

2020

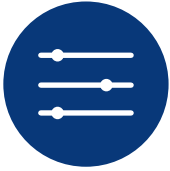
INTERIM REPORT FOR THE 4TH QUARTER

We are together



Together we create value

Learning – Engaged – Close



Business concept, vision, values and goals

Business concept

Business areas

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

We aim to offer a broad range of relevant, high-quality, competitive products in all of our business areas. Each business area must provide good advice and maintain an active focus on sales. Our sales and advice must be based on expertise, quality and ethical standards in line with the best traditions of the savings bank 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's registered head office is in Tønsberg and it has branches in Drammen, Mjøndalen, Lier, Kongsberg, Holmestrand, Horten, Tønsberg, Nøtterøy, Sandefjord and Larvik.

Resource management

Within the priority areas described in the business concept, our resources must be employed to yield the best return on capital for the benefit of our equity certificate holders, customers, employees and region.

Vision, values and goals

Vision

Together we create value

Our core values

Customer first – together we are best.

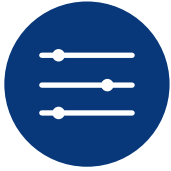
Our values

Learning – engaged – close

Main strategic objective

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

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Business areas

Retail market

SpareBank 1 BV is solidly positioned in the retail market. The Bank's brand recognition is growing throughout its market area. One in four retail customers in the market area has a customer relationship with the Bank, and approximately 16% use it as their main bank. Lending has grown by 4.0% in the past 12 months, while the average growth in the market was 4.9%.

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 ways that make becoming a customer easy and that enable 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 31.12.2020, EiendomsMegler 1 BV and Z-eiendom AS posted total housing sales of NOK 7.6 billion from approximately 2,400 units.

Corporate market

The corporate market customer portfolio consists of about 8,000 active SME customers. Most of the lending portfolio is within the real estate industry. The focus on cooperation across business areas means that customers are offered an integrated product range. Lending has grown by 3.2% in the past 12 months, while the average growth in the market was 3.7%.

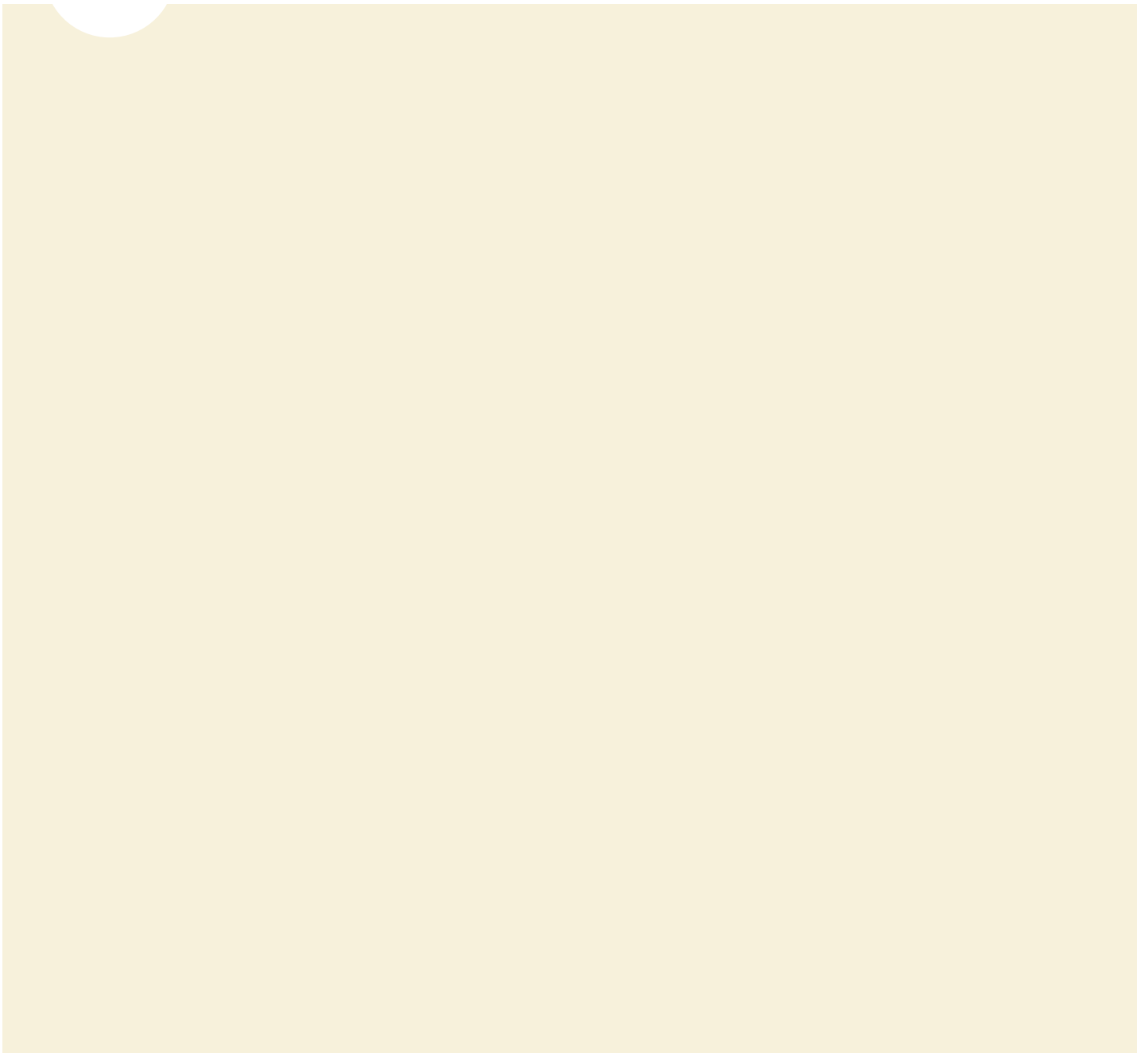
SpareBank 1 BV offers financial services package to businesses. The Group is continuously striving to put in place more digital sales and self-service solutions for corporate customers.

