

2018

INTERIM REPORT FOR THE 3RD 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 3rd quarter

- Earnings after tax: NOK 126.6 million (115.1 million).
- Annualised return on equity: 11.3% (11.4%)
- Net interest income: NOK 150.5 million (142.2 million).
- Net commission and other income: NOK 102.9 million (101.8 million).
- Net income from financial assets: NOK 28.9 million (40.8 million).
- Operating costs: NOK 131.8 million (142.2 million).
 - Last year included restructuring costs of NOK 16.7 million.
- Net losses on loans and guarantees: NOK -8.1 million (1.8 million)

Highlights January – September

- Earnings after tax: NOK 511.5 million (390.6 million).
- Annualised return on equity: 15.8% (13.5%)
- Net interest income: NOK 437.0 million (416.2 million).
- Net commission and other income: NOK 403.4 million (303.9 million).
 - Including gains from sale of own office buildings for NOK 90.7 million.
- Net income from financial assets: NOK 109.6 million (200.6 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 316.9 million (439.7 million).
 - Including one-time effect of winding up defined-benefit pension schemes, NOK -92.2 million
 - Last year included costs related to technical merger/restructuring of NOK 33.3 million.
- Net losses on loans and guarantees: NOK 10.0 million (8.0 million).
- Total growth in lending for last 12 months, including portfolio transferred to SpareBank 1 Boligkreditt/ Næringskreditt: 9.6% (38.1%)
 - Including SpareBank 1 Nøtterøy-Tønsberg, 12-month growth for the previous year was 5.3% (pro-forma figure).
- Deposit growth last 12 months: 3.1% (42.0%)
 - Including SpareBank 1 Nøtterøy-Tønsberg, 12-month growth for the previous year was 5.7% (pro-forma figure).
- Tier 1 capital ratio, proportional consolidation: 18.1% (parent bank last year 19.2%).
- Common equity tier 1 capital, proportional consolidation: 16.6% (parent bank last year 17.5%).
- Leverage ratio, proportional consolidation: 8.1% (parent bank last year 10.2%).

Financial performance

Cumulative figures as at 30.09 unless explicitly stated otherwise.

Profit/loss

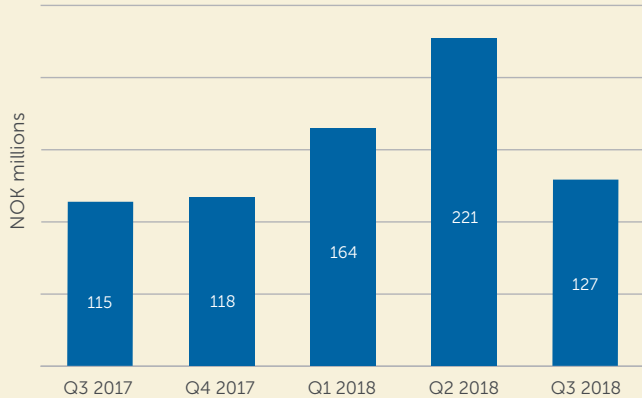
The SpareBank 1 BV group had a net profit from ordinary operations before losses of NOK 633.1 million (481.0 million). Profit after tax was NOK 511.5 million (390.6 million), which represents 1.94% (1.60%) of average total assets. The group's annualised return on equity was 15.8% (13.5%).

The return on equity in the group has been heavily affected in the year to date by gains from the sale of the bank's four business premises for NOK 90.7 million and revenue recognition from winding up defined-benefit pension schemes worth NOK 92.2 million. In 2017 recognised negative goodwill related to the merger amounted to NOK 88.6 million and costs associated with the technical merger/restructuring NOK 33.3 million. These items made up the group's annualised return on equity of 10.9% (9.6%).

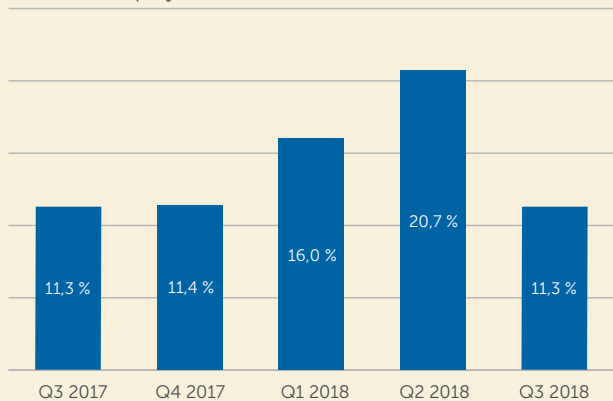
Earnings per equity certificate in the parent bank were NOK 4.24 (3.12).

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 437.0 million (416.2 million). Net interest income as a percentage of average total assets was 1.65% (1.70%).

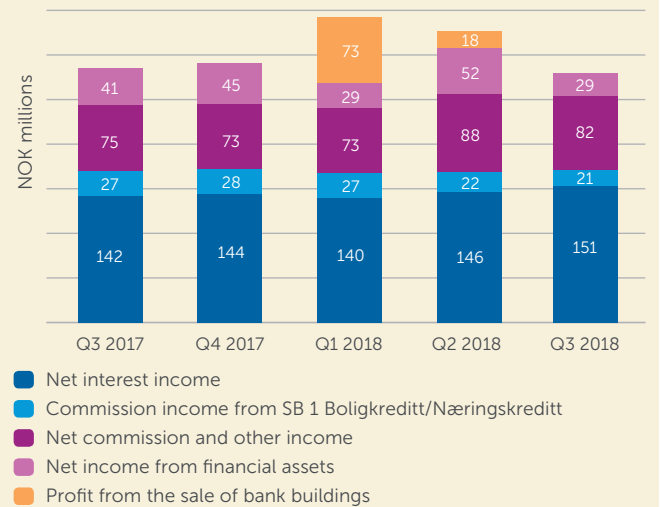
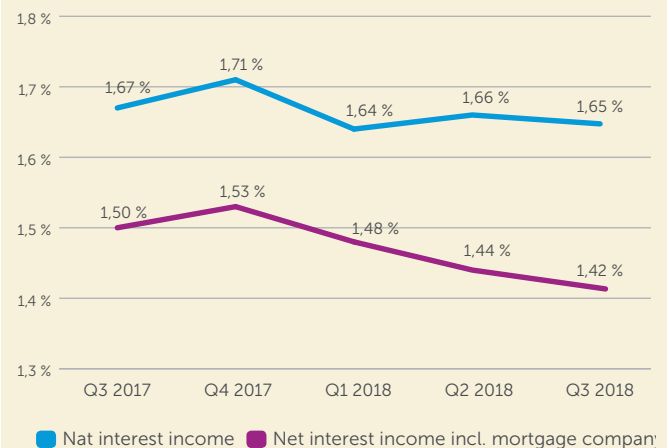
Increased money market rates have hit interest rates, and are the main reason why net interest income as a percentage of average total assets has been reduced to 1.65% (1.70%). The commissions from SpareBank 1 Boligkreditt AS are also reduced as a result of the increase in money market rates.

Based on increased money market rates and the increase in the base rate from Norges Bank in September, SpareBank 1 BV has increased interest on deposits and loans by up to 0.25 percentage points. The interest rate changes will take full effect from 22 October in the corporate market and from 19 November in the retail

market. In connection with the interest rate change, the bank has launched two new deposit products with competitive conditions; Generasjonsspar and Mesterspar.

At the end of September, the bank transferred mortgages for NOK 11,742 million (10,859 million) to SpareBank 1 Boligkreditt AS, and for NOK 98 million (152 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 70.9 million (72.1 million) at 30.09.2018.

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 403.4 million (303.9 million).

Net commission income

Net commission income amounted to NOK 197.3 million (194.6 million).

Other operating income

Other operating income amounted to NOK 206.0 million (109.3 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. NOK 38 million of the total group profit was recognised in the parent bank in connection with the disposal of the three office buildings in 2016.

Net income from financial assets

Net income from financial assets amounted to NOK 109.6 million (200.6 million). Last year's figures include recognised negative goodwill relating to the 2017 merger of NOK 88.6 million. The key items in 2018 consist of dividends of NOK 32.0 million, net income from ownership interests of NOK 38.7 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 316.9 million (439.8 million). Operating costs as a percentage of total operating income (excl. financial investments) for the group came to 37.7% (61.1%). The corresponding cost ratio for the parent bank was 33.7% (56.2%).

Personnel costs

Personnel costs amounted to NOK 149.2 million (253.0 million).

In connection with the Board's decision to align the bank's pension plans, the bank's three closed defined-benefit schemes, and a defined-contribution scheme, have been wound up. The alignment will contribute to increased predictability in pension costs in the future.

