

2019

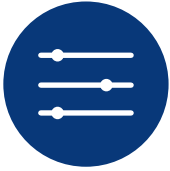
INTERIM REPORT FOR THE 4TH QUARTER

We are together



Together we create value

Learning – Engaged – Close



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.

04	BUSINESS AREAS	26	8. LENDING TO CUSTOMERS BROKEN DOWN BY SECTOR AND INDUSTRY
05	INTERIM REPORT FROM THE BOARD OF DIRECTORS	27	9. CAPITAL ADEQUACY
INTERIM FINANCIAL STATEMENTS		29	10. DERIVATIVES
14	SUMMARY OF RESULTS AND KEY FIGURES	29	11. NET INCOME FROM OTHER FINANCIAL INVESTMENTS
16	INCOME STATEMENT	30	12. SECURITIES DEBT AND SUBORDINATED LOAN CAPITAL
17	BALANCE SHEET	31	13. SEGMENT INFORMATION
18	RESULTS FROM QUARTERLY FINANCIAL STATEMENTS	33	14. CRITICAL ACCOUNTING ESTIMATES AND DISCRETIONARY VALUATIONS
19	CHANGE IN EQUITY	33	15. SALE OF LOANS
21	CASH FLOW STATEMENT	33	16. LIQUIDITY RISK
NOTES TO THE FINANCIAL STATEMENTS		34	17. ASSESSING FAIR VALUE OF FINANCIAL INSTRUMENTS
23	1. ACCOUNTING POLICIES	36	18. NET INCOME FROM OWNERSHIP INTERESTS
23	2. LOSSES ON LOANS AND GUARANTEES	37	19. IMPLEMENTATION IFRS 16
24	3. LOSS PROVISIONS ON LOANS AND WARRANTIES	37	20. EVENTS AFTER THE BALANCE SHEET DATE
25	4. LOANS TO CUSTOMERS BROKEN DOWN INTO GROUPS 1, 2 AND 3	38	DECLARATION BY THE BOARD AND MANAGING DIRECTOR
25	5. OTHER ASSETS	39	THE BANK'S EQUITY CERTIFICATES
26	6. OTHER LIABILITIES	42	STATEMENTS ON FUTURE MATTERS
26	7. DEPOSITS FROM CUSTOMERS BROKEN DOWN BY SECTOR AND INDUSTRY		



Business areas

Retail market

SpareBank 1 BV has a solid position in the retail market. Knowledge of the Bank is on the increase throughout the market area. 1 in 4 private customers in the market area has a customer relationship with the Bank, and approximately 16% use the Bank as their main bank. Lending growth has been 5.7% over the last 12 months, while overall market growth was 5.2% in the same period.

The Bank has almost 77,000 active customers in the retail market.

A combined offer of good digital services, a modern customer service centre and a well-developed branch network provides the customer with quick and easy access to financial services and competence in all channels.

Customers are pleased with the Group's services, and customer satisfaction is high. The Group uses customer data in a way that makes it easy to be a customer and for us to take relevant initiatives in relation to the customer. This is about both simplifying customers' everyday lives and improving the efficiency of the Bank's processes; in both cases with digitalisation as a clear driver. Building strong customer relationships is about combining the best of two worlds; artificial intelligence through smart technology and robotics, and emotional intelligence through personal contact with highly qualified employees.

As at 31.12.2019, Eiendomsmegler 1 BV and Z-eiendom AS had a total housing turnover of NOK 7.0 billion spread across approx. 2,400 units.

Corporate market

The corporate market customer portfolio consists of about 8,000 active SME customers. The major part of the lending portfolio is within the real estate industry. A great focus on interaction between the business areas means that the customer can be offered an integrated product range.

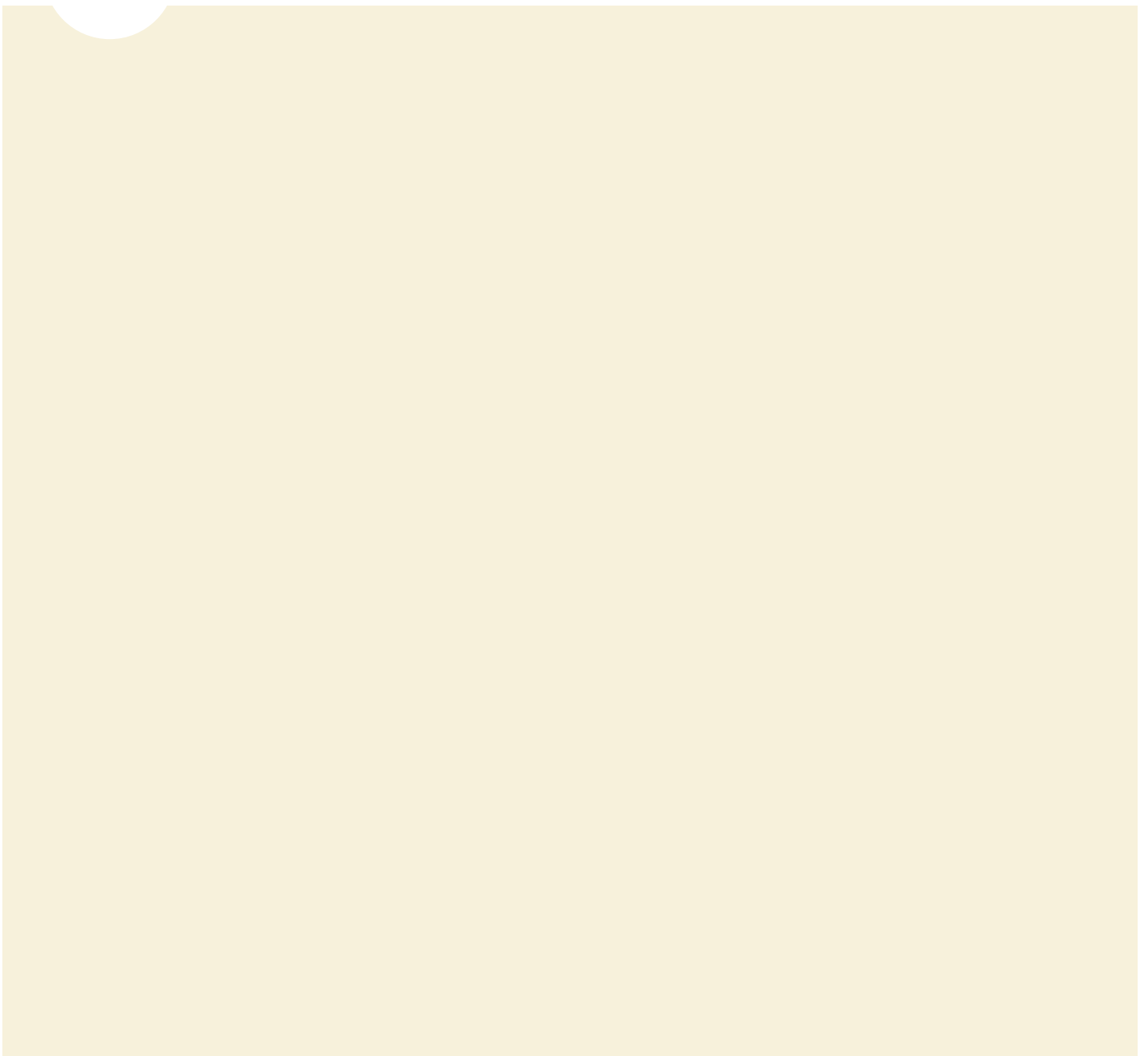
SpareBank 1 BV is a supplier of package solutions for financial services to businesses. Work is ongoing to put in place more digital sales and self-service solutions for corporate customers.

1 of 4 corporate customers (SMEs) in the market area has a customer relationship with the Bank.

The Bank has a solid market position in Kongsberg, Sandefjord and in Færder municipality, and has a challenger position in the other market areas. The corporate market aims to be perceived by customers as: Easy to deal with, accessible, important contributors and socially involved.



Interim report from the Board of Directors for Q4



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 112.3 million (84.5 million).
- Annualised return on equity: 9.1% (7.4%).
- Net interest income: NOK 187.3 million (155.9 million).
- Net commission and other income: NOK 104.5 million (103.3 million).
- Net income from financial assets: NOK 15.9 million (-10.4 million).
- Operating costs: NOK 167.2 million (149.3 million).
 - Previous year included NOK -10.0 million from winding up of pension schemes.
- Net losses on loans and guarantees: NOK -3.5 million (-9.4 million).

Highlights January – December

- Earnings after tax: NOK 538.6 million (596.1 million). See following items related to one-time effects.
- Annualised return on equity: 11.3% (13.6%).
- Net interest income: NOK 656.5 million (592.9 million).
- Net commission and other income: NOK 427.1 million (506.7 million).
 - The previous year included gains from sales of own office buildings for NOK 90.7 million.
- Net income from financial assets: 171.9 million (NOK 99.2 million).
 - Including gains from insurance merger (Fremtind) of NOK 71.9 million
 - Including one-time effect from revaluation of properties in the SpareBank 1 Group's life company of NOK 18.1 million.
 - Previous year included positive value adjustment from Vipps merger of NOK 24.6 million.

- Operating costs: NOK 588.3 million (466.2 million).
 - The previous year included a one-time effect from winding up defined-benefit pension schemes of NOK -102.2 million.
- Net losses on loans and guarantees: NOK 2.3 million (0.7 million).
- Total growth in lending for last 12 months, including portfolio transferred to SpareBank 1 Boligkreditt/ Næringskreditt: 5.8% (8.2%).
- Deposit growth last 12 months: 10.4% (5.4%).
- Tier 1 capital ratio, proportional consolidation: 19.8% (17.9%).
- Common equity tier 1 capital, proportional consolidation: 18.3% (16.7%).
- Leverage ratio, proportional consolidation: 8.5% (8.2%).
- The board proposes a dividend of NOK 2.95 (2.95) per equity certificate

Financial performance

Cumulative figures as at 31 December unless explicitly stated otherwise.

Profit/loss

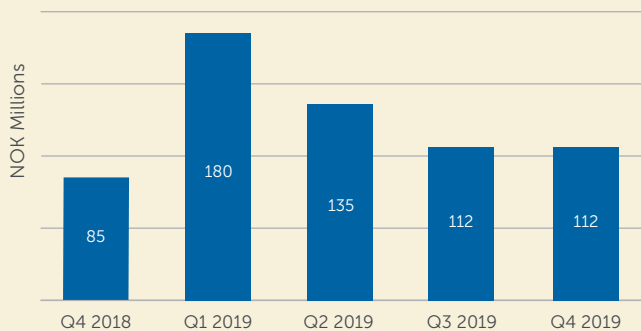
The SpareBank 1 BV Group had a net profit from ordinary operations before losses of NOK 667.1 million (732.6 million). Earnings after tax were NOK 538.6 million (596.1 million), which represents 1.41% (1.67%) of average total assets. The Group's annualised return on equity was 11.3% (13.6%).

The Group's return on equity as at 31.12.2019 was affected by gains from the insurance merger (Fremtind) of NOK 71.9 million, while the corresponding period last year was affected by the sale of own commercial buildings for NOK 90.7 million and a one-time effect from winding up defined-benefit pension schemes of NOK 102.2 million. Without these items, the Group's annualised return on equity was 9.8% (9.9%).

