

2018

INTERIM REPORT FOR THE 2ND QUARTER





BUSINESS IDEA, VISION/VALUES AND GOALS

Business idea

Business areas

SpareBank 1 BV aims to contribute to value creation in the local communities by providing a wide range of financial services, as well as relevant advice to individuals and businesses.

In all the business areas, we aim to offer a product range that is competitive in breadth, quality and timeliness. Operations within all business areas should be characterised by good advice and an active focus on sales. Sales and consultancy should be based on competence, good quality and ethical norms in line with the traditions in the savings banking industry.

Market area

SpareBank 1 BV's geographical market area covers Buskerud, centred around Kongsberg and Drammen, and Vestfold, where the bank's geographical area extends from Holmestrand in the north to Larvik in the south.

The SpareBank 1 BV Group has a business address in Tønsberg, and offices in Drammen, Mjøndalen, Lier, Kongsberg, Holmestrand, Horten, Tønsberg, Nøtterøy, Sandefjord and Larvik.

Resource management

Within the priority areas described in the business idea, the resources should be used in the way that yields the best return on capital, in the best interests of equity certificate holders, customers, employees and the district.

Vision, values and goals

Vision

Together we create value

Our core values

Customer first – Together we are best.

Our values

Learning – engaged – close

Main strategic objective

The group's main strategic objective is to create value for its customers and the region in which the group is a part. We want to promote local initiatives, companies and people living in the region so that together we can contribute to growth and development. This will also create value for the owners and employees of the business.



04	INTERIM REPORT FROM THE BOARD OF DIRECTORS	27	8. LENDING TO CUSTOMERS BROKEN DOWN BY SECTOR AND INDUSTRY
	INTERIM FINANCIAL STATEMENTS	28	9. CAPITAL ADEQUACY
14	SUMMARY OF RESULTS AND KEY FIGURES	30	10. DERIVATIVES
16	INCOME STATEMENT	30	11. NET INCOME FROM OTHER FINANCIAL INVESTMENTS
17	BALANCE SHEET	31	12. SECURITIES DEBT AND SUBORDINATED LOAN CAPITAL
18	RESULTS FROM QUARTERLY FINANCIAL STATEMENTS	32	13. SEGMENT INFORMATION
19	RESULTS FROM QUARTERLY FINANCIAL STATEMENTS - HISTORICAL FIGURES PRO FORMA	34	14. CRITICAL ACCOUNTING ESTIMATES AND DISCRETIONARY VALUATIONS
20	CHANGE IN EQUITY	34	15. SALE OF LOANS
22	CASH FLOW STATEMENT	34	16. LIQUIDITY RISK
	NOTES TO THE FINANCIAL STATEMENTS	35	17. ASSESSING FAIR VALUE OF FINANCIAL INSTRUMENTS
24	1. ACCOUNTING POLICIES	39	18. SALE OF THE BANK'S BUSINESS PREMISES
24	2. LOSSES ON LOANS AND GUARANTEES	39	19. WINDING-UP OF DEFINED-BENEFIT PENSION SCHEMES
25	3. LOSS PROVISIONS ON LOANS AND WARRANTIES	39	20. EVENTS AFTER THE BALANCE SHEET DATE
26	4. LOANS TO CUSTOMERS BROKEN DOWN INTO STEPS 1, 2 AND 3	40	DECLARATION BY THE BOARD AND MANAGING DIRECTOR
26	5. OTHER ASSETS	41	THE BANK'S EQUITY CERTIFICATES
27	6. OTHER LIABILITIES	44	STATEMENTS ON FUTURE MATTERS
27	7. DEPOSITS FROM CUSTOMERS BROKEN DOWN BY SECTOR AND INDUSTRY	45	AUDIT STATEMENT



INTERIM REPORT FROM THE BOARD OF DIRECTORS

The SpareBank 1 BV group

The SpareBank 1 BV group is a regional business with its market area in Nedre Buskerud and Vestfold.

The group's main activity consists of the parent bank, as well as the wholly-owned subsidiaries Eiendoms-Megler 1 BV AS and SpareBank 1 Regnskapshuset BV AS. It also owns 60% of Z-Eiendom AS. The companies are located in Kongsberg, Mjøndalen, Drammen, Lier, Norway, Horten, Tønsberg, Vestfold, Sandefjord and Larvik.

The quarterly accounts have been prepared in accordance with IAS 34 on Interim reporting.

Simplified audit checks on the quarterly accounts have been carried out in accordance with ISRE 2410.

The comments and figures below refer to the group unless explicitly stated otherwise. Figures in brackets relate to the corresponding period last year.

Highlights of the 2nd quarter

- Earnings after tax: NOK 220.5 million (92.6 million).
- Annualised return on equity: 20.7% (9.5%).
- Net interest income: NOK 146.1 million (140.9 million).
- Net commission and other income: NOK 127.8 million (106.2 million).
 - Including gains from the sale of own office buildings for NOK 18.1 million.
- Net income from financial assets: NOK 51.6 million (32.7 million).
 - Including positive value adjustment from Vipps merger - NOK 24.6 million.
- Operating costs: NOK 43.0 million (154.3 million).
 - Including one-time effect of winding up defined-benefit pension schemes, NOK -92.2 million)
 - Last year included costs related to technical merger of NOK 12.0 million
- Net losses on loans and guarantees: NOK 11.3 million (1.6 million).

Highlights January – June

- Earnings after tax: NOK 385.0 million (275.5 million).
- Annualised return on equity: 18.2% (14.5%)
- Net interest income: NOK 286.5 million (274.1 million).
- Net commission and other income: NOK 300.4 million (202.1 million).
 - Including gains from sale of own office buildings for NOK 90.7 million.
- Net income from financial assets: NOK 80.7 million (159.8 million).

- Including positive value adjustment from Vipps merger - NOK 24.6 million.
- Last year included recognised negative goodwill of NOK 88.6 million.
- Operating costs: NOK 185.0 million (297.4 million).
 - Including one-time effect of winding up defined-benefit pension schemes, NOK -92.2 million)
 - Last year including costs related to technical merger of 17.5 million
- Net losses on loans and guarantees: NOK 18.1 million (6.1 million).
- Total growth in lending for last 12 months, including portfolio transferred to SpareBank 1 Boligkreditt/ Næringskreditt: 8.8% (37.3%)
 - Including SpareBank 1 Nøtterøy-Tønsberg, 12-month growth for the previous year was 4.8% (pro-forma figure).
- Deposit growth last 12 months: -0.1% (46.0%).
 - Including SpareBank 1 Nøtterøy-Tønsberg, 12-month growth for the previous year was 8.2% (pro-forma figure).
- Tier 1 capital ratio, proportional consolidation: 17.7% (parent bank last year 18.8%).
- Common equity tier 1 capital, proportional consolidation: 16.2% (parent bank last year 17.1%).
- Leverage ratio, proportional consolidation: 8.2% (parent bank last year 9.8%).

Financial performance

Cumulative figures as at 30.06 unless explicitly stated otherwise.

Profit/loss

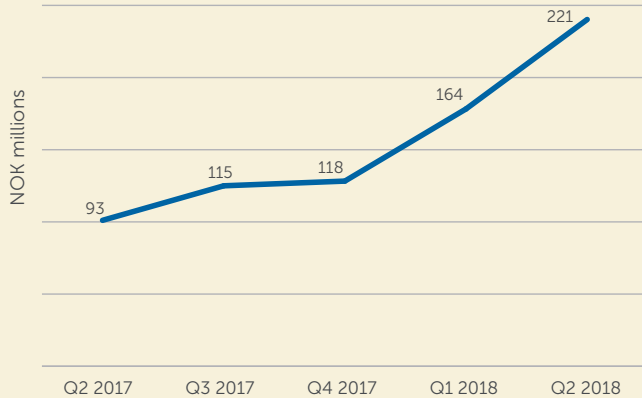
The SpareBank 1 BV group had a net profit from ordinary operations before losses of NOK 482.6 million (338.6 million). Profit after tax was NOK 385.0 million (275.5 million), which represents 2.22% (1.72%) of average total assets. The group's annualised return on equity was 18.2% (14.5%).

The return on equity in the group was heavily affected in the first half of 2018 by gains from the sale of the bank's 4 business premises for NOK 90.7 million and revenue recognition from winding up defined-benefit pension schemes worth NOK 92.2 million. In the first half of 2017 recognised negative goodwill related to the merger amounted to NOK 88.6 million and costs associated with the technical merger NOK 17.5 million. These items made up the group's annualised return on equity of 10.6% (10.5%).

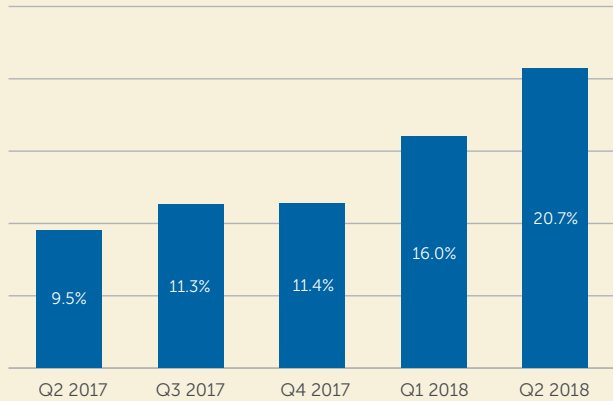
Earnings per equity certificate in the parent bank were NOK 3.25 (2.22).

Quarterly change in income after tax and return on equity

Profit/loss after tax



Return on equity



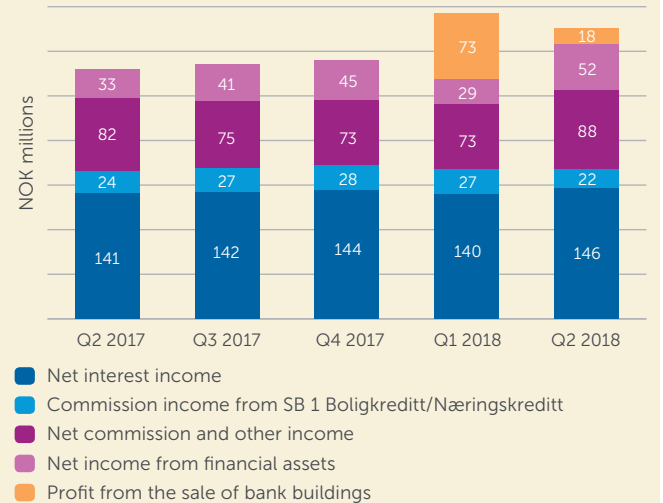
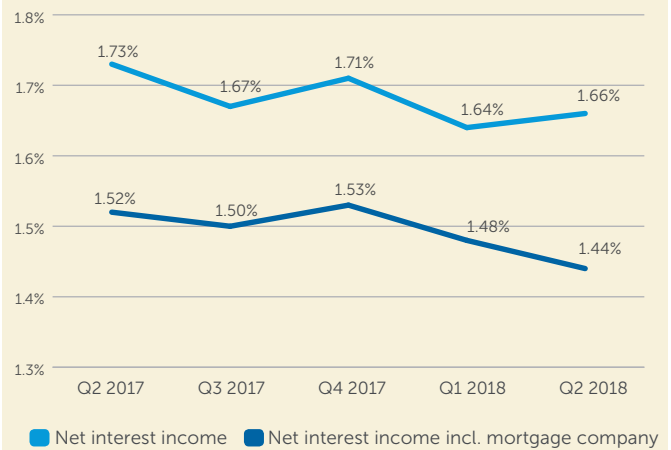
Net interest income

Net interest income amounted to NOK 286.5 million (274.1 million). Net interest income as a percentage of average total assets was 1.65% (1.71%).

Increased money market rates (NIBOR-related) in the first half-year, are hitting interest rates, and is the main reason why net interest income as a percentage of average total assets has been reduced to 1.65% (1.71%). The commissions from SpareBank 1 Boligkreditt AS are also reduced as a result of the increase in NIBOR.

At the end of June, the bank transferred mortgages for NOK 11,575 million (10,728 million) to SpareBank 1 Boligkreditt AS, and for NOK 93 million (208 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 49.6 million (44.9 million) at 30.06.2018.

Quarterly change in net interest income (%), interest income, net commission and other income, and profit/loss from financial assets (NOK millions)



Net commission and other income

Net commission and other income totalled NOK 300.4 million (202.1 million).

Net commission income

Net commission income amounted to NOK 131.8 million (124.4 million). The increase is mainly due to increased commissions from Boligkreditt.

Other operating income

Other operating income amounted to NOK 168.6 million (77.7 million). Gains from the sale of the bank's 4 business premises account for NOK 90.7 million of the increase from last year.

The bank's premises on Nøtterøy (parent bank), in Sandefjord (subsidiary), in Horten (subsidiary company) and in Kongsberg (subsidiary) were sold off in the first half-year. The sales produced a total accounting gain of NOK 12.7 million in the parent bank and NOK 90.7 million in the group. The business premises in Kongsberg were sold in April with an accounting profit in the group in the second quarter of NOK 18.1 million. NOK 38 million of the total group profits were taken in the parent bank in connection with the divestment from the three business premises in 2016.

