

2018

INTERIM REPORT FOR THE 4TH 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 branches 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.



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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 EiendomsMegler 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.

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 fourth quarter

- Earnings after tax: NOK 84.5 million (118.2 million).
- Annualised return on equity: 7.4% (11.4%).
- Net interest income: NOK 155.9 million (144.2 million).
- Net commission and other income: NOK 103.3 million (101.7 million).
- Net income from financial assets: NOK -10.4 million (45.2 million).
- Operating costs: NOK 149.3 million (159.1 million).
 - Including NOK -10.0 million from winding up of pension schemes.
 - Last year included restructuring costs of NOK 7.4 million.
- Net losses on loans and guarantees: NOK -9.4 million (-7.4 million)

Highlights January – Desember

- Earnings after tax: NOK 596.1 million (508.7 million).
- Annualised return on equity: 13.6% (13.0%).
- Net interest income: NOK 592.9 million (560.4 million).
- Net commission and other income: NOK 506.7 million (405.6 million).
 - Including gains from sale of own office buildings for NOK 90.7 million.
- Net income from financial assets: NOK 99.2 million (245.8 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 466.2 million (598.8 million).
 - Including NOK -102.2 million from winding up of pension schemes.
 - Last year included costs related to technical merger/restructuring of NOK 40.7 million.
- Net losses on loans and guarantees: NOK 0.7 million (0.6 million).
- Total growth in lending for last 12 months, including portfolio transferred to SpareBank 1 Boligkreditt AS/ SpareBank 1 Næringskreditt AS: 8.2% (6.9%).
- Deposit growth last 12 months: 5.4% (5.1%).
- Tier 1 capital ratio, proportional consolidation: 17.9% (parent bank last year 18.3%).
- Common equity tier 1 capital, proportional consolidation: 16.7% (parent bank last year 17.3%).
- Leverage ratio, proportional consolidation: 8.2% (parent bank last year 9.4%).
- The board proposes a dividend of NOK 2.95 (2.40) per equity certificate

Financial performance

Cumulative figures as at 31 December unless explicitly stated otherwise.

Profit/loss

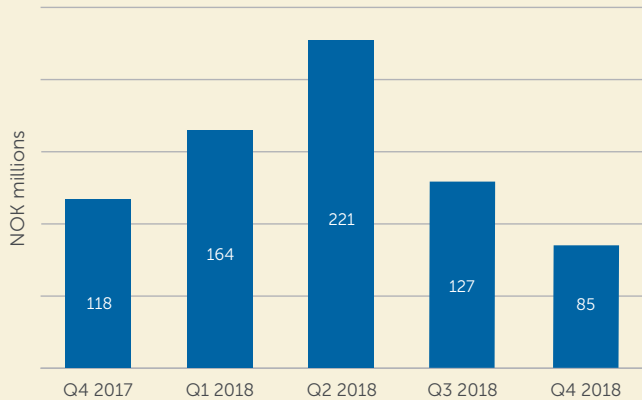
The SpareBank 1 BV Group had a net profit from ordinary operations before losses of NOK 732.6 million (613.0 million). Earnings after tax was NOK 596.1 million (508.7 million), which represents 1.67% (1.54%) of average total assets. The group's annualised return on equity was 13.6% (13.0%).

The group's return on equity was heavily affected in 2018 by gains from the sale of the bank's four business premises amounting to NOK 90.7 million and income recognition from winding up pension schemes worth NOK 102.2 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 40.7 million. These items made up the group's annualised return on equity of 9.9% (9.9%).

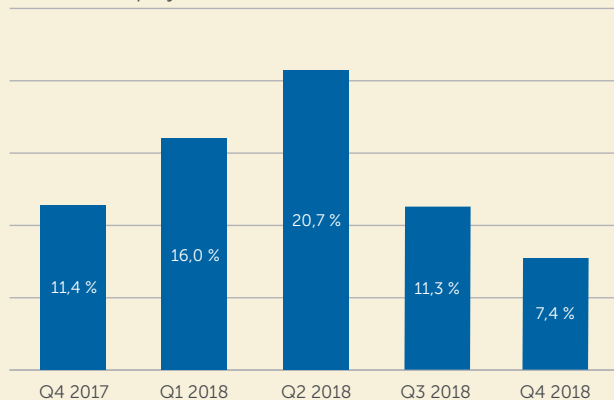
Earnings per equity certificate in the parent bank were NOK 4.98 (4.03).

Quarterly change in earnings after tax and return on equity

Profit/loss after tax



Return on equity



Net interest income

Net interest income amounted to NOK 592.9 million (560.4 million). Net interest income as a percentage of average total assets was 1.67% (1.70%).

At the end of the year, the bank had transferred mortgages worth NOK 11,740 million (11,066 million) to SpareBank 1 Boligkreditt AS, and NOK 582 million (149 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 94.9 million (100.3 million).

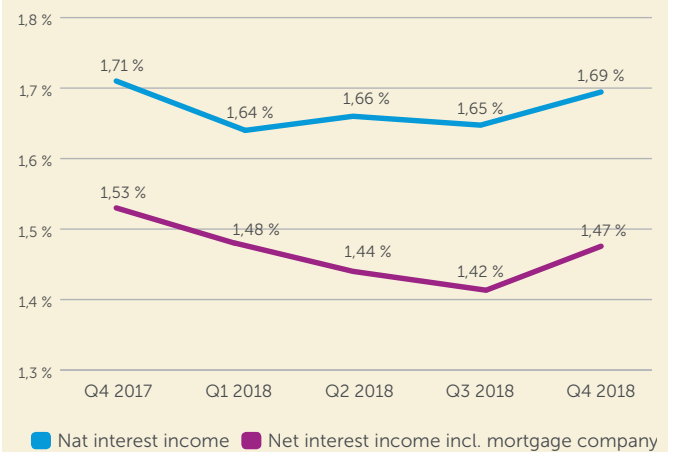
Higher money market rates had a negative impact on net interest income and commission from SpareBank 1 Boligkreditt AS in 2018.

Based on increased money market rates and the increase in Norges Bank's key rate in September, SpareBank 1 BV

increased interest rates on deposits and loans by up to 0.25 percentage points. The interest rate changes took full effect from 22 October in the corporate market and from 19 November in the retail market.

The interest rate adjustments resulted the bank's net interest income rising in the fourth quarter.

Quarterly change in net interest income



Net commission and other income

Net commission and other income totalled NOK 506.7 million (405.6 million).

Net commission income

Net commission income amounted to NOK 266.2 million (263.4 million).

Other operating income

Other operating income amounted to NOK 240.5 million (142.2 million). The increase from last year includes gains from the sale of the bank's four business premises amounting to NOK 90.7 million.

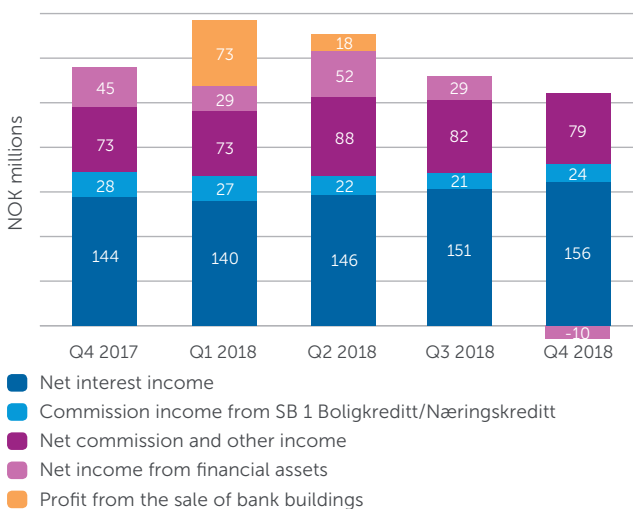
The bank's business premises on Nøtterøy (parent bank), in Sandefjord (subsidiary), in Horten (subsidiary company) and in Kongsberg (subsidiary) were sold off in the first half-year. The sales produced a total accounting gain of NOK 12.7 million in the parent bank and NOK 90.7 million in the group. NOK 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

99.2 million (245.8 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 (18.9 million), net income from ownership interests of NOK 47.8 million (66.1 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.

Quarterly change in income (NOK million):



Operating costs

Total operating costs were NOK 466.2 million (598.8 million). Operating costs as a percentage of total operating income (excl. financial investments) for the group came to 42.4% (62.0%). The corresponding cost ratio for the parent bank was 38.3% (56.7%).