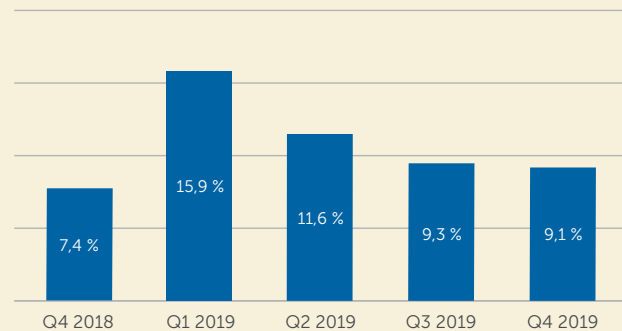
Earnings per equity certificate in the parent bank were NOK 4.43 (4.98).

Quarterly change in income after tax and return on equity:

Profit/loss after tax

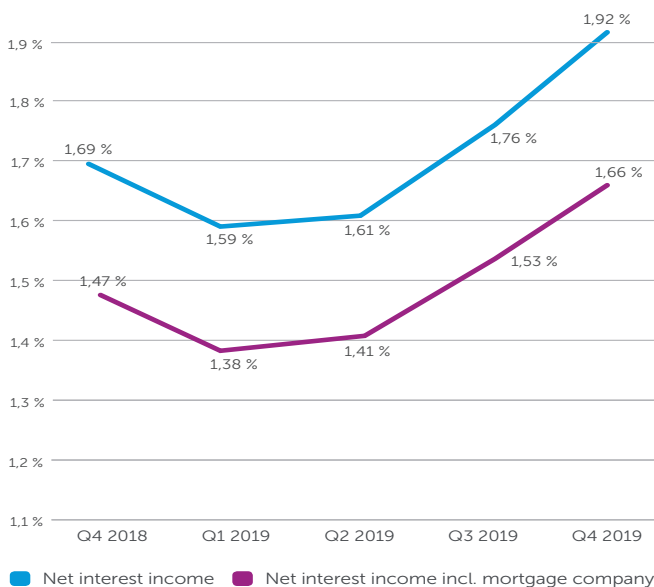


Return on equity



Net interest income

Quarterly change in net interest income:



Net interest income amounted to NOK 656.5 million (592.9 million). Net interest income as a percentage of average total assets was 1.72% (1.67%).

At the end of the quarter, the Bank had transferred mortgages worth NOK 12,040 million (11,740 million) to SpareBank 1 Boligkreditt AS, and NOK 843 million (582 million) in mortgages on commercial property to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 101.5 million (94.9 million). The ownership interest in SpareBank Næringskreditt AS amounts to 11.7% as at 31 December. A notice regarding this stake has been submitted to the Financial Supervisory Authority of Norway in accordance with paragraph 6.1 of the Financial Enterprises Act.

Lending rates increased by up to 0.25 percentage points in the fourth quarter. The interest rate change took full effect from December. Compared to the second quarter of 2019, net interest income (excluding mortgage companies) increased by NOK 15.2 million (+0.16% of average total assets).

The improvement in 2019 margins is largely related to increased margins on deposits.

Net commission and other income

Net commission and other income totalled NOK 427.1 million (506.7 million).

Net commission income

Net commission income amounted to NOK 280.2 million (266.2 million).

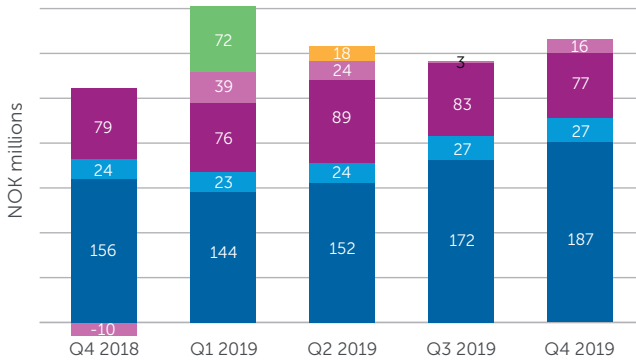
Other operating income

Other operating income amounted to NOK 146.8 million (240.5 million). Last year's figure included gains of NOK 90.7 million from the sale of own commercial buildings.

Net income from financial assets

Net income from financial assets amounted to NOK 171.9 million (99.2 million). The key items in 2019 are made up of dividends received totalling NOK 25.5 million (32.0 million) and net income from ownership interests of NOK 125.4 million (47.8 million). The last item includes gains from the Insurance merger (Fremtind) of NOK 71.9 million, and approx. NOK 18 million related to our share of extraordinary revaluation of properties in the SpareBank 1 Group's life companies. Net income from other financial assets also amounted to NOK 20.9 million (19.4 million). The bank has made a write-down on a financial investment of NOK 14.5 million in 2019.

Quarterly change in income (NOK million);



- Net interest income
- Commission income from SB 1 Boligkreditt/Næringskreditt
- Net commission and other income
- Net income from financial assets
- Revaluation Eiendom SB1 Forsikring
- Profit in the future

Operating costs

Total operating costs were NOK 588.3 million (466.2 million). Operating costs as a percentage of total operating income for the Group came to 46.9% (38.9%). The corresponding cost ratio for the parent bank was 41.6% (33.0%).

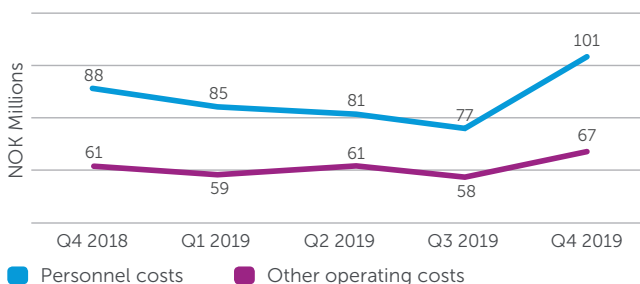
Personnel costs

Personnel costs amounted to NOK 344.2 million (237.4 million). The previous year includes a one-time effect from winding up defined-benefit pension schemes of NOK 102.2 million. Corrected for the positive one-off effect in 2018, the Group's personnel costs have increased by NOK 4.6 million or approx. 1.4% compared with the same period last year.

Other operating costs

Other operating costs amounted to NOK 244.2 million (228.8 million). The increase from last year is mainly related to development/IT costs.

Quarterly change in operating costs (*):



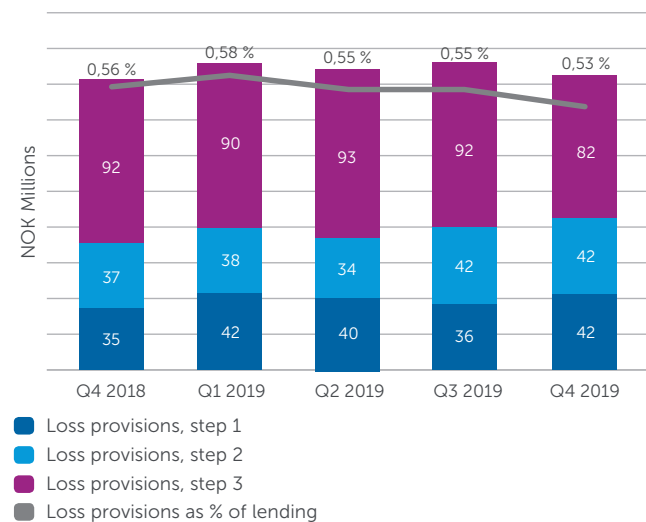
(*) personnel costs in the fourth quarter of 2018 included revenue recognition of NOK 10 million related to the winding-up of pension schemes

Losses and loss provisions

The bank has reported low net losses over a longer period of time. This is due to the good quality and stable development of the bank's lending portfolios in both the retail and corporate markets. Step three lending constitutes 0.58% (0.76%) of gross lending including loans transferred to SpareBank 1 Bolig og Næringskreditt.

Net losses on loans and guarantees amounted to NOK 2.3 million (0.7 million) as at 31 December. Net losses as a percentage of average gross lending amounted to 0.01% (0.00%).

Quarterly change in loss provisions (*);



(*) Loss provisions, step 1 are presented here prior to being reversed to fair value over extended profit/loss.

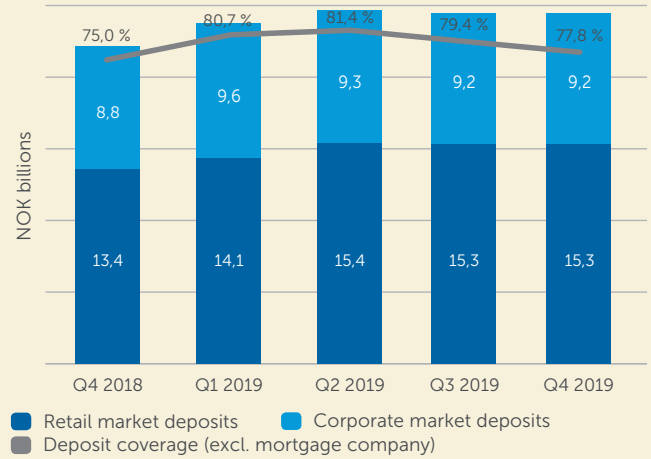
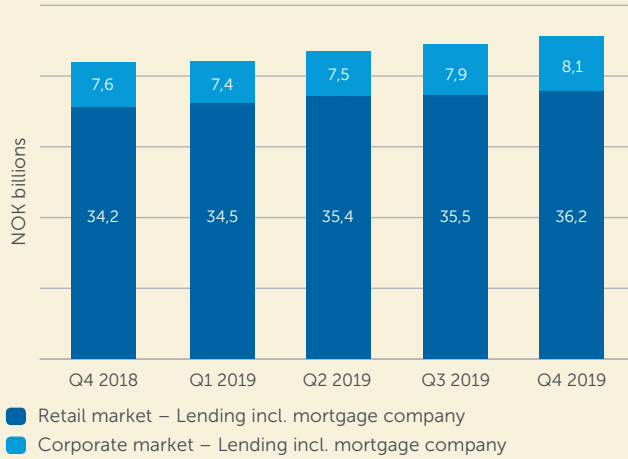
Balance sheet performance

The Group's total assets amounted to NOK 38,822 million. This represents an increase of NOK 2,242 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 51,705 million (48,903 million).

Lending and deposit performance

Gross lending (including volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 44,292 million. In the last 12 months there has been an increase of NOK 2,438, equivalent to 5.8%. The growth was made up of NOK 1,943 million, or 5.7%, in the retail market and NOK 495 million, or 6.5%, in the corporate market. The retail market share of lending (including SpareBank 1 Boligkreditt) at the end of the quarter was 82% (82%).

Quarterly change in loans and deposits:



In September 2018, the bank launched new deposit products that have contributed to a positive growth in deposits in 2019. At the end of the quarter, the Group had a deposit volume of NOK 24,443 million (22,139 million) with deposit growth of 10.4% in the last 12 months. The growth was made up of NOK 1,936 million, or 14.5%, in the retail market and NOK 369 million, or 4.2%, in the corporate market. The Group had deposit coverage of 77.8%, compared with 75.0% at the same time last year. Including the volume transferred to SpareBank 1 Boligkreditt AS/ SpareBank 1 Næringskreditt AS, deposit coverage amounts to 55.2% (52.9%). The retail market share of deposits at the end of the quarter was 63% (60%).

operations for a minimum of 12 months without access to external financing. As at 31 December, the Bank is well above this target. The bank can report a LCR of 230% (206%) as at 31 December.

At the end of the quarter, mortgage loans totalling NOK 12,040 million had been transferred to SpareBank 1 Boligkreditt AS, an increase of NOK 300 million from the start of year. As at 31 December, the Bank has a portfolio of loans approved for transfer to SpareBank 1 Boligkreditt AS worth NOK 11,600 million.