Net income from financial assets

Net income from financial assets amounted to NOK 80.7 million (159.8 million). Last year's figures include recognised negative goodwill relating to the 2017 merger of NOK 88.6 million. The key items in the first half of 2018 consist of dividends of NOK 27.6 million, net income from ownership interests of NOK 25.5 million, and a positive value adjustment related to the merger of Vipps AS, BankAxept AS and Bank ID Norge AS of NOK 24.6 million.

Operating costs

Total operating costs were NOK 185.0 million (297.4 million). Operating costs as a percentage of total operating income (excl. financial investments) for the group came to 31.5% (62.5%). The corresponding cost ratio for the parent bank was 27.7% (58.9%).

Personnel costs

Personnel costs amounted to NOK 72.5 million (163.5 million).

Following the Board's decision to combine the bank's pension schemes, the bank's three closed defined-benefit schemes, and its two existing defined-contribution schemes will be discontinued and replaced with a new, defined-contribution scheme. The new scheme will contribute to increased predictability in pension costs in the future, and reduced pension liabilities.

The new defined-contribution scheme for all employees in the parent bank is as follows:

- Salaries up to 12 G 7.0%
- Supplement for salaries from 7.1 - 12 G 15.0%

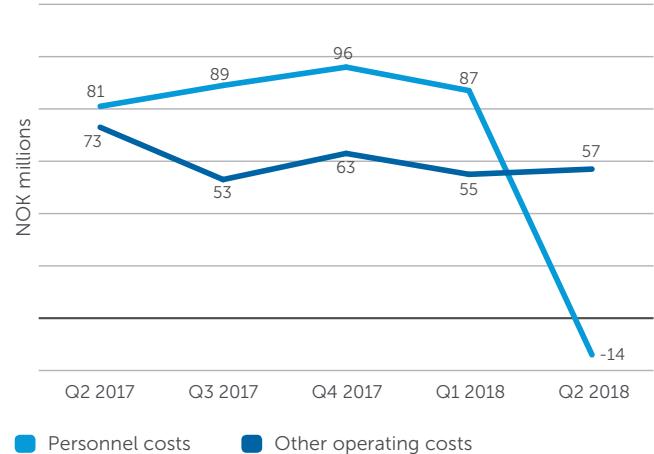
The new defined-contribution scheme will be implemented in the 3rd quarter of 2018.

The one-time effect of winding up defined-benefit pension schemes is recognised at NOK 92.2 million in the second quarter.

Other operating costs

Other operating costs amounted to NOK 112.5 million (134.0 million). Costs related to the technical merger were charged at NOK 17.5 million in the first half of 2017, including NOK 12.0 million in the second quarter.

Quarterly change in operating costs

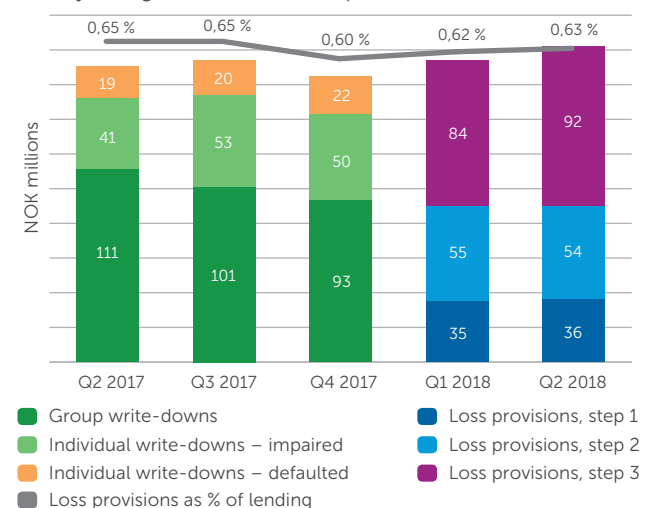


Losses and loss provisions

Net losses on loans and guarantees amounted to NOK 18.1 million (6.1 million) at 30.06. Net losses as % of average gross lending amounted to 0.06% (0.03%).

A new loss model (IFRS 9) was implemented from 1 January 2018. The implementation means that historical figures will not be directly comparable. Please refer to additional details in Notes 1 to 4 to the quarterly report and Note 40 to the financial statements for 2017.

Quarterly change in losses and loss provisions



Balance sheet development

The group's total assets amounted to NOK 36,079 million. This represents an increase of NOK 2,085 million over the last 12 months. The group's business capital (total assets including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) amounted to NOK 47,746 million (44,930 million).

Lending and deposit development

Gross lending (including volume transferred to Boligkreditt/Næringskreditt) amounted to NOK 40,782 million. In the last 12 months there has been an increase of NOK 3,313 million, equivalent to 8.8%. The growth was made up of NOK 3,145 million, or 10.5%, in the retail market and NOK 167 million, or 2.2%, in the corporate market. The retail market share of lending (including Boligkreditt) at the end of the second quarter was 81% (80%).

At the end of the second quarter, the group had a deposit volume of NOK 21,933 million (21,950 million) with deposit growth of -0.1% in the last 12 months. The growth was made up of NOK 361 million, or 2.8%, in the retail market and NOK 378 million, or 4.2%, in the corporate market. Lower deposit volumes within the corporate market are due to a decrease in the portfolio within the local government sector. The group had deposit coverage of 75.3%, compared with 82.7% at the same time last year, including volumes transferred to Boligkreditt/Næringskreditt, deposit coverage is 53.8% (58.6%). The retail market share of deposits at the end of the 2nd quarter was 60% (58%).

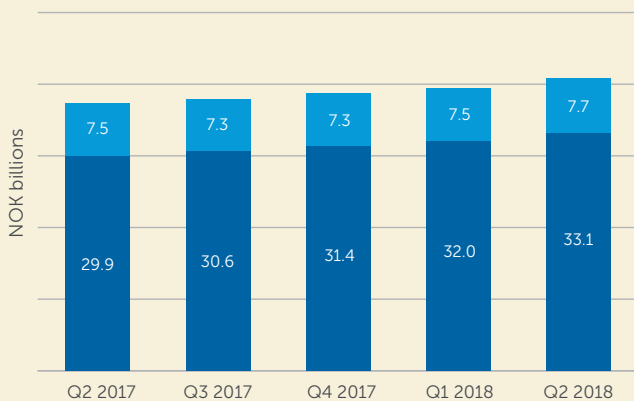
Retail market

The trend towards self-service and digital solutions is still growing, especially on mobile devices. The operating concept assumes that customers can contact the bank via the channel they themselves choose, and we find that customers are increasingly using chat, mobile/internet banking and email when they get in touch with the bank. Digital insurance sales have increased over 35% compared to last year and over 90% of fund saving is handled by customers themselves via digital channels. Through the second quarter, the proportion of online loan applications doubled in relation to the first quarter and developments are in line with the bank's long-term objective of increased digitisation.

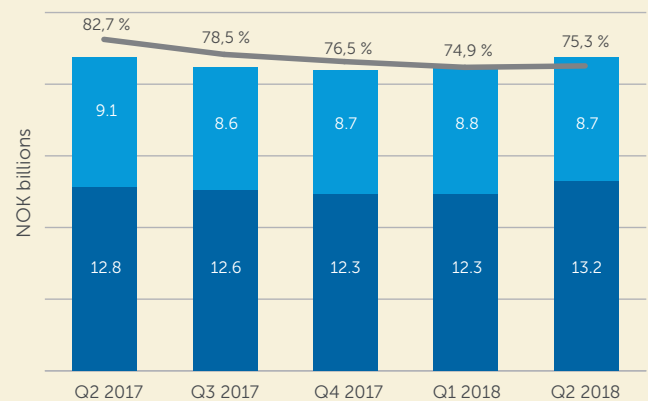
As well as using banking services in self-service digital solutions, more and more customers now want to have online meetings with an advisor. The possibility of conducting a meeting with an advisor via online channels was introduced in 2016 and has become an important, relevant and flexible channel for many of the bank's customers in 2018. This is a development we expect to continue.

Customers are increasingly satisfied with SpareBank 1 BV. The annual customer survey also shows a positive trend this year. It is especially gratifying that customers are expressing increased satisfaction with the technical and interpersonal skills of our advisors. Customers also express great satisfaction with the mobile bank and want SpareBank 1 BV to take even more relevant initiatives on their behalf.

Quarterly change in loans and deposits



- Retail market – Lending incl. mortgage company
- Corporate market – Lending incl. mortgage company



- Retail market deposits
- Corporate market deposits
- Deposit coverage (excl. mortgage company)

Our market area shows a positive trend with low unemployment and rising house prices. The price increase from the fourth quarter of 2017 to the second quarter of 2018 is 2.7% for Drammen and 4.9% for Kongsberg. The biggest growth in house prices can be seen in Sandefjord and Holmestrand (5.9%) and Tønsberg (4.6%).

In the retail market the bank had lending growth in the second quarter of 2.5% (first half-year, 5.5%), with particularly strong growth in Drammen, Horten and Holmestrand. The offices in Lier and Holmestrand, which were established in the second half of 2017, are contributing well to this development.

Through the second half-year, the bank will continue to refine and simplify the range of services to customers. We are well under way with the process of becoming more analysis and data-driven in our customer communications. This will help improve our ability to take relevant initiatives. In 2018 we will also complete the work on a new savings strategy focussing on pension savings, investments in funds and deposits in general.

Corporate market

SpareBank 1 BV aims to be the bank that works with our corporate clients live up to the vision: "Together we create value"

The economy in our region is diverse and perceived as very attractive. SpareBank 1 BV has a constant focus on being a good supporter for the region and for business in general, as well as contributing to positive developments in terms of preserving and creating new jobs. In line with our long-term strategy, we have successfully enhanced the interaction between our business areas so our customers are now offered greater coherence in the product range. We are seeing a steady growth in interest in our concept in the corporate market and are experiencing particularly good growth in the Drammen area.

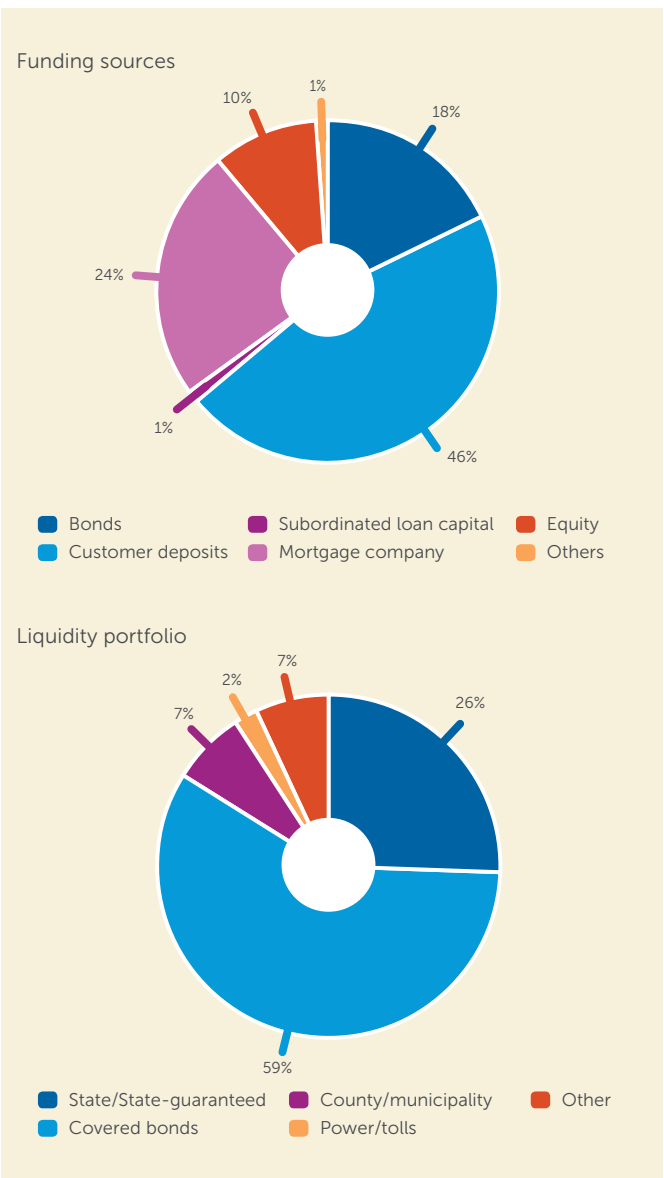
The trend towards digitisation is also increasing within the corporate market and we are constantly working to streamline our processes. We are already seeing the effects of this through an increase in new business online and through the use of electronic signature. In the current year it has also become possible to apply for operating loans, and there is now a facility for user-entered changes to existing loans through the company's online service. The investment in digital development will continue within all business areas in the corporate market division. Relationships and advice are still very important to our corporate customers.

The corporate market showed lending growth of 4.8% in the first half of the year.