One out of every four 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 is in a challenger position in the other market areas. The corporate market wants to be seen 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, and its market area is lower 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 55% of Z-Eiendom AS. The companies are located in Kongsberg, Mjøndalen, Drammen, Lier, Norway, Horten, Tønsberg, Vestfold, Sandefjord and Larvik.

The interim financial statements have been prepared in accordance with IAS 34 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

- Profit after tax: NOK 107.6 million (112.3 million).
- Annualised return on equity: 8.2% (9.1%).
- Net interest income: NOK 157.2 million (187.3 million).
- Net commission and other income: NOK 123.3 million (104.5 million).
- Net income from financial assets: NOK 21.9 million (15.9 million).
- Operating expenses: NOK 169.6 million (167.2 million).
- Net impairment of loans and guarantees: NOK -2.6 million (-3.5 million).

Highlights January – December

- Profit after tax: NOK 504.7 million (538.6 million).
 - The result for financial assets was NOK 38.1 million lower than last year.
 - Net impairment of loans and guarantees increased by NOK 28.4 million compared with last year.
- Annualised return on equity: 9.9% (11.3%).
- Net interest income: NOK 649.1 million (656.5 million).
- Net commission and other income: NOK 476.9 million (427.1 million).
- Net income from financial assets: NOK 133.8 million (171.9 million).
 - Including share of capital gains from the insurance merger (pension insurance products): NOK 53.0 million.
 - Last year included the share of capital gains from the insurance merger: NOK 719 million.
 - Including one-time effect from revaluation of properties in the SpareBank 1 Gruppen's life company of NOK 18.1 million.
- Operating expenses: NOK 599.1 million (588.3 million).
- Net impairment of loans and guarantees: NOK 30.7 million (2.3 million).
- Total growth in lending in the past 12 months, including portfolio transferred to SpareBank 1 Boligkreditt AS/ SpareBank 1 Næringskreditt AS: 3.9% (5.8%).

- Deposit growth in past 12 months: 5.8% (10.4%).
- Tier 1 capital ratio, proportional consolidation: 20.0% (20.0%).
- Common Equity Tier 1 capital, proportional consolidation: 18.8% (18.5%).
- Leverage ratio, proportional consolidation: 8.6% (8.6%).
- The board proposes a dividend of NOK 1.90 (2.42) per equity certificate.

Financial performance

Cumulative figures as at 31.12.2020 unless explicitly stated otherwise.