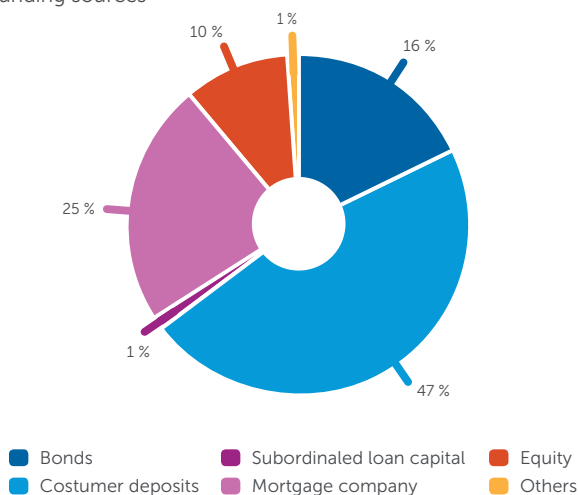
In 2019, the Group’s target is to increase the average time to maturity of its bond debt to 3.0 years. At the end of the year, the average term to maturity was 3.1 years.

Liquidity

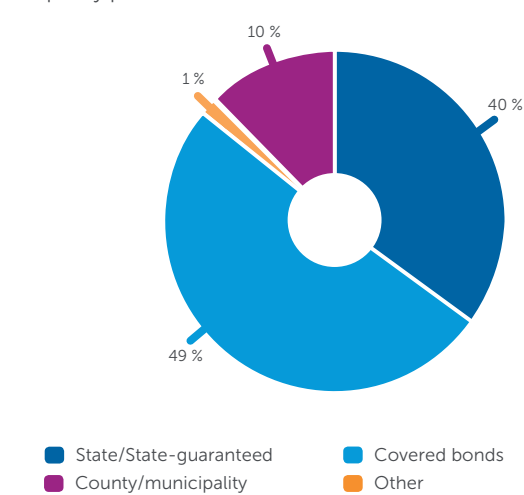
The bank’s liquidity situation at the end of the quarter is good. The Bank has a liquidity portfolio of NOK 4,210 million as at 31 December. The Bank aims to keep the liquidity risk at a low level. In a normal market, SpareBank 1 BV’s goal is to be able to maintain ordinary

SpareBank 1 BV has an issuer rating from Moody’s of A2 with a stable outlook; see Moody’s latest credit analysis dated 9 July 2020.

Funding sources



Liquidity portfolio



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 12.5%. In September 2018, the Financial Supervisory Authority of Norway set new Pillar 2 requirements for SpareBank 1 BV of 1.9% from 31 December 2018, but at least NOK 457 million above the minimum requirement and buffer requirements in Pillar 1. The current total requirement for common equity tier 1 capital is thus 14.4%. The Group's target for common equity tier 1 capital ratio is a minimum of 15.5% at the end of 2019.

At the end of the quarter, the common equity tier 1 capital ratio was 18.3% (16.7%). Unweighted tier 1 capital coverage (the leverage ratio) amounted to 8.5% (8.2%) at the end of the quarter. The regulatory requirement for unweighted tier 1 capital is 5.0%.

In the event of proportionate consolidation of the cooperative group, there is a positive effect on common equity tier 1 capital of approximately 0.3% percentage points when introducing the SME discount and a corresponding positive impact of approximately 1.2% on common equity tier 1 capital in the event of the loss of the Basel 1 floor in Sparebank 1 Boligkredit AS and BN Bank ASA.

In December, the Ministry of Finance adopted changes relating to capital requirements for banks. The systemic risk buffer has been increased by 1.5% percentage points as at the end of 2020 for the IRBA banks and this will apply by the end of 2022 for the standard banks. Additionally, SME discounts for commitments of less than EUR 1.5 million and the removal of the Basel 1 floor for IRB banks were introduced as measures on 31 December 2019.

Subsidiaries

Excluding parent bank eliminations NOK millions	EiendomsMegler 1 BV AS		Z-Eiendom AS		SpareBank 1 Regnskapshuset BV AS		Other subsidiaries		Total subsidiaries	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Operating income	77.6	82.1	29.6	29.7	38.2	36.0	0.2	38.0	145.6	185.7
Operating costs	(71.7)	(73.0)	(27.6)	(25.7)	(34.3)	(32.9)	(1.7)	(1.8)	(135.2)	(133.4)
Financial items	1.0	(1.1)	0.0	(0.0)	(0.4)	(0.4)	(0.7)	(0.6)	(0.1)	(2.2)
Earnings before tax	7.0	8.0	2.0	3.9	3.5	2.8	(2.2)	35.6	10.3	50.2

SpareBank 1 BV is expected to receive requirements for primary capital and eligible liabilities during the second half of 2020.

This capital can be written down or converted to equity (MREL). This will produce a need to issue subordinated debt (tier 3). The tier 3 capital will replace portions of today's unsecured senior debt when this falls due. SpareBank 1 BV does not expect the effect of new Tier 3 capital to increase the bank's financing costs substantially.

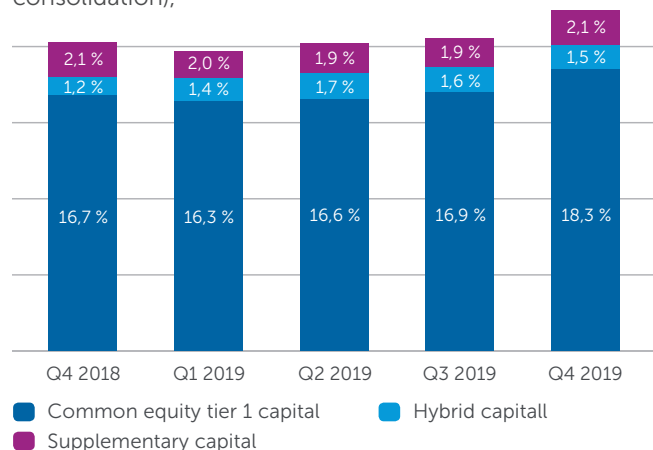
The Financial Supervisory Authority of Norway will set a new pillar 2 requirements effective from the end of 2020.

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 2019 of NOK 2.95 (67%) per equity certificate and provisions for the risk equalisation fund corresponding to NOK 1.48 (33%) per equity certificate.

Quarterly change in capital adequacy (proportional consolidation);



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). EiendomsMegler 1 BV AS has a good position in the Group's market area, and is part of the national EiendomsMegler 1 chain, which has been the market leader in Norway for ten years in a row. The business activities consist of commercial real estate brokerage, property settlement, purchase and sale of holiday homes, new construction and resale homes.

Z-Eiendom AS has a solid market share in the Tønsberg region. The business activities consist of brokerage of resale homes, new construction and holiday homes.

SpareBank 1 Regnskapshuset BV AS has accounting offices in Larvik, Sandefjord, Vestfold, Drammen and Kongsberg. The company offers a broad range of services, including accounting, payroll, annual reports and accounts and advisory services. The company focuses on good customer experiences from simplifying and digitalising accounting services, and offers several different systems adapted to different industry needs.

The decrease in operating income for other subsidiaries is due to gains from the sale of the Bank's properties during 2018.

Transactions with related parties

Apart from the insurance merger discussed in the section below, 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.

Insurance merger

The merger between SpareBank 1 Skadeforsikring and DNB Forsikring AS took effect on 1 January 2019, with SpareBank 1 Skadeforsikring the acquiring company. SpareBank 1 Gruppen AS has a stake of 65% and DNB ASA has a stake of 35% in Fremtind Forsikring AS. Please refer to our Q1 and Q2 reports in 2019 for details of the accountancy- and liquidity-related consequences of this transaction.

On 2 January 2019, Fremtind Forsikring AS was granted permission by the Financial Supervisory Authority of Norway to operate a life insurance business through its

wholly-owned subsidiary company Fremtind Livsforsikring AS. Personal risk insurance policies issued by SpareBank 1 Forsikring and DNB Livsforsikring, as well as company-paid personal risk insurance policies issued by SpareBank 1 Forsikring, were transferred to Fremtind Livsforsikring on 1 January 2020.

The merger of SpareBank 1 Forsikring with DNB Livsforsikring and subsequent transfer to Fremtind Livsforsikring, for which the fee was issued by Fremtind Forsikring, took effect in accounting terms on 1 January 2020.

It is based on a total value of the personal risk area of approx. NOK 6.25 billion. The merger will result in an increased stake for the SpareBank 1 Gruppen at group level. The majority share (the SpareBank 1 banks and LO) of this increase was approx. NOK 1.7 billion. SpareBank 1 BV's stake (3.04 %) in this increase constitutes approx. NOK 52 million and will be recognised during Q1 of 2020.

SpareBank 1 Gruppen AS (the parent company) will receive a tax-free gain of approximately NOK 937 million as a result of this transaction. SpareBank 1 Gruppen AS has increased its dividend base to match this gain. SpareBank 1 BV's share (3.04%) of a dividend on the approx. NOK 937 million is approx. NOK 28 million.

DNB has an option to increase its stake in Fremtind Forsikring from 35% to 40% prior to 31 March 2020. If DNB exercises this option, SpareBank 1 Gruppen AS (the parent company) will make a gain of approx. NOK 890 million. SpareBank 1 Gruppen AS' dividend base will increase to match this gain.

Exercising this option will also result in increased equity for SpareBank 1 Gruppen at a group level. The majority (SpareBank 1 banks and LO) share of that increase will be approximately NOK 590 million. SpareBank 1 BV's share (3.04%) of this increase amounts to approximately NOK 18 million and will be recognised during the course of 2020.

Any extraordinary or ordinary dividend from SpareBank 1 Gruppen AS will be contingent upon the capital situation, decisions in the Company's governing bodies and the regulations for extraordinary dividends from financial services companies at the time in question.

Outlook for the future

The Board is very satisfied with the profits recorded for the core business during Q4 of 2019. The Group's return on equity amounts to 11.3% in 2019. Excluding gains from the insurance merger (Fremtind) totalling NOK 71.9 million, the return on equity amounts to 9.8%.

Good, stable conditions for business and households in the group's market areas in recent years have contributed to the group's good growth rate and development in its performance.

The group is very robust and has a common equity tier 1 capital ratio of 18.3% as at 31.12.19. This means the group has a good ability to grow and issue dividends, as well as the robustness to meet increased capital requirements. The Group also has good liquidity.

Amended capital requirements from the Ministry of Finance involve the equal treatment of IRBA and standard banks in terms of the level of increase in systemic risk buffer by 1.5% percentage points - the only difference are the introductory phases for when these increased requirements take effect. The Board believes that tighter capital requirements for standard banks in parallel with the removal of the Basel 1 floor for IRBA banks will cause some distortion of competition for the lending business in favour of Norwegian and Nordic banks with IRBA approval.

SpareBank 1 BV has taken on an active role in the development of products and services through the

SpareBank 1 partnership. It is important for the group to maintain and further develop a diversified business model with good breadth in the services we offer that is based on both customer satisfaction and profitability.

Increased market interest rates during 2019 contribute to an increase return on equity as a result of repricing customer interest rates and improving the return on the group's equity.

Sparebank 1 BV will seek to maintain its strong position as a relevant bank in all channels for our retail customers. Additionally, the group will seek to increase its market share among small and medium enterprises in Vestfold and Buskerud.