Personnel costs

Personnel costs amounted to NOK 237.4 million (349.4 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.

The 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%

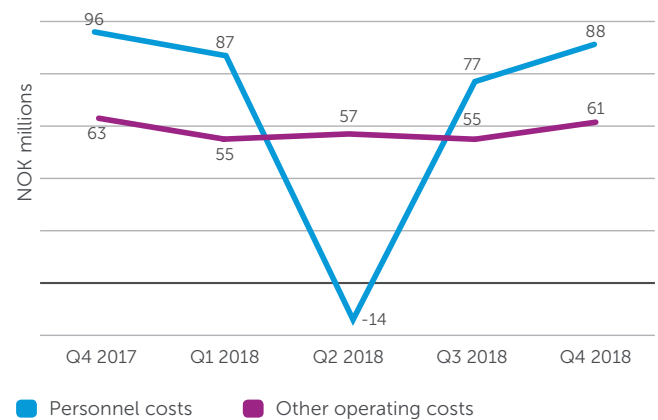
NOK 102.2 million was recognised as income from the winding up of pension schemes in 2018. The parent

bank recognised NOK 24.1 million in costs relating to restructuring costs/severance packages in 2017.

Other operating costs

Other operating costs amounted to NOK 228.8 million (249.3 million). Costs of NOK 16.6 million related to the technical merger were recognised in 2017.

Quarterly change in operating costs

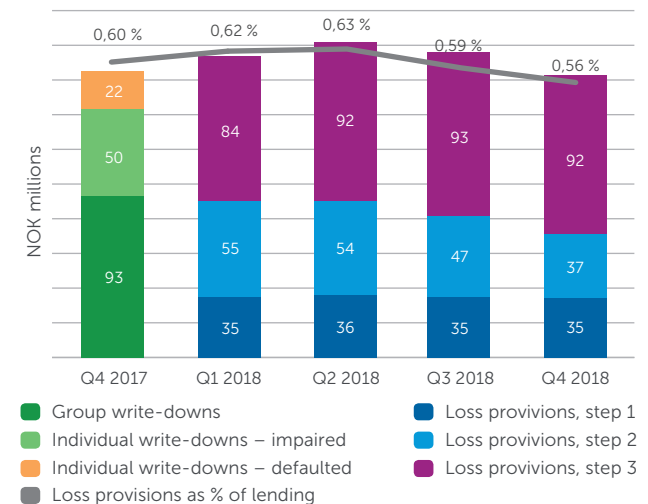


Losses and loss provisions

Net losses on loans and guarantees amounted to NOK 0.7 million (0.6 million) as at 31 December. Net losses as a percentage of average gross lending amounted to 0.00% (0.00%).

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 interim report and Note 40 to the financial statements for 2017.

Quarterly change in losses and loss provisions



Balance sheet performance

The group's total assets amounted to NOK 36,581 million. This represents an increase of NOK 2,110 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 48,903 million (45,685 million).

Lending and deposit performance

Gross lending (including volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 41,854 million. In the last 12 months there has been an increase of NOK 3,182 million, equivalent to 8.2%. The growth was made up of NOK 2,835 million, or 9.0%, in the retail market and NOK 347 million, or 4.8%, in the corporate market. The retail market (inclusive of SpareBank 1 Boligkreditt AS) accounted for 82% (81%) of loans at the end of the year.

At the end of the year, the group had a deposit volume of NOK 22,139 million (21,002 million) with deposit growth of 5.4% in the last 12 months. The growth was made up of NOK 1,072 million, or 8.7%, in the retail market and NOK 64 million, or 0.7%, in the corporate market. Deposits from the local government sector have decreased by more than NOK 500 million in the last 12 months. The group had deposit coverage of 75.0%, compared with 76.5% at the same time last year. Including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS, deposit

coverage amounts to 52.9% (54.3%). The retail market's share of deposits at the end of the year was 60% (58%). In conjunction with the interest rate changes in September 2018, the bank launched new deposit products that resulted in an increase in deposits in the last quarter.

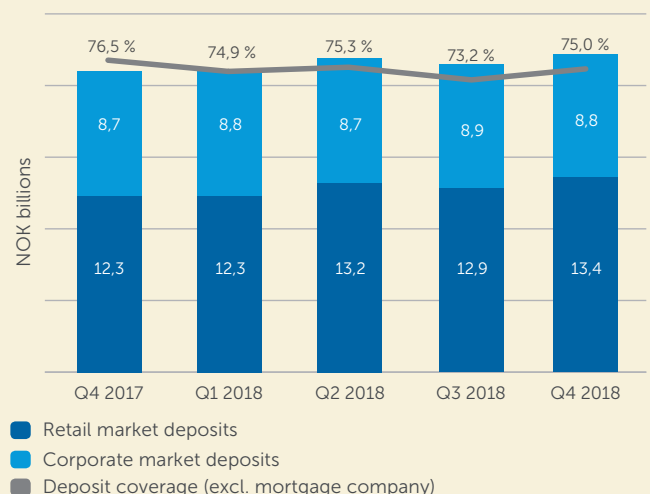
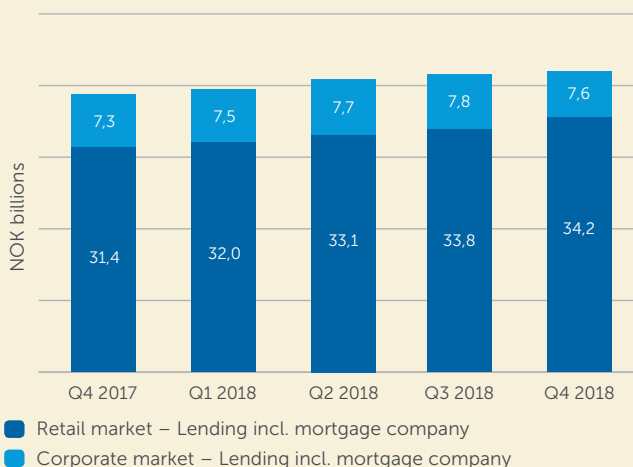
Retail market

The customers' use of the group's digital services increases every quarter, which confirms that customers want simpler solutions. The group and the SpareBank 1 Alliance are investing heavily in developing digital customer concepts. Meanwhile, the group believes that customers must be allowed to choose which channel they want to use. SpareBank 1 BV wants to have a strong local profile and a presence in the cities in which the group is located.

In the last year, the group has focused on refining and simplifying its range of services and working with more analysis and data driven communication. This helps the group understand its customers better and improves the bank's ability to take relevant measures.

The degree of digitalisation has increased most in the area of financing. In the fourth quarter of 2018, seven out of ten loan applications were started digitally by the customer. The degree of self-service in saving via funds and setting up share savings accounts is now more than 90%. Buying car insurance via online and mobile banking is growing rapidly.

Quarterly change in loans and deposits



House prices in the bank's market area have developed stably. House prices fell in the fourth quarter, as they did in the rest of the country, but house prices in Norway are still 2.8% higher than a year ago. Price rises in Drammen and the surrounding region have levelled off, while Kongsberg has seen growth of 3.5% in the last 12 months. In Vestfold, Holmestrand has seen the strongest growth at 6.3%. Prices in Horten and Sandefjord have also risen by more than the national average, 4.2% and 5.1%, respectively, in 2018.

The retail market saw lending growth of 1.4% in the fourth quarter and ended at 9.0% for the year. Kongsberg, Sandefjord, Horten and Drammen increased the most. The new branches in Lier and Holmestrand are contributing good numbers of new customers.

Deposits grew by 3.4% in the fourth quarter and 8.7% over the year.

Corporate market

The economy in the bank's region is diverse and perceived as very attractive. SpareBank 1 BV constantly focuses on being a good supporter of the region and of business in general, as well as contributing to positive development in terms of preserving and creating new jobs. In line with the bank's long-term strategy, the corporate market has successfully enhanced interaction between the various business areas such that customers are now met with a more coherent product range. There is growing interest in the group's concept for corporate market customers.

The trend towards digitalisation is growing in the corporate market as well and the group continuously strives to streamline both customer and internal processes, including by introducing self-service changes to loans and applications for repayment loans/credit.

An ever increasing proportion of our customers are using our digital solutions. Digital consent submission has been introduced, which is vital when it comes to customers regarding us a relevant choice and for the interaction between the group's various business areas.

A local presence, relationships and quality advice are still very important for the group's customer concept for the corporate market and are anchored through the group's values: Learning, Engaged and Close.