New terms for all employees in the parent bank applicable from 1 September are as follows:

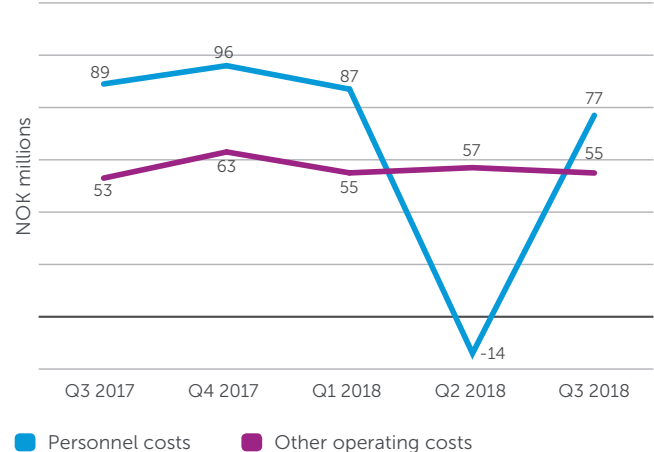
- Salaries up to 12 G 7.0%
- Supplement for salaries from 7.1 - 12 G 15.0%

The one-time effect of winding up defined-benefit pension schemes is recognised at NOK 92.2 million in the second quarter of this year. The parent bank expensed NOK 16.7 million relating to restructuring costs/severance packages as of 30.09 last year.

Other operating costs

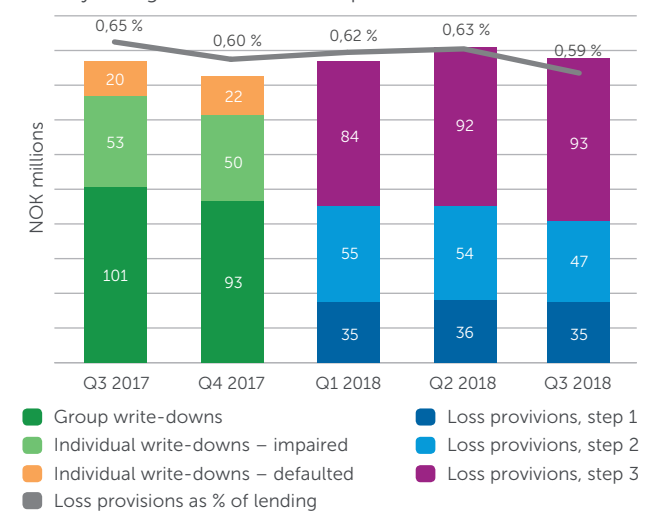
Other operating costs amounted to NOK 167.7 million (186.7 million). Costs related to the technical merger were charged at NOK 16.6 million at 30.09 last year

Quarterly change in operating costs



Losses and loss provisions

Quarterly change in losses and loss provisions



Net losses on loans and guarantees amounted to NOK 10.0 million (8.0 million) at 30.09. Net losses as % of average gross lending amounted to 0.04% (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.

Balance sheet development

The group's total assets amounted to NOK 36,484 million. This represents an increase of NOK 3,248 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 48,324 million (44,247 million).

Lending and deposit development

Gross lending (including volume transferred to Boligkreditt/Næringskreditt) amounted to NOK 41,591 million. In the last 12 months there has been an increase of NOK 3,651 million, equivalent to 9.6%. The growth was made up of NOK 3,150 million, or 10.3%, in the retail market and NOK 501 million, or 6.8%, in the corporate market. The retail market share of lending (including Boligkreditt) at the end of the third quarter was 81% (81%)

At the end of the third quarter, the group had a deposit volume of NOK 21,793 million (21,127 million) with deposit growth of 3.1% in the last 12 months. The growth was made up of NOK 352 million, or 2.8%, in the retail market and NOK 314 million, or 3.7%, in the corporate market. Deposits from the local government sector have decreased by over NOK 400 million in the last 12

months. The group had deposit coverage of 73.2%, compared with 78.5% at the same time last year, including volumes transferred to Boligkreditt/Næringskreditt, deposit coverage is 52.4% (55.7%). The retail market share of deposits at the end of the third quarter was 59% (59%).

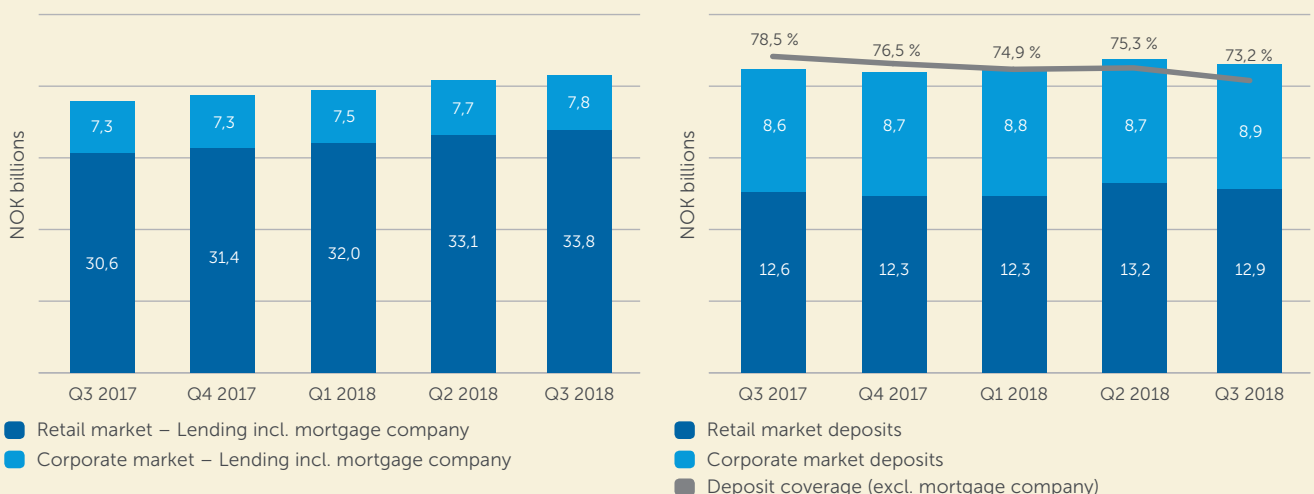
Retail market

Digital development is continuing both in terms of how customers want to be served and how the bank aims to take the initiative. The Bank's 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 us.

Moving into 2019, the bank will continue to refine and simplify the range of services to customers. We are well on the way to becoming more analysis and data-driven in customer communications, and will implement new tools for use in discussions with customers. This will help to increase the bank's ability to take relevant initiatives, as well as enhance customer knowledge of our new digital services.

When it comes to digitisation, the financing area has developed the most in the third quarter. New improved application processes have caused the number of applications starting online to increase by 162% compared to the third quarter of last year. The bank has also done well

Quarterly change in loans and deposits



with Spink, the new mobile app for children and young people. We have already reached the target for 2018 in this quarter. Another newcomer is the chatbot Sammie which the bank launched in January 2018. This robot solution answers several hundreds questions from customers every day, and has also produced a big increase in calls to our manned chat line. In the long term, these solutions will be integrated into a more seamless dialogue with customers.

There is a stable trend in the bank's market area in terms of unemployment and housing prices. As with the country as a whole, however, house prices fell in September, but they are now 2.7% higher in Norway than a year ago. In the bank's market area, price inflation has levelled off somewhat in Drammen, while Kongsberg and other areas in Buskerud have seen growth of 4.7% in recent years. In the case of Vestfold, the growth has levelled off somewhat in Holmestrand, while prices in Horten and Sandefjord are increasing more than in the country as a whole, by 4.8% and 6.4% in the last year respectively.

In the retail market the bank has seen a growth in lending of 7.8% in the year to date, 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 still contributing very well to this development.

In order to improve the deposit-to-loan ratio, two new deposit products have been prepared for launch at the start of the fourth quarter.

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 the bank's 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 the bank's long-term strategy, the corporate market has successfully enhanced the interaction between our business areas so our customers are now offered greater coherence in the product range. We are seeing increasing interest in our concept in the corporate market, with particularly high 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 seeing a positive trend in e-signature of documents. SpareBank 1 has also introduced digital consent forms, which is important for dealings between the different business areas and digital development in the corporate market.

The investment in digital development will continue within all business areas in the corporate market division. In the fourth quarter there will be new online solutions, including loan applications for limited liability companies and company start-ups.

Relationship management and consultancy are still very important to our corporate clients and are rooted in our core values of 'Learning – engaged – close'.

The corporate market shows lending growth of 6.0% so far this year.

Liquidity

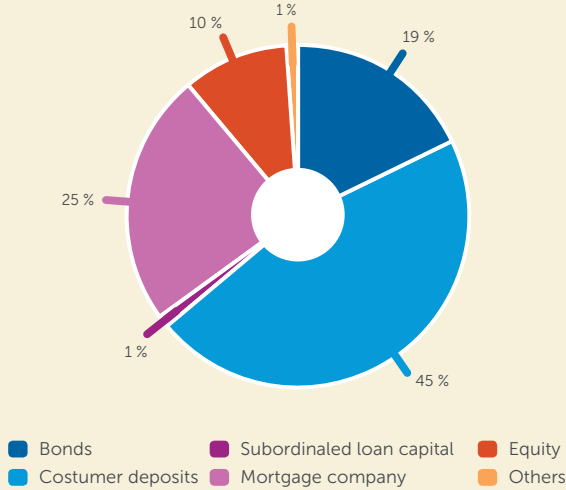
The bank's liquidity situation at the end of the quarter is satisfactory. The bank has a liquidity portfolio of NOK 4,087 million at 30.09.2018. The bank aims to keep the liquidity risk at a low level. SpareBank 1 BV has a goal of being able to maintain ordinary operation for a minimum of 12 months without access to external financing in a normal market. As of 30.09.2018, the bank is well above this target.