Slightly lower rates of growth are anticipated in the Norwegian economy moving forward. In addition, a low rate of interest is expected, as well as declining growth in employment. House price trends are expected to remain stable and unemployment is expected to remain relatively low.

Based on somewhat lower growth in the Norwegian economy and changes to the capital regulations with the removal of the Basel 1 floor for major Norwegian banks, tougher competition is expected in the lending field during 2020.

SpareBank 1 BV's long-term target return on equity remains at a minimum of 10% for 2020.

Tønsberg, 6th February 2020
The Board of Directors of SpareBank 1 BV

Finn Haugan
Chair of the Board

Heine Wang
Deputy Chair

Elisabeth Haug

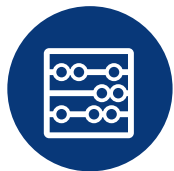
Janne Sølvi Weseth

Gisle Dahn

Hanne Myhre Gravdal
(Employee representative)

Geir A. Vestre
(Employee representative)

Rune Fjeldstad
Managing Director



Interim financial statements

Summary of results and key figures (Group)

(NOK thousands)	31.12.2019	%	31.12.2018	%
Net interest income	656,524	1.72	592,916	1.67
Net commission and other income	427,065	1.12	506,706	1.42
Net income from financial assets	171,875	0.45	99,208	0.28
Total net income	1,255,464	3.29	1,198,830	3.37
Total operating costs	588,334	1.54	466,182	1.31
Earnings before losses/profit before losses and tax	667,130	1.75	732,648	2.06
Losses on loans and guarantees	2,318	0.01	650	0.00
Earnings before tax	664,812	1.74	731,998	2.06
Tax costs	126,247	0.33	135,912	0.38
Earnings after tax	538,564	1.41	596,086	1.67
Total other profit/loss items recognised in equity	4,838	0.01	3,404	0.01
Total profit/loss	543,403	1.43	599,490	1.68
	31.12.2019		31.12.2018	
Profitability				
Return on equity, profit/loss before other earnings ¹	11.3%		13.6%	
Return on equity, comprehensive income	11.4%		13.7%	
Cost-income ratio ²	46.9%		38.9%	
Cost-income ratio excl. financial investments	54.3%		42.4%	
Balance sheet figures				
Gross lending to customers	31,409,938		29,531,949	
Gross lending to customers incl. SpareBank 1 Boligkreditt/Næringskreditt	44,292,346		41,854,035	
Deposits from customers	24,443,290		22,138,580	
Deposit coverage	77.8%		75.0%	
LCR (liquidity coverage ratio), liquidity reserve	230.0%		206.0%	
Loan growth incl. SpareBank 1 Boligkreditt/Næringskreditt last 12 months	5.8%		8.2%	
Deposit growth last 12 months	10.4%		5.4%	
Total assets	38,822,442		36,580,907	
Business capital (incl. Sparebank 1 Boligkreditt/Næringskreditt)	51,704,849		48,902,992	
	31.12.2019		31.12.2018	

Loss			
Loss rate on lending ³	0.01%	0.00%	
Loans in step 3 as % of gross lending	0.82%	1.08%	
Loss (incl. Sparebank 1 Boligkreditt/Næringskreditt)			
Loss rate on lending ³ (incl. Sparebank 1 Boligkreditt/Næringskreditt)	0.01%	0.00%	
Loans in group 3 as % of gross lending (incl. Sparebank 1 Boligkreditt/Næringskreditt)	0.58%	0.76%	
Financial strength in terms of proportional consolidation			
Capital adequacy ratio	21.9%	20.0%	
Tier 1 capital ratio	19.8%	17.9%	
Common equity tier 1 capital ratio	18.3%	16.7%	
Net primary capital	5,430,920	4,988,542	
Tier 1 capital	4,916,520	4,470,112	
Common equity tier 1 capital ratio	4,545,866	4,160,617	
Basis for calculation	24,780,728	24,917,577	
Leverage ratio, proportional consolidation	8.5%	8.2%	
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)	230	227	
Number of FTEs, Group (avg. YTD)	337	335	
Equity certificates	31.12.2019	31.12.2018	31.12.2017
Equity certificate fractions	56.15%	57.99%	59.45%
Market price	39.60	35.60	33.90
Market value (NOK thousands)	2,498,814	2,246,408	2,139,136
Recognised equity per certificate (parent bank)	42.27	40.73	38.11
Recognised equity per certificate (Group)	43.83	42.06	39.15
Earnings per equity certificate (parent bank) ⁴	4.43	4.98	4.03
Earnings per equity certificate (Group) ⁴	4.63	5.40	3.84
Dividend per equity certificate ⁵	-	2.95	2.40
Price/earnings per equity certificate (parent bank)	8.94	7.15	8.41
Price/earnings per equity certificate (Group)	8.56	6.59	8.83
Price/recognised equity (parent bank)	0.94	0.87	0.89
Price/recognised equity (Group)	0.90	0.85	0.87

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.
5. The Board proposes a dividend per equity certificate of NOK 2.95 for 2019.

Income Statement IFRS

Parent bank				Group					
Q4/2018	Q4/2019	31.12.2018	31.12.2019	(NOK thousands)	Note	31.12.2019	31.12.2018	Q4/2019	Q4/2018
36,628	38,544	124,073	151,610	Interest income measured at fair value		151,610	124,073	38,544	36,628
215,974	278,156	819,505	974,467	Interest income measured at amortised cost		975,018	819,349	278,124	215,828
-	-	-	-	Interest income		-	-	-	-
96,125	128,436	349,855	468,398	Interest costs		470,104	350,506	129,323	96,554
156,478	188,264	593,723	657,679	Net interest income		656,524	592,916	187,345	155,903
72,889	76,838	281,605	296,832	Commission income		296,832	281,605	76,838	72,889
3,988	3,924	15,372	16,617	Commission costs		16,617	15,372	3,924	3,988
1,310	1,467	18,789	5,983	Other operating income		146,849	240,473	31,623	34,447
70,211	74,382	285,022	286,198	Net commission and other income		427,065	506,706	104,538	103,348
-	6,868	76,586	128,793	Dividends		25,522	31,988	6,868	-
-	-	42,571	7,536	Net income from ownership interests	18	125,437	47,816	3,544	9,154
(19,359)	5,452	21,136	20,916	Net income from other financial investments	11	20,916	19,405	5,452	(19,542)
(19,359)	12,320	140,293	157,245	Net income from financial assets		171,875	99,208	15,864	(10,388)
207,329	274,966	1,019,039	1,101,122	Total net income		1,255,464	1,198,830	307,747	248,862
61,520	75,509	132,153	239,064	Personnel costs		344,184	237,426	100,644	88,248
55,113	57,905	204,310	218,627	Other operating costs		244,150	228,756	66,521	61,061
116,633	133,415	336,463	457,691	Total operating costs		588,334	466,182	167,164	149,310
90,697	141,551	682,576	643,431	Earnings before losses and tax		667,130	732,648	140,582	99,553
(9,174)	(3,520)	1,250	2,718	Losses on loans and guarantees	2	2,318	650	(3,520)	(9,374)
99,871	145,071	681,326	640,713	Earnings before tax		664,812	731,998	144,102	108,927
24,406	32,382	132,750	124,997	Tax costs		126,247	135,912	31,782	24,387
75,465	112,689	548,576	515,717	Earnings before other profit/loss items		538,564	596,086	112,320	84,540
-	-	-	-	Majority share of profit		537,930	594,891	112,840	210,707
-	-	-	-	Minority share of profit		634	1,195	(521)	419
-	531	-	8,318	Items reversed through profit/loss <i>Value changes on lending classified at fair value</i>		8,318	-	531	9,995
3,458	(2,275)	3,458	(2,275)	Items not reversed through profit/loss <i>Estimation difference, IAS 19 Pensions</i>		(3,479)	3,404	(3,479)	3,404
3,458	(1,744)	3,458	6,043	Total other profit/loss items recognised in equity		4,838	3,404	(2,949)	13,399
78,923	110,945	552,034	521,759	Total profit/loss		543,403	599,490	109,371	97,939
-	-	-	-	Majority share of profit		542,768	598,295	-	-
-	-	-	-	Minority share of profit		634	1,195	-	-
0.73	0.97	4.98	4.43	Earnings before other profit/loss items per equity certificate		4.63	5.40	0.98	0.82

Balance sheet

Parent bank				Group	
31.12.2018	31.12.2019	(NOK thousands)	Note	31.12.2019	31.12.2018
98,026	94,784	Cash and receivables from central banks		94,784	98,026
992,490	1,034,557	Loans to and receivables from credit institutions		1,070,874	1,024,799
29,398,101	31,286,021	Net lending to customers	3, 4, 8	31,265,305	29,374,483
4,033,240	4,129,073	Certificates, bonds and other securities at fair value		4,129,073	4,033,240
1,320,974	1,418,440	Stocks, shares and other equity interests		1,418,440	1,320,974
36,682	36,682	Ownership interests in Group companies		-	-
391,414	454,943	Ownership interests in joint ventures and associated companies		615,878	530,270
24,841	97,271	Tangible assets	18	121,536	34,919
-	-	Goodwill		24,654	24,654
11,911	9,872	Deferred tax assets		10,829	12,633
109,904	56,593	Other assets	5, 10	71,068	126,910
36,417,583	38,618,237	Total assets		38,822,442	36,580,907
-	-	Deposits from credit institutions		-	-
22,162,337	24,463,240	Deposits from customers	7	24,443,290	22,138,580
8,756,890	8,279,389	Debt from the issuance of securities	12	8,279,389	8,756,890
115,816	125,688	Tax payable		128,257	118,418
245,410	288,831	Other liabilities	6, 3, 10	333,927	273,328
445,258	444,404	Subordinated loan capital	12	444,404	445,258
31,725,711	33,601,552	Total debt		33,629,268	31,732,473
946,516	946,501	Equity share capital		946,501	946,516
1,026,427	1,026,427	Share premium fund		1,026,427	1,026,427
411,299	411,299	Risk equalisation fund		411,299	411,299
6,540	6,540	Endowment fund		6,540	6,540
1,855,062	1,855,062	Sparebanken fund		1,855,062	1,855,062
9,879	9,879	Fund for unrealised gains		9,879	9,879
250,000	250,000	Hybrid capital		250,000	250,000
186,149	6,043	Other equity		159,143	341,129
-	504,933	Unallocated		527,147	-
-	-	Minority share		1,175	1,581
4,691,873	5,016,685	Total equity		5,193,174	4,848,433
36,417,583	38,618,237	Debt and equity		38,822,442	36,580,907