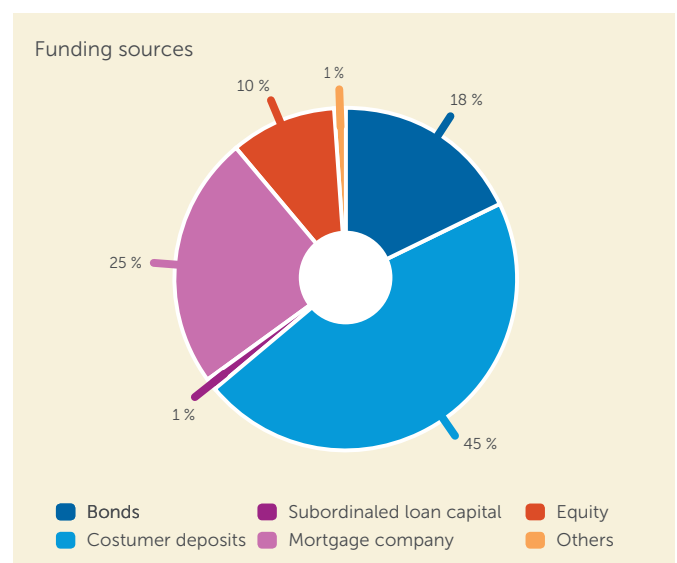
Liquidity

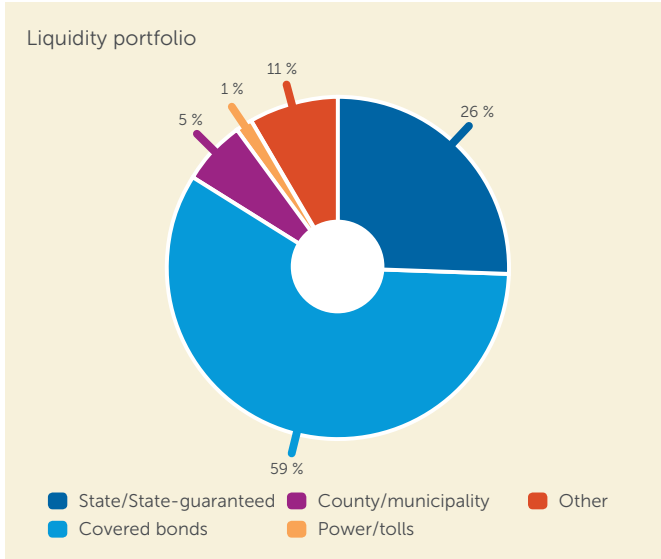
The bank's liquidity situation at the end of the quarter is good. The bank has a liquidity portfolio of NOK 3,846 million as at 31 December 2018. The bank aims to keep the liquidity risk at a low level. SpareBank 1 BV's goal is to be able to maintain ordinary operations for a minimum of 12 months without access to external financing in a normal market. As at 31 December 2018, the bank is well above this target.

At the end of the quarter, mortgage loans totalling NOK 11,740 million had been transferred to SpareBank 1 Boligkreditt AS, an increase of NOK 674 million from the start of year. As at 31 December 2018, the bank has a portfolio of loans approved for transfer to SpareBank 1 Boligkreditt AS worth NOK 9,800 million.

In 2018, the group's target was to increase the average time to maturity of its bond debt from 2.75 years to 2.9 years. At the end of the fourth quarter, the average term to maturity is 2.9 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. Moody's produced a new credit analysis of the bank in January 2019. The new analysis maintains the rating of A2 with a stable outlook. SpareBank 1 BV was also upgraded to bank group 2 by Nordic Bond Pricing in the third quarter of 2018.



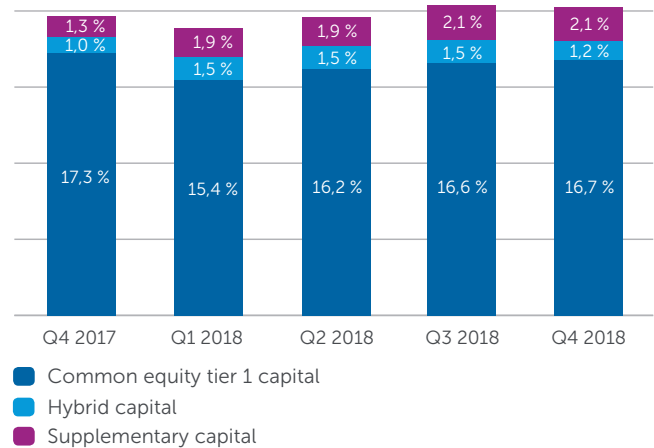


(80% in 2017).

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 16.7%. The profit/loss for the period, taking into account the proposed dividend, was included in the capital adequacy calculation as at 31 December 2018. The leverage ratio amounted to 8.2% 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)



Equity

Capital adequacy

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

At the end of the fourth quarter, the regulatory requirement for common equity tier 1 capital is a minimum of 12%. In September, the Financial Supervisory Authority of Norway set a new Pillar 2 requirement for SpareBank 1 BV of 1.9% from 31 December 2018, although this must be a minimum of 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 2018 target for common equity tier 1 capital ratio was a minimum of 15%. At the end of the year, the common equity tier 1 capital ratio was 16.7%.

In December 2018, the Financial Supervisory Authority of Norway increased the countercyclical buffer requirement from 2.0% to 2.5%, effective from 31 December 2019. Based on this the board decided in January 2019 to increase the group's target for common equity tier 1 capital to 15.5%.

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 31 December 2018

Equity certificates

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 dividend policy is discussed in more detail in the section on the 'Bank's equity certificates'.

Based on the current dividend policy, the bank's board recommends a cash dividend for 2018 of NOK 2.95 per equity certificate and provisions for the risk equalisation fund corresponding to NOK 2.03 per equity certificate.

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Operating income	82.1	75.7	29.7	26.1	37.7	12.7	36.0	36.2	0.2	0.4	185.7	150.9
Operating costs	(73.0)	(73.0)	(25.7)	(22.6)	(0.9)	(8.1)	(32.9)	(35.1)	(0.9)	(0.7)	(133.4)	(139.6)
Financial items	(1.1)	0.2	(0.0)	0.0	0.0	(0.0)	(0.4)	(0.4)	(0.6)	(0.3)	(2.2)	(0.4)
Earnings before tax	8.0	2.9	3.9	3.5	36.9	4.5	2.8	0.6	(1.3)	(0.6)	50.2	11.0

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 premises 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.

Outlook for the future

The board is very pleased with both the consolidated results and the results for the core business for 2018.

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

The Norwegian economy is expected to grow well in 2019. However, some uncertainty still exists with respect to the long-term effects of the international instability and the lower growth rate in Europe. Interest rates in Norway are expected to rise slightly in 2019, while credit growth is expected to slow somewhat in relation to the last few years.

The group's market areas are expecting continued low unemployment with stable housing markets, while the local business sector is optimistic about the prospects for growth next year. Based on this and the bank's performance in the last few years, lending growth in the retail market is expected to be somewhat above market growth nationally, while moderate growth is expected in the corporate market.

Losses are expected to be relatively low in 2019.

SpareBank 1 BV's return on equity target remains a minimum of 10%.

Tønsberg, 7th February 2019
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)	31.12.2018	%	31.12.2017	%
Net interest income	592,916	1.67	560,415	1.70
Net commission and other income	506,706	1.42	405,598	1.23
Net income from financial assets	99,208	0.28	245,772	0.75
Total net income	1,198,830	3.37	1,211,785	3.68
Total operating costs	466,182	1.31	598,764	1.82
Earnings before losses/profit before losses and tax	732,648	2.06	613,021	1.86
Losses on loans and guarantees	650	0.00	591	0.00
Earnings before tax	731,998	2.06	612,430	1.86
Tax costs	135,912	0.38	103,692	0.31
Earnings after tax	596,086	1.67	508,738	1.54
Total other profit/loss items recognised in equity	3,404	0.01	(4,258)	-0.01
Total profit/loss	599,490	1.68	504,480	1.53
	31.12.2018		31.12.2017	
Profitability				
Return on equity, profit/loss before other earnings ¹	13.6%		13.0%	
Return on equity, comprehensive income	13.7%		12.8%	
Cost-income ratio ²	38.9%		49.4%	
Cost-income ratio excl. financial investments	42.4%		62.0%	
Balance sheet figures				
Gross lending to customers	29,531,949		27,457,896	
Gross lending to customers incl. SpareBank 1 Boligkreditt/Næringskreditt	41,854,035		38,672,363	
Deposits from customers	22,138,580		21,001,966	
Deposit coverage	75.0%		76.5%	
LCR (liquidity coverage ratio), liquidity reserve	206.0%		166.0%	
Loan growth incl. SpareBank 1 Boligkreditt/Næringskreditt last 12 months	8.2%		39.9%	
Deposit growth last 12 months	5.4%		40.4%	
Total assets	36,580,907		34,470,875	
Business capital (incl. Sparebank 1 Boligkreditt/Næringskreditt)	48,902,992		45,685,341	