Liquidity

The bank's liquidity situation at the end of the quarter is very satisfactory. The bank has a liquidity portfolio of NOK 3,967 million at 30.06.2018. The bank aims to keep the liquidity risk at a low level. SpareBank 1 BV has a goal of being able to maintain ordinary operation for a minimum of 12 months without access to external financing in a normal market. As of 30.06.2018, the bank is well above this target.

At the end of the quarter mortgage loans totalling NOK 11.575 million were transferred to SpareBank 1



Boligkreditt AS, an increase of NOK 509 million from the start of year. As of 30.06.2018 the bank has a portfolio of approved loans for transfer to Boligkreditt worth NOK 7,900 million.

In 2018, the group has a target to increase the average time to maturity of its bond debt from 2.75 years to 2.9 years. At the end of the second quarter, the average term to maturity was 2.9 years.

Equity

SpareBank 1 Stiftelsen BV and Sparebankstiftelsen Nøtterøy-Tønsberg sold 6 million equity certificates in June. Through these disposals, the foundations have reduced their ownership interests in SpareBank 1 BV to 24.79% for Spare Bank 1 Stiftelsen BV and 17.31.% for Sparebankstiftelsen Nøtterøy-Tønsberg. In connection with the divestment, the foundations entered into an agreement with the administrators on a six-month binding period for their remaining holdings of equity certificates.

The Board of Directors of SpareBank 1 BV has decided to implement a new savings scheme for the group's permanent employees, who are invited to purchase equity certificates in the bank. Registration for the savings programme for 2018 will take place in the period from 3-7 September 2018, and the Board intends to maintain a similar savings scheme in the years ahead.

Capital adequacy

In May 2015, SpareBank 1 BV applied to use the advanced IRB method to calculate its regulatory capital coverage for credit risk. In June 2018, the Financial Supervisory Authority of Norway gave its response to the application and its overall conclusion was that SpareBank 1 BV does not meet the requirements for IRB authorisation. This is because the bank has too small a corporate portfolio. SpareBank 1 BV wishes to stress that the work of professionalising the credit processes and risk management over the past few years has brought improved profitability and increased quality in the credit portfolios. Use of the IRB models is and will remain absolutely central to the day-to-day operation of the credit area.

SpareBank 1 BV uses the standard method for credit risk and the basic method for operational risk.

As of the end of Q2, the regulatory requirement for common equity tier 1 capital is a minimum of 12%. The

Financial Supervisory Authority of Norway has also established a Pillar 2 requirement for SpareBank 1 BV of 2.1%. The total requirement for common equity tier 1 capital, including the Pillar 2 requirement, is thus 14.1%. The FSA will make a fresh assessment of the Pillar 2 requirements for the group during 2018.

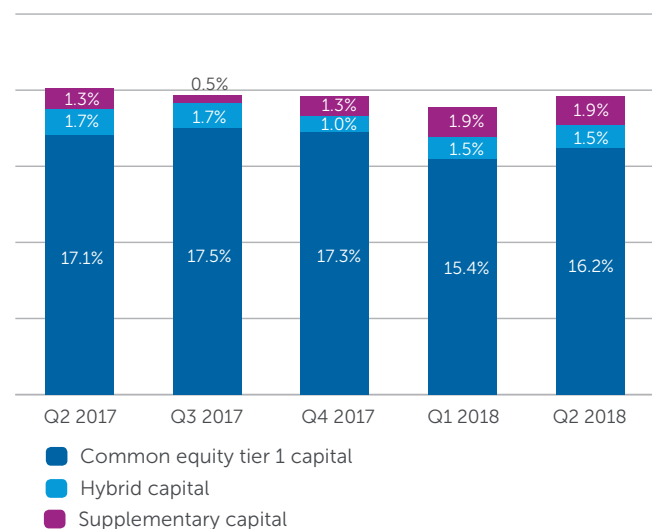
The group's target common equity tier 1 capital ratio is a minimum of 15%.

From 2018 the full phasing-in of the transitional provisions under CRD IV will be completed. The allowance for non-essential investments in the financial sector has thus been phased in 100% from 30.06.2018 (80% in 2017).

From 2018 the bank is applying the rules on capital requirements to complete proportionate consolidation of ownership interests in the cooperating group; cf. Financial Institutions Act, Section 17-13. Common equity tier 1 capital with proportional consolidation amounts to 16.21%. The profit/loss for the period, assuming a dividend level of 50%, is included in the capital adequacy calculation as at 30.06.2018. Unweighted tier 1 capital coverage (the leverage ratio) amounted to 8.22% at the end of the quarter. The requirement for unweighted tier 1 capital for non-systemically important banks is 5%.

For further information, see Note 9.

Quarterly change in capital adequacy (parent bank to Q4/2017, proportional consolidation from Q1/2018)



Subsidiaries

Excluding parent bank eliminations NOK millions	EiendomsMegler 1 BV AS		Z-Eiendom AS		Imingen Holding group		SB 1 Regnskapshuset BV AS		Larvik Marina AS		Total subsidiaries	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Operating income	39.8	40.3	15.9	13.9	37.7	6.9	20.6	21.0	0.1	-	114.2	82.2
Operating costs	(34.4)	(35.0)	(13.4)	(10.6)	(0.8)	(4.3)	(17.3)	(18.7)	(0.5)	-	(66.4)	(68.7)
Financial items	(0.0)	(0.2)	(0.1)	(0.0)	-	-	(0.2)	(0.2)	(0.3)	-	(0.6)	(0.4)
Earnings before tax:	5.4	5.1	2.5	3.2	37.0	2.6	3.1	2.2	0.7	-	47.3	13.1

Apart from Z-Eiendom AS, the bank has a 100% ownership interest in all of its subsidiaries and subsidiaries of these. The bank's stake in Z-Eiendom AS is 60%.

EiendomsMegler 1 BV AS includes the joint venture EiendomsMegler 1 Næringsmegling AS (the brokerage business is owned 50/50 with SpareBank 1 Telemark).

Imingen Holding AS managed three of the bank's four business buildings via separate limited companies. These companies (Imingen Horten AS, Imingen Sandefjord AS and Imingen Kongsberg AS) were sold in the first half of 2018. For the accounting implications, refer to the previous section on 'Net commission and other income'.

SpareBank 1 Regnskapshuset BV A has accounting offices in Larvik, Sandefjord, Vestfold, Drammen and Kongsberg.

Larvik Marina AS is an acquired real estate operation.

Transactions with related parties

The group has not carried out any transactions with related parties that had a significant impact on the company's position or results during the reporting period.

Letter of intent on the merger of the insurance business

On 20 June, SpareBank 1 Gruppen AS and DNB ASA signed a letter of intent to merge their insurance operations. The merger of the insurance operations will take the form of DNB Forsikring AS merging with SpareBank 1

Skadeforsikring AS. The plan is for the merged company to have a virtually complete product portfolio within risk insurance for the retail and SME markets.

SpareBank 1 Gruppen AS will have a 60% interest and DNB 40% in the new company. The company will remain a subsidiary of SpareBank 1 Gruppen AS. The letter of intent assumes a conversion ratio of approximately 80% for the SpareBank 1 group and approximately 20% for DNB. This conversion ratio is based on the valuation of the two non-life insurance companies. Market value will be used when DNB increases its ownership share to 40%.

At the date of the merger, the new company will have a market share in risk insurance of over 15%, making it this country's third largest insurance company, and the largest with distribution through a bank.

The merger is scheduled to complete on 1 January 2019, provided it is approved by the authorities. SpareBank 1 BV indirectly owns 3.04% of SpareBank 1 Gruppen AS through Samarbeidende Sparebanker AS.

Innovation and competitiveness

To meet our customers' expectations, SpareBank 1 BV will place more emphasis on innovation and competitiveness.

The bulk of the digital development will remain within the SpareBank 1 Alliance. In addition to this development activity within the SpareBank 1 Alliance, SpareBank 1 BV will allocate a budget of up to NOK 75 million for innovation between now and 2020.

The intention is to increase the bank's competitiveness through solutions and concepts that deliver better a customer experience, increased earnings and improved efficiency. The innovation may take the form of participation in other development companies, collaboration with other banks/companies and projects under our own management. This will also produce positive ripple effects for economic development in the region.

Outlook for the future

The Board is very pleased with both the consolidated results and the results for the core business in the 1st half of the year.

The group has good solvency and liquidity at the end of the quarter.

In 2018, there has been good growth in the Norwegian

economy. The Norwegian economy is currently characterised by increased optimism within the business world, higher oil prices and lower unemployment. House prices increased in 2018 after levelling off/falling in 2017.

The Government considers that the overall level of household debt is still high and has therefore decided, with effect from 1 July 2018, to retain the Mortgage Regulation with some minor adjustments.

There is expected to be continued high lending growth in the retail market and moderate lending growth in the corporate market in the second half of the year.

Given unchanged conditions, the bank expects relatively small losses in 2018.

The bank's financial targets out to 2020 have been set.

Tønsberg, 9 August 2018
The Board of Directors of SpareBank 1 BV

Øyvind Birkeland
Chair

Heine Wang
Deputy Chair

Eric Sandtrø

Janne Sølvi Weseth

Kristin Sjøia Barkost

Hanne Myhre Gravdal
Employee representative

Geir Arne Vestre
Employee representative

Rune Fjeldstad
CEO



INTERIM FINANCIAL STATEMENTS

Summary of results and key figures (group)

(NOK thousands)	30.06.2018	%	30.06.2017	%	31.12.2017	%
Net interest income	286,503	1.65	274,063	1.71	560,415	1.70
Net commission and other income	300,443	1.73	202,122	1.26	405,598	1.23
Net income from financial assets	80,664	0.47	159,805	1.00	245,772	0.75
Total net income	667,610	3.85	635,989	3.97	1,211,785	3.68
Total operating costs	185,045	1.07	297,424	1.86	598,764	1.82
Earnings before losses/profit before losses and tax	482,565	2.79	338,565	2.11	613,021	1.86
Losses on loans and guarantees	18,098	0.10	6,120	0.04	591	0.00
Earnings before tax	464,467	2.68	332,445	2.08	612,430	1.86
Tax costs	79,507	0.46	56,922	0.36	103,692	0.31
Profit/loss after tax	384,960	2.22	275,524	1.72	508,738	1.54
Total other profit/loss items recognised in equity	(10,017)	-0.06	41,878	0.26	(4,258)	-0.01
Total profit/loss	374,942	2.16	317,401	1.98	504,480	1.53
	30.06.2018		30.06.2017		31.12.2017	
Profitability						
Return on equity, profit/loss before other earnings ¹	18.2%		14.5%		13.0%	
Return on equity, comprehensive income	17.7%		16.7%		12.8%	
Cost-income ratio ²	27.7%		46.8%		49.4%	
Cost-income ratio excl. financial investments	31.5%		62.5%		62.0%	
Balance sheet figures						
Gross lending to customers	29,113,752		26,533,029		27,457,896	
Gross lending to customers incl. SpareBank 1 Boligkreditt/Næringskreditt	40,781,566		37,469,055		38,672,363	
Deposits from customers	21,932,887		21,950,007		21,001,966	
Deposit coverage	75.3%		82.7%		76.5%	
LCR (liquidity coverage ratio), liquidity reserve	165.0%		156.0%		166.0%	
Loan growth incl. SpareBank 1 Boligkreditt/Næringskreditt last 12 months	8.8%		37.3%		39.9%	
Deposit growth last 12 months	-0.1%		46.0%		40.4%	
Total assets	36,078,602		33,994,087		34,470,875	
Business capital (incl. Sparebank 1 Boligkreditt/Næringskreditt)	47,746,416		44,930,113		45,685,341	
Loss and defaults						

Loss rate on lending ³	0.06%	0.03%	0.00%	
Loans in step 3 as % of gross lending	0.90%			
Gross defaulted commitments as % of gross lending	0.40%	0.60%	0.56%	
Gross other impaired commitments as % of gross lending	0.48%	0.37%	0.45%	
Loss and defaults (incl. SpareBank 1 Boligkreditt AS)				
Loss rate on lending ³ (incl. SpareBank 1 Boligkreditt AS)	0.05%	0.02%	0.00%	
Loans in step 3 as % of gross lending (incl. SpareBank 1 Boligkreditt AS)	0.64%			
Gross defaulted commitments as % of gross lending (incl. SpareBank 1 Boligkreditt AS)	0.29%	0.42%	0.40%	
Gross other impaired commitments as % of gross lending (incl. SpareBank 1 Boligkreditt AS)	0.34%	0.26%	0.32%	
Solvency, proportional consolidation (parent bank previous periods, see Note 9)				
Capital adequacy ratio	19.60%	20.1%	19.6%	
Tier 1 capital ratio	17.69%	18.8%	18.3%	
Common equity tier 1 capital ratio	16.21%	17.1%	17.3%	
Tier 1 capital	4,407,080	3,340,361	3,265,697	
Net primary capital	4,883,882	3,580,005	3,501,469	
Basis for calculation	24,917,350	17,811,639	17,849,720	
Leverage ratio, proportional consolidation	8.2%	9.8%	9.4%	
Offices and staffing				
Number of bank offices	10	10	10	
Number of brokerage offices	12	11	12	
Number of accounting offices	5	5	5	
Number of FTEs, parent bank (avg. YTD)	230	226	230	
Number of FTEs, group (avg. YTD)	340	330	338	
Equity certificates	30.06.2018	30.06.2017	31.12.2017	31.12.2016
Equity certificate fractions	57.99%	59.45%	59.45%	25.41%
Market price	34.50	31.20	33.90	27.50
Market value (NOK thousands)	2,176,997	1,962,582	2,139,136	583,742
Recognised equity per certificate (parent bank)	38.94	36.36	38.11	32.57%
Recognised equity per certificate (group)	40.07	37.18	39.15	34.14
Earnings per equity certificate (parent bank) ⁴	3.25	2.22	4.03	3.73
Earnings per equity certificate (group) ⁴	3.45	1.68	3.84	3.65
Dividend per equity certificate	-	-	2.40	1.87
Price / Profit/loss per equity certificate (parent bank)	10.60	14.04	8.41	7.37
Price / Profit/loss per equity certificate (group)	9.99	18.60%	8.83	7.54
Price / Recognised equity (parent bank)	0.89	0.86	0.89	0.84
Price / Recognised equity (group)	0.86	0.84	0.87	0.81

1. Surplus as a percentage of average equity (OB+CB)/2, excl. hybrid capital

2. Total operating costs as % of total operating income

3. Net loss as a percentage of average gross lending so far this year

4. Adjusted profit/loss for the year (see section on 'The bank's equity certificates') multiplied by equity certificate ratio and divided by the average number of outstanding equity certificates.