At the end of the quarter mortgage loans totalling NOK 11.742 million were transferred to SpareBank 1 Boligkreditt AS, an increase of NOK 676 million from the start of year. As of 30.09.2018 the bank has a portfolio of approved loans for transfer to Boligkreditt worth NOK 9,100 million.

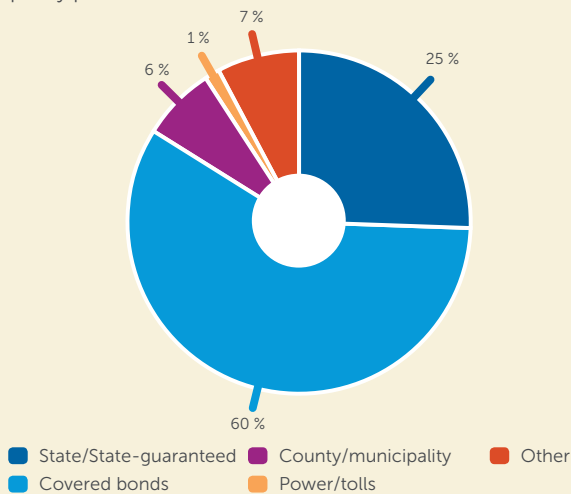
In 2018, the group has a target to increase the average time to maturity of its bond debt from 2.75 years to 2.9 years. At the end of the third quarter, the average term to maturity was 3.0 years.

SpareBank 1 BV received an official rating from Moody's in August 2018. Moody's has given the bank an issuer rating of A2 with a stable outlook. Further information about the rating from Moody's can be found on the bank's website. SpareBank 1 BV was also upgraded to bank group 2 by Nordic Bond Pricing in the third quarter.

Funding sources



Liquidity portfolio



Equity

This year's savings programme for subscription to equity certificates for the group's permanent employees was implemented in the period 3-7 September 2018. 239 employees took out 116,700 equity certificates in the savings programme. In the same period, the bank bought 95,272 equity certificates in the market. The Board is very pleased with the take-up of the programme and intends to continue maintain a similar savings scheme in the years ahead.

Capital adequacy

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

As of the end of Q3, the regulatory requirement for common equity tier 1 capital is a minimum of 12%. In September, the Financial Supervisory Authority of Norway set new Pillar 2 requirements for SpareBank 1 BV of 1.9% from 31.12.2018, but at least NOK 457 million above the minimum requirement and buffer requirements in Pillar 1. The total requirement for common equity tier 1 capital is thus 13.9%.

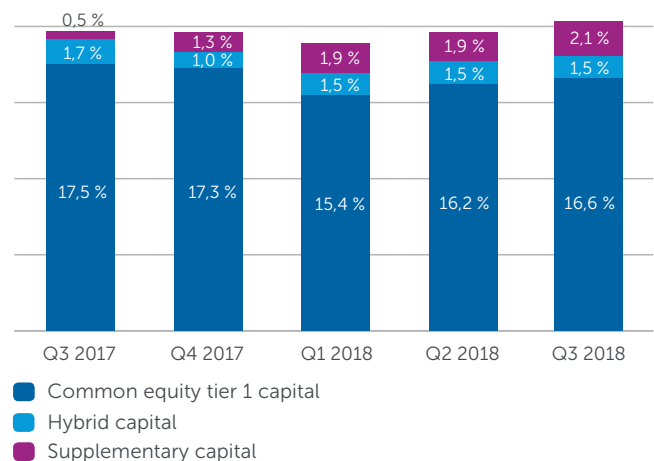
The group's target common equity tier 1 capital ratio is a minimum of 15%.

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 30.09.2018 (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 16.6%. The profit/loss for the period, assuming a dividend level of 50%, is included in the capital adequacy calculation as at 30.09.2018. Unweighted tier 1 capital coverage (the leverage ratio) amounted to 8.1% at the end of the quarter.

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	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Operating income	61.8	58.3	23.6	19.7	37.7	9.4	28.0	27.8	0.2	0.2	151.2	115.4
Operating costs	(53.8)	(52.2)	(19.7)	(16.1)	(0.8)	(5.9)	(24.6)	(26.2)	0.7	(0.5)	(99.6)	(100.9)
Financial items	(0.1)	(0.4)	(0.1)	(0.0)	-	-	(0.3)	(0.3)	(0.4)	(0.0)	(0.8)	0.7
Earnings before tax:	7.9	5.8	3.8	3.6	36.9	3.5	3.1	1.3	(0.8)	(0.3)	50.8	13.9

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.

Agreement on the merger of the insurance business

On 24 September, SpareBank 1 Gruppen AS and DNB ASA signed an agreement to merge their insurance operations, creating one of the largest insurers in the country. 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.

The merger agreement assumes a conversion ratio of 80% for the SpareBank 1 group and 20% for DNB. This conversion ratio is based on the negotiated market value of the two nonlife insurance companies, including the value of the transferred personal risk products. SpareBank 1 Gruppen AS will have a 65% interest and DNB 35% in the new company. DNB has also secured an option to buy up to a 40% interest. The company will remain a subsidiary of SpareBank 1 Gruppen AS.

Based on figures per 31.12.2017 and proforma consolidated accounts, the merger and the above transactions will collectively bring an increase in equity for the SpareBank 1 Group as a whole of approx. NOK 6.9 billion. The majority share (the SpareBank 1 banks and LO) of this increase is NOK 4.3 billion. SpareBank 1 BV's share of this increase (3.04%) amounts to approx. NOK 130 million and will be taken to income or posted directly to equity in the consolidated accounts. The transaction will not have any effect on capital adequacy.

SpareBank 1 Gruppen AS (the parent company) will also receive a tax-free profit of approx. NOK 2.65 billion as a result of the sale to DNB ASA. SpareBank 1 Gruppen AS has increased its dividend base to match this gain. SpareBank 1 BV's share of eventual proceeds of NOK 2.65 billion (3.04%) amounts to approx. NOK 80 million. Based on accounting figures as at 30.06.2018, a dividend of this size will increase the core equity tier 1 capital ration proportionately consolidated, at 0.32 percentage points. Any dividends from the SpareBank 1 Group will be contingent on the capital situation and decisions by the company's governing bodies.

The merger is scheduled to complete on 1 January 2019, provided it is approved by the authorities.

Outlook for the future

The Board is very pleased with both the consolidated results and the results for the core business at 30.09.2018.

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

In 2018, there has been good growth in the Norwegian economy, and this positive development is expected to continue in 2019. Interest rates are expected to be low but to rise slightly in the future. However, the turmoil on the world's stock exchanges in October is creating some uncertainty.

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

A very good result is expected in 2018.

Tønsberg, 1 November 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)	30.09.2018	%	30.09.2017	%	31.12.2017	%
Net interest income	437,013	1.65	416,233	1.70	560,415	1.70
Net commission and other income	403,358	1.53	303,883	1.24	405,598	1.23
Net income from financial assets	109,596	0.41	200,581	0.82	245,772	0.75
Total net income	949,968	3.60	920,698	3.76	1,211,785	3.68
Total operating costs	316,873	1.20	439,673	1.80	598,764	1.82
Earnings before losses/profit before losses and tax	633,095	2.40	481,025	1.96	613,021	1.86
Losses on loans and guarantees	10,024	0.04	7,968	0.03	591	0.00
Earnings before tax	623,071	2.36	473,056	1.93	612,430	1.86
Tax costs	111,524	0.42	82,481	0.34	103,692	0.31
Profit/loss after tax	511,546	1.94	390,575	1.60	508,738	1.54
Total other profit/loss items recognised in equity	(9,995)	-0.04	4,793	0.02	(4,258)	-0.01
Total profit/loss	501,551	1.90	395,368	1.62	504,480	1.53
	30.09.2018		30.09.2017		31.12.2017	
Profitability						
Return on equity, profit/loss before other earnings ¹	15.8%		13.5%		13.0%	
Return on equity, comprehensive income	15.5%		13.6%		12.8%	
Cost-income ratio ²	33.4%		47.8%		49.4%	
Cost-income ratio excl. financial investments	37.7%		61.1%		62.0%	
Balance sheet figures						
Gross lending to customers	29,751,161		26,929,315		27,457,896	
Gross lending to customers incl. SpareBank 1 Boligkreditt/Næringskreditt	41,591,292		37,940,260		38,672,363	
Deposits from customers	21,792,564		21,127,173		21,001,966	
Deposit coverage	73.2%		78.5%		76.5%	
LCR (liquidity coverage ratio), liquidity reserve	157.0%		121.0%		166.0%	
Loan growth incl. SpareBank 1 Boligkreditt/Næringskreditt last 12 months	9.6%		38.1%		39.9%	
Deposit growth last 12 months	3.1%		42.0%		40.4%	
Total assets	36,484,227		33,236,424		34,470,875	
Business capital (incl. Sparebank 1 Boligkreditt/Næringskreditt)	48,324,358		44,247,370		45,685,341	