Profit

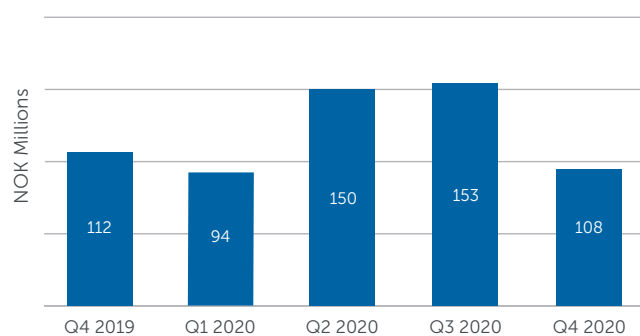
The SpareBank 1 BV Group achieved a profit from ordinary operations before losses of NOK 660.7 million (667.1 million). Profit after tax was NOK 504.7 million (538.6 million), which represents 1.27% (1.41%) of average total assets. The Group's annualised return on equity was 9.9% (11.3%).

The Group's annualised return on equity was affected by gains related to the insurance merger (Fremtind) of NOK 53.0 million in 2020 and NOK 71.9 million in 2019, respectively. Excluding these items, the Group's annualised return on equity was 8.8% (9.8%).

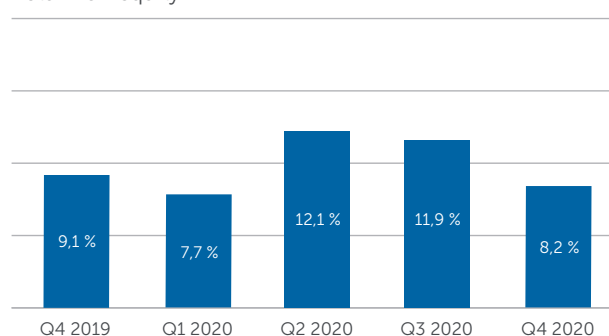
Earnings per equity certificate in the parent bank were NOK 3.62 (4.43).

Quarterly performance of profit after tax and return on equity:

Profit after tax



Return on equity

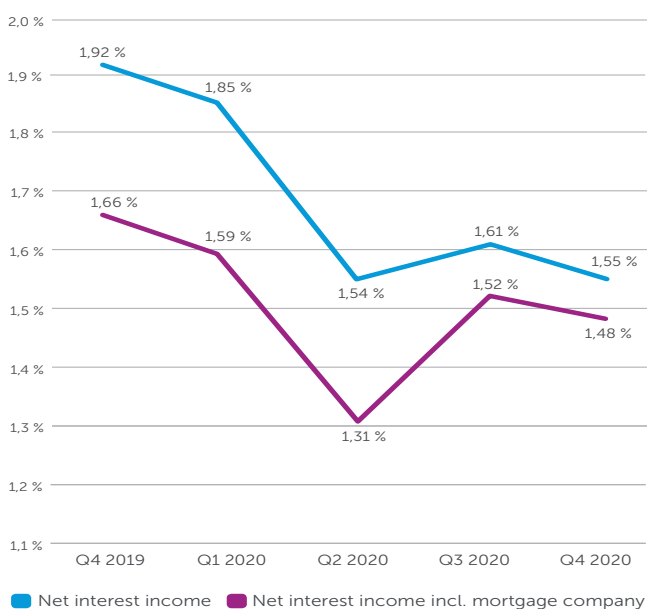


Net interest income

Net interest income amounted to NOK 649.1 million (656.5 million). Net interest income as a percentage of average total assets was 1.63% (1.72%). As expected, net interest income came under pressure in the fourth quarter due to strong competition within mortgages and higher money market rates.

At the end of the quarter, the Bank had transferred mortgages worth NOK 12,660 million (12,040 million) to SpareBank 1 Boligkreditt AS, and NOK 752 million (843 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 132.7 million (101.5 million).

Quarterly change in net interest income:



Net commission and other income

Net commission and other income totalled NOK 476.9 million (427.1 million).

Net commission income

Net commission income amounted to NOK 311.7 million (280.2 million). The increase in commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS accounts for NOK 31.2 million of this.