Profit/loss

Parent bank					Group						
31.12. 2017	Q2/2017	Q2/2018	30.06. 2017	30.06. 2018	(NOK thousands)	Note	30.06. 2018	30.06. 2017	Q2/2018	Q2/2017	31.12. 2017
-	-	29,944	-	55,827	Interest income measured at fair value	1	55,827	-	29,944	-	-
-	-	202,910	-	396,080	Interest income measured at amortised cost	1	395,870	-	202,782	-	-
866,649	217,497		429,643		Net interest income			429,724		217,566	866,553
305,856	76,550	86,572	155,558	165,202	Interest costs		165,194	155,661	86,595	76,636	306,137
560,793	140,947	146,281	274,085	286,705	Net interest income		286,503	274,063	146,131	140,930	560,415
278,140	67,375	67,963	131,463	139,525	Commission income		139,525	131,463	67,963	67,375	278,140
14,715	3,429	4,249	7,025	7,681	Commission costs		7,681	7,025	4,249	3,429	14,715
7,112	1,926	1,676	3,795	16,180	Other operating income	18	168,598	77,684	64,061	42,276	142,173
270,536	65,872	65,390	128,232	148,025	Net commission and other income		300,443	202,122	127,775	106,222	405,598
111,745	103,403	53,653	105,655	72,235	Dividends		27,637	12,768	9,055	10,516	18,858
1,129	-	40,967	1,129	42,571	Net income from ownership interests	18	25,505	27,110	15,291	11,390	66,139
159,816	10,752	28,804	119,926	29,071	Net income from other financial investments	11	27,522	119,926	27,255	10,752	160,775
272,690	114,156	123,424	226,710	143,877	Net income from financial assets		80,664	159,805	51,600	32,659	245,772
1,104,019	320,975	335,094	629,028	578,606	Total net income		667,610	635,989	325,506	279,810	1,211,785
247,985	55,355	(41,810)	113,934	20,879	Personnel costs	19	72,504	163,457	(14,432)	80,802	349,420
223,036	67,606	49,649	122,993	99,440	Other operating costs		112,541	133,967	57,421	73,465	249,343
471,021	122,961	7,839	236,926	120,319	Total operating costs		185,045	297,424	42,989	154,267	598,764
632,998	198,013	327,255	392,102	458,287	Earnings before losses and tax		482,565	338,565	282,517	125,544	613,021
4,566	1,602	11,694	6,120	18,498	Losses on loans and guarantees	2	18,098	6,120	11,294	1,602	591
628,432	196,412	315,561	385,982	439,790	Earnings before tax		464,467	332,445	271,223	123,942	612,430
100,488	29,150	48,844	53,582	77,244	Tax costs		79,507	56,922	50,689	31,353	103,692
527,943	167,262	266,717	332,399	362,546	Earnings before other profit/loss items		384,960	275,524	220,534	92,589	508,738
					Majority share of profit		384,185	274,554	219,978	91,711	507,679
					Minority share of profit		775	970	556	878	1,059
5,231	10,772	-	13,998	-	Items reversed through profit/loss						
					<i>Change in fair value of investments available for sale</i>		-	13,998	-	10,772	5,231
-	-	-	-	-	<i>Change in carrying value JVs/associates/subsidiaries</i>		(10,017)	27,879	(3,124)	20,861	(3,592)
(5,945)	-	-	-	-	Items not reversed through profit/loss						
					<i>Estimation difference, IAS 19 Pensions</i>		-	-	-	-	(5,897)
(714)	10,772	-	13,998	-	Total other profit/loss items recognised in equity *		(10,017)	41,878	(3,124)	31,632	(4,258)
527,229	178,033	266,717	346,398	362,546	Total profit/loss		374,942	317,401	217,410	124,222	504,480
-	-	-	-	-	Majority share of profit		374,167	316,431	-	-	503,421
					Minority share of profit		775	970	-	-	1,059
4.03	1.54	2.42	2.22	3.25	Earnings before other profit/loss items per equity certificate		3.45	1.68	1.99	0.82	3.84

Balance sheet

Parent bank			Group				
31.12.2017	30.06.2017	30.06.2018	(NOK thousands)	Note	30.06.2018	30.06.2017	31.12.2017
100,501	501,500	97,896	Cash and receivables from central banks		97,896	501,500	100,501
1,263,969	1,231,925	1,051,789	Loans to and receivables from credit institutions		1,078,297	1,261,867	1,281,731
-	-	27,139,810	<i>Gross lending to customers measured at amortised cost</i>		27,110,932	-	-
-	-	2,002,820	<i>Gross lending to customers measured at fair value</i>		2,002,820	-	-
27,482,961	26,548,416	29,142,630	Total gross lending to customers	3, 4, 8	29,113,752	26,533,029	27,457,896
-	-	(175,608)	- Loss provisions on loans	3	(171,233)	-	-
(70,928)	(55,515)	-	- Individual write-downs on loans	3	-	(55,515)	(66,953)
(92,550)	(111,451)	-	- Write-downs on groups of loans	3	-	(111,451)	(92,550)
27,319,483	26,381,450	28,967,022	Net lending to customers		28,942,519	26,366,064	27,298,393
3,816,234	3,831,444	4,048,132	Certificates, bonds and other securities at fair value		4,048,132	3,831,444	3,816,234
1,138,447	1,069,152	1,197,069	Stocks, shares and other equity interests		1,197,069	1,069,152	1,138,447
137,215	137,215	36,682	Ownership interests in group companies		-	-	-
391,414	391,414	391,414	Ownership interests in joint ventures and associated companies		500,010	500,957	519,635
73,518	77,662	26,077	Tangible assets	18	36,467	147,991	151,625
-	-	-	Goodwill		24,654	28,242	24,654
35,960	33,524	16,836	Deferred tax assets		18,102	35,002	38,334
83,697	223,893	101,428	Other assets	5, 10	135,456	251,868	101,320
34,360,440	33,879,181	35,934,345	Total assets		36,078,602	33,994,087	34,470,875
111,984	114,057	112,334	Deposits from credit institutions		112,334	114,057	111,984
21,039,523	21,973,423	21,947,661	Deposits from customers	7	21,932,887	21,950,007	21,001,966
7,860,773	6,645,518	8,617,583	Debt from the issuance of securities	12	8,617,583	6,645,518	7,860,773
93,211	63,989	76,679	Tax payable		78,880	69,515	105,321
353,864	453,077	279,326	Other liabilities	6, 3, 10	312,599	482,088	378,584
496,686	393,032	393,942	Subordinated loan capital	12	393,942	393,032	496,686
29,956,041	29,643,095	31,427,525	Total debt		31,448,224	29,654,216	29,955,314
946,194	946,194	946,194	Ownership interests		946,194	946,194	946,194
1,025,989	1,025,989	1,025,989	Share premium fund		1,025,989	1,025,989	1,025,989
281,336	182,001	281,336	Risk equalisation fund		281,336	182,001	281,336
6,540	15,318	6,540	Endowment fund		6,540	15,318	6,540
1,626,054	1,455,165	1,626,054	SpareBanken fund		1,626,054	1,455,165	1,626,054
16,870	25,556	16,870	Fund for unrealised gains		16,870	25,556	16,870
350,000	350,000	250,000	Hybrid capital		250,000	350,000	350,000
151,415	(7,970)	(28)	Other equity		100,782	152,357	261,184
-	243,832	353,864	Unallocated		375,503	185,986	-
-	-	-	Minority share		1,109	1,304	1,393
4,404,399	4,236,086	4,506,820	Total equity		4,630,378	4,339,871	4,515,560
34,360,440	33,879,181	35,934,345	Debt and equity		36,078,602	33,994,087	34,470,875

Results from quarterly financial statements

Group

(NOK thousands)	Q2/2018	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016
Interest income	232,726	218,971	220,189	216,640	217,566	212,158	162,561	161,266	160,214
Interest costs	86,595	78,599	76,007	74,469	76,636	79,025	58,333	56,176	59,008
Net interest income	146,131	140,372	144,182	142,171	140,930	133,133	104,227	105,090	101,206
Commission income	67,963	71,562	72,900	73,777	67,375	64,088	46,415	49,865	48,899
Commission costs	4,249	3,431	4,031	3,660	3,429	3,596	3,181	2,761	2,682
Other operating income	64,061	104,537	32,845	31,644	42,276	35,408	20,534	25,199	30,970
Net commission and other income	127,775	172,668	101,714	101,761	106,222	95,900	63,768	72,303	77,187
Dividends	9,055	18,582	6,474	(385)	10,516	2,252	-	3,216	29,586
Net income from ownership interests	15,291	10,215	24,252	14,776	11,390	15,720	7,582	8,621	9,441
Net income from other financial investments	27,255	267	14,464	26,385	10,752	109,174	2,279	26,911	4,577
Net income from financial assets	51,600	29,063	45,191	40,776	32,659	127,146	9,862	38,748	43,603
Total net income	325,506	342,104	291,087	284,709	279,810	356,178	177,857	216,140	221,997
Personnel costs	(14,432)	86,936	96,464	89,499	80,802	82,655	64,241	52,470	55,158
Other operating costs	57,421	55,120	62,626	52,750	73,465	60,502	64,355	37,698	40,678
Total operating costs	42,989	142,056	159,091	142,249	154,267	143,157	128,596	90,167	95,836
Earnings before losses and tax	282,517	200,048	131,996	142,459	125,544	213,022	49,261	125,973	126,161
Losses on loans and guarantees	11,294	6,804	(7,377)	1,849	1,602	4,518	5,864	(1,063)	(56,335)
Earnings before tax	271,223	193,244	139,374	140,611	123,942	208,504	43,397	127,037	182,496
Tax costs	50,689	28,818	21,211	25,560	31,353	25,569	6,249	26,470	46,489
Earnings before other profit/loss items	220,534	164,426	118,163	115,051	92,589	182,934	37,148	100,567	136,007
Parent bank									
Earnings per equity certificate (quarter in isolation)	2.42	0.83	0.91	0.90	1.54	0.68	0.20	1.07	2.13
Diluted earnings per equity certificate (quarter in isolation)	2.42	0.83	0.91	0.90	1.54	0.68	0.20	1.07	2.13

Results from quarterly financial statements - Historical figures pro forma *

Group	Q2/2018	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016
(NOK thousands)									
Interest income	232,726	218,971	220,189	216,640	217,566	212,158	213,023	212,078	212,038
Interest costs	86,595	78,599	76,007	74,469	76,636	79,025	79,001	76,586	82,920
Net interest income	146,131	140,372	144,182	142,171	140,930	133,133	134,022	135,492	129,119
Commission income	67,963	71,562	72,900	73,777	67,375	64,088	61,278	65,049	64,244
Commission costs	4,249	3,431	4,031	3,660	3,429	3,596	4,139	3,528	3,445
Other operating income	64,061	104,537	32,845	31,644	42,276	35,408	26,159	31,674	40,114
Net commission and other income	127,775	172,668	101,714	101,761	106,222	95,900	83,297	93,195	100,913
Dividends	9,055	18,582	6,474	(385)	10,516	2,252	124	3,814	39,917
Net income from ownership interests	15,291	10,215	24,252	14,776	11,390	15,720	14,851	15,612	16,699
Net income from other financial investments	27,255	267	14,464	26,385	10,752	109,174	7,050	44,108	6,675
Net income from financial assets	51,600	29,063	45,191	40,776	32,659	127,146	22,025	63,534	63,291
Total net income	325,506	342,104	291,087	284,709	279,810	356,178	239,344	292,220	293,322
Personnel costs	(14,432)	86,936	96,464	89,499	80,802	82,655	82,131	69,966	68,521
Other operating costs	57,421	55,120	62,626	52,750	73,465	60,502	82,297	51,998	55,570
Total operating costs	42,989	142,056	159,091	142,249	154,267	143,157	164,428	121,965	124,090
Earnings before losses and tax	282,517	200,048	131,996	142,459	125,544	213,022	74,916	170,256	169,232
Losses on loans and guarantees	11,294	6,804	(7,377)	1,849	1,602	4,518	34,359	(448)	(53,053)
Earnings before tax	271,223	193,244	139,374	140,611	123,942	208,504	40,557	170,703	222,285
Tax costs	50,689	28,818	21,211	25,560	31,353	25,569	3,275	31,995	51,414
Earnings before other profit/loss items	220,534	164,426	118,163	115,051	92,589	182,934	37,283	138,708	170,871

* The pro forma figures consist of the combined official quarterly figures up to Q4 2016 for the two merged banks SpareBank 1 BV and SpareBank 1 Nøtterøy-Tønsberg. In historical figures from SpareBank 1 Vestfold-Tønsberg, hedge fund tax has been reclassified from operating costs to interest costs and operating income from subsidiaries has been reclassified from commission to other income. Beyond this, no adjustments have been made to historical figures from the 2 merged banks.