Loss and defaults				
Loss rate on lending ³	0.04%	0.03%	0.00%	
Loans in step 3 as % of gross lending	0.87%			
Gross defaulted commitments as % of gross lending	0.39%	0.49%	0.56%	
Gross other impaired commitments as % of gross lending	0.52%	0.50%	0.45%	
Loss and defaults (incl. SpareBank 1 Boligkreditt AS)				
Loss rate on lending ³ (incl. SpareBank 1 Boligkreditt AS)	0.02%	0.02%	0.00%	
Loans in step 3 as % of gross lending (incl. SpareBank 1 Boligkreditt AS)	0.62%			
Gross defaulted commitments as % of gross lending (incl. SpareBank 1 Boligkreditt AS)	0.28%	0.35%	0.40%	
Gross other impaired commitments as % of gross lending (incl. SpareBank 1 Boligkreditt AS)	0.37%	0.35%	0.32%	
Solvency, proportional consolidation (parent bank previous periods, see Note 9)				
Capital adequacy ratio	20.19%	19.68%	19.6%	
Tier 1 capital ratio	18.06%	19.15%	18.3%	
Common equity tier 1 capital ratio	16.56%	17.48%	17.3%	
Tier 1 capital	4,468,227	3,392,411	3,265,697	
Net primary capital	4,995,803	3,485,908	3,501,469	
Basis for calculation	24,742,333	17,711,228	17,849,720	
Leverage ratio, proportional consolidation	8.1%	10.2%	9.4%	
Offices and staffing				
Number of bank offices	10	10	10	
Number of brokerage offices	12	12	12	
Number of accounting offices	5	5	5	
Number of FTEs, parent bank (avg. YTD)	229	228	230	
Number of FTEs, group (avg. YTD)	340	336	338	
Equity certificates	30.09.2018	30.09.2017	31.12.2017	31.12.2016
Equity certificate fractions	57.99%	59.45%	59.45%	25.41%
Market price	36.10	34.60	33.90	27.50
Market value (NOK thousands)	2,277,959	2,176,453	2,139,136	583,742
Recognised equity per certificate (parent bank)	39.96	37.26	38.11	32.57%
Recognised equity per certificate (group)	41.23	38.11	39.15	34.14
Earnings per equity certificate (parent bank) ⁴	4.24	3.12	4.03	3.73
Earnings per equity certificate (group) ⁴	4.59	2.72	3.84	3.65
Dividend per equity certificate	-	-	2.40	1.87
Price / Profit/loss per equity certificate (parent bank)	8.51	11.08	8.41	7.37
Price / Profit/loss per equity certificate (group)	7.87	12.70	8.83	7.54
Price / Recognised equity (parent bank)	0.90	0.93	0.89	0.84
Price / Recognised equity (group)	0.88%	0.91	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	Q3/2017	Q3/2018	30.09. 2017	30.09. 2018	(NOK thousands)	Note	30.09. 2018	30.09. 2017	Q3/2018	Q3/2017	31.12. 2017
-	-	31,618	-	87,445	Interest income measured at fair value		87,445	-	31,618	-	-
-	-	207,451	-	603,531	Interest income measured at amortised cost		603,520	-	207,650	-	-
866,649	216,673	-	646,316	-	Interest income		-	646,364	-	216,640	866,553
305,856	74,470	88,528	230,028	253,730	Interest costs		253,952	230,130	88,758	74,469	306,137
560,793	142,202	150,541	416,287	437,246	Net interest income		437,013	416,233	150,510	142,171	560,415
278,140	73,777	69,192	205,240	208,717	Commission income		208,717	205,240	69,192	73,777	278,140
14,715	3,660	3,703	10,685	11,384	Commission costs		11,384	10,685	3,703	3,660	14,715
7,112	1,991	1,299	5,785	17,479	Other operating income	18	206,026	109,328	37,427	31,644	142,173
270,536	72,108	66,787	200,341	214,812	Net commission and other income		403,358	303,883	102,916	101,761	405,598
111,745	(385)	4,351	105,271	76,586	Dividends		31,988	12,383	4,351	(385)	18,858
1,129	-	-	1,129	42,571	Net income from ownership interests	18	38,662	41,886	13,157	14,776	66,139
159,816	26,385	11,424	146,311	40,495	Net income from other financial investments	11	38,946	146,311	11,424	26,385	160,775
272,690	26,001	15,775	252,711	159,652	Net income from financial assets		109,596	200,581	28,932	40,776	245,772
1,104,019	240,311	233,103	869,339	811,710	Total net income		949,968	920,698	282,358	284,709	1,211,785
247,985	64,909	49,755	178,843	70,634	Personnel costs	19	149,178	252,956	76,674	89,499	349,420
223,036	44,824	49,757	167,816	149,197	Other operating costs		167,695	186,717	55,154	52,750	249,343
471,021	109,733	99,512	346,660	219,831	Total operating costs		316,873	439,673	131,827	142,249	598,764
632,998	130,578	133,592	522,679	591,879	Earnings before losses and tax		633,095	481,025	150,531	142,459	613,021
4,566	5,824	(8,074)	11,943	10,424	Losses on loans and guarantees	2	10,024	7,968	(8,074)	1,849	591
628,432	124,754	141,665	510,736	581,455	Earnings before tax		623,071	473,056	158,604	140,611	612,430
100,488	25,243	31,100	78,825	108,344	Tax costs		111,524	82,481	32,017	25,560	103,692
527,943	99,511	110,565	431,911	473,111	Earnings before other profit/loss items		511,546	390,575	126,587	115,051	508,738
					Majority share of profit		510,379	389,493	126,195	114,939	507,679
					Minority share of profit		1,167	1,082	392	112	1,059
5,231	(9,303)	-	4,696	-	Items reversed through profit/loss		-	4,696	-	(9,303)	5,231
					<i>Change in fair value of investments available for sale</i>						
-	-	-	-	-	<i>Change in carrying value JVs/associates/subsidiaries</i>		(9,995)	98	22	(27,782)	(3,592)
(5,945)	-	-	-	-	Items not reversed through profit/loss		-	-	-	-	(5,897)
					<i>Estimation difference, IAS 19 Pensions</i>						
(714)	(9,303)	-	4,696	-	Total other profit/loss items recognised in equity *		(9,995)	4,793	22	(37,084)	(4,258)
527,229	90,208	110,565	436,606	473,111	Total profit/loss		501,551	395,368	126,609	77,967	504,480
					Majority share of profit		500,384	394,286			503,421
					Minority share of profit		1,167	1,082			1,059
4.03	0.90	0.99	3.12	4.24	Earnings before other profit/loss items per equity certificate		4.59	2.72	1.13	1.05	3.84

Balance sheet

Parent bank					Group		
31.12.2017	30.09.2017	30.09.2018	(NOK thousands)	Note	30.09.2018	30.09.2017	31.12.2017
100,501	94,607	95,654	Cash and receivables from central banks		95,654	94,607	100,501
1,263,969	805,135	687,294	Loans to and receivables from credit institutions		712,503	832,323	1,281,731
-	-	27,513,152	<i>Gross lending to customers measured at amortised cost</i>		27,483,383	-	-
-	-	2,267,778	<i>Gross lending to customers measured at fair value</i>		2,267,778	-	-
27,482,961	26,955,727	29,780,930	Total gross lending to customers	3, 4, 8	29,751,161	26,929,315	27,457,896
-	-	(171,628)	- Loss provisions on loans	3	(167,253)	-	-
(70,928)	(71,946)	-	- Individual write-downs on loans	3	-	(67,971)	(66,953)
(92,550)	(100,957)	-	- Write-downs on groups of loans	3	-	(100,957)	(92,550)
27,319,483	26,782,825	29,609,303	Net lending to customers		29,583,908	26,760,387	27,298,393
3,816,234	3,636,647	4,167,438	Certificates, bonds and other securities at fair value		4,167,438	3,636,647	3,816,234
1,138,447	1,085,302	1,213,424	Stocks, shares and other equity interests		1,213,424	1,085,302	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		513,306	488,555	519,635
73,518	75,784	25,329	Tangible assets	18	35,572	154,466	151,625
-	-	-	Goodwill		24,654	28,243	24,654
35,960	30,799	16,836	Deferred tax assets		18,102	32,277	38,334
83,697	99,864	84,564	Other assets	5, 10	119,664	123,618	101,320
34,360,440	33,139,593	36,327,939	Total assets		36,484,227	33,236,424	34,470,875
111,984	111,629	112,333	Deposits from credit institutions		112,333	111,629	111,984
21,039,523	21,157,338	21,809,790	Deposits from customers	7	21,792,564	21,127,173	21,001,966
7,860,773	6,813,841	8,991,797	Debt from the issuance of securities	12	8,991,797	6,813,841	7,860,773
93,211	87,525	109,029	Tax payable		112,147	93,367	105,321
353,864	401,481	245,583	Other liabilities	6, 3, 10	276,378	431,092	378,584
496,686	245,347	444,618	Subordinated loan capital	12	444,618	245,347	496,686
29,956,041	28,817,160	31,713,151	Total debt		31,729,838	28,822,448	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	16,253	16,870	Fund for unrealised gains		16,870	16,253	16,870
350,000	350,000	250,000	Hybrid capital		250,000	350,000	350,000
151,415	(11,832)	(28)	Other equity		100,804	120,714	261,184
-	343,343	461,832	Unallocated		499,100	300,925	-
-	-	-	Minority share		1,501	1,416	1,393
4,404,399	4,322,432	4,614,788	Total equity		4,754,389	4,413,976	4,515,560
34,360,440	33,139,593	36,327,939	Debt and equity		36,484,227	33,236,424	34,470,875