	31.12.2018	31.12.2017	
Loss and defaults			
Loss rate on lending ³	0.00%	0.00%	
Loans in step 3 as % of gross lending	1.08%		
Gross defaulted commitments as % of gross lending	0.54%	0.56%	
Gross other impaired commitments as % of gross lending	0.57%	0.45%	
Loss and defaults (incl. SpareBank 1 Boligkreditt AS)			
Loss rate on lending ³ (incl. SpareBank 1 Boligkreditt AS)	0.00%	0.00%	
Loans in step 3 as % of gross lending (incl. SpareBank 1 Boligkreditt AS)	0.76%		
Gross defaulted commitments as % of gross lending (incl. SpareBank 1 Boligkreditt AS)	0.38%	0.40%	
Gross other impaired commitments as % of gross lending (incl. SpareBank 1 Boligkreditt AS)	0.40%	0.32%	
Solvency, proportional consolidation (parent bank previous periods, see Note 9)			
Capital adequacy ratio	20.0%	19.6%	
Tier 1 capital ratio	17.9%	18.3%	
Common equity tier 1 capital ratio	16.7%	17.3%	
Tier 1 capital	4,470,112	3,265,697	
Net primary capital	4,988,542	3,501,469	
Basis for calculation	24,917,577	17,849,720	
Leverage ratio, proportional consolidation			
	8.2%	9.4%	
Offices and staffing			
Number of bank branches	10	10	
Number of brokerage offices	12	12	
Number of accounting offices	5	5	
Number of FTEs, parent bank (avg. YTD)	227	230	
Number of FTEs, group (avg. YTD)	335	338	
Equity certificates			
	31.12.2018	31.12.2017	31.12.2016
Equity certificate fractions	57.99%	59.45%	25.41%
Market price	35.60	33.90	27.50
Market value (NOK thousands)	2,246,408	2,139,136	583,742
Recognised equity per certificate (parent bank)	40.73	38.11	32.57%
Recognised equity per certificate (group)	42.16	39.15	34.14
Earnings per equity certificate (parent bank) ⁴	4.98	4.03	3.73
Earnings per equity certificate (group) ⁴	5.40	3.84	3.65
Dividend per equity certificate	2.95	2.40	1.87
Price/Earnings per equity certificate (parent bank)	7.15	8.41	7.37
Price/Earnings per equity certificate (group)	6.59	8.83	7.54
Price/Recognised equity (parent bank)	0.87	0.89	0.84
Price/Recognised equity (group)	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					
Q4/2017	Q4/2018	31.12.2017	31.12.2018	(NOK thousands)	Note	31.12.2018	31.12.2017	Q4/2018	Q4/2017
	36,628		124,073	Interest income measured at fair value		124,073		36,628	
	215,974		819,505	Interest income measured at amortised cost		819,349		215,828	
220,334	-	866,649	-	Interest income		-	866,553	-	220,189
75,828	96,125	305,856	349,855	Interest costs		350,506	306,137	96,554	76,007
144,506	156,478	560,793	593,723	Net interest income	1	592,916	560,415	155,903	144,182
72,900	72,889	278,140	281,605	Commission income		281,605	278,140	72,889	72,900
4,031	3,988	14,715	15,372	Commission costs		15,372	14,715	3,988	4,031
1,326	1,310	7,112	18,789	Other operating income		240,473	142,173	34,447	32,845
70,195	70,211	270,536	285,022	Net commission and other income		506,706	405,598	103,348	101,714
6,474	-	111,745	76,586	Dividends	18	31,988	18,858		6,474
-	-	1,129	42,571	Net income from ownership interests		47,816	66,139	9,154	24,252
13,505	(19,359)	159,816	21,136	Net income from other financial investments	11	19,405	160,775	(19,542)	14,464
19,979	(19,359)	272,690	140,293	Net income from financial assets		99,208	245,772	(10,388)	45,191
234,680	207,329	1,104,019	1,019,039	Total net income		1,198,830	1,211,785	248,862	291,087
69,142	61,520	247,985	132,153	Personnel costs		237,426	349,420	88,248	96,464
55,220	55,113	223,036	204,310	Other operating costs		228,756	249,343	61,061	62,626
124,361	116,633	471,021	336,463	Total operating costs		466,182	598,764	149,310	159,091
110,319	90,697	632,998	682,576	Earnings before losses and tax		732,648	613,021	99,553	131,996
(7,377)	(9,174)	4,566	1,250	Losses on loans and guarantees	2	650	591	(9,374)	(7,377)
117,696	99,871	628,432	681,326	Earnings before tax		731,998	612,430	108,927	139,374
21,663	24,406	100,488	132,750	Tax costs		135,912	103,692	24,387	21,211
96,033	75,465	527,943	548,576	Earnings before other profit/loss items		596,086	508,738	84,540	118,163
-	-	-	-	Majority share of profit		594,891	507,679	210,707	118,186
-	-	-	-	Minority share of profit		1,195	1,059	419	(23)
				Items reversed through profit/loss					
535	-	5,231	-	<i>Change in fair value of investments available for sale</i>	18		5,231	-	535
-	-	-	-	<i>Change in carrying value JVs/associates/subsidiaries</i>			(3,592)	9,995	(3,690)
				Items not reversed through profit/loss					
(5,945)	3,458	(5,945)	3,458	<i>Estimation difference, IAS 19 Pensions</i>		3,404	(5,897)	3,404	(5,897)
(5,410)	3,458	(714)	3,458	Total other profit/loss items recognised in equity		3,404	(4,258)	13,399	(9,051)
90,623	78,923	527,229	552,034	Total profit/loss		599,490	504,480	97,939	109,112
-	-	-	-	Majority share of profit		598,295	503,421		-
-	-	-	-	Minority share of profit		1,195	1,059		-
0.91	0.73	4.03	4.98	Earnings before other profit/loss items per equity certificate		5.40	3.84	0.82	1.12

Balance sheet

Parent bank		Group			
31.12.2017	31.12.2018	(NOK thousands)	Note	31.12.2018	31.12.2017
100,501	98,026	Cash and receivables from central banks		98,026	100,501
1,263,969	(992,490)	Loans to and receivables from credit institutions		1,024,799	1,281,731
-	27,032,045	<i>Gross lending to customers measured at amortised cost</i>		27,003,852	-
-	2,528,098	<i>Gross lending to customers measured at fair value</i>		2,528,098	-
27,482,961	29,560,142	Total gross lending to customers	3, 4, 8	29,531,949	27,457,896
-	(162,041)	- Loss provisions on loans	3	(157,466)	-
(70,928)	-	- Individual write-downs on loans	3	-	(66,953)
(92,550)	-	- Write-downs on groups of loans	3	-	(92,550)
27,319,483	29,398,101	Net lending to customers		29,374,483	27,298,393
3,816,234	4,033,240	Certificates, bonds and other securities at fair value		4,033,240	3,816,234
1,138,447	1,320,974	Stocks, shares and other equity interests		1,320,974	1,138,447
137,215	36,682	Ownership interests in group companies		-	-
391,414	391,414	Ownership interests in joint ventures and associated companies		530,270	519,635
73,518	24,841	Tangible assets	18	34,919	151,625
-	-	Goodwill		24,654	24,654
35,960	11,911	Deferred tax assets		12,633	38,334
83,697	109,904	Other assets	5, 10	126,910	101,320
34,360,440	36,417,583	Total assets		36,580,907	34,470,875
111,984	-	Deposits from credit institutions		-	111,984
21,039,523	22,162,337	Deposits from customers	7	22,138,580	21,001,966
7,860,773	8,756,890	Debt from the issuance of securities	12	8,756,890	7,860,773
93,211	115,816	Tax payable		118,418	105,321
353,864	245,410	Other liabilities	6, 3, 10	273,328	378,584
496,686	445,258	Subordinated loan capital	12	445,258	496,686
29,956,041	31,725,711	Total debt		31,732,473	29,955,314
946,194	946,516	Equity share capital		946,516	946,194
1,025,989	1,026,427	Share premium fund		1,026,427	1,025,989
281,336	281,336	Risk equalisation fund		281,336	281,336
6,540	6,540	Endowment fund		6,540	6,540
1,626,054	1,626,054	SpareBanken fund		1,626,054	1,626,054
16,870	16,870	Fund for unrealised gains		16,870	16,870
350,000	250,000	Hybrid capital		250,000	350,000
151,415	3,458	Other equity		112,122	261,184
-	534,671	Unallocated		580,987	-
-	-	Minority share		1,581	1,393
4,404,399	4,691,873	Total equity		4,848,433	4,515,560
34,360,440	36,417,583	Debt and equity		36,580,907	34,470,875