Other operating income

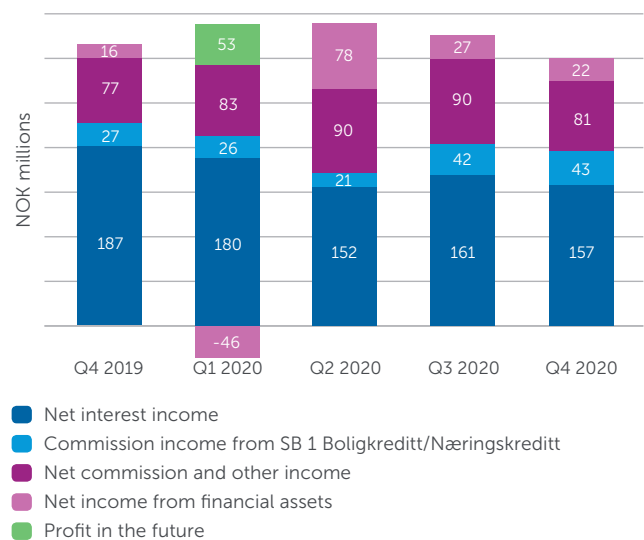
Other operating income amounted to NOK 165.2 million (146.8 million). The change since last year largely consists of NOK 9 million in increased earnings from subsidiaries and NOK 8 million in gains from the realisation of properties.

Net profit from financial assets

Net income from financial assets amounted to NOK 133.8 million (171.9 million). The key items in 2020 consist of dividends received totalling NOK 31.2 million (25.5 million) and net income from ownership interests of NOK 101.1 million (125.4 million). The latter item includes the share of the gains from the insurance merger for personal risk products (Fremtind) amounting to NOK 53.0 million (71.9 million), as well as the Bank's NOK 30.3 million (38.8 million) share of the result in SpareBank 1 Gruppen AS as at 31.12.2020.

In addition, net income from the Bank's other financial investments amounted to NOK 1.5 million (20.9 million).

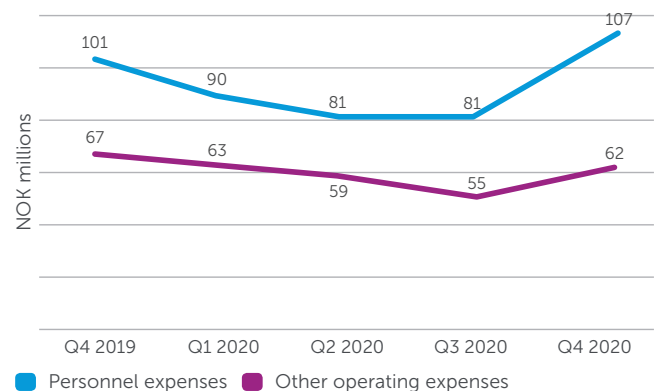
Quarterly change in income (NOK millions):



Operating expenses

Total operating expenses were NOK 599.1 million (588.3 million). Operating expenses as a percentage of total operating income for the Group came to 47.6% (46.9%). The corresponding cost-income ratio for the parent bank was 44.5% (41.6%).

Quarterly change in operating expenses:



Personnel expenses

Personnel expenses amounted to NOK 359.4 million (344.2 million). The increase in the fourth quarter compared with the year before was due to changes in pension assumptions (approx. NOK 3 million) and renegotiation of the CEO's pension agreement (approx. NOK 2.5 million). The average number of FTEs in the Group increased by eight compared with the same period last year.

Other operating expenses

Other operating expenses amounted to NOK 239.7 million (244.2 million).

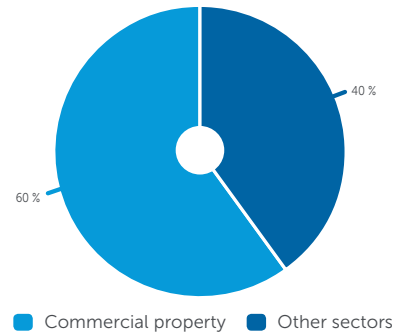
Impairments and impairment provisions

Net impairment of loans and guarantees amounted to NOK 30.7 million (2.3 million) as at 31.12.2020. Net impairments as a percentage of average gross lending amounted to 0.10% (0.01%). The net decrease in impairment provisions in Stage 3 amounted to NOK 12.6 million. In addition to this, NOK 24.4 million in previously recognised impairments in Stage 3 were recognised as losses. Provisions in Stage 1 and Stage 2 increased by NOK 10.8 million and NOK 8.3 million, respectively. In the fourth quarter, net impairment of loans and guarantees amounted to NOK -2.6 million. The income recognition primarily relates to the realisation of losses where previous periods' impairment provisions exceed realised losses.