Results from quarterly financial statements

Group

(NOK thousands)	Q4/2019	Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018	Q4/2017
Interest income	316,668	293,881	267,182	248,896	252,456	239,268	232,726	218,971	220,189
Interest costs	129,323	121,725	115,442	103,614	96,554	88,758	86,595	78,599	76,007
Net interest income	187,345	172,156	151,740	145,283	155,903	150,510	146,131	140,372	144,182
Commission income	76,838	78,654	72,771	68,569	72,889	69,192	67,963	71,562	72,900
Commission costs	3,924	4,177	4,331	4,185	3,988	3,703	4,249	3,431	4,031
Other operating income	31,623	35,353	44,993	34,880	34,447	37,427	64,061	104,537	32,845
Net commission and other income	104,538	109,829	113,434	99,265	103,348	102,916	127,775	172,668	101,714
Dividends	6,868	14	2,270	16,370	-	4,351	9,055	18,582	6,474
Net income from ownership interests	3,544	10,588	31,680	79,626	9,154	13,157	15,291	10,215	24,252
Net income from other financial investments	5,452	(7,996)	8,567	14,894	(19,542)	11,424	27,255	267	14,464
Net income from financial assets	15,864	2,606	42,516	110,889	(10,388)	28,932	51,600	29,063	45,191
Total net income	307,747	284,591	307,690	355,436	248,862	282,358	325,506	342,104	291,087
Personnel costs	100,644	76,912	81,144	85,485	88,248	76,674	(14,432)	86,936	96,464
Other operating costs	66,521	57,907	60,503	59,220	61,061	55,154	57,421	55,120	62,626
Total operating costs	167,164	134,818	141,647	144,704	149,310	131,827	42,989	142,056	159,091
Earnings before losses and tax	140,582	149,773	166,043	210,732	99,553	150,531	282,517	200,048	131,996
Losses on loans and guarantees	(3,520)	2,139	(2,108)	5,808	(9,374)	(8,074)	11,294	6,804	(7,377)
Earnings before tax	144,102	147,634	168,151	204,924	108,927	158,604	271,223	193,244	139,374
Tax costs	31,782	36,081	33,502	24,882	24,387	32,017	50,689	28,818	21,211
Earnings before other profit/loss items	112,320	111,553	134,649	180,042	84,540	126,587	220,534	164,426	118,163
Parent bank									
Earnings per equity certificate (quarter in isolation)	0.97	0.82	1.76	0.87	0.73	0.99	2.42	0.83	0.91
Diluted earnings per equity certificate (quarter in isolation)	0.97	0.82	1.76	0.87	0.73	0.99	2.42	0.83	0.91

Change in equity as at Q4/2019

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 31.12.2017	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)
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	-	-	127,958	-	227,555	(6,991)	-	246,369	-	1,195	596,086
<i>Items not reversed through profit/loss:</i>											
Estimation difference, IAS 19 Pensions	-	-	2,005	-	1,453	-	-	(54)	-	-	3,404
Equity at 31.12.2018	946,516	1,026,427	411,299	6,540	1,855,062	9,879	250,000	341,129	-	1,581	4,848,433
Equity at 31.12.2018	946,516	1,026,427	411,299	6,540	1,855,062	9,879	250,000	341,129	-	1,581	4,848,433
Employee equity certificate savings scheme	(15)	-	-	-	-	-	-	-	-	-	(15)
Interest costs on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(10,783)	-	(10,783)
Issued subordinated bond	-	-	-	-	-	-	150,000	-	-	-	150,000
Buy-back and subordinated bond maturity	-	-	-	-	-	-	(150,000)	-	-	-	(150,000)
Dividends from 2018, for payment 2019	-	-	-	-	-	-	-	(186,149)	-	(1,040)	(187,189)
Change in carrying value JVs/ associates/subsidiaries	-	-	-	-	-	-	-	(674)	-	-	(674)
Earnings before other profit/loss items	-	-	-	-	-	-	-	-	537,930	634	538,564
<i>Items reversed through profit/loss:</i>											
Value changes on lending classified at fair value	-	-	-	-	-	-	-	8,318	-	-	8,318
<i>Items not reversed through profit/loss:</i>											
Estimation difference, IAS 19 Pensions	-	-	-	-	-	-	-	(3,479)	-	-	(3,479)
Equity at 31.12.19	946,501	1,026,427	411,299	6,540	1,855,062	9,879	250,000	159,143	527,147	1,175	5,193,174

1. The equity share capital has been deducted 20' in own holdings

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 31.12.2017	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	-	-	127,958	-	227,555	-6,991	-	200,053	-	548,576
<i>Items not reversed through profit/loss:</i>										
Estimation difference, IAS 19	-	-	2,005	-	1,453	-	-	-	-	3,458
Equity at 31.12.2018	946,516	1,026,427	411,299	6,540	1,855,062	9,879	250,000	186,149	-	4,691,873
Equity at 31.12.2018	946,516	1,026,427	411,299	6,540	1,855,062	9,879	250,000	186,149	-	4,691,873
Employee equity certificate savings scheme	(15)	-	-	-	-	-	-	-	-	(15)
Interest costs on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(10,783)	(10,783)
Issued subordinated bond	-	-	-	-	-	-	150,000	-	-	150,000
Buy-back and subordinated bond maturity	-	-	-	-	-	-	(150,000)	-	-	(150,000)
Dividends from 2018, for payment 2019	-	-	-	-	-	-	-	(186,149)	-	(186,149)
Earnings before other profit/loss items	-	-	-	-	-	-	-	-	515,717	515,717
<i>Items reversed through profit/loss:</i>										
Value changes on lending classified at fair value	-	-	-	-	-	-	-	8,318	-	8,318
<i>Items not reversed through profit/loss:</i>										
Estimation difference, IAS 19	-	-	-	-	-	-	-	(2,275)	-	(2,275)
Equity at 31.12.2019	946,501	1,026,427	411,299	6,540	1,855,062	9,879	250,000	6,043	504,933	5,016,685

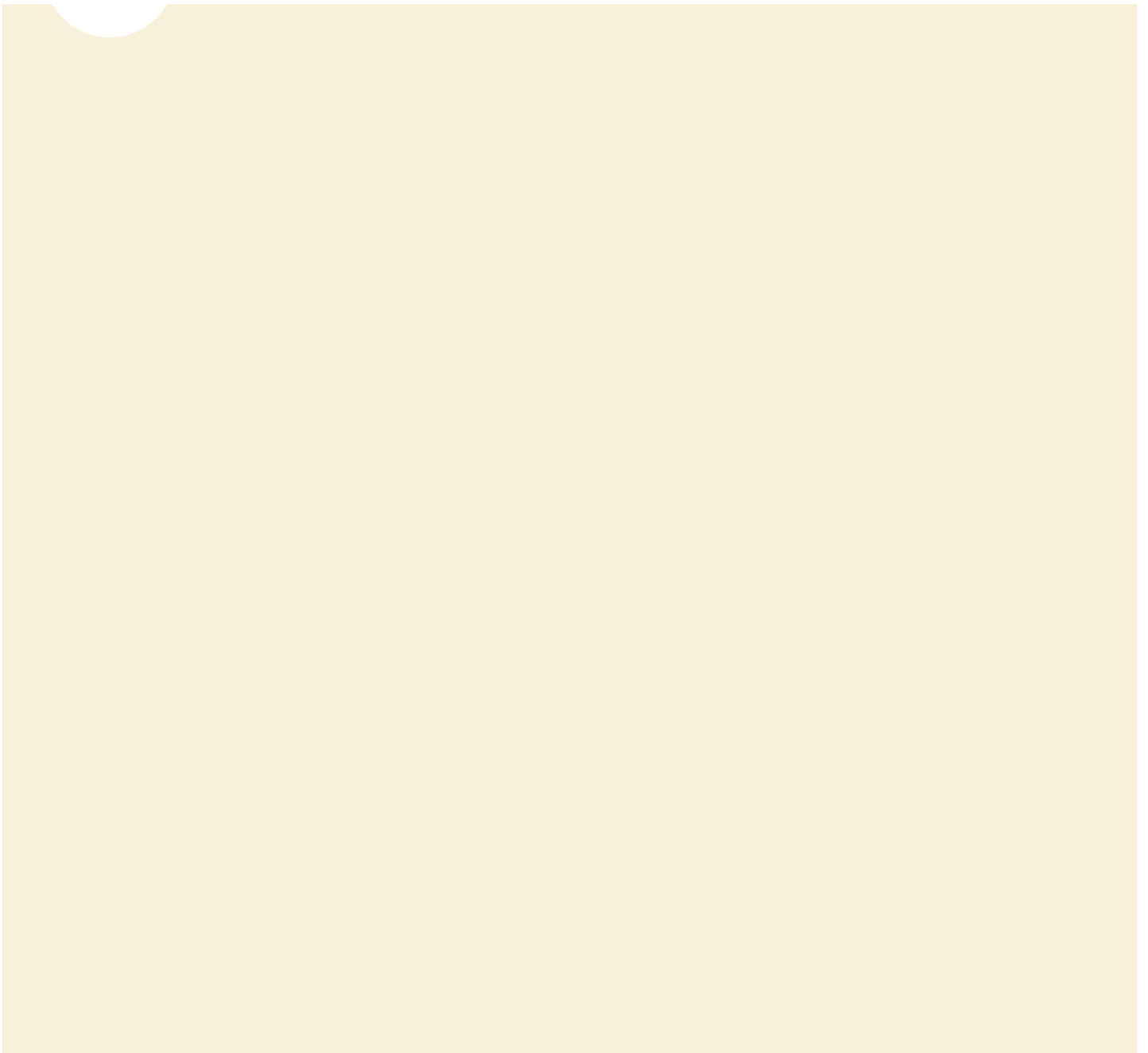
1. The equity share capital has been deducted 20' in own holdings

Cash flow statement

Parent bank			Group	
31.12.2018	31.12.2019	(NOK thousands)	31.12.2019	31.12.2018
681,326	640,713	Profit/loss for the year before tax	664,812	731,998
(158,056)	(188,027)	Dividends/endowments paid	(188,547)	(159,661)
29,094	5,210	Value changes to financial assets measured at fair value	5,210	29,094
6,516	21,626	Depreciation and impairments	28,370	8,192
1,250	2,718	Losses on loans	2,317	650
(103,547)	(115,293)	Taxes payable	(118,418)	(115,657)
456,583	366,948	Cash flow from operations before change in current assets and current liabilities	393,743	494,616
(2,076,709)	(1,887,603)	Change in lending/and other assets	(1,890,504)	(2,074,180)
1,123,353	2,298,189	Change in deposits from customers	2,301,997	1,137,153
(111,984)	-	Change in debt to credit institutions	-	(111,984)
(237,037)	(104,566)	Change in certificates and bonds	(104,566)	(237,037)
(26,207)	53,311	Change in other receivables	55,842	(25,590)
(114,404)	35,236	Change in other current liabilities	52,021	(110,022)
(986,405)	761,516	A Net cash flow from operations	808,534	(927,044)
		Cash flow from investment activities		
54,899	(94,056)	Change in tangible assets	(114,988)	121,253
(101,430)	(166,712)	Change in shares and ownership interests	(188,791)	(212,599)
(46,531)	(260,768)	B Net cash flow from investment activities	(303,779)	(91,346)
		Cash flow from financing activities		
922,081	(450,564)	Change in borrowing, securities	(450,564)	922,081
(51,555)	(575)	Change in borrowing, subordinated loans	(575)	(51,555)
(111,543)	(10,783)	Change in hybrid capital over equity	(10,783)	(111,543)
758,983	(461,922)	C Net cash flow from financing activities	(461,922)	758,983
(273,954)	38,826	A + B + C Net change in cash and cash equivalents for the year	42,833	(259,407)
1,364,470	1,090,516	Cash balance at start of period	1,122,825	1,382,232
1,090,516	1,129,342	Cash balance on end of period	1,165,658	1,122,825
(273,954)	38,826	Net change in cash and cash equivalents for the year	42,833	(259,407)



Notes to the financial statements



Note 1

Accounting policies

The interim report for SpareBank 1 BV covers the period 1 January 2019 - 31 December 2019. 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 2018, but including the policy changes mentioned in the annual report for 2018 as being planned for implementation in 2019.

For a more detailed description of the accounting principles used, refer to Note 2 and Note 39 (Implementation of IFRS 16) to the bank's official accounts for 2018.