Results from quarterly financial statements

Group

(NOK thousands)	Q4/2018	Q3/2018	Q2/2018	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017	Q4/2016
Interest income	252,456	239,268	232,726	218,971	220,189	216,640	217,566	212,158	162,561
Interest costs	96,554	88,758	86,595	78,599	76,007	74,469	76,636	79,025	58,333
Net interest income	155,903	150,510	146,131	140,372	144,182	142,171	140,930	133,133	104,227
Commission income	72,889	69,192	67,963	71,562	72,900	73,777	67,375	64,088	46,415
Commission costs	3,988	3,703	4,249	3,431	4,031	3,660	3,429	3,596	3,181
Other operating income	34,447	37,427	64,061	104,537	32,845	31,644	42,276	35,408	20,534
Net commission and other income	103,348	102,916	127,775	172,668	101,714	101,761	106,222	95,900	63,768
Dividends	-	4,351	9,055	18,582	6,474	(385)	10,516	2,252	-
Net income from ownership interests	9,154	13,157	15,291	10,215	24,252	14,776	11,390	15,720	7,582
Net income from other financial investments	(19,542)	11,424	27,255	267	14,464	26,385	10,752	109,174	2,279
Net income from financial assets	(10,388)	28,932	51,600	29,063	45,191	40,776	32,659	127,146	9,862
Total net income	248,862	282,358	325,506	342,104	291,087	284,709	279,810	356,178	177,857
Personnel costs	88,248	76,674	(14,432)	86,936	96,464	89,499	80,802	82,655	64,241
Other operating costs	61,061	55,154	57,421	55,120	62,626	52,750	73,465	60,502	64,355
Total operating costs	149,310	131,827	42,989	142,056	159,091	142,249	154,267	143,157	128,596
Earnings before losses and tax	99,553	150,531	282,517	200,048	131,996	142,459	125,544	213,022	49,261
Losses on loans and guarantees	(9,374)	(8,074)	11,294	6,804	(7,377)	1,849	1,602	4,518	5,864
Earnings before tax	108,927	158,604	271,223	193,244	139,374	140,611	123,942	208,504	43,397
Tax costs	24,387	32,017	50,689	28,818	21,211	25,560	31,353	25,569	6,249
Earnings before other profit/loss items	84,540	126,587	220,534	164,426	118,163	115,051	92,589	182,934	37,148
Parent bank									
Earnings per equity certificate (quarter in isolation)	0.73	0.99	2.42	0.83	0.91	0.90	1.54	0.68	0.20
Diluted earnings per equity certificate (quarter in isolation)	0.73	0.99	2.42	0.83	0.91	0.90	1.54	0.68	0.20

Results from quarterly financial statements - Historical figures pro forma *

Group

(NOK thousands)	Q4/2018	Q3/2018	Q2/2018	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017	Q4/2016
Interest income	252,456	239,268	232,726	218,971	220,189	216,640	217,566	212,158	213,023
Interest costs	96,554	88,758	86,595	78,599	76,007	74,469	76,636	79,025	79,001
Net interest income	155,903	150,510	146,131	140,372	144,182	142,171	140,930	133,133	134,022
Commission income	72,889	69,192	67,963	71,562	72,900	73,777	67,375	64,088	61,278
Commission costs	3,988	3,703	4,249	3,431	4,031	3,660	3,429	3,596	4,139
Other operating income	34,447	37,427	64,061	104,537	32,845	31,644	42,276	35,408	26,159
Net commission and other income	103,348	102,916	127,775	172,668	101,714	101,761	106,222	95,900	83,297
Dividends	-	4,351	9,055	18,582	6,474	(385)	10,516	2,252	124
Net income from ownership interests	9,154	13,157	15,291	10,215	24,252	14,776	11,390	15,720	14,851
Net income from other financial investments	(19,542)	11,424	27,255	267	14,464	26,385	10,752	109,174	7,050
Net income from financial assets	(10,388)	28,932	51,600	29,063	45,191	40,776	32,659	127,146	22,025
Total net income	248,862	282,358	325,506	342,104	291,087	284,709	279,810	356,178	239,344
Personnel costs	88,248	76,674	(14,432)	86,936	96,464	89,499	80,802	82,655	82,131
Other operating costs	61,061	55,154	57,421	55,120	62,626	52,750	73,465	60,502	82,297
Total operating costs	149,310	131,827	42,989	142,056	159,091	142,249	154,267	143,157	164,428
Earnings before losses and tax	99,553	150,531	282,517	200,048	131,996	142,459	125,544	213,022	74,916
Losses on loans and guarantees	(9,374)	(8,074)	11,294	6,804	(7,377)	1,849	1,602	4,518	34,359
Earnings before tax	108,927	158,604	271,223	193,244	139,374	140,611	123,942	208,504	40,557
Tax costs	24,387	32,017	50,689	28,818	21,211	25,560	31,353	25,569	3,275
Earnings before other profit/loss items	84,540	126,587	220,534	164,426	118,163	115,051	92,589	182,934	37,283

* The pro forma figures consist of the combined official quarterly figures up to fourth quarter of 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 at Q4/2018

Group

(NOK thousands)	Ownership interest ¹	Share premium fund	Risk 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	-	-	-	-	-	-	-	-	(11,543)	-	(11,543)
Subordinated bond maturity	-	-	-	-	-	-	(100,000)	-	-	-	(100,000)
Dividends from 2017, for payment 2018	-	-	-	-	-	-	-	(151,443)	-	(1,043)	(152,486)
Charged/credited to endowment fund	-	-	-	-	-	-	-	-	-	-	-
Employee equity certificate savings scheme	321	438	-	-	-	-	-	28	-	-	787
Change in carrying value JVs/ associates/subsidiaries	-	-	-	-	-	-	-	(1,050)	-	36	(1,014)
Earnings before other profit/loss items	-	-	-	-	-	-	-	-	594,891	1,167	596,086
<i>Items reversed through profit/loss:</i>											
Change in carrying value JVs/ associates/subsidiaries	-	-	-	-	-	-	-	(3,404)	-	-	3,404
Equity at 31.12.2018	946,516	1,026,427	281,336	6,540	1,626,054	16,870	250,000	112,122	580,987	1,581	4,848,433

Parent bank

(NOK thousands)	Ownership interest ¹	Share premium fund	Risk 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	-	-	-	-	-	-	-	-	(11,543)	(11,543)
Subordinated bond maturity	-	-	-	-	-	-	(100,000)	-	-	(100,000)
Dividends from 2017, for payment 2018	-	-	-	-	-	-	-	(151,443)	-	(151,443)
Employee equity certificate savings scheme	321	438	-	-	-	-	-	28	-	787
Earnings before other profit/loss items	-	-	-	-	-	-	-	-	548,576	548,576
<i>Items reversed through profit/loss:</i>										
Change in carrying value JVs/ associates/subsidiaries	-	-	-	-	-	-	-	3,458	-	3,458
Equity at 31.12.2018	946,516	1,026,427	281,336	6,540	1,626,054	16,870	250,000	3,458	534,671	4,691,873