Results from quarterly financial statements

Group

(NOK thousands)	Q3/2018	Q2/2018	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016
Interest income	239,268	232,726	218,971	220,189	216,640	217,566	212,158	162,561	161,266
Interest costs	88,758	86,595	78,599	76,007	74,469	76,636	79,025	58,333	56,176
Net interest income	150,510	146,131	140,372	144,182	142,171	140,930	133,133	104,227	105,090
Commission income	69,192	67,963	71,562	72,900	73,777	67,375	64,088	46,415	49,865
Commission costs	3,703	4,249	3,431	4,031	3,660	3,429	3,596	3,181	2,761
Other operating income	37,427	64,061	104,537	32,845	31,644	42,276	35,408	20,534	25,199
Net commission and other income	102,916	127,775	172,668	101,714	101,761	106,222	95,900	63,768	72,303
Dividends	4,351	9,055	18,582	6,474	(385)	10,516	2,252	-	3,216
Net income from ownership interests	13,157	15,291	10,215	24,252	14,776	11,390	15,720	7,582	8,621
Net income from other financial investments	11,424	27,255	267	14,464	26,385	10,752	109,174	2,279	26,911
Net income from financial assets	28,932	51,600	29,063	45,191	40,776	32,659	127,146	9,862	38,748
Total net income	282,358	325,506	342,104	291,087	284,709	279,810	356,178	177,857	216,140
Personnel costs	76,674	(14,432)	86,936	96,464	89,499	80,802	82,655	64,241	52,470
Other operating costs	55,154	57,421	55,120	62,626	52,750	73,465	60,502	64,355	37,698
Total operating costs	131,827	42,989	142,056	159,091	142,249	154,267	143,157	128,596	90,167
Earnings before losses and tax	150,531	282,517	200,048	131,996	142,459	125,544	213,022	49,261	125,973
Losses on loans and guarantees	(8,074)	11,294	6,804	(7,377)	1,849	1,602	4,518	5,864	(1,063)
Earnings before tax	158,604	271,223	193,244	139,374	140,611	123,942	208,504	43,397	127,037
Tax costs	32,017	50,689	28,818	21,211	25,560	31,353	25,569	6,249	26,470
Earnings before other profit/loss items	126,587	220,534	164,426	118,163	115,051	92,589	182,934	37,148	100,567
Parent bank									
Earnings per equity certificate (quarter in isolation)	0.99	2.42	0.83	0.91	0.90	1.54	0.68	0.20	1.07
Diluted earnings per equity certificate (quarter in isolation)	0.99	2.42	0.83	0.91	0.90	1.54	0.68	0.20	1.07

Results from quarterly financial statements - Historical figures pro forma *

Group

(NOK thousands)	Q3/2018	Q2/2018	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016
Interest income	239,268	232,726	218,971	220,189	216,640	217,566	212,158	213,023	212,078
Interest costs	88,758	86,595	78,599	76,007	74,469	76,636	79,025	79,001	76,586
Net interest income	150,510	146,131	140,372	144,182	142,171	140,930	133,133	134,022	135,492
Commission income	69,192	67,963	71,562	72,900	73,777	67,375	64,088	61,278	65,049
Commission costs	3,703	4,249	3,431	4,031	3,660	3,429	3,596	4,139	3,528
Other operating income	37,427	64,061	104,537	32,845	31,644	42,276	35,408	26,159	31,674
Net commission and other income	102,916	127,775	172,668	101,714	101,761	106,222	95,900	83,297	93,195
Dividends	4,351	9,055	18,582	6,474	(385)	10,516	2,252	124	3,814
Net income from ownership interests	13,157	15,291	10,215	24,252	14,776	11,390	15,720	14,851	15,612
Net income from other financial investments	11,424	27,255	267	14,464	26,385	10,752	109,174	7,050	44,108
Net income from financial assets	28,932	51,600	29,063	45,191	40,776	32,659	127,146	22,025	63,534
Total net income	282,358	325,506	342,104	291,087	284,709	279,810	356,178	239,344	292,220
Personnel costs	76,674	(14,432)	86,936	96,464	89,499	80,802	82,655	82,131	69,966
Other operating costs	55,154	57,421	55,120	62,626	52,750	73,465	60,502	82,297	51,998
Total operating costs	131,827	42,989	142,056	159,091	142,249	154,267	143,157	164,428	121,965
Earnings before losses and tax	150,531	282,517	200,048	131,996	142,459	125,544	213,022	74,916	170,256
Losses on loans and guarantees	(8,074)	11,294	6,804	(7,377)	1,849	1,602	4,518	34,359	(448)
Earnings before tax	158,604	271,223	193,244	139,374	140,611	123,942	208,504	40,557	170,703
Tax costs	32,017	50,689	28,818	21,211	25,560	31,353	25,569	3,275	31,995
Earnings before other profit/loss items	126,587	220,534	164,426	118,163	115,051	92,589	182,934	37,283	138,708

* 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 Q3/2018

Group

(NOK thousands)	Ownership interest ¹	Share premium reserve	Equalisation fund	Endowment fund	Sparebanken fund	Fund for unrealised gains	Hybrid capital	Other equity	Unallocated	Minority share	Total equity
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	-	-	-	-	-	-	-	-	(8,918)	-	(8,918)
Subordinated bond maturity	-	-	-	-	-	-	(100,000)	-	-	-	(100,000)
Dividends from 2017, for payment 2018	-	-	-	-	-	-	-	(151,443)	-	-	(151,443)
Earnings before other profit/loss items	-	-	-	-	-	-	-	-	510,379	1,167	511,546
<i>Items reversed through profit/loss:</i>											
Change in carrying value JVs/ associates/subsidiaries	-	-	-	-	-	-	-	(8,936)	-	(1,059)	(9,995)
Equity at 30.09.2018	946,194	1,025,989	281,336	6,540	1,626,054	16,870	250,000	100,804	499,100	1,501	4,754,389

Parent bank

(NOK thousands)	Ownership interest ¹	Share premium reserve	Equalisation fund	Endowment fund	Sparebanken 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	-	-	-	-	-	-	-	-	(8,918)	(8,918)
Subordinated bond maturity	-	-	-	-	-	-	(100,000)	-	-	(100,000)
Dividends from 2017, for payment 2018	-	-	-	-	-	-	-	(151,443)	-	(151,443)
Earnings before other profit/loss items	-	-	-	-	-	-	-	-	473,111	473,111
Equity at 30.09.2018	946,194	1,025,989	281,336	6,540	1,626,054	16,870	250,000	(28)	461,832	4,614,788