Reassessment/change in measurement method IFRS9/IFRS13

Upon implementation of IFRS 9, the bank classified and measured mortgages that were not to be transferred to the Boligkreditt company at amortised cost in accordance with IFRS 9.4.1.2. In the case of mortgages to be transferred to the Boligkreditt company, these were classified and measured at fair value over the profit/loss in accordance with IFRS 9.4.1.4. As of Q3 in 2019, lending to and receivables from customers with floating rates of interest secured on residential property were

measured and classified at fair value with value changes over other income and costs (OCI). This is because the business model's purpose is considered to be to receive contractual cash flows and sales of loans (transfer of mortgages to SB1 Boligkreditt AS).

The fair value of such mortgages is understood to be:

- Loans in loss category 1 - the loan's nominal value (not equal to amortised cost)
- Loan in loss category 2, and 3J - the loan's nominal value decreases by the expected losses (= amortised cost)
- Loans in loss category 3K - the loan's nominal value decreases by individual loss provisions (= amortised cost)

The effect of this reassessment (not the change in principle) as at 30.09.2019 amounted to NOK 10.4 million before tax and has been adjusted in its entirety to the fair value over OCI in the accounts for Q3/2019.

The aforementioned reassessment takes effect in the presentation of Notes 3, 8 and 17 in the interim financial statements.

Note 2

Losses on loans and guarantees

Parent bank			Group	
31.12.2018	31.12.2019	(NOK thousands)	31.12.2019	31.12.2018
596	6,337	Change in the period in loss provisions, group 1	6,337	596
(13,198)	4,427	Change in the period in loss provisions, group 2	4,427	(13,198)
10,593	(9,655)	Change in the period in loss provisions, group 3	(10,055)	9,993
4,469	859	Losses for the period with previous write-downs	859	4,469
(199)	1,496	Losses for the period with previous write-downs	1,496	(199)
(183)	(565)	Previously recognised write-downs at start of period.	(565)	(183)
(828)	(181)	Other corrections/amortisation of write-downs	(181)	(828)
1,250	2,718	Losses for the period on loans and guarantees	2,318	650

Note 3

Loss provisions on loans and guarantees

Loan provisions on loans and guarantees	Parent bank			Total
	Group 1	Group 2	Group 3	
01.01.2019	35,263	37,201	96,510	168,975
Loss provisions transferred to group 1	7,435	(6,259)	(1,176)	-
Loss provisions transferred to group 2	(2,646)	3,434	(788)	-
Loss provisions transferred to group 3	(188)	(2,718)	2,907	-
New issued or purchased financial assets	25,941	4,896	2,765	33,602
Increase in drawing on existing loans	2,589	18,887	18,156	39,632
Reduction in drawing on existing loans	(13,755)	(4,194)	(18,677)	(36,626)
Financial assets that have been deducted	(13,038)	(9,620)	(11,982)	(34,640)
Changes due to recognised impairments (recognised losses)			(859)	(859)
31.12.2019	41,600	41,628	86,855	170,083
(*) reversal of loss provisions related to fair value over extended profit/loss *	(11,090)	-	-	(11,090)
Loss provisions recognised as at 31.12.2019	30,510	41,628	86,855	158,993
Of which: loss provisions on capitalised loans	22,784	40,755	86,069	149,609
Of which: loss provisions on unused credits and guarantees	7,726	873	786	9,385
Of which: loss provisions, retail market - Amortised cost	830	17,792	22,782	41,403
Of which: loss provisions, corporate market - Amortised cost	29,681	23,836	64,073	117,590

*) Please refer to Note 1 for comments regarding reassessment/changes in measurement method as at 31.12.2019.

Loss provisions on loans and guarantees	Group			Total
	Group 1	Group 2	Group 3	
01.01.2019	35,263	37,201	91,935	164,400
Loss provisions transferred to group 1	7,435	(6,259)	(1,176)	-
Loss provisions transferred to group 2	(2,646)	3,434	(788)	-
Loss provisions transferred to group 3	(188)	(2,718)	2,907	-
New issued or purchased financial assets	25,941	4,896	2,765	33,602
Increase in drawing on existing loans	2,589	18,887	17,756	39,232
Reduction in drawing on existing loans	(13,755)	(4,194)	(18,677)	(36,626)
Financial assets that have been deducted	(13,038)	(9,620)	(11,982)	(34,640)
Changes due to receipts for previous impairments (recognised)	-	-	(859)	(859)
31.12.2019	41,600	41,628	81,880	165,108
- reversal of loss provisions related to fair value over extended profit/loss *	(11,090)	-	-	(11,090)
Loss provisions recognised as at 31.12.2019	30,510	41,628	81,880	154,018
Of which: loss provisions on capitalised loans	22,784	40,755	81,094	144,634
Of which: loss provisions on unused credits and guarantees	7,726	873	786	9,385
Of which: loss provisions, retail market - Amortised cost	830	17,792	22,782	41,403
Of which: loss provisions, corporate market - Amortised cost	29,681	23,836	59,098	112,615

*) Please refer to Note 1 for comments regarding reassessment/changes in measurement method as at 31.12.2019.

Note 4

Loans to customers broken down into groups 1, 2 and 3

Loans to customers broken down into groups 1, 2 and 3	Parent bank			Total
	Group 1	Group 2	Group 3	
01.01.2019	25,013,929	1,683,413	334,703	27,032,045
Loans transferred to group 1	472,576	(464,455)	(8,121)	-
Loans transferred to group 2	(902,138)	908,251	(6,113)	-
Loans transferred to group 3	(26,849)	(58,760)	85,609	-
New issued or purchased financial assets	14,673,731	486,821	12,105	15,172,656
Increase in drawing on existing loans	211,520	65,135	2,372	279,027
Reduction in drawing on existing loans	(919,676)	(88,392)	(102,520)	1,110,588
Financial assets that have been deducted	(11,082,164)	(584,778)	(43,618)	(11,710,561)
Changes due to recognised impairments (recognised losses)			(1,291)	(1,291)
31.12.2019	27,440,928	1,947,235	273,126	29,661,289
Loss provisions as % of gross lending	0.15%	2.14%	31.80%	0.57%

Loans to customers broken down into groups 1, 2 and 3	Group			Total
	Group 1	Group 2	Group 3	
01.01.2019	25,001,046	1,683,413	319,392	27,003,852
Loans transferred to group 1	472,576	(464,455)	(8,121)	-
Loans transferred to group 2	(902,138)	908,251	(6,113)	-
Loans transferred to group 3	(26,849)	(58,760)	85,609	-
New issued or purchased financial assets	14,673,731	486,821	12,105	15,172,656
Increase in drawing on existing loans	211,520	65,135	2,086	278,741
Reduction in drawing on existing loans	(916,888)	(88,392)	(102,520)	(1,107,800)
Financial assets that have been deducted	(11,082,164)	(584,778)	(43,618)	(11,710,561)
Changes due to recognised impairments (recognised losses)	-	-	(1,291)	(1,291)
31.12.2019	27,430,833	1,947,235	257,529	29,635,597
Loss provisions as % of gross lending	0.15%	2.14%	31.79%	0.56%

Note 5

Other assets

Parent bank			Group	
31.12.2018	31.12.2019	(NOK thousands)	31.12.2019	31.12.2018
15,173	21,058	Prepaid, unaccrued costs, and accrued income not yet received	32,420	30,884
46,061	16,117	Other assets	19,230	47,355
48,670	19,418	Derivatives and other financial instruments at fair value	19,418	48,670
109,904	56,593	Total other assets	71,068	126,910

Note 6

Other liabilities

Parent bank			Group	
31.12.2018	31.12.2019	(NOK thousands)	31.12.2019	31.12.2018
55,481	46,181	Accrued expenses and unaccrued income received	62,100	55,175
56,779	71,151	Provision for accrued expenses and liabilities	71,627	56,037
94,070	134,052	Other liabilities	162,752	123,035
39,080	37,447	Derivatives and other financial instruments at fair value	37,447	39,080
245,410	288,831	Total other debt	333,927	273,328

Note 7

Deposits from customers broken down by sector and industry

Parent bank			Group	
31.12.2018	31.12.2019	(NOK thousands)	31.12.2019	31.12.2018
13,350,242	15,285,830	Salaried staff, etc.	15,285,830	13,350,242
2,822,879	3,197,454	Property management/business services, etc.	3,177,504	2,799,122
750,927	754,043	Merchandising/hotels and restaurants	754,043	750,927
180,879	188,906	Agriculture/forestry	188,906	180,879
593,131	633,708	Building and construction	633,708	593,131
1,201,043	1,412,784	Transport and service Industries	1,412,784	1,201,043
197,312	307,646	Production (manufacturing)	307,646	197,312
1,930,624	1,969,637	Public administration	1,969,637	1,930,624
1,135,300	713,232	Abroad and others	713,232	1,135,300
22,162,337	24,463,240	Total deposits	24,443,290	22,138,580

Note 8

Lending to customers broken down by sector and industry

Parent bank			Group	
31.12.2018	31.12.2019	(NOK thousands)	31.12.2019	31.12.2018
22,496,782	24,140,703	Salaried staff, etc.	24,140,703	22,496,782
5,394,522	5,513,943	Property management/business services, etc.	5,488,251	5,366,328
320,710	348,044	Merchandising/hotels and restaurants	348,044	320,710
271,589	236,036	Agriculture/forestry	236,036	271,589
303,591	324,524	Building and construction	324,524	303,591
324,053	346,830	Transport and service Industries	346,830	324,053
248,317	277,769	Production (manufacturing)	277,769	248,317
2,355	1,843	Public administration	1,843	2,355
198,223	245,938	Abroad and others	245,938	198,223
29,560,142	31,435,630	Gross lending	31,409,938	29,531,949
27,032,045	8,353,979	- Of which: valued at amortised cost *	8,328,288	27,003,852
-	21,307,310	- Of which assessed at fair value over extended profit/loss *	21,307,310	-
2,528,098	1,774,341	- Of which: valued at fair value	1,774,341	2,528,098
(162,041)	(149,609)	- Loss provisions on loans	(144,634)	(157,466)
29,398,101	31,286,021	Net lending	31,265,305	29,374,483
29,560,142	31,435,630	Gross lending	31,409,938	29,531,949
11,740,255	12,039,621	Gross lending transferred to SB1 Boligkreditt	12,039,621	11,740,255
581,830	842,787	Gross lending transferred to SB1 Næringskreditt	842,787	581,830
41,882,228	44,318,037	Gross lending including SB1 Boligkreditt and Næringskreditt	44,292,346	41,854,035

*) Please refer to Note 1 for comments regarding reassessment/changes in measurement method as at 31.12.2019.

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 2019, the requirement for the capital conservation buffer is 2.5%, for the systemic risk buffer 3.0%, and for the countercyclical capital buffer 2.5%. 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 12.5%. 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 14.4%.

The Group's target common equity tier 1 capital ratio is a minimum of 15.5% at the end of 2019, taking account of increased regulatory requirements for the countercyclical buffer from 31 December 2019. The targets for the tier 1 capital ratio and total capital ratio are 16.5% and 18.5%, respectively.