1. The equity share capital has been deducted 5 in own holdings

Cash flow statement

Parent bank			Group	
31.12.2017	31.12.2018	(NOK thousands)	31.12.2018	31.12.2017
628,432	681,326	Profit/loss for the year before tax	731,998	612,430
(55,289)	(158,056)	Dividends/endowments paid	(159,661)	(56,042)
-	12,738	Loss/gain on financial fixed assets	12,738	-
(160,312)	29,094	Value changes to financial assets measured at fair value	29,094	(131,547)
10,668	6,516	Depreciation and impairments	8,192	22,207
4,566	1,250	Losses on loans	650	591
(93,211)	(103,547)	Taxes payable	(115,657)	(105,321)
334,854	469,321	Cash flow from operations before change in current assets and current liabilities	507,353	342,318
(2,033,880)	(2,076,709)	Change in lending/and other assets	(2,074,180)	(2,014,009)
1,025,609	1,123,353	Change in deposits from customers	1,137,153	1,014,618
(151,997)	(111,984)	Change in debt to credit institutions	(111,984)	(151,997)
(176,183)	(237,037)	Change in certificates and bonds	(237,037)	(176,183)
77,729	(26,207)	Change in other receivables	(25,590)	55,326
(36,982)	(114,404)	Change in other current liabilities	(110,022)	(44,889)
(960,850)	(973,667)	A Net cash flow from operations	(914,306)	(974,816)
		Cash flow from investment activities		
(6,896)	42,161	Change in tangible assets	108,515	(24,471)
(58,623)	(101,430)	Change in shares and ownership interests	(212,599)	(28,765)
(65,519)	(59,269)	B Net cash flow from investment activities	(104,084)	(53,236)
		Cash flow from financing activities		
1,240,102	922,081	Change in borrowing, securities	922,081	1,240,102
100,448	(51,555)	Change in borrowing, subordinated loans	(51,555)	100,448
(11,682)	(111,543)	Change in hybrid capital	(111,543)	(11,682)
1,328,868	758,983	C Net cash flow from financing activities	758,983	1,328,868
302,498	(273,954)	A + B + C Net change in cash and cash equivalents for the year	(259,407)	300,815
1,061,972	1,364,470	Cash balance at start of period*	1,382,232	1,081,417
1,364,470	1,090,516	Cash balance on end of period	1,122,825	1,382,232
302,498	(273,954)	Net change in cash and cash equivalents for the year	(259,407)	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 SpareBank 1 BV covers the period 1 January - 31 December 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

The implementation of IFRS 16 Leases, with effect from 1 January 2019, will primarily affect the lessee's accounting and will result in the group's substantial leases being brought onto the balance sheet. The standard eliminates the current distinction between operational and financial leases and requires the calculation of a right-of-use asset (the right to use the leased asset) and a financial liability to pay lease payments for substantial leases.

IFRS 16 contains an option to omit calculating the right of use and the accompanying lease liability for leases if the lease is short term (under 12 months) or the value of the lease of the asset is low. The group will take advantage of this exemption.

SpareBank 1 BV has chosen to apply IFRS 16 modified retrospectively and comparative figures will not be prepared. The asset and liability are thus set as equal as at 1 January 2019. The group has only fixed lease

commitments. The present value of the lease liability is calculated by discounting the remaining lease payments by the bank's marginal loan rate (funding rate). Options to extend the lease period are included if these can with reasonable certainty be expected to be used. The present value of the option is then recognised in the lease liability and right of use.

The income statement will also be affected because operating costs will be replaced with interest on the lease liability and depreciation on the right of use. The total cost will be higher the first few years of a lease (the interest rate element is greater then) and lower in subsequent years. Interest costs are calculated using the discounted rate on the lease liability.

The lessor's accounting will remain essentially unchanged from IAS 17. The lessor will continue to recognise leases either as operational or financial leases depending on whether the lease essentially transfers risks and returns related to the ownership of the underlying asset to the lessee. SpareBank 1 BV only has operational leases, which will thus be retained on the balance sheet and recognised as income over the lease period as before.

Based on the leases entered into as at 31 December 2018, the implementation of IFRS 16 will result in a right-to-use asset and lease liability that will be brought onto the balance sheet from 1 January 2019 at around NOK 90 million for the parent bank and around NOK 110 million for the group. It is estimated that the net effect on the result for 2019 will be around NOK 0.7 million for the parent bank and around NOK 0.9 million for the group.

Note 2

Losses on loans and guarantees *

Parent bank			Group	
31.12.2017	31.12.2018	(NOK thousands)	31.12.2018	31.12.2017
11,049	-	Change in the period in individual write-downs on loans	-	7,074
(457)	-	Change in the period in guarantee provisions	-	(457)
(14,117)	-	Write-downs for the period on groups of loans	-	(14,117)
-	596	Change in the period in loss provisions, step 1	596	-
-	(13,198)	Change in the period in loss provisions, step 2	(13,198)	-
-	10,593	Change in the period in loss provisions, step 3	9,993	-
7,880	4,469	Losses for the period with previous write-downs	4,469	7,880
1,405	(199)	Losses for the period with previous write-downs	(199)	1,405
(701)	(183)	Previously recognised write-downs at start of period.	(183)	(701)
(493)	(828)	Other corrections/amortisation of write-downs	(828)	(493)
4,566	1,250	Losses for the period on loans and guarantees	650	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	7,120	(6,982)	(138)	-
Loss provisions transferred to step 2	(2,098)	7,494	(5,396)	-
Loss provisions transferred to step 3	(583)	(5,366)	5,949	-
New issued or purchased financial assets	17,641	4,577	285	22,502
Increase in measurement of loss	3,066	11,455	29,850	44,370
Reduction in measurement of loss	(14,853)	(12,935)	(4,774)	(32,562)
Financial assets that have been deducted	(9,697)	(11,440)	(11,313)	(32,451)
Changes due to recognised impairments (recognised losses)	-	-	(4,469)	(4,469)
Receipts for previous impairments (recognised)	-	-	600	600
31.12.2018	35,263	37,201	96,510	168,975
Of which: loss provisions on capitalised loans	31,119	35,977	94,945	162,041
Of which: loss provisions on unused credits and guarantees	4,144	1,224	1,565	6,933
Of which: loss provisions, retail market	10,422	15,833	19,030	45,285
Of which: loss provisions, corporate market	24,841	21,369	77,480	123,690
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	7,120	(6,982)	(138)	-
Loss provisions transferred to step 2	(2,098)	7,494	(5,396)	-
Loss provisions transferred to step 3	(583)	(5,366)	5,949	-
New issued or purchased financial assets	17,641	4,577	285	22,502
Increase in measurement of loss	3,066	11,455	29,250	43,770
Reduction in measurement of loss	(14,853)	(12,935)	(4,774)	(32,562)
Financial assets that have been deducted	(9,697)	(11,440)	(11,313)	(32,451)
Changes due to recognised impairments (recognised losses)	-	-	(4,469)	(4,469)
Receipts for previous impairments (recognised)	-	-	600	600
31.12.2018	35,263	37,201	91,935	164,400
Of which: loss provisions on capitalised loans	31,119	35,977	90,370	157,466
Of which: loss provisions on guarantees	4,144	1,224	1,565	6,933
Of which: loss provisions, retail market	10,422	15,833	19,030	45,285
Of which: loss provisions, corporate market	24,841	21,369	72,905	119,115

* 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	373,795	(371,078)	(2,717)	-
Loans transferred to Step 2	(795,631)	818,307	(22,676)	-
Loans transferred to Step 3	(63,204)	(76,725)	139,929	-
New issued or purchased financial assets	12,030,758	297,382	78,999	12,407,139
Increase in drawing on existing loans	184,120	27,831	1,960	213,911
Reduction in drawing on existing loans	(895,054)	(81,421)	(17,803)	(994,277)
Financial assets that have been deducted	(9,365,757)	(588,828)	(48,085)	(10,002,671)
Changes due to recognised impairments (recognised losses)	-	-	(8,276)	(8,276)
Changes due to receipts for previous impairments (recognised)	-	-	2,809	2,809
31.12.2018	25,013,929	1,683,413	334,703	27,032,045
Loss provisions as % of gross lending	0.14%	2.21%	28.83%	0.63%

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	373,795	(371,078)	(2,717)	-
Loans transferred to Step 2	(795,631)	818,307	(22,676)	-
Loans transferred to Step 3	(63,204)	(76,725)	139,929	-
New issued or purchased financial assets	12,030,758	297,382	78,999	12,407,139
Increase in drawing on existing loans	181,873	27,831	1,078	210,782
Reduction in drawing on existing loans	(895,054)	(81,421)	(17,803)	(994,277)
Financial assets that have been deducted	(9,365,757)	(588,828)	(48,085)	(10,002,671)
Changes due to recognised impairments (recognised losses)	-	-	(8,276)	(8,276)
Changes due to receipts for previous impairments (recognised)	-	-	2,809	2,809
31.12.2018	25,001,046	1,683,413	319,392	27,003,852
Loss provisions as % of gross lending	0.14%	2.21%	28.78%	0.61%