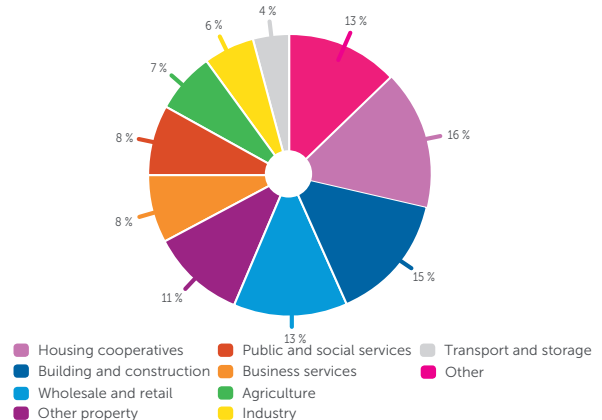
Considerable uncertainty still remains regarding the spread and duration of the ongoing pandemic. This also means that in both the short and longer term there will be great uncertainty about the consequences the pandemic will have on the development of the Norwegian economy, including its impact on the Group's loss picture. Infections rose in both Norway and Europe at the beginning of 2021. At the same time, more vaccines have been approved and the population is expected to be vaccinated within the next two to three quarters. The low interest rates, interest-only periods and support measures established by the government are having a positive impact for those corporate and retail customers who have been hit hard by the pandemic.

Mortgages for retail customers account for around 81% of the Bank's total lending. The Bank has no direct exposure to the oil sector and has relatively little loan exposure within industries such as hotels, restaurants, tourism, services and the transport sector. These industries have been especially hard hit by the pandemic.

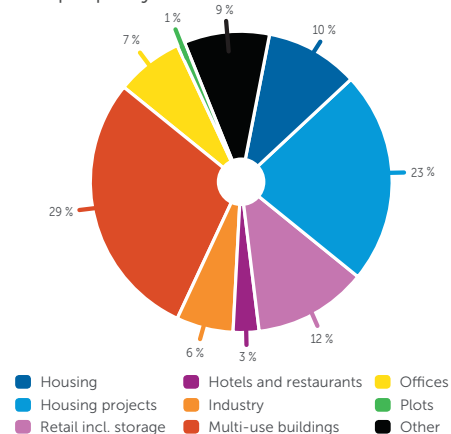
CM – volume in commercial property and other industries:



Other sectors:



Commercial property:



As a result of the coronavirus outbreak and abrupt shut-down of the Norwegian economy from 12.03.2020, the credit risk picture has changed. The Bank's IFRS model was not designed to be able to estimate on the basis of a sharp negative shift in general conditions since the model is largely based on historical data. Given this, the Bank conducted comprehensive reviews in every quarter in 2020 of the retail and corporate market portfolios with an emphasis on the most vulnerable industries. Customers with weak operations and liquidity have been identified and individual impairment provisions have been made. Few commitments requiring individual impairment were identified in the fourth quarter. The PD and LGD levels in the IFRS model have not been recalibrated, although the loss assessments were based on a review of the portfolio where some customers, as well as gyms and the entire hotel and restaurant industry, were moved from Stage 1 to Stage 2. The volume for entire industries and

individual customers that have been transferred to Stage 2 amounted to NOK 489 million at the end of the year.

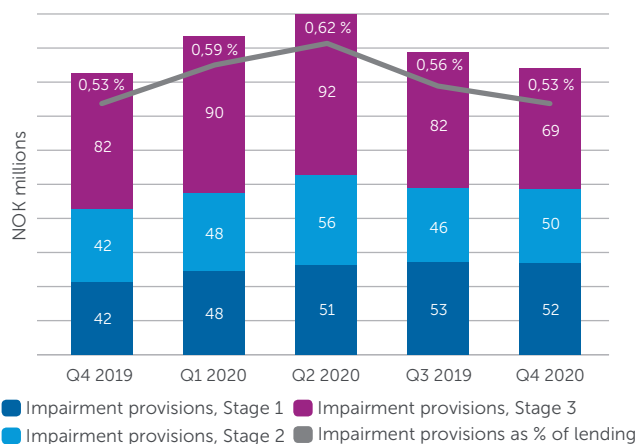
In addition to expanded individual loss assessments, the Bank assessed the model's scenario weightings in this quarter as well. Given the relatively unchanged risk picture, the weightings from the third quarter have been maintained. The following scenario weightings have been used throughout the year:

	31.12.2019		31.03.2020		30.06.2020		30.09.2020		31.12.2020	
	RM	CM	RM	CM	RM	CM	RM	CM	RM	CM
Normal scenario	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Worst scenario	10%	10%	15%	15%	15%	20%	15%	20%	15%	20%
Best scenario	10%	10%	5%	5%	5%	0%	5%	0%	5%	0%

In December, the Financial Supervisory Authority of Norway sent the same letter about expected credit loss in the annual financial statements for 2020 to the board of every bank. The Bank has essentially taken account of and complied with the requests made in this letter.