Proportional consolidation

	31.12.2019	31.12.2018
Primary capital		
Common equity tier 1 capital	4,545,866	4,160,617
Tier 1 capital	4,916,520	4,470,112
Primary capital	5,430,920	4,988,542
Basis for calculation	24,780,728	24,917,577
Capital adequacy		
Common equity tier 1 capital ratio	18.34%	16.70%
Tier 1 capital ratio	19.84%	17.94%
Capital adequacy	21.92%	20.02%
Unweighted tier 1 capital ratio (leverage ratio)	8.52%	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
- BN Bank

Parent bank

	31.12.2019	31.12.2018
Primary capital		
Equity share capital	946,501	946,516
Share premium fund	1,026,427	1,026,427
Risk equalisation fund	411,299	411,299
Sparebankens fund	1,855,062	1,855,062
Fund for unrealised gains/losses	9,879	9,879
Endowment fund	6,540	6,540
Allocated dividend classified as equity	-	186,149
Other equity (IAS pensions and interest paid on hybrid capital)	(4,740)	-
Profit/loss for the period	515,717	-
Total capitalised equity (excluding hybrid capital)	4,766,685	4,441,873

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.

As of 2018, the bank carries out proportionate consolidation of shareholdings held by the partnership.

The provision applies to shareholdings in other financial enterprises that carry out activities that are encompassed by the partnership (cf. Section 17-13 of the Financial Institutions Act).

Value adjustments on stocks and bonds measured at fair value (AVA)	(7,425)	(7,950)
Allowance for non-material interests in the financial sector	(957,252)	(1,149,921)
Dividends allocated for distribution, classified as equity	-	-
Profit/loss for the period	(515,717)	(534,671)
Interim profit/loss included in tier 1 capital	329,568	348,523
Total common equity tier 1 capital	3,615,859	3,097,853
Hybrid capital	250,000	250,000
Subordinated bond	24,000	32,000
Allowance for non-material interests in the financial sector	-	(39,074)
Total tier 1 capital	3,889,859	3,340,779
Supplementary capital in excess of tier 1 capital		
Time-limited primary capital	400,000	400,000
Allowance for non-material interests in the financial sector	(4,944)	(31,262)
Net primary capital	4,284,915	3,709,517
Risk-weighted basis for calculation		
Assets not included in the trading portfolio	17,442,387	16,105,698
Operational risk	2,048,828	1,758,783
Position risk in the trading portfolio	-	-
CVA surcharge (counterparty risk derivatives)	27,781	27,459
Total basis for calculation	19,518,997	17,891,940
Common equity tier 1 capital ratio	18.52%	17.31%
Tier 1 capital ratio	19.93%	18.67%
Capital adequacy	21.95%	20.73%
Unweighted tier 1 capital ratio (leverage ratio)	9.95%	9.14%
Buffer requirements		
Capital conservation buffer (2.50%)	487,975	447,299
Countercyclical buffer (2.5%/2.0%)	487,975	357,839
Systemic risk buffer (3.00%)	585,570	536,758
Total buffer requirement for common equity tier 1 capital	1,561,520	1,341,896
Minimum requirement for common equity tier 1 capital (4.50%)	878,355	805,137
Available common equity tier 1 capital beyond minimum requirement	1,175,984	950,820
	31.12.2019	31.12.2018
Local and regional authorities	83,717	44,838
Publicly owned companies	10,134	18,171
Institutions	111,259	106,207
Companies	2,655,744	1,997,340
Mass market	2,197,800	2,581,078
Mortgaged against residential and holiday property	8,504,153	8,009,171
Mortgaged against commercial property	2,040,958	2,230,810
Overdue commitment	150,127	82,578
High-risk commitments	-	-
Bonds with preferential rights	203,526	255,003
Receivables on institutions and companies with short-term ratings	145,911	137,498
Shares in mutual funds	25,858	47,698
Equity items	1,192,942	528,815
Other commitments	120,258	66,491
Total credit risk	17,442,387	16,105,698

Note 10

Derivatives

2019			(NOK thousands)	2018		
Contract sum	Fair value	31.12.2019		Contract sum	Fair value	31.12.2018
31.12.2019	Assets	Liabilities		31.12.2018	Assets	Liabilities
4,870,000	19,418	37,447	Derivatives – hedging	4,300,000	48,670	39,080
4,870,000	19,418	37,447	Derivatives at fair value	4,300,000	48,670	39,080
			Total derivatives for fair value hedging	4,300,000	48,670	39,080

Note 11

Net income from other financial investments

Parent bank		(NOK thousands)	31.12.2019	31.12.2018
31.12.2018	31.12.2019			
21,596	19,099	Net change in value of stocks, shares etc. measured at fair value	19,099	19,865
(16,704)	(6,430)	Net change in value of bonds/certificates measured at fair value	(6,430)	(16,704)
9,021	2,158	Net change in value of financial derivatives measured at fair value	2,158	9,021
7,223	6,089	Exchange rate gains/losses on currency	6,089	7,223
21,136	20,916	Net income from other financial investments	20,916	19,405

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)	31.12.2019	31.12.2018
Certificate debt, nominal value	-	-
Bond debt, nominal value	8,290,000	8,742,000
Value adjustments and accrued interest	(10,611)	14,890
Total securities debt	8,279,389	8,756,890

Change in securities debt	Parent bank/Group			
(NOK thousands)	31.12.2019	Issued 2019	Redeemed 2019	31.12.2018
Certificate debt, nominal value	-	-	-	-
Bond debt, nominal value	8,290,000	1,500,000	(1,952,000)	8,742,000
Value adjustments and accrued interest	(10,611)	-	-	14,890
Total securities debt	8,279,389	1,500,000	(1,952,000)	8,756,890

Subordinated loan capital	Parent bank/Group	
(NOK thousands)	31.12.2019	31.12.2018
Subordinated loan capital	440,000	440,000
Value adjustments and accrued interest	4,404	5,258
Total subordinated loan capital	444,404	445,258

Change in subordinated loan capital	Parent bank/Group			
(NOK thousands)	31.12.2019	Issued 2019	Redeemed 2019	31.12.2018
Subordinated loan capital	440,000	-	-	440,000
Value adjustments and accrued interest	4,404	-	-	5,258
Total subordinated loan capital	444,404	-	-	445,258

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 31.12.2019

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit/loss					
Net interest income	367,898	248,748	(742)	40,620	656,524
Net commission and other income	339,218	103,005	240	156,477	598,940
Operating costs	394,895	159,367	1,719	32,353	588,334
Earnings before losses	312,221	192,386	(2,221)	164,744	667,130
Losses on loans and guarantees	8,365	(5,614)		(433)	2,318
Earnings before tax	303,856	198,000	(2,221)	165,177	664,812

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Net lending to customers	23,358,345	6,967,092	-	939,868	31,265,305
Other assets	91,591	25,163	12,219	7,428,164	7,557,137
Total assets per segment	23,449,936	6,992,255	12,219	8,368,032	38,822,442
Deposits from and debt to customers	15,451,151	8,577,994	-	414,145	24,443,290
Other equity and liabilities	7,998,785	(1,585,739)	12,219	7,953,887	14,379,152
Total equity and debt per segment	23,449,936	6,992,255	12,219	8,368,032	38,822,442

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

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 policies. This will therefore affect the reported amounts for assets, liabilities, income and expenditure.

In the financial statements for 2018, 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 2018.

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 120 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 has also been established to handle liquidity crises. The average remaining term to maturity in the portfolio of senior bond loans was 3.1 years as at 31 December 2019. Overall LCR was 230% at the end of the third quarter and average total LCR was 214% in the quarter.

Note 17

Assessing fair value of financial instruments

Financial instruments at fair value are classified in 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 the market price at 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 observable market data. Level 2 consists of instruments which are valued using information other than quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, and also include quoted prices on inactive markets.

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

Level 3: Valuation based on other than observable data. If no valuation is available in relation to level 1

and 2, valuation methods based on non-observable information are used.

- Fair value of fixed rate deposits and loans: The Bank uses the base rate/reference rate on the loans, and discounts using its own swap curve to calculate the funding margin. The Bank has no 'day 1 profit'. For valuations at later dates, the Bank reads in reads customer interest and adjusts for funding and customer margins. Swap interest will be charged on the discount date. This is then compared with the swap rate on the calculation date taking account of the remaining term to maturity. Changes to the customer margin (administrative markup, markup for anticipated losses and return on equity) in the term of the loan are not assessed/taken into account.
- Equity investments are valued at fair value under the following conditions:
 1. Price at the time of the last capital increase or last sale between independent parties, adjusted for changes in market conditions since the capital increase/sale.
 2. Fair value based on expected future cash flows for the investment.
- On the remaining financial instruments, fair value is determined on the basis of value estimates obtained from external parties. For those unlisted shares where it is not possible to make a sufficiently reliable measurement of fair value, acquisition cost or impaired book value is used.
- This category includes other equity instruments, loans at fair value over extended profit and the Bank's own fixed rate loans.
- The fair value of mortgages is understood to be: Loans in loss category 1 - the loan's nominal value (not equal to amortised cost). Loan in loss category 2, and 3 - the loan's nominal value decreases by the expected losses (= amortised cost). Loans in loss category 3K - the loan's nominal value decreases by individual loss provisions (= amortised cost)

The Group's assets and liabilities measured at fair value as at 31 December 2019

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed rate loans	-	-	1,775	1,775
- Loans at fair value over extended profit/loss *	-	-	21,307	21,307
- Approved loans to Boligkredditt	-	-	-	-
- Bonds and certificates	703	3,412	-	4,115
- Equity Instruments	241	-	1,178	1,419
- Derivatives	-	19	-	19
Total assets	944	3,431	24,260	28,635

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Fixed rate deposits	-	-	-	-
- Securities at fair value	-	2,785	-	2,785
- Derivatives	-	37	-	37
Total liabilities	-	2,822	-	2,822

*) Please refer to Note 1 for comments regarding reassessment/changes in measurement method as at 31.12.2019.

The Group's assets and liabilities measured at fair value as at 31 December 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 Boligkredditt	-	-	821	821
- Bonds and certificates	205	3,814	-	4,019
- Equity Instruments	269	-	1,052	1,321
- Derivatives	-	49	-	49
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

Changes in instruments classified under Level 3 as at 31.12.2019

	Fixed rate loans	Shares at fair value through profit/loss	Fixed rate deposits	Approved loans to Boligkreditt	Lending at fair value over extended profit/loss
Opening balance 01.01.2019	1,687	1,052	-	821	-
Change as a result of the reassessment retail market	-	-	-	-	21,307
Increase	332	154	-	276	-
Decrease	(244)	(20)	-	(1,097)	-
Net gain/loss on financial instruments	-	(8)	-	-	-
Closing balance 31.12.2019	1,775	1,178	-	-	21,307

*) Please refer to Note 1 for comments regarding reassessment/changes in measurement method as at 31.12.2019.

Changes in instruments classified under Level 3 as at 31.12.2018

	Fixed rate loans	Shares at fair value through profit/loss	Fixed rate deposits	Approved loans to Boligkreditt
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

Note 18

Net income from ownership interests

The net profit/loss from ownership interests in the group is primarily included in the share of the profit/loss attributed to Samarbeidende Sparebanker AS (indirect stake in the Sparebank 1 Alliance) and Samarbeidende Sparebanker Bankinvest AS (indirect stake in BN Bank ASA). Effective June 2019, Samarbeidende Sparebanker Bankinvest AS was dissolved and replaced by direct ownership of BN Bank ASA.

The increase in net income share from ownership interests in 2019 is primarily due to gains from the insurance merger (Fremtind) totalling NOK 71.9 million during Q1/2019 and the revaluation of properties in SpareBank 1 Gruppen's life company totalling NOK 18.0 million during Q2/2019.