1. The shareholder capital is minus 326 in own funds

Cash flow statement

Parent bank			(NOK thousands)	Group		
31.12.2017	30.09.2017	30.09.2018		30.09.2018	30.09.2017	31.12.2017
628,432	510,736	581,455	Profit/loss for the year before tax	623,071	473,056	612,430
(55,289)	(53,579)	(156,132)	Dividends/endowments paid	(156,132)	(53,579)	(56,042)
-	-	12,738	Loss/gain on financial fixed assets	12,738	-	-
(160,312)	(138,899)	8,639	Value changes to financial assets measured at fair value	8,639	(138,899)	(131,547)
10,668	7,959	5,051	Depreciation and impairments	6,324	11,399	22,207
4,566	11,943	10,424	Losses on loans	10,024	11,943	591
(93,211)	(74,528)	(86,241)	Taxes payable	(98,351)	(80,370)	(105,321)
334,854	263,632	375,934	Cash flow from operations before change in current assets and current liabilities	406,314	223,550	342,318
(2,033,880)	(1,503,311)	(2,287,349)	Change in lending/and other assets	(2,283,044)	(1,486,068)	(2,014,009)
1,025,609	1,143,200	862,268	Change in deposits from customers	882,599	1,139,601	1,014,618
(151,997)	(152,352)	349	Change in debt to credit institutions	349	(152,352)	(151,997)
(176,183)	4,851	(365,649)	Change in certificates and bonds	(365,649)	4,851	(176,183)
77,729	61,562	(866)	Change in other receivables	(18,344)	33,028	55,326
(36,982)	28,300	(217,093)	Change in other current liabilities	(219,571)	178,620	(44,889)
(960,850)	(154,117)	(1,632,406)	A Net cash flow from operations	(1,597,346)	(58,770)	(974,816)
			Cash flow from investment activities			
(6,896)	(6,453)	43,138	Change in tangible assets	109,729	(20,479)	(24,471)
(58,623)	(24,992)	17,750	Change in shares and ownership interests	(76,454)	(99,571)	(28,765)
(65,519)	(31,445)	60,888	B Net cash flow from investment activities	33,275	(120,050)	(53,236)
			Cash flow from financing activities			
1,240,102	187,027	1,152,032	Change in borrowing, securities	1,152,032	187,027	1,240,102
100,448	(150,891)	(53,118)	Change in borrowing, subordinated loans	(53,118)	(150,891)	100,448
(11,682)	(11,804)	(108,918)	Change in hybrid capital	(108,918)	(11,804)	(11,682)
1,328,868	24,332	989,996	C Net cash flow from financing activities	989,996	24,332	1,328,868
302,498	(161,230)	(581,522)	A + B + C Net change in cash and cash equivalents for the year	(574,075)	(154,488)	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	899,742	782,948	Cash balance on end of period	808,157	926,930	1,382,232
302,498	(161,230)	(581,522)	Net change in cash and cash equivalents for the year	(574,075)	(154,488)	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 – 30.09.2018. 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 is IFRS 16 'Leases'.

The group has assessed the effects of IFRS 16 'Leases' and does not believe that this will have any significant accounting impact when implemented.

Note 2

Losses on loans and guarantees *

Parent bank			(NOK thousands)	Group		
31.12.2017	30.09.2017	30.09.2018		30.09.2018	30.09.2017	31.12.2017
11,049	12,066		Change in the period in individual write-downs on loans		8,091	7,074
(457)	(628)		Change in the period in guarantee provisions		(628)	(457)
(14,117)	(5,710)		Write-downs for the period on groups of loans		(5,710)	(14,117)
		(73)	Change in the period in loss provisions, step 1	(73)		
		(3,093)	Change in the period in loss provisions, step 2	(3,093)		
		11,023	Change in the period in loss provisions, step 3	10,623		
7,880	6,194	4,469	Losses for the period with previous write-downs	4,469	6,194	7,880
1,405	130	(409)	Losses for the period with previous write-downs	(409)	130	1,405
(701)	(463)	(168)	Previously recognised write-downs at start of period.	(168)	(463)	(701)
(493)	354	(1,324)	Other corrections/amortisation of write-downs	(1,324)	354	(493)
4,566	11,943	10,424	Losses for the period on loans and guarantees	10,024	7,968	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	7,652	(7,336)	(316)	-
Loss provisions transferred to step 2	(3,028)	3,341	(313)	-
Loss provisions transferred to step 3	(113)	(4,986)	5,099	-
New issued or purchased financial assets	13,752	4,465	803	19,020
Increase in measurement of loss	3,509	17,744	19,701	40,953
Reduction in measurement of loss	(14,046)	(7,582)	(1,448)	(23,075)
Financial assets that have been deducted	(7,798)	(8,739)	(8,035)	(24,573)
Changes due to recognised impairments (recognised losses)	-	-	(4,469)	(4,469)
30.09.2018	34,594	47,306	96,940	178,840
Of which: loss provisions on capitalised loans	30,845	46,129	94,653	171,628
Of which: loss provisions on unused credits and guarantees	3,749	1,176	2,287	7,212
Of which: loss provisions, retail market	10,126	17,931	17,869	45,927
Of which: loss provisions, corporate market	24,468	29,374	79,071	132,913

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	7,652	(7,336)	(316)	-
Loss provisions transferred to step 2	(3,028)	3,341	(313)	-
Loss provisions transferred to step 3	(113)	(4,986)	5,099	-
New issued or purchased financial assets	13,752	4,465	803	19,020
Increase in measurement of loss	3,509	17,744	19,301	40,553
Reduction in measurement of loss	(14,046)	(7,582)	(1,448)	(23,075)
Financial assets that have been deducted	(7,798)	(8,739)	(8,035)	(24,573)
Changes due to recognised impairments (recognised losses)	-	-	(4,469)	(4,469)
30.09.2018	34,594	47,306	92,565	174,465
Of which: loss provisions on capitalised loans	30,845	46,129	90,278	167,253
Of which: loss provisions on guarantees	3,749	1,176	2,287	7,212
Of which: loss provisions, retail market	10,126	17,931	17,869	45,927
Of which: loss provisions, corporate market	24,468	29,374	74,696	128,538

* 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	400,149	(397,906)	(2,243)	-
Loans transferred to Step 2	(850,184)	856,009	(5,825)	-
Loans transferred to Step 3	(16,786)	(75,068)	91,854	-
New issued or purchased financial assets	10,140,706	274,028	37,644	10,452,378
Increase in drawing on existing loans	297,950	77,285	462	375,697
Reduction in drawing on existing loans	(710,409)	(93,037)	(8,534)	(811,980)
Financial assets that have been deducted	(7,458,708)	(408,459)	(40,910)	(7,908,077)
Changes due to recognised impairments (recognised losses)	-	-	(8,276)	(8,276)
30.09.2018	25,347,618	1,890,799	274,735	27,513,152
Loss provisions as % of gross lending	0.14%	2.50%	35.28%	0.65%

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	400,149	(397,906)	(2,243)	-
Loans transferred to Step 2	(850,184)	856,009	(5,825)	-
Loans transferred to Step 3	(16,786)	(75,068)	91,854	-
New issued or purchased financial assets	10,140,706	274,028	37,644	10,452,378
Increase in drawing on existing loans	293,844	77,285	(137)	370,992
Reduction in drawing on existing loans	(710,409)	(93,037)	(8,534)	(811,980)
Financial assets that have been deducted	(7,458,708)	(408,459)	(40,910)	(7,908,077)
Changes due to recognised impairments (recognised losses)	-	-	(8,276)	(8,276)
30.09.2018	25,332,877	1,890,799	259,707	27,483,383
Loss provisions as % of gross lending	0.14%	2.50%	35.64%	0.63%

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

Note 5

Other assets

Parent bank			(NOK thousands)	Group		
31.12.2017	30.09.2017	30.09.2018		30.09.2018	30.09.2017	31.12.2017
25,409	30,840	16,429	Prepaid, unaccrued costs, and accrued income not yet received	37,825	53,635	41,694
18,396	32,588	20,894	Other assets	34,599	33,547	19,733
-	649	-	Acquired real estate	-	649	-
39,893	35,787	47,241	Derivatives and other financial instruments at fair value	47,241	35,787	39,893
83,697	99,864	84,564	Total other assets	119,664	123,618	101,320

Note 6

Other liabilities

Parent bank			(NOK thousands)	Group		
31.12.2017	30.09.2017	30.09.2018		30.09.2018	30.09.2017	31.12.2017
71,190	49,351	39,961	Accrued expenses and unaccrued income received	39,872	49,351	71,190
146,857	138,808	55,570	Provision for accrued expenses and liabilities	54,920	138,427	146,207
81,515	156,967	87,443	Other liabilities	118,977	186,959	106,886
54,302	56,355	62,610	Derivatives and other financial instruments at fair value	62,610	56,355	54,302
353,864	401,481	245,583	Total other debt	276,378	431,092	378,584

Note 7

Deposits from customers broken down by sector and industry

Parent bank			(NOK thousands)	Group		
31.12.2017	30.09.2017	30.09.2018		30.09.2018	30.09.2017	31.12.2017
12,278,048	12,556,880	12,908,484	Salaried staff, etc.	12,908,484	12,556,880	12,278,048
2,502,831	2,661,269	3,133,206	Property management/business services, etc.	3,115,980	2,631,103	2,465,274
698,895	648,024	733,457	Merchandising/hotels and restaurants	733,457	648,024	698,895
163,346	180,172	175,662	Agriculture/forestry	175,662	180,172	163,346
538,476	443,980	436,234	Building and construction	436,234	443,980	538,476
1,404,558	1,193,835	1,399,856	Transport and service Industries	1,399,856	1,193,835	1,404,558
196,224	177,674	153,686	Production (manufacturing)	153,686	177,674	196,224
2,442,712	2,572,041	2,114,442	Public administration	2,114,442	2,572,041	2,442,712
814,433	723,463	754,763	Abroad and others	754,763	723,463	814,433
21,039,523	21,157,338	21,809,790	Total deposits	21,792,564	21,127,173	21,001,966

