld, Chief T&O Officer	8 000	10 814	324
Espen Hovland, Chief Controlling Officer	5 833	8 510	255
Andres Diez, Chief Risk Officer	7 500	12 842	385
Marion Bout, Chief Compliance Officer	5 592	6 777	203
Total	**73 112**	**119 336**	**3 579**

* All amounts in thousands of NOK

Defined share value	2021	2020	2019
Share value - Banco Santander (EUR) *	3	3	4
Share value - Banco Santander (NOK) *	29	28	36

* Value of shares is an estimate based on the Santander S.A. share price from BME Stock Exchange as at 31 December 2021, and the exchange rate as at 31 December 2021.

Board of Directors		2021	2020
Henning Strøm	Chair of the Board	750	550
Tina Stiegler	Director/ Board Member External	530	450
Anne Kvam	Director/ Board Member External	530	-
Sara Norberg	Director/ Employee Representative	250	25
Tone Bergsaker Strømsnes	Director/ Employee Representative	230	88
Christa Skovgaard	Deputy Director/ Employee Representative	25	-
Lukas Rudolph Jansen van Vuuren	Deputy Director/ Employee Representative	30	-
Arja Pynnönen	Observer	25	200
Federico Ysart Alvarez De Toledo	Deputy Chair/ Board Member Non-executive	-	-
Francisco Javier Anton San Pablo	Director/ Board Member Internal Non-executive	-	-
Ramon Billordo	Director/ Board Member Non-executive	-	-
Total		**2 370**	**1 313**

	2021		2020	
Staff as at 31 December (permanent employees only)	**Number of employees**	**Average FTE for the year**	**Number of employees**	**Average FTE for the year**
Norway	593	535	629	577
Sweden	275	254	320	301
Denmark	225	217	228	247
Total	**1 093**	**1 007**	**1 177**	**1 125**

Audit services and advisory services (without VAT)*	2021	2020
Audit services	13 843	18 875
Other attestation services	265	211
Total	**14 108**	**19 086**

* All amounts in thousands of NOK

Advokatfirmaet PWC has performed tax services at 1 116 thousand NOK in 2021. The amount is not included in the overview of audit services and advisory services.

Note 31 - Ownership interests in group companies

All amounts in millions of NOK

Interests in consolidated entities

The Bank holds 100% of the shares in Santander Consumer Finance OY. The subsidiary's address is Risto Rytin tie 33, 00570 Helsinki, Finland. The net investment in the subsidiary is subject to changes in foreign exchange rates. The investment is being hedged. See note 20 for further details.

	2021	**2020**
Number of shares held by the Bank	600 000	600 000
Net investment	1 647	1 733

Santander Consumer Finance OY	**2021**	**2020**
Equity	3 127	2 988
Total assets	37 564	42 844
Profit for the year	547	301

Interests in unconsolidated entities

In order to manage the Bank's risk exposure, the Bank has entered into a financial guarantee in the form of a synthetic securitization with a limited number of investors. The selected portfolio consists of SEK 4.2 Billion IRB Auto Loans at December 31, 2021. In the transaction investors agree to invest in notes linked to the mezzanine risk of the portfolio.

An Irish SPV, Svensk Autofinans Syn I DAC, was established to provide the financial guarantee to the Bank. At the same time, the SPV issued credit linked notes (CLN), which mirror the risk of the financial guarantee. The proceeds from the issuance of the notes are put in a deposit account in the Bank to fully collateralize the financial guarantee.

The received collateral amount is recognized in Other Liabilities, whereas the financial guarantee premium the Bank pays for the guarantee, is recognized in the Fee and Commission Expenses in the Profit and Loss statement.

The SPV is not included in the consolidated financial statement in accordance with IFRS 10, as the Bank does not control the SPV.