Reference is also made to the sensitivity analysis of the loss model linked to scenarios and PD levels in Note 3.

Quarterly change in impairment provisions:



Balance sheet performance

The Group's total assets amounted to NOK 40,455 million. This represents an increase of NOK 1,633 million over the past 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 53,868 million (51,705 million).

Lending and deposit performance

Gross lending (including volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 45,999 million. The past 12 months have seen an increase of NOK 1,707 million, equivalent to growth of 3.9%. Some NOK 1,447 million, equivalent to 4.0%, of the growth came in the retail market and NOK 260 million, equivalent to 3.2%, in the corporate market. The retail market's share of lending (including

SpareBank 1 Boligkreditt) at the end of the quarter was 82% (82%).

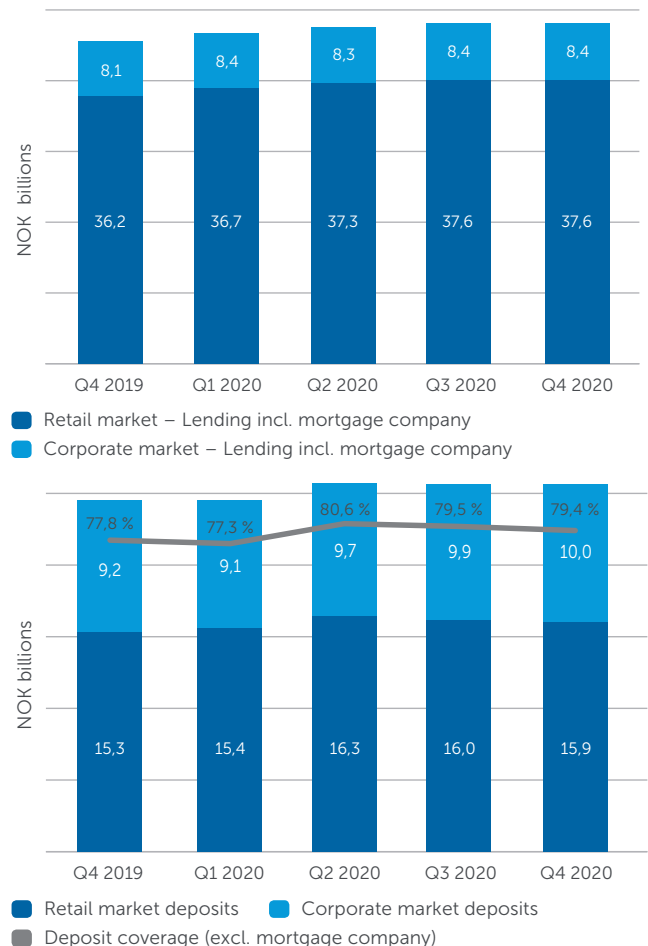
Interest-only periods were granted to retail and corporate customers from March 2020 onwards in connection with the pandemic. The interest-only periods were generally for 6 months in the retail market and 3 months in the corporate market. The trend in numbers of applications for interest-only periods was clearly downwards in the second half-year.

Volume of interest-only periods in NOK million at the end of the month:

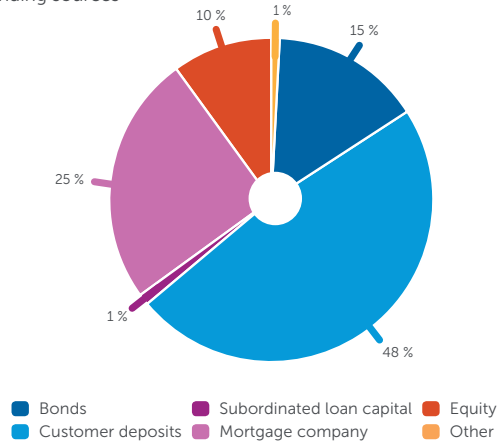
	March 2020	June 2020	September 2020	December 2020
Retail market	2,592	3,167	2,340	888
Corporate market	635	1,895	312	203

At the end of the quarter, the Group had a deposit volume of NOK 25,864 million (24,443 million) with deposit growth of 5.8% in the past 12 months. Some NOK 599 million, equivalent to 3.9%, of the growth came in the retail market and NOK 821 million, equivalent to 9.0%, in the corporate market. The Group had a deposit coverage ratio of 79.4%, compared with 77.8% at the same time last year. Including the volume transferred to SpareBank 1 Boligkreditt AS/ SpareBank 1 Næringskreditt AS, the deposit coverage ratio amounted to 56.2% (55.2%). The retail market's share of deposits at the end of the quarter was 61% (63%).