Change in equity as of Q2/2018

Group	Ownership interest ¹	Share premium fund	Risk equalisation fund	Endowment fund	Spare-Banken fund	Fund for unrealised gains	Hybrid capital	Other equity	Un-allocated	Minority share	Total equity
(NOK thousands)											
Equity at 31.12.2016	321,363	210,455	126,038	15,312	2,020,114	11,557	300,000	172,425	-	-	3,177,264
Equity added from merger with Sparebank 1 Nøtterøy-Tønsberg	624,831	815,534	(148)	-	(587,852)	-	50,000	60	-	1,463	903,888
Interest costs on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	(11,682)	-	-	(11,682)
Dividends from 2016, paid in 2017	-	-	(9,553)	-	-	-	-	(40,065)	-	-	(49,618)
Charged/credited to endowment fund	-	-	-	(8,772)	-	-	-	-	-	-	(8,772)
Value changes	-	-	-	-	(82)	82	-	-	-	-	-
Recognition of negative goodwill through profit/loss	-	-	65,664	-	22,904	-	-	-	-	-	88,568
Earnings before other profit/loss items	-	-	102,869	-	173,382	-	-	142,861	-	1,059	420,170
<i>Items reversed through profit/loss:</i>											
Change in fair value of investments available for sale	-	-	-	-	-	5,231	-	-	-	-	5,231
Change in carrying value JVs/ associates/subsidiaries	-	-	-	-	-	-	-	(2,463)	-	(1,129)	(3,592)
<i>Items not reversed through profit/loss:</i>											
Estimation difference, IAS 19 Pensions	-	-	(3,534)	-	(2,411)	-	-	49	-	-	(5,897)
Equity at 31.12.2017	946,194	1,025,989	281,336	6,540	1,626,054	16,870	350,000	261,184	-	1,393	4,515,560
Equity at 31.12.2017	946,194	1,025,989	281,336	6,540	1,626,054	16,870	350,000	261,184	-	1,393	4,515,560
Implementation effect of IFRS 9	-	-	-	-	-	-	-	-	(2,361)	-	(2,361)
Interest costs on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(6,320)	-	(6,320)
Subordinated bond maturity	-	-	-	-	-	-	(100,000)	-	-	-	(100,000)
Dividends from 2017, for payment 2018	-	-	-	-	-	-	-	(151,443)	-	-	(151,443)
Earnings before other profit/loss items	-	-	-	-	-	-	-	-	384,185	775	384,960
<i>Items reversed through profit/loss:</i>											
Change in carrying value JVs/ associates/subsidiaries	-	-	-	-	-	-	-	(8,959)	-	(1,059)	(10,017)
Equity at 30.06.2018	946,194	1,025,989	281,336	6,540	1,626,054	16,870	250,000	100,782	375,503	1,109	4,630,378

Parent bank

(NOK thousands)	Ownership interest ¹	Share premium fund	Risk equalisation fund	Endowment fund	Spare-Banken fund	Fund for unrealised gains	Hybrid capital	Other equity	Unallocated	Total equity
Equity at 31.12.2016	321,363	210,455	126,038	15,312	2,020,114	11,557	300,000	40,037	-	3,044,876
Equity added from merger with Sparebank 1 Nøtterøy-Tønsberg	624,831	815,534	(148)	-	(587,852)	-	50,000	-	-	902,365
Interest costs on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	(11,682)	-	(11,682)
Dividends from 2016, paid in 2017	-	-	(9,553)	-	-	-	-	(40,065)	-	(49,618)
Charged/credited to endowment fund	-	-	-	(8,772)	-	-	-	-	-	(8,772)
Value changes	-	-	-	-	(82)	82	-	-	-	-
Recognition of negative goodwill through profit/loss	-	-	65,664	-	22,904	-	-	-	-	88,568
Earnings before other profit/loss items	-	-	102,869	-	173,382	-	-	163,125	-	439,376
<i>Items reversed through profit/loss:</i>										
Change in fair value of investments available for sale	-	-	-	-	-	5,231	-	-	-	5,231
<i>Items not reversed through profit/loss:</i>										
Estimation difference, IAS 19	-	-	(3,534)	-	(2,411)	-	-	-	-	(5,945)
Equity at 31.12.2017	946,194	1,025,989	281,336	6,540	1,626,054	16,870	350,000	151,415	-	4,404,399
Equity at 31.12.2017	946,194	1,025,989	281,336	6,540	1,626,054	16,870	350,000	151,415	-	4,404,399
Implementation effect of IFRS 9	-	-	-	-	-	-	-	-	(2,361)	(2,361)
Interest costs on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(6,320)	(6,320)
Subordinated bond maturity	-	-	-	-	-	-	(100,000)	-	-	(100,000)
Dividends from 2017, for payment 2018	-	-	-	-	-	-	-	(151,443)	-	(151,443)
Earnings before other profit/loss items	-	-	-	-	-	-	-	-	362,546	362,546
Equity at 30.06.2018	946,194	1,025,989	281,336	6,540	1,626,054	16,870	250,000	(28)	353,864	4,506,820

1. The shareholder capital is minus 326 in own funds

Cash flow statement

Parent bank				Group		
31.12.2017	30.06.2017	30.06.2018	(NOK thousands)	30.06.2018	30.06.2017	31.12.2017
628,432	385,982	439,790	Profit/loss for the year before tax	464,467	332,445	612,430
(55,289)	(52,736)	(155,512)	Dividends/endowments paid	(155,512)	(52,736)	(56,042)
-	-	12,738	Loss/gain on financial fixed assets	12,738	-	-
(160,312)	(117,003)	1,944	Value changes to financial assets measured at fair value	1,944	(117,003)	(131,547)
10,668	5,191	3,477	Depreciation and impairments	4,450	7,443	22,207
4,566	6,120	18,498	Losses on loans	18,098	6,120	591
(93,211)	(71,307)	(83,104)	Taxes payable	(95,214)	(76,833)	(105,321)
334,854	156,247	237,831	Cash flow from operations before change in current assets and current liabilities	250,972	99,436	342,318
(2,033,880)	(1,105,076)	(1,656,307)	Change in lending/and other assets	(1,652,893)	(1,094,885)	(2,014,009)
1,025,609	1,959,613	974,550	Change in deposits from customers	997,333	1,962,763	1,014,618
(151,997)	(149,924)	350	Change in debt to credit institutions	350	(149,924)	(151,997)
(176,183)	(189,683)	(239,049)	Change in certificates and bonds	(239,049)	(189,683)	(176,183)
77,729	(62,467)	(17,730)	Change in other receivables	(34,135)	(95,222)	55,326
(36,982)	82,755	(159,871)	Change in other current liabilities	(159,893)	279,138	(44,889)
(960,850)	691,465	(860,226)	A Net cash flow from operations	(837,315)	811,623	(974,816)
			Cash flow from investment activities			
(6,896)	(5,563)	43,964	Change in tangible assets	110,708	(7,379)	(24,471)
(58,623)	(8,575)	36,402	Change in shares and ownership interests	(44,507)	(117,420)	(28,765)
(65,519)	(14,138)	80,366	B Net cash flow from investment activities	66,201	(124,799)	(53,236)
			Cash flow from financing activities			
1,240,102	6,274	776,153	Change in borrowing, securities	776,153	6,274	1,240,102
100,448	(3,206)	(104,758)	Change in borrowing, subordinated loans	(104,758)	(3,206)	100,448
(11,682)	(7,942)	(106,320)	Change in hybrid capital	(106,320)	(7,942)	(11,682)
1,328,868	(4,874)	565,075	C Net cash flow from financing activities	565,075	(4,874)	1,328,868
302,498	672,453	(214,785)	A + B + C Net change in cash and cash equivalents for the year	(206,039)	681,949	300,815
1,061,972	1,060,972	1,364,470	Cash balance at start of period*	1,382,232	1,081,417	1,081,417
1,364,470	1,733,425	1,149,685	Cash balance on end of period	1,176,193	1,763,367	1,382,232
302,498	672,453	(214,785)	Net change in cash and cash equivalents for the year	(206,039)	681,949	300,815

* A pro forma opening balance has been used for the merged bank in calculating the cash flow for 2017.



NOTES TO THE FINANCIAL STATEMENTS

Note 1

Accounting policies

This interim report for SpareBank1 BV covers the period 01.01 – 30.06.2018. The interim financial statements have been prepared in accordance with IFRS and IAS 34 Interim Financial Reporting, and according to the same principles used in the annual financial statements for 2017, but including the policy changes mentioned in the annual report for 2017 as being planned for implementation in 2018.

For a more detailed description of the accounting principles used, refer to Note 2 and Note 40 (Implementation of IFRS 9) to the bank's official accounts for 2017.

New standards and interpretations that have not yet been applied

A number of new standards, changes to standards and interpretations are mandatory for future financial statements. Among those that the group has chosen not to apply early, the most significant standards are IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'.

The group has assessed the effects of IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' and does not believe that these will have any significant accounting impact when implemented.

Note 2

Losses on loans and guarantees *

Parent bank			(NOK thousands)	Group		
31.12.2017	30.06.2017	30.06.2018		30.06.2018	30.06.2017	31.12.2017
11,049	(4,365)		Change in the period in individual write-downs on loans		(4,365)	7,074
(457)	(628)		Change in the period in guarantee provisions		(628)	(457)
(14,117)	4,784		Write-downs for the period on groups of loans		4,784	(14,117)
		1,224	Change in the period in loss provisions, step 1	1,224		
		3,800	Change in the period in loss provisions, step 2	3,800		
		10,930	Change in the period in loss provisions, step 3	10,530		
7,880	6,378	2,375	Losses for the period with previous write-downs	2,375	6,378	7,880
1,405	116	1,313	Losses for the period with previous write-downs	1,313	116	1,405
(701)	(339)	(82)	Previously recognised write-downs at start of period.	(82)	(339)	(701)
(493)	173	(1,062)	Other corrections/amortisation of write-downs	(1,062)	173	(493)
4,566	6,120	18,498	Losses for the period on loans and guarantees	18,098	6,120	591

* From 2018, loss provisions in steps 1 and 2 generally replace previous group write-downs. Loss provisions in step 3 generally replace previous individual write-downs.

Note 3

Loss provisions on loans and warranties *

Loan provisions on loans and guarantees	Parent bank			Total
	Step 1	Step 2	Step 3	
01.01.2018	34,667	50,399	85,917	170,983
Loss provisions transferred to step 1	5,713	(5,074)	(639)	-
Loss provisions transferred to step 2	(1,919)	2,060	(140)	-
Loss provisions transferred to step 3	(79)	(2,982)	3,061	-
New issued or purchased financial assets	10,147	9,076	1,731	20,955
Increase in measurement of loss	2,548	13,515	13,910	29,974
Reduction in measurement of loss	(9,833)	(7,949)	(1,328)	(19,110)
Financial assets that have been deducted	(5,352)	(4,847)	(3,290)	(13,489)
Changes due to recognised impairments (recognised losses)	-	-	(2,375)	(2,375)
30.06.2018	35,892	54,199	96,847	186,938
Of which: loss provisions on capitalised loans	33,470	47,058	95,079	175,608
Of which: loss provisions on guarantees	702	658	1,612	2,972
Of which: loss provisions on unused credits	1,719	6,482	156	8,358

Loan provisions on loans and guarantees	Group			Total
	Step 1	Step 2	Step 3	
01.01.2018	34,667	50,399	81,942	167,008
Loss provisions transferred to step 1	5,713	(5,074)	(639)	-
Loss provisions transferred to step 2	(1,919)	2,060	(140)	-
Loss provisions transferred to step 3	(79)	(2,982)	3,061	-
New issued or purchased financial assets	10,147	9,076	1,731	20,955
Increase in measurement of loss	2,548	13,515	13,510	29,574
Reduction in measurement of loss	(9,833)	(7,949)	(1,328)	(19,110)
Financial assets that have been deducted	(5,352)	(4,847)	(3,290)	(13,489)
Changes due to recognised impairments (recognised losses)	-	-	(2,375)	(2,375)
30.06.2018	35,892	54,199	92,472	182,563
Of which: loss provisions on capitalised loans	33,470	47,058	90,704	171,233
Of which: loss provisions on guarantees	702	658	1,612	2,972
Of which: loss provisions on unused credits	1,719	6,482	156	8,358

* From 2018, loss provisions in steps 1 and 2 generally replace previous group write-downs. Loss provisions in step 3 generally replace previous individual write-downs.