Svensk Autofinans Syn I DAC	**2021**	**2020**
Assets*	413	768
Liabilities*	413	768

* Amounts in millions of SEK

Note 32 - Receivables and liabilities to related parties

All amounts in millions of NOK

Debt to related parties:	2021	Accrued Interest 2021	2020	Accrued Interest 2020
Santander Consumer Finance S.A.	26 677	2	18 231	1
Debt to SPV on future cash flow of securitized loans	870	-	2 127	-
Total	**27 547**	**2**	**20 358**	**1**

Balance sheet line: "Subordinated loan capital" - Bonds	2021	Accrued Interest 2021	2020	Accrued Interest 2020
MNOK 250, maturity July 2025, 3 months NIBOR + 3.135% (Santander Consumer Finance S.A)	-	-	250	1
MNOK 500, maturity September 2027, 3 months NIBOR + 1.66% (Santander Consumer Finance S.A)	500	1	500	2
MSEK 750, maturity December 2029, 3 months STIBOR + 2.08% (Santander Consumer Finance S.A)	730	1	783	1
MSEK 750, maturity December 2030, 3 months STIBOR + 2.29% (Santander Consumer Finance S.A)	730	0	783	-
MNOK 500, maturity June 2031, 2.62% (Santander Consumer Finance S.A)	500	1	500	1
Total	**2 461**	**3**	**2 816**	**4**

* Subordinated loan at MNOK 250 with maturity July 2025 was redeemed by exercising the call option in January 2021.

Receivables on related parties:	2021	Accrued interest Interest 2021	2020	Accrued interest Interest 2020
Balance sheet line: "Commercial papers and bonds"				
B and C notes issued by SPVs	453	-	486	-
Balance sheet line :"Loans to subsidiaries and SPV's"				
Loan to subsidiary (Santander Consumer Bank OY)	18 419	79	14 093	70

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

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

Note 33 - Transactions with related parties

All amounts in millions of NOK

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

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

The following transactions were carried out with related parties:

	2021	2020
Interest income	176	217
Interest expenses	-77	-122
Interest payments additional Tier 1 capital	-118	-136
Fees	7	16
Other	-58	6
Net transactions	**-69**	**-19**

The Bank had transactions with the following related parties as at 31 December 2021:

Banco Santander S.A.
Santander Consumer Finance OY
Santander Consumer Finance S.A.
Santander Seguros Y Reaseguros S.A.

SPV:
Svensk Autofinans WH 1 Ltd

Note 34 - Contingent liabilities & commitments and provisions

All amounts in millions of NOK

	2021	2020
Contingent liabilities*	75	76
Commitments (Granted undrawn credits)	31 434	27 952

* Contingent liabilities relates mainly to payment guarantees issued to customers.

Note 35 - Result over total assets

All amounts in millions of NOK

	2021	2020
Profit after tax (PAT)	2 020	1 726
Total assets (Assets)	174 296	171 927
PAT over Assets	**1,16%**	**1,00%**

Note 36 - Business combination

All amounts in millions of NOK

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

Statement of the acquisition appears in the Group notes.

Forso Nordic AB was integrated with Santander Consumer Bank AS by a legal merge 9 September 2020. However, for accounting purposes the merger was implemented from 1 July 2020. All assets and liabilities were transferred to the Bank measured at book value according to IFRS.

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

	1 July 2020
Total deposits with and loans to financial institutions	1 043
Loans to customers	5 646
Repossessed assets	8
Investments in subsidiaries	351
Intangible assets	2
Fixed assets	8
Other assets	85
Total assets	**7 143**
Debt to credit institutions	-5 269
Tax payable	-15
Other financial liabilities	-4
Deferred tax	-133
Other liabilities	-592
Total liabilities	**-6 013**
Net assets transferred to SCB AS	**1 130**

For accounting purposes the merger has been booked at full continuity. Profit after tax for Forso Nordic AB for the period 1 March 2020 to 30 June 2020 was transferred to equity for the Bank. Profit after tax for the period 1 July 2020 to 31 December was included in the Banks result.

For tax purposes the merger has been implemented with continuity in all three countries. The merger has been given taxable effect from 9 September 2020. Due to the change of headquarter from Sweden to Norway, all business and assets allocated to Forso Nordic AB's Norwegian and Danish branch have been taken out of Swedish tax jurisdiction, and therefore subject to exit taxation in Sweden. Further all business and assets related to Forso Nordic AB's business in Sweden and Denmark are taken into Norwegian tax jurisdiction by the merger.

Profit after tax Forso Nordic AB:	**Total**
01 January - 30 June	37

Santander
Consumer Bank