Note 8

Lending to customers broken down by sector and industry

Parent bank			(NOK thousands)	Group		
31.12.2017	30.09.2017	30.09.2018		30.09.2018	30.09.2017	31.12.2017
20,336,290	19,766,621	22,034,383	Salaried staff, etc.	22,034,383	19,766,621	20,336,290
5,639,764	5,596,287	6,127,686	Property management/business services, etc.	6,097,915	5,569,875	5,614,699
319,771	338,109	309,602	Merchandising/hotels and restaurants	309,602	338,109	319,771
242,587	260,947	259,027	Agriculture/forestry	259,027	260,947	242,587
219,810	257,784	293,623	Building and construction	293,623	257,784	219,810
328,525	356,734	317,413	Transport and service Industries	317,413	356,734	328,525
244,423	254,301	248,114	Production (manufacturing)	248,114	254,301	244,423
151,791	124,944	191,082	Abroad and others	191,082	124,944	151,791
27,482,961	26,955,727	29,780,930	Gross lending	29,751,161	26,929,315	27,457,896
		27,513,152	- Of which: valued at amortized cost	27,483,383		
		2,267,778	- Of which: valued at fair value	2,267,778		
		(171,628)	- Loss provisions on loans	(167,253)		
(70,928)	(71,946)		- Individual write-downs		(67,971)	(66,953)
(92,550)	(100,957)		- Write-downs on groups of loans		(100,957)	(92,550)
27,319,483	26,782,825	29,609,303	Net lending	29,583,908	26,760,387	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 September 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 percent, 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 Financial Supervisory Authority of Norway has set up new Pillar 2 requirements applicable from 31.12.2018 at 1.9%.

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

	30.09.2018
Primary capital	
Common equity tier 1 capital	4,096,702
Tier 1 capital	4,468,227
Primary capital	4,995,803
Basis for calculation	24,742,333
Capital adequacy	
Common equity tier 1 capital ratio	16.56%
Tier 1 capital ratio	18.06%
Capital adequacy	20.19%
Unweighted tier 1 capital ratio (leverage ratio)	8.12%

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

	30.09.2018	30.09.2017	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	16,253	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)	(28)	(11,831)	-
Profit/loss for the period	461,832	343,343	-
Total capitalised equity (excluding hybrid capital)	4,364,788	3,972,432	4,054,400

Value adjustments on stocks and bonds measured at fair value (AVA)	(7,758)	(6,146)	(6,288)
Allowance for non-material interests in the financial sector	(1,054,570)	(768,345)	(815,854)
Dividends allocated for distribution, classified as equity	-	-	(151,443)
Profit/loss for the period	(461,832)	(343,343)	-
Interim profit/loss included in tier 1 capital	324,652	241,284	-
Total common equity tier 1 capital	3,165,280	3,095,882	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	(31,725)	(93,470)	(105,118)
Total tier 1 capital	3,415,555	3,392,411	3,265,697
Tier 2 capital in excess of tier 1 capital			
Time-limited primary capital	400,000	202,904	351,307
Allowance for non-material interests in the financial sector	(30,711)	(109,407)	(115,535)
Net primary capital	3,784,844	3,485,908	3,501,469
Risk-weighted basis for calculation			
Assets not included in the trading portfolio	16,685,724	15,707,436	16,339,576
Operational risk	1,758,783	1,480,869	1,480,869
Position risk in the trading portfolio	-	502,411	-
CVA surcharge (counterparty risk on derivatives)	27,677	20,512	29,275
Total basis for calculation	18,472,184	17,711,228	17,849,720
Common equity tier 1 capital ratio	17.14%	17.48%	17.26%
Tier 1 capital ratio	18.49%	19.15%	18.30%
Capital adequacy	20.49%	19.68%	19.62%
Unweighted tier 1 capital ratio (leverage ratio)	9.07%	9.72%	9.36%
Buffer requirements			
Capital conservation buffer (2.50%)	461,805	442,781	446,243
Countercyclical buffer (2.00%/1.50%)	369,444	265,668	356,994
Systemic risk buffer (3.00%)	554,166	531,337	535,492
Total buffer requirement for common equity tier 1 capital	1,385,414	1,239,786	1,338,729
Minimum requirement for common equity tier 1 capital (4.50%)	831,248	797,005	803,237
Available common equity tier 1 capital beyond minimum requirement	948,618	1,059,091	938,848
	30.09.2018	30.09.2017	31.12.2017
Local and regional authorities	54,117	2,233	52,368
Publicly owned companies	18,220	-	20,374
Institutions	102,544	417,581	335,357
Companies	1,896,207	1,874,378	1,982,754
Mass market	2,589,530	2,565,672	2,575,512
Mortgaged against residential and holiday property	7,904,793	7,077,698	7,201,789
Mortgaged against commercial property	2,915,662	2,640,363	2,702,211
Overdue commitment	53,158	97,201	73,203
High-risk commitments	-	1,248	-
Bonds with preferential rights	264,898	226,668	236,556
Receivables on institutions and companies with short-term ratings	76,457	100,027	191,794
Shares in mutual funds	51,191	-	46,026
Equity items	660,591	458,466	680,376
Other commitments	98,356	245,903	241,256
Total credit risk	16,685,724	15,707,436	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 30.09.2018			Contract sum	Fair value 30.09.2017	
30.09.2018	Assets	Liabilities		30.09.2017	Assets	Liabilities
4,225,000	47,241	62,610	Derivatives – hedging			
			Derivatives at fair value	3,438,500	35,787	56,355
4,225,000	47,241	62,610	Total derivatives for fair value hedging	3,438,500	35,787	56,355

Note 11

Net income from other financial investments

Parent bank			(NOK thousands)	30.09.2018	30.09.2017	31.12.2017
31.12.2017	30.09.2017	30.09.2018				
36,844	26,660	36,190	Net change in value of stocks, shares etc. measured at fair value *	34,641	26,660	36,844
19,695	21,059	(10,740)	Net change in value of bonds/certificates measured at fair value	(10,740)	21,059	19,695
10,812	7,284	9,654	Net change in value of financial derivatives measured at fair value	9,654	7,284	10,812
3,897	2,740	5,391	Exchange rate gains/losses on currency	5,391	2,740	3,897
88,568	88,568	-	Recognition of negative goodwill	-	88,568	89,527
159,816	146,311	40,495	Net income from other financial investments	38,946	146,311	160,775

* It was 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.

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	Parent bank/Group			
	(NOK thousands)	30.09.2018	30.09.2017	31.12.2017
Certificate debt, nominal value		-	-	-
Bond debt, nominal value		9,001,000	6,785,500	7,823,500
Value adjustments and accrued interest		(9,203)	28,341	37,273
Total securities debt		8,991,797	6,813,841	7,860,773

Change in securities debt	Parent bank/Group				
	(NOK thousands)	30.09.2018	Issued 2018	Redeemed 2018	31.12.2017
Certificate debt, nominal value		-	-	-	-
Bond debt, nominal value		9,001,000	2,100,000	(922,500)	7,823,500
Value adjustments and accrued interest		(9,203)	-	-	37,273
Total securities debt		8,991,797	2,100,000	(922,500)	7,860,773

Subordinated loan capital	Parent bank/Group			
	(NOK thousands)	30.09.2018	30.09.2017	31.12.2017
Subordinated loan capital		440,000	240,000	490,000
Value adjustments and accrued interest		4,618	5,347	6,686
Total subordinated loan capital		444,618	245,347	496,686

Change in subordinated loan capital	Parent bank/Group				
	(NOK thousands)	30.09.2018	Issued 2018	Redeemed 2018	31.12.2017
Subordinated loan capital		440,000	150,000	(200,000)	490,000
Value adjustments and accrued interest		4,618	-	-	6,686
Total subordinated loan capital		444,618	150,000	(200,000)	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 30.09.2018

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit/loss					
Net interest income	259,488	168,623	(375)	9,278	437,013
Net commission and other income	259,911	70,550	37,924	144,569	512,954
Operating costs	297,657	120,613	1,497	(102,894)	316,873
Earnings before losses	221,742	118,560	36,052	256,741	633,095
Losses on loans and guarantees	(589)	10,466	-	148	10,024
Earnings before tax	222,331	108,094	36,052	256,593	623,071

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Lending to customers	21,390,864	7,554,948	-	805,348	29,751,161
Loss provisions on loans	(45,176)	(121,544)	-	(533)	(167,253)
Other assets	108,335	13,319	13,505	6,765,160	6,900,319
Total assets per segment	21,454,023	7,446,723	13,505	7,569,975	36,484,227
Deposits from and debt to customers	13,224,636	7,867,489	-	700,439	21,792,564
Other equity and liabilities	8,229,387	(420,766)	13,505	6,869,536	14,691,663
Total equity and debt per segment	21,454,023	7,446,723	13,505	7,569,975	36,484,227

Group 30.09.2017

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit/loss					
Net interest income	246,609	163,016	-	6,608	416,233
Net commission and other income	247,651	66,757	9,387	180,669	504,464
Operating costs	292,080	115,885	5,894	25,814	439,673
Earnings before losses	202,180	113,888	3,493	161,464	481,025
Losses on loans and guarantees	(945)	8,916	-	(3)	7,968
Earnings before tax	203,125	104,972	3,493	161,467	473,056

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Lending to customers	19,413,250	6,968,290	-	547,774	26,929,315
Individual write-downs on loans	(14,939)	(57,006)	-	3,975	(67,971)
Group write-down on loans	(28,417)	(72,540)	-	-	(100,957)
Other assets	138,166	920,919	123,538	5,293,414	6,476,037
Total assets per segment	19,508,060	7,759,664	123,538	5,845,163	33,236,424
Deposits from and debt to customers	13,230,260	7,676,753	-	220,160	21,127,173
Other equity and liabilities	6,277,800	82,911	123,538	5,625,004	12,109,252
Total equity and debt per segment	19,508,060	7,759,664	123,538	5,845,163	33,236,424

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 3.0 years at 30.09.2018. Overall LCR was 157% at the end of the second quarter and average total LCR was 169% 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 listed prices in a non-active market.