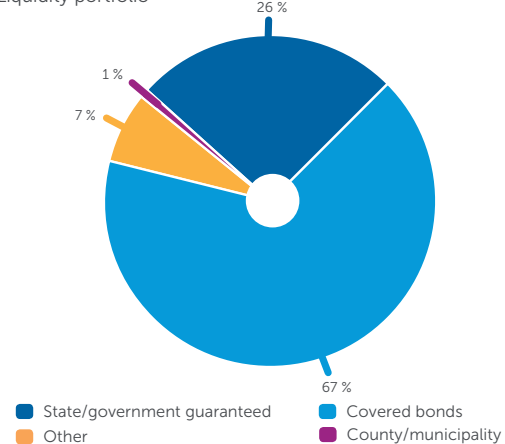
Quarterly change in loans and deposits:



Funding sources



Liquidity portfolio



Liquidity

The Bank's liquidity situation at the end of the quarter was very good. The Bank's liquidity portfolio was valued at NOK 4,425 million as at 31.12.2020. The Bank aims to keep liquidity risk low. In a normal market, SpareBank 1 BV's goal is to be able to maintain ordinary operations for a minimum of 12 months without access to external financing. As at 31.12.2020, the Bank was well above this target. The Bank can report an LCR of 189% (230%) as at 31.12.2020.

At the end of the quarter, mortgages totalling NOK 12,660 million had been transferred to SpareBank 1 Boligkreditt AS, an increase of NOK 620 million from the start of year. As at 31.12.2020, the Bank had a portfolio of loans approved for transfer to SpareBank 1 Boligkreditt AS worth NOK 13,800 million. The Bank had also transferred NOK 752 million of loans to SpareBank 1 Næringskreditt AS as at 31.12.2020.

In 2020, the Group's target was to increase the average time to maturity of its bond debt to a minimum of 2.5 years. At the end of the quarter, the average term to maturity was 3.1 years.

SpareBank 1 BV has an issuer rating from Moody's of A2 with a stable outlook; see Moody's latest credit analysis dated 08.09.2020. On 29.01.2021, Moody's announced that it is considering upgrading the Bank's rating.

Equity

Capital adequacy

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

On 13.03.2020, the Ministry of Finance decided to reduce the countercyclical buffer from 2.5% to 1% with immediate effect. Based on this, the regulatory requirement for Common Equity Tier 1 capital is a minimum of 11%. In September 2018, the Financial Supervisory Authority of Norway set a new Pillar 2 requirement for SpareBank 1 BV of 1.9% effective

from 31.12.2018, but at least NOK 457 million above the minimum requirement and buffer requirement in Pillar 1. The current total requirement for Common Equity Tier 1 capital is thus 12.9%. The Group's target for Common Equity Tier 1 capital ratio is a minimum of 15.5%. From 31.12.2021, the internal target will increase to 16.0%.

On 10.12.2020, the Financial Supervisory Authority of Norway published a circular on assessing loans that should be considered high risk. The Financial Supervisory Authority of Norway explained that its interpretation of the current CRR rules indicates that property development projects constructed for the purpose of resale at a profit should be regarded as speculative investments and be risk weighted at 150%. In the Financial Supervisory Authority of Norway's interpretation, requirements for advance sales, equity shares, prepayment of parts of the purchase sum or other risk mitigating measures would not affect the risk weighting.

The Bank has a different view to that of the Financial Supervisory Authority of Norway as regards interpretation of the CRR rules. The Bank's credit practices for granting credit to property development projects stipulate strict requirements for risk mitigating measures in the project, including requirements for advance sales, equity shares and similar measures. If only parts of the project are sold in advance, the capacity of the company to carry the remaining amount is stress tested, which includes simulating falls in property prices of 30%. The Bank's market area also has a well-functioning rental market that indicates a developer could expect to rent out any unsold part of the project.