* 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	31.12.2018	(NOK thousands)	31.12.2018	31.12.2017
25,409	15,173	Prepaid, unaccrued costs, and accrued income not yet received	30,884	41,694
18,396	46,061	Other assets	47,355	19,733
39,893	48,670	Derivatives and other financial instruments at fair value	48,670	39,893
83,697	109,904	Total other assets	126,910	101,320

Note 6

Other liabilities

Parent bank			Group	
31.12.2017	31.12.2018	(NOK thousands)	31.12.2018	31.12.2017
71,190	55,481	Accrued expenses and unaccrued income received	55,175	71,190
146,857	56,779	Provision for accrued expenses and liabilities	56,037	146,207
81,515	94,070	Other liabilities	123,035	106,886
54,302	39,080	Derivatives and other financial instruments at fair value	39,080	54,302
353,864	245,410	Total other debt	273,328	378,584

Note 7

Deposits from customers broken down by sector and industry

Parent bank			Group	
31.12.2017	31.12.2018	(NOK thousands)	31.12.2018	31.12.2017
12,278,048	13,350,242	Salaried staff, etc.	13,350,242	12,278,048
2,502,831	2,822,879	Property management/business services, etc.	2,799,122	2,465,274
698,895	750,927	Merchandising/hotels and restaurants	750,927	698,895
163,346	180,879	Agriculture/forestry	180,879	163,346
538,476	593,131	Building and construction	593,131	538,476
1,404,558	1,201,043	Transport and service Industries	1,201,043	1,404,558
196,224	197,312	Production (manufacturing)	197,312	196,224
2,442,712	1,930,624	Public administration	1,930,624	2,442,712
814,433	1,135,300	Abroad and others	1,135,300	814,433
21,039,523	22,162,337	Total deposits	22,138,580	21,001,966

Note 8

Lending to customers broken down by sector and industry

Parent bank			Group	
31.12.2017	31.12.2018	(NOK thousands)	31.12.2018	31.12.2017
20,336,290	22,496,782	Salaried staff, etc.	22,496,782	20,336,290
5,639,764	5,394,522	Property management/business services, etc.	5,366,328	5,614,699
319,771	320,710	Merchandising/hotels and restaurants	320,710	319,771
242,587	271,589	Agriculture/forestry	271,589	242,587
219,810	303,591	Building and construction	303,591	219,810
328,525	324,053	Transport and service Industries	324,053	328,525
244,423	248,317	Production (manufacturing)	248,317	244,423
151,791	200,578	Abroad and others	200,578	151,791
27,482,961	29,560,142	Gross lending	29,531,949	27,457,896
	27,032,045	- Of which: valued at amortized cost	27,003,852	
	2,528,098	- Of which: valued at fair value	2,528,098	
	(162,041)	- Loss provisions on loans	(157,466)	
(70,928)	-	- Individual write-downs		(66,953)
(92,550)	-	- Write-downs on groups of loans		(92,550)
27,319,483	29,398,101	Net lending	29,374,483	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 at 31 December 2018, the capital conservation buffer requirement is 2.5%, the systemic risk buffer 3.0% and the countercyclical capital buffer 2.0%. These requirements are in addition to the common equity tier 1 capital requirement of 4.5%, meaning that the overall minimum requirement for common equity tier 1 capital is 12.0%. The Financial Supervisory Authority of Norway has also established a Pillar 2 requirement for SpareBank 1 BV of 1.9%. The total minimum requirement for common equity tier 1 capital, including the Pillar 2 requirement, is thus 13.9%.

The group's target for common equity tier 1 capital ratio is a minimum of 15.0%. The targets for the tier 1 capital ratio and total capital ratio are 16.0% and 18.0%, 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 financial institutions 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

	31.12.2018
Primary capital	
Common equity tier 1 capital	4,160,617
Tier 1 capital	4,470,112
Primary capital	4,988,542
Basis for calculation	24,917,577
Capital adequacy	
Common equity tier 1 capital ratio	16.70%
Tier 1 capital ratio	17.94%
Capital adequacy	20.02%
Unweighted tier 1 capital ratio (leverage ratio)	8.24%

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

	31.12.2018	31.12.2017
Primary capital		
Equity share capital	946,516	946,194
Share premium fund	1,026,427	1,025,989
Risk equalisation fund	281,336	281,336
SpareBanken fund	1,626,054	1,626,027
Fund for unrealised gains/losses	16,870	16,870
Endowment fund	6,540	6,540
Allocated dividend classified as equity	-	151,443
Other equity (IAS pensions and interest paid on hybrid capital)	3,458	-
Profit/loss for the period	534,671	-
Total capitalised equity (excluding hybrid capital)	4,441,873	4,054,400

	31.12.2018	31.12.2017
Value adjustments on stocks and bonds measured at fair value (AVA)	(7,950)	(6,288)
Allowance for non-material interests in the financial sector	(1,149,921)	(815,854)
Dividends allocated for distribution, classified as equity	-	(151,443)
Profit/loss for the period	(534,671)	-
Interim profit/loss included in tier 1 capital	348,523	-
Total common equity tier 1 capital	3,097,853	3,080,814
Hybrid capital	250,000	250,000
Subordinated bond	32,000	40,000
Allowance for non-material interests in the financial sector	(39,074)	(105,118)
Total tier 1 capital	3,340,779	3,265,697
Tier 2 capital in excess of tier 1 capital		
Time-limited primary capital	400,000	351,307
Allowance for non-material interests in the financial sector	(31,262)	(115,535)
Net primary capital	3,709,517	3,501,469
Risk-weighted basis for calculation		
Assets not included in the trading portfolio	16,105,698	16,339,576
Operational risk	1,758,783	1,480,869
Position risk in the trading portfolio	-	-
CVA surcharge (counterparty risk on derivatives)	27,459	29,275
Total basis for calculation	17,891,940	17,849,720
Common equity tier 1 capital ratio	17.31%	17.26%
Tier 1 capital ratio	18.67%	18.30%
Capital adequacy	20.73%	19.62%
Unweighted tier 1 capital ratio (leverage ratio)	9.14%	9.36%
Buffer requirements		
Capital conservation buffer (2.50 %)	447 299	446,243
Countercyclical buffer (2.0 %/1.5 %)	357 839	356,994
Systemic risk buffer (3.00 %)	536 758	535,492
Total buffer requirement for common equity tier 1 capital	1 341 896	1,338,729
Minimum requirement for common equity tier 1 capital (4.50 %)	805 137	803,237
Available common equity tier 1 capital beyond minimum requirement	950 820	938,848
	31.12.2018	31.12.2017
Local and regional authorities	44,838	52,368
Publicly owned companies	18,171	20,374
Institutions	106,207	335,357
Companies	1,997,340	1,982,754
Mass market	2,581,078	2,575,512
Mortgaged against residential and holiday property	8,009,171	7,201,789
Mortgaged against commercial property	2,230,810	2,702,211
Overdue commitment	82,578	73,203
High-risk commitments	-	-
Bonds with preferential rights	255,003	236,556
Receivables on institutions and companies with short-term ratings	137,498	191,794
Shares in mutual funds	47,698	46,026
Equity items	528,815	680,376
Other commitments	66,491	241,256
Total credit risk	16,105,698	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 31.12.2018			Contract sum	Fair value 31.12.2017	
31.12.2018	Assets	Liabilities		31.12.2017	Assets	Liabilities
			Derivatives – hedging			
4,300,000	48,670	39,080	Derivatives at fair value	3,678,500	39,893	54,302
4,300,000	48,670	39,080	Total derivatives for fair value hedging	3,678,500	39,893	54,302

Note 11

Net income from other financial investments

Parent bank		(NOK thousands)	31.12.2018	31.12.2017
31.12.2017	31.12.2018			
36,844	21,596	Net change in value of stocks, shares etc. measured at fair value *	19,865	36,844
19,695	(16,704)	Net change in value of bonds/certificates measured at fair value	(16,704)	19,695
10,812	9,021	Net change in value of financial derivatives measured at fair value	9,021	10,812
3,897	7,223	Exchange rate gains/losses on currency	7,223	3,897
88,568	-	Recognition of negative goodwill	-	89,527
159,816	21,136	Net income from other financial investments	19,405	160,775

* It was decided to merge Vipps AS, BankAsept 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)	31.12.2018	31.12.2017
Certificate debt, nominal value	-	-
Bond debt, nominal value	8,742,000	7,823,500
Value adjustments and accrued interest	14,890	37,273
Total securities debt	8,756,890	7,860,773