- 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 30.09.2018

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Fixed rate loans	-	-	1,577	1,577
- Approved loans to Boligkreditt			689	689
- Bonds and certificates	204	3,963	-	4,167
- Equity Instruments	247	-	-	247
- Derivatives	-	47	-	47
Financial assets available for sale				
- Equity Instruments	20	-	931	951
Total assets	471	4,010	3,197	7,678

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit/loss				
- Fixed rate deposits	-	-	-	-
- Securities at fair value	-	2,208	-	2,208
- Derivatives	-	63	-	63
Total liabilities	-	2,271	-	2,271

The group's assets and liabilities measured at fair value at 30.09.2017

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Fixed rate loans	-	-	1,342	1,342
- Bonds and certificates	209	3,418	-	3,627
- Equity Instruments	238	-	5	243
- Derivatives	-	36	-	36
Financial assets available for sale				
- Equity Instruments	19%	-	823	842
Total assets	466	3,454	2,170	6,090

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit/loss				
- Fixed rate deposits	-	-	824	824
- Securities at fair value	-	1,793	-	1,793
- Derivatives	-	56	-	56
Total liabilities	-	1,849	824	2,673

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 30.09.2018

	Fixed rate loans	Approved loans to Boligkredditt	Shares available for sale	Fixed-interest deposits
Opening balance 01.01.2018	1,268	-	861	819
Change as a result of the transition to IFRS 9	-	-	-	(819)
Increase	464	689	70	-
Decrease	(155)	-	-	-
Net gain/loss on financial instruments	-	-	-	-
Closing balance 30.09.2017	1,577	689	931	-

Changes in instruments classified under level 3 at 30.09.2017

	Fixed rate loans	Shares at fair value through profit/loss	Shares available for sale	Fixed-interest deposits
Opening balance 01.01.2017	1,046	35	591	554
Transferred from SpareBank 1 NT 01.01.2017	447	35	194	75
Increase	73	1	39	658
Decrease	(228)	(67)	(2)	(464)
Net gain/loss on financial instruments	4	1	1	1
Closing balance 30.09.2017	1,342	5	823	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-interest 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 at all three 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 30.09.2018;

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 implementation of the new deposit scheme was completed in the third 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 September 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, 1 November 2018

Øyvind Birkeland (sign.)
Chair

Heine Wang (sign.)
Deputy Chair

Eric Sandtrø (sign.)

Janne Sølvi Weseth (sign.)

Kristin Sjøia 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

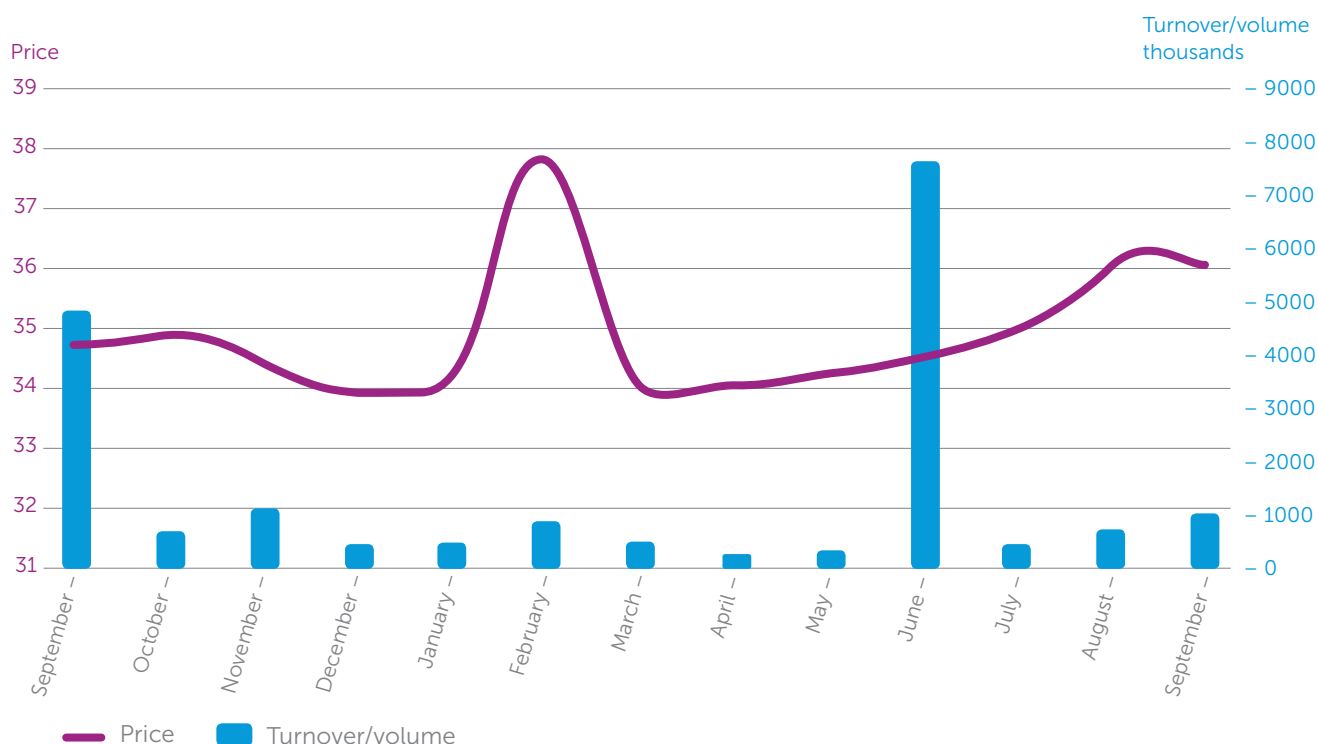
In the calculation of diluted earnings per equity certificate, the weighed average number of issued ordinary equity certificates in circulation is adjusted for the effect of converting potential equity certificates which could lead to dilution. The bank has no potential equity certificates that could cause dilution at 30.09. Diluted earnings per equity certificate are therefore equal to earnings per equity certificate.

	Parent bank
(NOK thousands)	30.09.2018
Based on profit/loss for the year divided between equity certificate holders and primary capital	461,832
Number of equity certificates issued	63,101
Earnings per equity certificate	4.24
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	30.09.2018
Profit/loss for the year	473,111
- corrected for interest on subordinated bonds posted directly to equity	(8,918)
- adjusted for the implementation effect of IFRS 9	(2,361)
Adjusted profit/loss for the year	461,832

Change in prices September 2017 - September 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	905,614	1.44%
DNB Bank ASA	860,129	1.36%
Wenaasgruppen AS	810,000	1.28%
Melesio Capital NYE AS	802,211	1.27%
Catilina Invest AS	654,950	1.04%
Landkreditt Utbytte	550,000	0.87%
JAG Holding AS	505,606	0.80%
Salt Value AS	500,881	0.79%
Sanden AS	481,075	0.76%
Bess Jahres Stiftelse	417,312	0.66%
Foretakskonsulenter AS	411,230	0.65%
Espedal & Co AS	404,073	0.64%
Sole Active AS	361,341	0.57%
Haugaland Kraft Pensjonskasse	332,367	0.53%
Verdipapirfondet Nordea Norge	325,000	0.52%
Johansen Kjell Petter	320,000	0.51%
Total for 20 largest shareholders	38,008,195	60.23%
Other owners	25,093,158	39.77%
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 will ensure its owners a competitive, stable, long-term return in terms of dividends and higher prices for its 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's policy is that a minimum 50% of the equity certificate holders' share of each year's profit should 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



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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 September 2018 and the nine-month period then ended, showing a profit before tax of TNOK 581 455 for the parent company and TNOK 623 071 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 interim report is not prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by EU.

Oslo, 1 November 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	Roros	Ålesund
Hamar	Sandefjord	

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening.



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