Note 4

Loans to customers broken down into steps 1, 2 and 3 *

Loans to customers broken down into steps 1, 2 and 3	Parent bank			Total
	Step 1	Step 2	Step 3	
01.01.2018	23,544,901	1,657,945	210,564	25,413,410
Loans transferred to step 1	301,415	(295,904)	(5,510)	-
Loans transferred to step 2	(479,758)	482,488	(2,731)	-
Loans transferred to step 3	(14,588)	(69,855)	84,443	-
New issued or purchased financial assets	7,444,705	231,581	22,558	7,698,844
Increase in drawing on existing loans	303,495	29,726	627	333,848
Reduction in drawing on existing loans	(545,383)	(44,440)	(11,380)	(601,204)
Financial assets that have been deducted	(5,446,709)	(235,787)	(20,302)	(5,702,798)
Changes due to recognised impairments (recognised losses)	-	-	(2,289)	(2,289)
30.06.2018	25,108,078	1,755,755	275,978	27,139,810

Loans to customers broken down into steps 1, 2 and 3	Group			Total
	Step 1	Step 2	Step 3	
01.01.2018	23,534,265	1,657,945	196,135	25,388,345
Loans transferred to step 1	301,415	(295,904)	(5,510)	-
Loans transferred to step 2	(479,758)	482,488	(2,731)	-
Loans transferred to step 3	(14,588)	(69,855)	84,443	-
New issued or purchased financial assets	7,441,464	231,581	21,985	7,695,030
Increase in drawing on existing loans	303,495	29,726	627	333,848
Reduction in drawing on existing loans	(545,383)	(44,440)	(11,380)	(601,204)
Financial assets that have been deducted	(5,446,709)	(235,787)	(20,302)	(5,702,798)
Changes due to recognised impairments (recognised losses)	-	-	(2,289)	(2,289)
30.06.2018	25,094,201	1,755,755	260,976	27,110,932

* From 2018, loss provisions in steps 3 generally replace previous gross defaulted loans and other impaired loans.

Note 5

Other assets

Parent bank				Group		
31.12.2017	30.06.2017	30.06.2018	(NOK thousands)	30.06.2018	30.06.2017	31.12.2017
25,409	159,636	22,988	Prepaid, unaccrued costs, and accrued income not yet received	45,855	186,903	41,694
18,396	36,703	14,163	Other assets	25,324	37,410	19,733
-	649	-	Acquired real estate	-	649	-
39,893	26,906	64,277	Derivatives and other financial instruments at fair value	64,277	26,906	39,893
83,697	223,893	101,428	Total other assets	135,456	251,868	101,320

Note 6

Other liabilities

Parent bank				Group		
31.12.2017	30.06.2017	30.06.2018	(NOK thousands)	30.06.2018	30.06.2017	31.12.2017
71,190	157,584	52,425	Accrued expenses and unaccrued income received	52,285	157,561	71,190
146,857	139,211	59,688	Provision for accrued expenses and liabilities	59,038	138,830	146,207
81,515	95,104	101,423	Other liabilities	135,485	124,519	106,886
54,302	61,178	65,791	Derivatives and other financial instruments at fair value	65,791	61,178	54,302
353,864	453,077	279,326	Total other debt	312,599	482,088	378,584

Note 7

Deposits from customers broken down by sector and industry

Parent bank				Group		
31.12.2017	30.06.2017	30.06.2018	(NOK thousands)	30.06.2018	30.06.2017	31.12.2017
12,278,048	12,840,533	13,147,522	Salaried staff, etc.	13,147,522	12,840,533	12,278,048
2,502,831	2,700,675	2,901,744	Property management/business services, etc.	2,886,970	2,677,260	2,465,274
698,895	640,688	702,919	Merchandising/hotels and restaurants	702,919	640,688	698,895
163,346	180,945	162,081	Agriculture/forestry	162,081	180,945	163,346
538,476	478,633	446,399	Building and construction	446,399	478,633	538,476
1,404,558	1,429,132	1,441,192	Transport and service Industries	1,441,192	1,429,132	1,404,558
196,224	202,208	163,499	Production (manufacturing)	163,499	202,208	196,224
2,442,712	2,669,889	2,204,664	Public administration	2,204,664	2,669,889	2,442,712
814,433	830,720	777,641	Abroad and others	777,641	830,720	814,433
21,039,523	21,973,423	21,947,661	Total deposits	21,932,887	21,950,007	21,001,966

Note 8

Lending to customers broken down by sector and industry

Parent bank				Group		
31.12.2017	30.06.2017	30.06.2018	(NOK thousands)	30.06.2018	30.06.2017	31.12.2017
20,336,290	19,196,242	21,495,049	Salaried staff, etc.	21,495,049	19,196,242	20,336,290
5,639,764	5,737,922	6,089,119	Property management/business services, etc.	6,060,240	5,722,536	5,614,699
319,771	340,152	328,503	Merchandising/hotels and restaurants	328,503	340,152	319,771
242,587	252,649	234,509	Agriculture/forestry	234,509	252,649	242,587
219,810	263,770	252,569	Building and construction	252,569	263,770	219,810
328,525	372,633	325,157	Transport and service Industries	325,157	372,633	328,525
244,423	244,147	236,227	Production (manufacturing)	236,227	244,147	244,423
151,791	140,901	181,497	Abroad and others	181,497	140,901	151,791
27,482,961	26,548,416	29,142,630	Gross lending	29,113,752	26,533,029	27,457,896
		27,139,810	- Of which: valued at amortized cost	27,110,932		
		2,002,820	- Of which: valued at fair value	2,002,820		
		(175,608)	- Loss provisions on loans	(171,233)		
(70,928)	(55,515)		- Individual write-downs		(55,515)	(66,953)
(92,550)	(111,451)		- Write-downs on groups of loans		(111,451)	(92,550)
27,319,483	26,381,450	28,967,022	Net lending	28,942,519	26,366,064	27,298,393

Note 9

Capital adequacy

SpareBank 1 BV uses the standard method for credit risk and the basic method for operational risk. As of 30 June 2018 is the requirement for the capital conservation buffer is 2.5 per cent, for the systemic risk buffer 3 per cent, and for the countercyclical capital buffer 2 per cent. These requirements are in addition to the common equity tier 1 capital requirement of 4.5 per cent, so the overall minimum requirement for common equity tier 1 capital is 12 per cent. The Financial Supervisory Authority of Norway has also established a Pillar 2 requirement for SpareBank 1 BV of 2.1%. Total minimum requirements for common equity tier 1 capital, including the Pillar 2 requirement, are thus 14.1%. The FSA will make a fresh assessment of the Pillar 2 requirement 2 during 2018.

The group's target common equity tier 1 capital ratio is a minimum of 15%. The targets for tier 1 capital coverage and total capital coverage are 16 per cent and 18 per cent respectively.

Extended consolidation for owner companies in the Samarbeidende Sparebanker grouping

Under the CRD IV rules, SpareBank 1 BV is currently below the materiality threshold for reporting fully consolidated capital adequacy. Consequently, capital adequacy is not worked out at a consolidated level.

However, on the basis of the Financial Supervision Act, Section 4(3), the Financial Supervisory Authority of Norway has placed an extended consolidation requirement on the banks for owner companies in the Samarbeidende Sparebanker grouping for holdings below 10%. The requirement came into force on 1 January 2018. The provision applies to ownership interests in other finance companies engaging in the activities to which the cooperation relates; see Financial Institution Act, Section 17-13. From 2018, the bank is applying the rule on proportional consolidation of ownership interests in the Samarbeidende Sparebanker grouping.

Proportional consolidation

	30.06.2018
Primary capital	
Common equity tier 1 capital	4,038,076
Tier 1 capital	4,407,080
Primary capital	4,883,882
Basis for calculation	24,917,350
Capital adequacy	
Common equity tier 1 capital ratio	16.21%
Tier 1 capital ratio	17.69%
Capital adequacy	19.60%
Unweighted tier 1 capital ratio (leverage ratio)	8.22%

The following companies are included in proportional consolidation:

- SpareBank 1 Boligkreditt
- SpareBank 1 Næringskreditt
- SpareBank 1 Kredittkort AS
- SpareBank 1 SMN Finans AS
- SamSpar Bankinvest I AS (BN Bank)

Parent bank

	30.06.2018	30.06.2017	31.12.2017
Primary capital			
Ownership interests	946,194	946,194	946,194
Share premium fund	1,025,989	1,025,989	1,025,989
Risk equalisation fund	281,336	182,001	281,336
SpareBanken fund	1,626,054	1,455,165	1,626,027
Fund for unrealised gains/losses	16,870	25,556	16,870
Endowment fund	6,540	15,318	6,540
Allocated dividend classified as equity	-	-	151,443
Other equity (IAS pensions and interest paid on hybrid capital)	(8,709)	(7,969)	-
Profit/loss for the period	362,546	243,831	-
Total capitalised equity (excluding hybrid capital)	4,256,820	3,886,086	4,054,400

Value adjustments on stocks and bonds measured at fair value (AVA)	(7,336)	(6,370)	(6,288)
Allowance for non-material interests in the financial sector	(1,053,974)	(769,025)	(815,854)
Dividends allocated for distribution, classified as equity	-	-	(151,443)
Profit/loss for the period	(362,546)	(243,831)	-
Interim profit/loss included in tier 1 capital	279,823	171,352	-
Total common equity tier 1 capital	3,112,786	3,038,212	3,080,814
Hybrid capital	250,000	350,000	250,000
Subordinated bond	32,000	40,000	40,000
Allowance for non-material interests in the financial sector	(32,393)	(87,850)	(105,118)
Total tier 1 capital	3,362,392	3,340,361	3,265,697
Tier 2 capital in excess of tier 1 capital			
Time-limited primary capital	350,966	353,032	351,307
Allowance for non-material interests in the financial sector	(31,084)	(113,388)	(115,535)
Net primary capital	3,682,274	3,580,005	3,501,469
Risk-weighted basis for calculation			
Assets not included in the trading portfolio	16,886,572	15,816,460	16,339,576
Operational risk	1,758,783	1,480,869	1,480,869
Position risk in the trading portfolio		482,921	
CVA surcharge (counterparty risk on derivatives)	2,890	31,389	29,275
Total basis for calculation	18,648,245	17,811,639	17,849,720
Common equity tier 1 capital ratio	16.69%	17.06%	17.26%
Tier 1 capital ratio	18.03%	18.75%	18.30%
Capital adequacy	19.75%	20.10%	19.62%
Unweighted tier 1 capital ratio (leverage ratio)	9.12%	9.77%	9.36%
Buffer requirements			
Capital conservation buffer (2.50%)	466,206	445,291	446,243
Countercyclical buffer (2.00%/1.50%)	372,965	267,175	356,994
Systemic risk buffer (3.00%)	559,447	534,349	535,492
Total buffer requirement for common equity tier 1 capital	1,398,618	1,246,815	1,338,729
Minimum requirement for common equity tier 1 capital (4.50%)	839,171	801,524	803,237
Available common equity tier 1 capital beyond minimum requirement	874,997	989,873	938,848
	30.06.2018	30.06.2017	31.12.2017
Local and regional authorities	58,277	2,233	52,368
Publicly owned companies	20,262	-	20,374
Institutions	363,706	460,604	335,357
Companies	2,099,267	1,970,856	1,982,754
Mass market	2,584,526	2,568,056	2,575,512
Mortgaged against residential and holiday property	7,646,529	6,946,009	7,201,789
Mortgaged against commercial property	2,993,150	2,604,685	2,702,211
Overdue commitment	80,704	87,390	73,203
High-risk commitments	-	1,248	-
Bonds with preferential rights	246,498	242,301	236,556
Receivables on institutions and companies with short-term ratings	149,358	155,385	191,794
Shares in mutual funds	37,663	-	46,026
Equity items	501,462	457,937	680,376
Other commitments	105,170	319,758	241,256
Total credit risk	16,886,572	15,816,461	16,339,576