Change in securities debt	Parent bank/group			
(NOK thousands)	31.12.2018	Issued 2018	Redeemed 2018	31.12.2017
Certificate debt, nominal value	-	-	-	-
Bond debt, nominal value	8,742,000	2,200,000	(1,281,500)	7,823,500
Value adjustments and accrued interest	14,890	-	-	37,273
Total securities debt	8,756,890	2,200,000	(1,281,500)	7,860,773

Subordinated loan capital	Parent bank/group	
(NOK thousands)	31.12.2018	31.12.2017
Subordinated loan capital	440,000	490,000
Value adjustments and accrued interest	5,258	6,686
Total subordinated loan capital	445,258	496,686

Change in subordinated loan capital	Parent bank/group			
(NOK thousands)	31.12.2018	Issued 2018	Redeemed 2018	31.12.2017
Subordinated loan capital	440,000	150,000	(200,000)	490,000
Value adjustments and accrued interest	5,258	-	-	6,686
Total subordinated loan capital	445,258	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 31.12.2018

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit/loss					
Net interest income	348,923	230,806	(638)	13,825	592,916
Net commission and other income	345,603	88,005	37,984	134,322	605,914
Operating costs	405,988	160,033	1,783	(101,622)	466,182
Earnings before losses	288,538	158,778	35,563	249,769	732,648
Losses on loans and guarantees	(1,317)	1,713	-	254	650
Earnings before tax	289,855	157,065	35,563	249,515	731,998

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Lending to customers	21,858,901	6,830,304	-	842,744	29,531,949
Loss provisions on loans	(44,455)	(112,371)	-	(640)	(157,466)
Other assets	105,208	11,902	13,530	7,075,784	7,206,424
Total assets per segment	21,919,654	6,729,835	13,530	7,917,887	36,580,907
Deposits from and debt to customers	13,783,259	7,761,562	-	593,759	22,138,580
Other equity and liabilities	8,136,395	(1,031,727)	13,530	7,324,128	14,442,327
Total equity and debt per segment	21,919,654	6,729,835	13,530	7,917,887	36,580,907

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 as at 31 December 2018. Overall LCR was 206% at the end of the fourth quarter and average total LCR was 193% 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 as at 31.12.2018

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Fixed rate loans	-	-	1.687	1.687
- Approved loans to Boligkreditt			821	821
- Bonds and certificates	205	3,814	-	4.019
- Equity Instruments	251	-	-	251
- Derivatives	-	49	-	49
Financial assets available for sale				
- Equity Instruments	18	-	1.052	1.070
Total assets	474	3,863	3,560	7,897

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit/loss				
- Fixed rate deposits	-	-	-	-
- Securities at fair value	-	2,323	-	2,323
- Derivatives	-	39	-	39
Total liabilities	-	2,362	-	2,362

The group's assets and liabilities measured at fair value as 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 as at 31.12.2018

	Fixed rate loans	Shares at fair value through profit/loss	Shares available for sale	Fixed-rate deposits	Approved loans to Boligkredditt
Opening balance 01.01.2018	1.268	-	861	819	-
Change as a result of the transition to IFRS 9	-	-	-	(819)	-
Increase	611	-	166	-	821
Decrease	(199)	-	(8)	-	-
Net gain/loss on financial instruments	7	-	33	-	-
Closing balance 31.12.2018	1.687	-	1.052	-	821

Changes in instruments classified under level 3 as 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 buildings 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 in 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 implementation of the new deposit scheme was completed in the third quarter of 2018.

NOK 102.2 million was recognised as income from the winding up of pension schemes in 2018.

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%

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 31 December 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, 7th February 2019

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

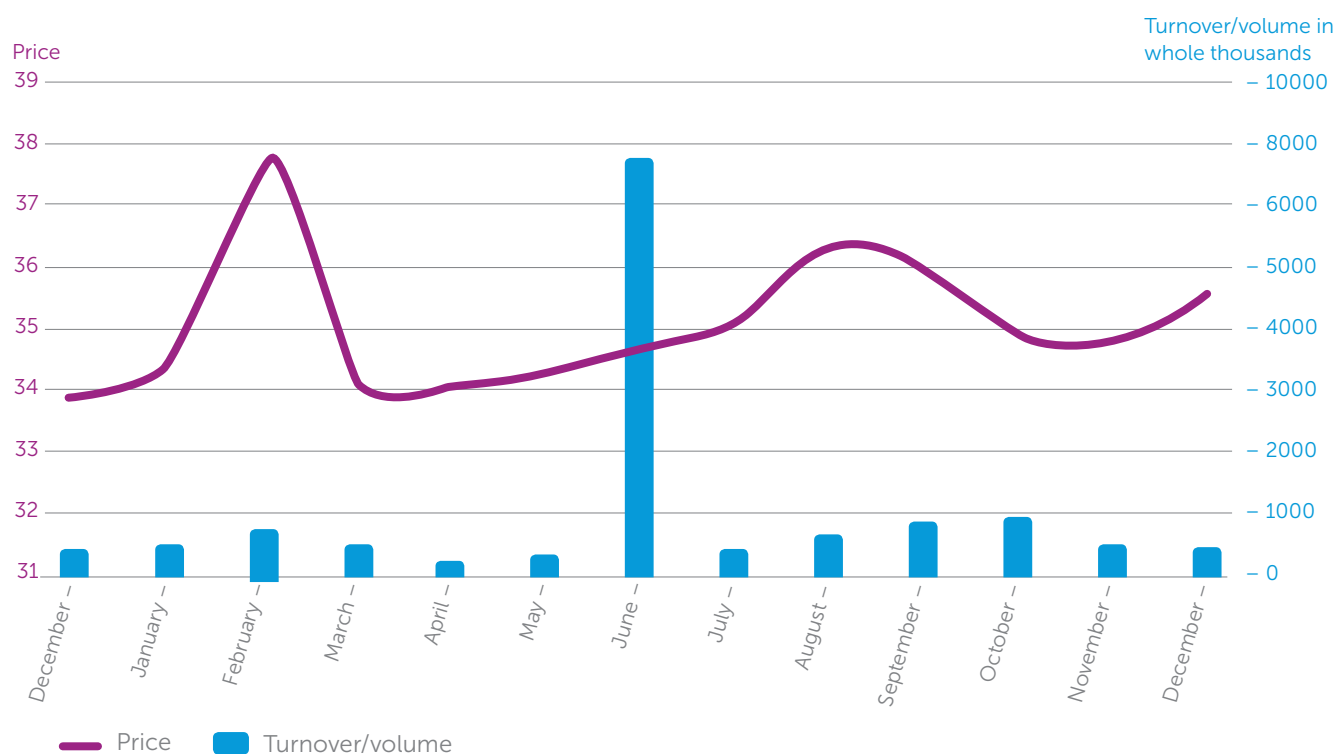
In the calculation of diluted earnings per equity certificate, the weighted average number of issued ordinary equity certificates in circulation is adjusted for the effect of converting potential equity certificates which could lead to dilution. The bank has no potential equity certificates that could cause dilution at 31.12. Diluted earnings per equity certificate are therefore equal to earnings per equity certificate.

	Parent bank
(NOK thousands)	31.12.2018
Based on profit/loss for the year divided between equity certificate holders and primary capital	541,663
Number of equity certificates issued	63,101
Earnings per equity certificate	4.98
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	31.12.2018
Profit/loss for the year	548,576
- corrected for interest on subordinated bonds posted directly to equity	(11,543)
- corrected for FUG	6,991
- adjusted for the implementation effect of IFRS 9	(2,361)
Adjusted profit/loss for the year	541,663

Price development December 2017 - December 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	935,614	1.48%
Wenaasgruppen AS	810,000	1.28%
Melesio Capital NYE AS	802,211	1.27%
DNB Nor Bank AS	725,000	1.15%
Catilina Invest AS	689,950	1.09%
Landkreditt Utbytte	550,000	0.87%
Sanden AS	540,000	0.86%
JAG Holding AS	505,606	0.80%
Salt Value AS	500,881	0.79%
Bess Jahres Stiftelse	417,312	0.66%
Foretakskonsulenter AS	411,230	0.65%
Espedal & Co AS	404,073	0.64%
Johansen Kjell Petter	362,000	0.57%
Sole Active AS	361,341	0.57%
Haugaland Kraft Pensjonskasse	332,367	0.53%
Verdipapirfondet Nordea Norge	325,000	0.52%
Total for 20 largest shareholders	38,038,991	60.28%
Other owners	25,062,362	39.72%
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 equity share 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.



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