Note 19

Implementation IFRS 16

SpareBank 1 BV has implemented IFRS 16 Leases with effect from 1 January 2019. IFRS 16 primarily impacts the tenant's accounts and means that substantial leases for the Group are capitalised. The standard removes the current distinction between operational and financial

leases and requires the calculation of a right of use asset (right to use the leased asset) and a financial liability to pay rent for substantial leases. Refer to Note 2 and Note 39 to the annual report for 2018 for more detail. The tables below show the accounting effects in 2019 for the parent bank and the Group.

Parent bank		Balance sheet		Group	
01.01.2019	31.12.2019	(NOK thousands)		31.12.2019	01.01.2019
89,007	74,028	Lease liabilities		90,178	108,945
89,007	73,318	Right of use		89,311	108,945

Parent bank		Income Statement IFRS 16		Group	
31.12.2019	(NOK thousands)			31.12.2019	
15,939	Depreciation			19,799	
1,604	Interest			1,961	
17,543	Total			21,760	
Effect of IFRS 16 vs IAS 17					
16,829	Reduction in operating costs under IAS 17			20,887	
17,543	Increase in costs under IFRS 16			21,760	
(714)	Changes in pre-tax income in the period			(873)	

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 2019 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, 6th February 2020
The Board of Directors of SpareBank 1 BV

Finn Haugan
Chair of the Board

Heine Wang
Deputy Chair

Elisabeth Haug

Janne Sølvi Weseth

Gisle Dahn

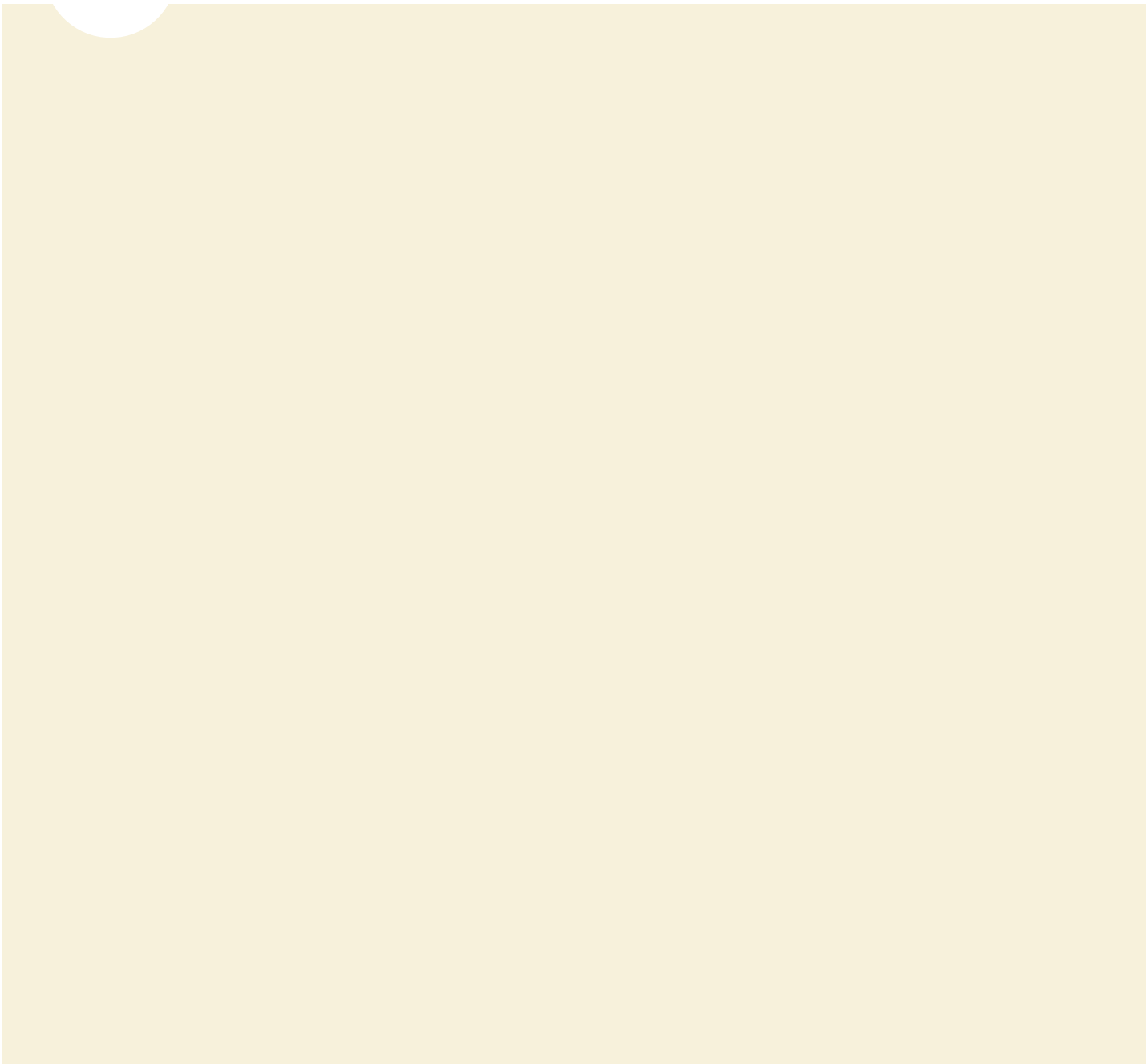
Hanne Myhre Gravdal
(Employee representative)

Geir A. Vestre
(Employee representative)

Rune Fjeldstad
Managing Director



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

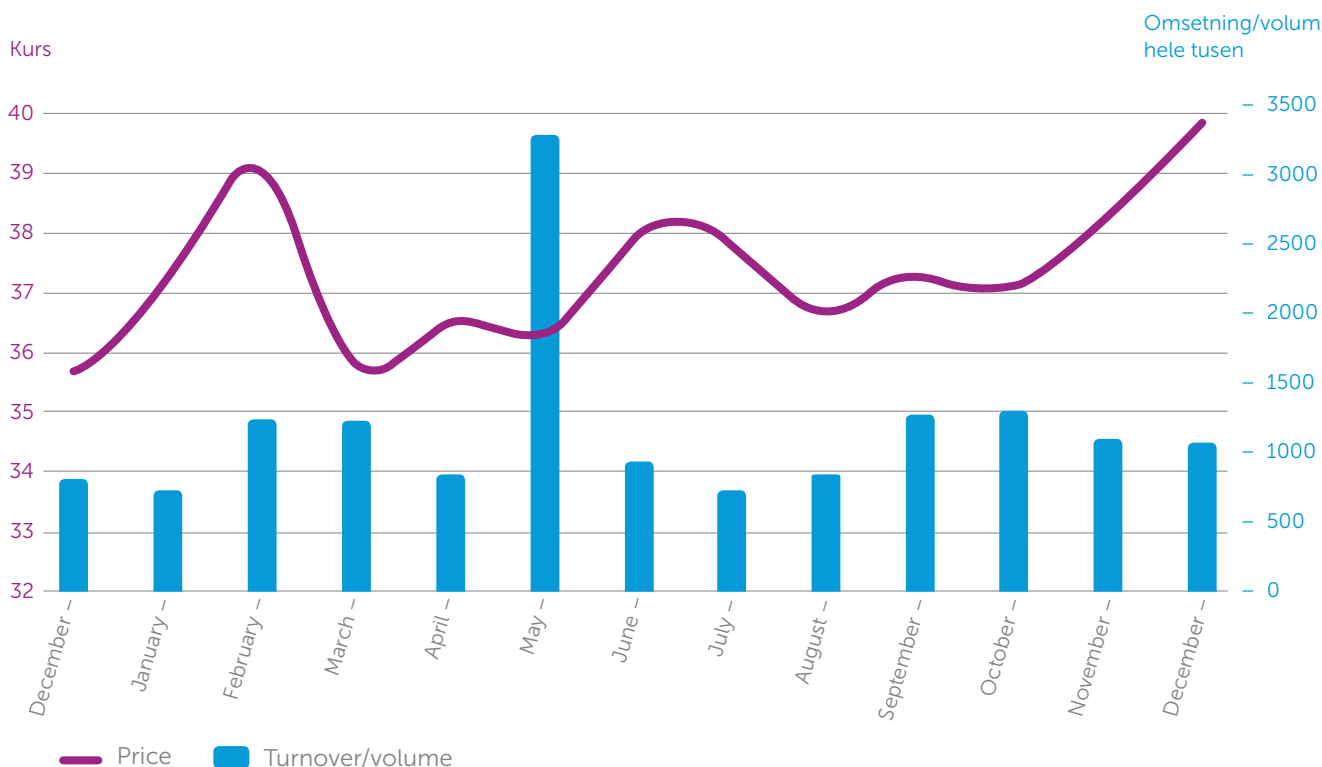
In the calculation of diluted earnings per equity certificate, the weighted average number of issued ordinary equity certificates in circulation is adjusted for the effect of converting potential equity certificates which could lead to dilution. The Bank has no potential equity certificates that could cause dilution at 31 December 2019. Diluted earnings per equity certificate are therefore equal to earnings per equity certificate.

	Parent bank
(NOK thousands)	31.12.2019
Based on profit/loss for the year divided between equity certificate holders and primary capital	497,897
Number of equity certificates issued	63,101
Earnings per equity certificate	4.43
Par value	15.00

Calculation of equity certificate fraction (based on OB 2019)

Adjusted primary capital	01.01.2019
Total equity	4,691,873
- fund for unrealised gains (FUG)	(9,879)
- subordinated bonds	(250,000)
- allocated dividends classified as equity	(186,149)
Total corrected primary capital	4,245,845
Equity certificate fraction	
Equity certificate capital	946,515
Share premium fund	1,026,427
Risk equalisation fund	411,299
Total equity certificate holders	2,384,241
Equity certificate fraction	56.15%
Adjusted profit/loss for the year	31.12.2019
Profit/loss for the year	515,717
- corrected for interest on subordinated bonds posted directly to equity	(10,783)
- corrected for FUG	(7,037)
Adjusted profit/loss for the year	497,897

Price development December 2018 - December 2019



20 largest shareholders

	Quantity	Share
SpareBank 1 Stiftelsen BV	13,642,787	21.62%
Sparbankstiftelsen Nøtterøy-Tønsberg	10,925,503	17.31%
Verdipapirfondet Eika	1,757,748	2.79%
Pareto AS	1,532,868	2.43%
Wenaasgruppen AS	920,000	1.46%
Landkreditt Utbytte	850,000	1.35%
Melesio Capital NYE AS	837,211	1.33%
Bergen Kommunale Pensjonskasse	780,000	1.24%
Catilina Invest AS	731,950	1.16%
DNB Bank ASA	695,000	1.10%
Foretaks konsulenter AS	621,230	0.98%
Sanden AS	588,000	0.93%
Øyhovden Invest AS	530,000	0.84%
Salt Value AS	477,633	0.76%
JAG Holding AS	400,000	0.63%
Norgesinvestor Proto AS	400,000	0.63%
Espedal & Co AS	385,321	0.61%
Johansen Kjell Petter	372,000	0.59%
Verdipapirfondet Nordea Norge	336,849	0.53%
Hausta Investor AS	330,000	0.52%
Total for 20 largest shareholders	37,114,100	58.82%
Other owners	25,987,253	41.18%
Equity certificates issued	63,101,353	100.00%

Dividend policy

SpareBank 1 BV aims to achieve 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.

Each year's profit will be distributed proportionately between equity share capital and the primary capital fund based on 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 · LIER · DRAMMEN · HOLMESTRAND
HORTEN · TØNSBERG · NØTTERØY · SANDEFJORD · LARVIK