Under the Norwegian Regulation on the calculation of primary capital for financial institutions, clearing houses and investment firms, the allowance for non-material investments in companies in the financial sector is being phased in at the following rates:

2017: 80%

2018: 100% – full phase-in

Note 10

Derivatives

2018			(NOK thousands)	2017		
Contract sum		Fair value at 30.06.2018		Contract sum		Fair value at 30.06.2017
30.06.2018	Assets	Liabilities		30.06.2017	Assets	Liabilities
4,028,500	64,277	65,791	Derivatives – hedging	3,863,500	26,906	61,178
4,028,500	64,277	65,791	Derivatives at fair value	3,863,500	26,906	61,178
			Total derivatives for fair value hedging			

Note 11

Net income from other financial investments

Parent bank			(NOK thousands)	30.06.2018	30.06.2017	31.12.2017
31.12.2017	30.06.2017	30.06.2018				
36,844	6,425	22,685	Net change in value of stocks, shares etc. measured at fair value *	21,136	6,425	36,844
19,695	18,453	(2,908)	Net change in value of bonds/certificates measured at fair value	(2,908)	18,453	19,695
10,812	4,760	5,698	Net change in value of financial derivatives measured at fair value	5,698	4,760	10,812
3,897	1,721	3,596	Exchange rate gains/losses on currency	3,596	1,721	3,897
88,568	88,568	-	Recognition of negative goodwill	-	88,568	89,527
159,816	119,927	29,071	Net income from other financial investments	27,522	119,927	160,775

* It has been decided to merge Vipps AS, BankAxept AS and BankID Norge AS with effect from 1 July 2018. In connection with the merger, a new valuation of these companies has been made. After the merger, the SpareBank 1 banks will have a total stake of 22.04%, worth approx. NOK 860 million. SpareBank 1 BV has an indirect ownership interest in the merged company of 1.13%, equivalent to around NOK 40.8 million. The new valuation resulted in a positive value adjustment for SpareBank 1 BV of NOK 24.6 million as of 30.06.2018.

Note 12

Securities debt and subordinated loan capital

SpareBank 1 BV issues and redeems securities debt as part of its liquidity management. The refinancing requirement has also been partly funded by the transfer of the loan portfolio to SpareBank 1 Boligkreditt AS. The breakdown is the same for the parent bank and the group.

Securities debt (NOK thousands)	Parent bank/Group		
	30.06.2018	30.06.2017	31.12.2017
Certificate debt, nominal value	-	-	-
Bond debt, nominal value	8,600,500	6,642,500	7,823,500
Value adjustments and accrued interest	17,083	3,017	37,273
Total securities debt	8,617,583	6,645,517	7,860,773

Change in securities debt (NOK thousands)	30.06.2018	Parent bank/Group		31.12.2017
		Issued 2018	Redeemed 2018	
Certificate debt, nominal value	-	-	-	-
Bond debt, nominal value	8,600,500	1,200,000	(423,000)	7,823,500
Value adjustments and accrued interest	17,083	-	-	37,273
Total securities debt	8,617,583	1,200,000	(423,000)	7,860,773

Subordinated loan capital (NOK thousands)	Parent bank/Group		
	30.06.2018	30.06.2017	31.12.2017
Subordinated loan capital	390,000	390,000	490,000
Value adjustments and accrued interest	3,942	3,032	6,686
Total subordinated loan capital	393,942	393,032	496,686

Change in subordinated loan capital	30.06.2018	Parent bank/Group		31.12.2017
		Issued 2018	Redeemed 2018	
Subordinated loan capital	390,000	-	(100,000)	490,000
Value adjustments and accrued interest	3,942	-	-	6,686
Total subordinated loan capital	393,942	-	(100,000)	496,686

Note 13

Segment Information

The segment information is related to the way in which the group is managed and followed up internally by the business through performance and capital reporting, proxies and procedures. The reporting of segments is divided into the following areas: Retail market (RM) and corporate market (CM) customers, which include

the parent bank and subsidiaries related to real estate and accounting services. Other subsidiaries include subsidiary companies that manage property. Group eliminations are shown together with undivided operations in a separate column (non-reportable segments).

Group 30.06.2018

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit/loss					
Net interest income	170,114	110,273	(300)	6,417	286,503
Net commission and other income	172,231	50,092	37,864	120,919	381,107
Operating costs	198,714	83,907	1,306	(98,882)	185,045
Earnings before losses	143,631	76,458	36,258	226,217	482,565
Losses on loans and guarantees	6,938	10,904	-	256	18,098
Earnings before tax	136,693	65,554	36,258	225,962	464,467

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Lending to customers	20,839,418	7,470,303	-	804,030	29,113,752
Loss provisions on loans	(52,734)	(117,887)	-	(611)	(171,233)
Other assets	106,894	14,028	13,837	7,001,324	7,136,083
Total assets per segment	20,893,578	7,366,444	13,837	7,804,743	36,078,602
Deposits from and debt to customers	13,615,268	7,523,465	-	794,154	21,932,887
Other equity and liabilities	7,278,310	(157,021)	13,837	7,010,589	14,145,715
Total equity and debt per segment	20,893,578	7,366,444	13,837	7,804,743	36,078,602

Group 30.06.2017

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit/loss					
Net interest income	158,947	109,773	-	5,342	274,063
Net commission and other income	159,188	46,710	6,921	149,108	361,926
Operating costs	197,596	81,897	4,338	13,593	297,424
Earnings before losses	120,539	74,586	2,583	140,857	338,565
Losses on loans and guarantees	516	5,606	-	(3)	6,120
Earnings before tax	120,023	68,980	2,583	140,860	332,445

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Lending to customers	18,835,256	7,095,633	-	602,140	26,533,029
Individual write-downs on loans	(14,799)	(40,716)	-	-	(55,515)
Group write-down on loans	(29,911)	(81,540)	-	-	(111,451)
Other assets	166,629	975,437	123,555	6,362,402	7,628,023
Total assets per segment	18,957,175	7,948,814	123,555	6,964,542	33,994,087
Deposits from and debt to customers	13,454,804	7,947,650	-	547,553	21,950,007
Other liabilities and equity	5,502,371	1,164	123,555	6,416,990	12,044,080
Total equity and debt per segment	18,957,175	7,948,814	123,555	6,964,542	33,994,087

Group 31.12.2017

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit/loss					
Net interest income	335,308	216,724	(276)	8,660	560,415
Net commission and other income	333,837	89,527	13,043	214,962	651,369
Operating costs	403,074	159,371	8,848	27,471	598,764
Earnings before losses	266,071	146,880	3,919	196,151	613,021
Losses on loans and guarantees	4,901	(4,310)	-	-	591
Earnings before tax	261,170	151,190	3,919	196,151	612,430

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Lending to customers	19,657,722	7,075,899	-	724,275	27,457,896
Individual write-downs on loans	(14,659)	(52,294)	-	-	(66,953)
Group write-down on loans	32,689	(59,861)	-	-	(92,550)
Other assets	128,344	845,852	138,630	6,059,656	7,172,481
Total assets per segment	19,738,718	7,809,596	138,630	6,783,931	34,470,875
Deposits from and debt to customers	12,851,543	7,674,643	-	475,780	21,001,966
Other equity and liabilities	6,887,175	134,953	138,630	6,308,150	13,468,908
Total equity and debt per segment	19,738,718	7,809,596	138,630	6,783,931	34,470,875

Note 14

Critical accounting estimates and discretionary valuations

In preparing the consolidated accounts, the management makes estimates and discretionary assessments, as well as assumptions that affect the impact of applying the accounting principles. This will therefore affect the reported amounts for assets, liabilities, income and

expenditure. In the financial statements for 2017, Note 3 'Critical estimates and assessments regarding the use of accounting policies', gives more details of significant estimates and assumptions.

Note 15

Sale of loans

SpareBank 1 BV and other owners have agreed to establish a liquidity facility for SpareBank 1 Boligkreditt AS. This means that the banks commit to buy mortgage bonds issued by the company up to a total value of twelve months' term to maturity. Each owner is principally liable for its share of the requirement, and secondarily for twice the primary liability under the same agreement. The bonds can be deposited with Norges Bank, so carry no significant added risk for SpareBank 1 BV.

The bank has signed an agreement for the legal sale of loans with high security and collateral in real estate to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. For more information on the accounting treatment of the agreements, see Note 2 and Note 9 to the financial statements for 2017.

Note 16

Liquidity risk

Liquidity risk is the risk that the bank may be unable to meet its payment obligations, and/or the risk of not being able to finance the desired growth in assets. SpareBank 1 BV draws up an annual liquidity strategy which addresses the bank's liquidity risk, among other things.

The group's liquidity risk is covered by the bank's liquidity reserve/buffer. The main objective of SpareBank 1 BV is to maintain the viability of the bank in a normal situation, without external

funding, for 12 months. The bank should also survive a minimum of 90 days in a 'highly stressed' situation where there is no access to funding from the capital markets. The bank exercises daily governance according to the above goals. A contingency plan for dealing with liquidity crises has also been established. The average remaining term to maturity in the portfolio of senior bond loans was 2.9 years at 30.06.2018. Overall LCR was 165% at the end of the second quarter and average total LCR was 155% in the quarter.

Note 17

Assessing fair value of financial instruments

Financial instruments at fair value are classified into different levels.

Level 1: Valuation based on quoted prices on an active market. The fair value of financial instruments traded on active markets is based on market price of the balance sheet date. A market is considered to be active if the market prices are easily and regularly available from a stock exchange, dealer, broker, economic grouping, pricing service or regulatory authority, and these prices represent actual and regularly occurring market transactions at arm's length. The category includes listed shares and units in mutual funds, treasury bills, government bonds and certificates that are traded in active markets.

Level 2: Valuation based on the observable market data. Level 2 consists of instruments which are valued using information other than quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, and also include quoted prices on inactive markets.

- These valuation methods maximise the use of observable data where it is available and rely as little as possible on the bank's own estimates.
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on the observable rate curve.
- The fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated cash flow based on the observable yield curve, including an indicated credit spread on the issuer from a reputable brokerage firm or Reuters/Bloomberg pricing services.
- This category includes bonds, certificates, equity instruments, own securities debt at fair value, and derivatives.

Level 3: Valuation based on other than observable data. If no valuation is available in relation to level 1 and 2, valuation methods based on non-observable information are used.

- Fair value of fixed rate deposits and loans: The bank uses the base rate/reference rate on the loans, and discounts using its own swap curve to calculate the funding margin. The bank has no 'day 1 profit'. For valuations at later dates, the bank reads in reads customer interest and adjusts for funding and customer margins. Swap interest will be charged on the discount date. This is then compared with the swap rate on the calculation date taking account of the remaining term to maturity. Changes to the customer margin (administrative markup, markup for anticipated losses and return on equity) in the term of the loan are not assessed/taken into account.
- Equity investments are valued at fair value under the following conditions:
 1. Price at the time of the last capital increase or last sale between independent parties, adjusted for changes in market conditions since the capital increase/sale.
 2. Fair value based on expected future cash flows for the investment.
- On the remaining financial instruments, fair value is determined on the basis of value estimates obtained from external parties. For those unlisted shares where it is not possible to make a sufficiently reliable measurement of fair value, acquisition cost or impaired book value is used.
- This category includes other equity instruments, the bank's own fixed rate loans and fixed interest deposits.

The group's assets and liabilities measured at fair value at 30.06.2018

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Fixed rate loans	-	-	1,385	1,385
- Bonds and certificates	206	3,842	-	4,048
- Equity Instruments	247	-	-	247
- Derivatives	-	64	-	64
Financial assets available for sale				
- Equity Instruments	20	-	930	950
Total assets	473	3,906	2,315	6,694

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit/loss				
- Fixed rate deposits	-	-	-	-
- Securities at fair value	-	2,216	-	2,216
- Derivatives	-	66	-	66
Total liabilities	-	2,282	-	2,282

The group's assets and liabilities measured at fair value at 30.06.2017

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Fixed rate loans	-	-	1,411	1,411
- Bonds and certificates	208	3,623	-	3,831
- Equity Instruments	228	-	6	234
- Derivatives	-	27	-	27
Financial assets available for sale				
- Equity Instruments	-	36	788	824
Total assets	436	3,686	2,205	6,327

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit/loss				
- Fixed rate deposits	-	-	807	807
- Securities at fair value	-	1,851	-	1,851
- Derivatives	-	61	-	61
Total liabilities	-	1,912	807	2,719

The group's assets and liabilities measured at fair value at 31.12.2017

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Fixed rate loans	-	-	1,268	1,268
- Bonds and certificates	208	3,595	-	3,803
- Equity Instruments	258	-	-	258
- Derivatives	-	40	-	40
Financial assets available for sale				
- Equity Instruments	19%	-	861	880
Total assets	485	3,635	2,129	6,249

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit/loss				
- Fixed rate deposits	-	-	819	819
- Securities at fair value	-	1,945	-	1,945
- Derivatives	-	54	-	54
Total liabilities	-	1,999	819	2,818

Changes in instruments classified under level 3 at 30.06.2018

	Fixed rate loans	Shares at fair value through profit/loss	Shares available for sale	Fixed rate deposits
Opening balance 01.01.2018	1,268	-	861	819
Change as a result of the transition to IFRS 9	-	-	-	(819)
Increase	208	-	70	-
Decrease	(91)	-	-	-
Net gain/loss on financial instruments	-	-	(1)	-
Closing balance 30.06.2017	1,385	-	930	-

Changes in instruments classified under level 3 at 30.06.2017

	Fixed rate loans	Shares at fair value through profit/loss	Shares available for sale	Fixed rate deposits
Opening balance 01.01.2016	1,046	35	591	554
Transferred from SpareBank 1 NT 01.01.2016	447	35	194	75
Increase	63	-	5	485
Decrease	(149)	(67)	(2)	(290)
Net gain/loss on financial instruments	4	3	-	-
Closing balance 30.06.2017	1,411	6	788	824

Changes in instruments classified under level 3 at 31.12.2017

	Fixed rate loans	Shares at fair value through profit/loss	Shares available for sale	Fixed rate deposits
Opening balance 01.01.2017	1,046	35	591	554
Added by a merger with SpareBank 1 NT	448	35	201	75
Increase	87	1	70	814
Decrease	(311)	(68)	(12)	(623)
Net gain/loss on financial instruments	(2)	(3)	11	(1)
Closing balance 31.12.2017	1,268	-	861	819

Note 18

Sale of the bank's business premises

In the first half of 2018, SpareBank 1 BV sold the bank's four business premises in Sandefjord, Nøtterøy, Horten and Kongsberg. One of the buildings (Nøtterøy) was on the bank's own balance-sheet, while the others were run as separate subsidiaries under Imingen Holding AS. Leases for 7 years (+3+3+3) have been agreed with new landlords in all these locations. In June it was decided

to pay an extraordinary dividend from Imingen Holding AS to the parent bank, and the shareholding in Imingen Holding AS was written down. Taken in isolation, these transactions produced the following effects on earnings before tax in the parent bank and the group at 30.06.2018:

Accounting item	Transaction	Subsidiary	Parent bank	Eliminations	Group
Other operating income	Profit from the sale of Nøtterøy	-	12,738	-	12,738
Other operating income	Profit from the sale of subsidiaries	37,744	-	40,243	77,987
Net income from ownership interests	Dividend from Imingen Holding AS	-	141,500	(141,500)	-
Net income from ownership interests	Write-down of Imingen Holding AS	-	(100,533)	100,533	-
TOTAL		37,744	53,705		90,725

Note 19

Winding-up of defined-benefit pension schemes

The Board of Directors of SpareBank 1 BV has decided to terminate the bank's three closed defined-benefit schemes and replace these, along with the bank's two existing defined-contribution schemes, with a new defined-contribution scheme. The new scheme will contribute to increased predictability and reduced pension liabilities.

The new defined-contribution scheme for all employees in the parent bank is as follows:

- Salaries up to 12 G 7,0 %
- Supplement for salaries from 7.1–12 G 15,0 %

The new defined-contribution scheme will be implemented in the 3rd quarter of 2018.

The one-time effect of winding up defined-benefit pension schemes is recognised at NOK 92.2 million in the second quarter.

Note 20

Events after the balance sheet date

There have been no events with a material bearing on the accounts after the balance sheet day.

DECLARATION BY THE BOARD AND MANAGING DIRECTOR

We declare that, to the best of our knowledge and belief, the interim accounts for the period 1 January to 30 June 2018 have been prepared in accordance with IAS 34 'Interim reporting', and that the information in the financial statements gives a true picture of the bank's and the group's assets, liabilities, financial position and results as a whole.

We also declare that, to the best of our knowledge and belief, the interim report provides an accurate summary of key events in the accounting period and their influence on preliminary annual accounts, the major risk and uncertainty factors facing the business in the coming accounting period, and significant transactions with related parties.

Tønsberg, 9 August 2018

Øyvind Birkeland (sign.)
Chair

Heine Wang (sign.)
Deputy Chair

Eric Sandtrø (sign.)

Janne Sølvi Weseth (sign.)

Kristin Sørja Barkost (sign.)

Hanne Myhre Gravdal (sign.)
Employee representative

Geir Arne Vestre (sign.)
Employee representative

Rune Fjeldstad (sign.)
CEO



THE BANK'S EQUITY CERTIFICATES

Earnings per equity certificate

Earnings per equity certificate are calculated by dividing the portion of the profit/loss for the year that is assigned to the company's equity certificate holders (minus own equity certificates) by a weighted average of the number of equity certificates over the year.

Diluted earnings per equity certificate

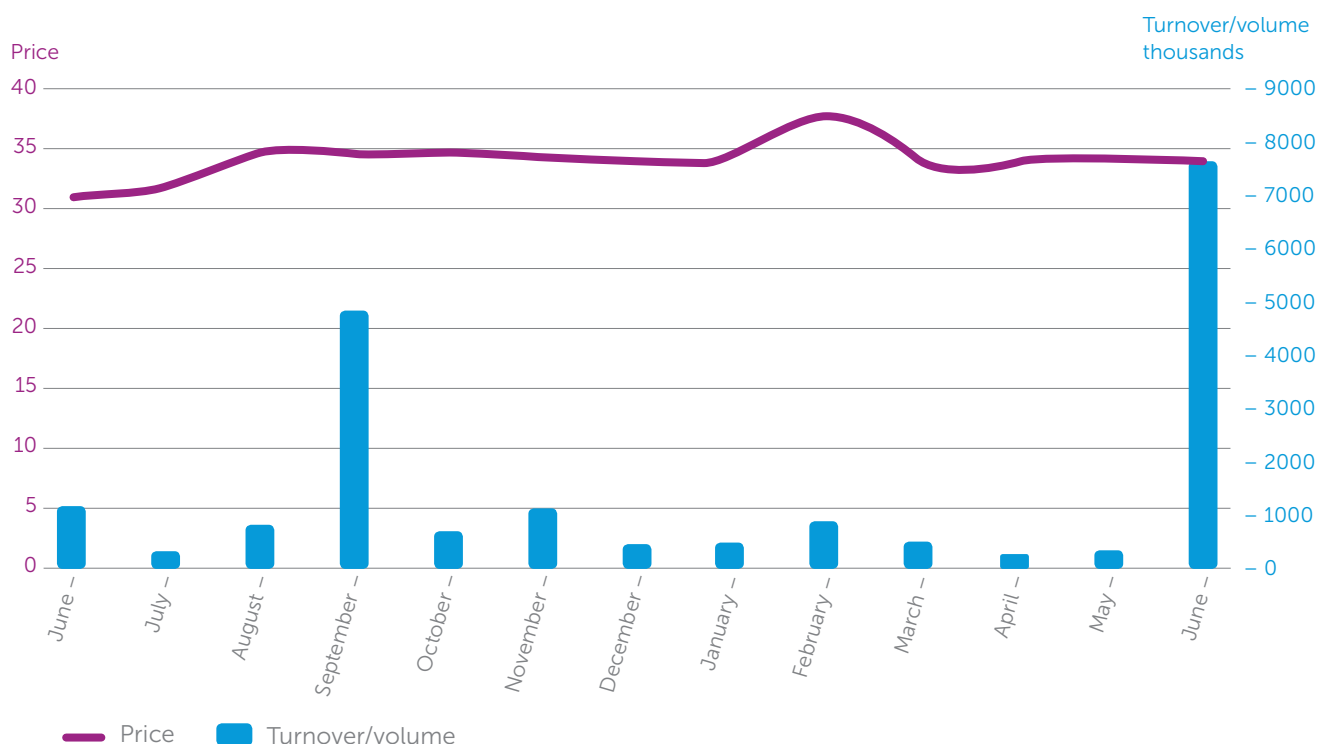
In the calculation of diluted earnings per equity certificate, the weighed average number of issued ordinary equity certificates in circulation is adjusted for the effect of converting potential equity certificates which could lead to dilution. The bank has no potential equity certificates that could cause dilution at 30.06. Diluted earnings per equity certificate are therefore equal to earnings per equity certificate.

	Parent bank
(NOK thousands)	30.06.2018
Based on profit/loss for the year divided between equity certificate holders and primary capital	354,053
Number of equity certificates issued	63,101
Earnings per equity certificate	3.25
Par value	15.00

Calculation of equity certificate fraction (based on OB 2018)

Adjusted primary capital	01.01.2018
Total equity	4,404,399
- fund for unrealised gains (FUG)	(16,870)
- subordinated bonds	(350,000)
- allocated dividends classified as equity	(151,443)
Total corrected primary capital	3,886,086
Equity certificate fraction	
Equity certificate capital	946,194
Share premium fund	1,025,989
Risk equalisation fund	281,336
Total equity certificate holders	2,253,519
Equity certificate fraction	57.99%
Adjusted profit/loss for the year	30.06.2018
Profit/loss for the year	362,546
- corrected for interest on subordinated bonds posted directly to equity	(6,320)
- corrected for revenue recognised through profit/loss - transferred to FUG	(2,173)
Adjusted profit/loss for the year	354,053

Change in price June 2017 – June 2018



20 largest shareholders

	Quantity	Share
SpareBank 1 Stiftelsen BV	15,642,787	24.79%
Sparbankstiftelsen Nøtterøy-Tønsberg	10,925,503	17.31%
Pareto AS	1,450,368	2.30%
Verdipapirfondet Eika	1,347,748	2.14%
Bergen Kommunale Pensjonskasse	965,000	1.53%
Wenaasgruppen AS	810,000	1.28%
Melesio Capital NYE AS	802,211	1.27%
DNB Bank ASA	760,000	1.20%
Catilina Invest AS	654,950	1.04%
JAG Holding AS	505,606	0.80%
Landkreditt Utbytte	500,000	0.79%
Sanden AS	481,075	0.76%
Salt Value AS	480,881	0.76%
Bess Jahres Stiftelse	417,312	0.66%
Foretaks konsulenter AS	411,230	0.65%
Espedal & Co AS	404,073	0.64%
Sole Active AS	361,341	0.57%
MP Pension PK	350,580	0.56%
Verdipapirfondet Nordea Norge	325,000	0.52%
Haugaland Kraft Pensjonskasse	317,000	0.50%
Total for 20 largest shareholders	37,912,665	60.08%
Other owners	25,188,688	39.92%
Equity certificates issued	63,101,353	100.00%

Dividend policy

SpareBank 1 BV has the goal of achieving results that deliver a good return on the bank's equity. This is to provide our owners with a stable and competitive long-term return in the form of dividends and appreciation of the equity certificates.

The profit for the individual year will be distributed proportionately between shareholder capital and primary capital according to their relative share of the bank's equity.

The bank assumes that a minimum of 50% of equity certificate holders' share of the profit/loss for any given year will be paid out as a cash dividend.

The following factors will be considered in determining the level of the total annual dividend from the bank:

- The bank's financial strength
- Financial performance
- External conditions
- Long-term goal of stable ownership fractions

STATEMENTS ON FUTURE MATTERS

The report contains statements about future conditions that reflect management's current view of certain future events and potential financial performance.

Although SpareBank 1 BV believes that the expectations expressed in such statements about the future are reasonable, there can be no guarantee that the expectation will prove to have been correct. Results could therefore vary greatly from those assumed in the statements regarding future conditions.

Important factors that can cause such differences for SpareBank 1 BV include, but are not limited to:

- I. macroeconomic developments,
- II. changes in the market, and
- III. changes in interest rates.

This report does not mean that SpareBank 1 BV undertakes to revise these statements on future matters beyond that which is required by applicable law or applicable stock exchange rules if and when circumstances arise that will cause changes compared with the situation on the date when the statements were made.

AUDIT STATEMENT



KPMG AS
P.O. Box 7000 Majorstuen
Sørkedalsveien 6
N-0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

The Board of Directors of SpareBank 1 BV

Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information of SpareBank 1 BV as of 30 June 2018 and the six-month period then ended, showing a profit before tax of TNOK 439 790 for the parent company and TNOK 464 467 for the group.

Responsibility of The Board of Directors and Managing Director (Management)

Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by EU.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and the procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-year interim report is not prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by EU.

Oslo, 9 August 2018
KPMG AS

Svein Arthur Lyngroth
State Authorized Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Offices in:

Oslo	Haugesund	Sandnessjøen
Alta	Knarvik	Stavanger
Arendal	Kristiansand	Stord
Bergen	Larvik	Straume
Bodø	Mo i Rana	Tromsø
Elverum	Molde	Trondheim
Finnsnes	Narvik	Tønsberg
Grimstad	Ræres	Ålesund
Hamar	Sandefjord	

KPMG AS, a Norwegian member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening.



KONGSBERG · MJØNDALEN · DRAMMEN · LIER · HOLMESTRAND · HORTEN · TØNSBERG · NØTTERØY · SANDEFJORD · LARVIK