Nevertheless, the Bank has chosen to implement the policy changes included in the Financial Supervisory Authority of Norway's circular in the Bank's capital adequacy calculation as at 31.12.2020 and has thus changed the risk weightings for all of the Bank's property development projects to 150%. The policy

change has resulted in a 0.4% reduction in the Bank's Common Equity Tier 1 capital ratio. Historical figures have not been restated and are therefore not directly comparable.

At the end of the quarter, the Common Equity Tier 1 capital ratio was 18.8% (18.5%). The leverage ratio was 8.6% (8.6%) at the end of the quarter. The regulatory requirement for the leverage ratio is 5.0%.

In the fourth quarter of 2020, the Financial Supervisory Authority of Norway set SpareBank 1 BV's MREL requirement at 31.8% of the adjusted calculation basis.

The requirement was based on the Group's balance sheet as at 31.12.2019. Taking into account the primary capital in the Group, this results in a provisionally calculated increased nominal demand for convertible debt of NOK 2,127 million. The Group must satisfy the requirement by 31.03.2021.

The requirement for subordination must be satisfied by 01.01.2024 and prior to that date unsecured senior bond debt SP (senior preferred) can be issued by SpareBank 1 BV to external investors with a remaining term to maturity of at least 1 year included.

The phasing in of the subordination requirement must as a minimum be linear over the years 2021, 2022 and 2023, such that during 2021 the Group must as a minimum phase in one-third of the remaining need for subordination in the phasing in period 2021-2023 calculated as at 31.12.2020.

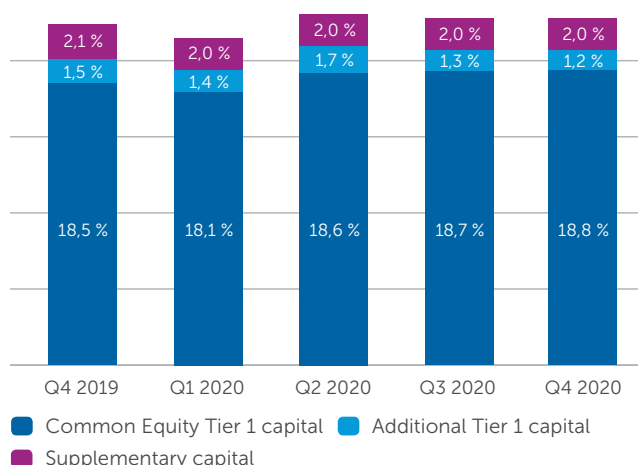
SpareBank 1 BV will send the Financial Supervisory Authority of Norway a plan for the introduction of the subordination requirement by 31.03.2021.

Equity certificates – dividend

The Bank's normal 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'.

The Bank's board recommends, based on the Ministry of Finance's guidelines in its press release dated 20.01.2021 and the Bank's very good financial strength as at 31.12.2020, a cash dividend for 2020 of NOK 1.90 (53%) per capital certificate and a provision for the risk equalisation fund that corresponds to NOK 1.72 (47%) per equity certificate. The proposed dividend results in a total payout of 30% of the cumulative annual profit for the years 2019 and 2020. The Financial Supervisory Authority of Norway has been informed of the proposed level of the cash dividend.

Quarterly change in capital adequacy (proportional consolidation):



Subsidiaries

Excluding parent bank eliminations NOK millions	EiendomsMegler 1 BV AS		Z-Eiendom AS		SpareBank 1 Regnskapshuset BV AS		Other subsidiaries		Total subsidiaries	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Operating income	84.5	77.6	31.4	29.6	39.0	38.2	0.2	0.2	155.0	145.6
Operating expenses	(74.0)	(71.7)	(27.5)	(27.6)	(34.2)	(34.2)	(4.0)	(1.7)	(139.7)	(135.2)
Financial items	1.0	1.0	0.0	0.0	(0.4)	(0.4)	0.7	(0.7)	1.3	(0.1)
Profit before tax	11.5	7.0	3.9	2.0	4.3	3.5	(3.2)	(2.2)	16.6	10.3

Apart from Z-Eiendom AS, the Bank has a 100% interest in all of its subsidiaries and subsidiaries of these. The Bank's stake in Z-Eiendom AS is 55% following a 5% sell-down in the fourth quarter.

The earnings and financial performances of the Bank's subsidiaries in the real estate brokering and accounting/consulting services segments developed positively in 2020.

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 enjoys 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 11 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 used homes, new builds 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. On 10.02.2021, the Board of SpareBank 1 BV decided to acquire Regnskapsdata Kongsberg AS. The company has around 15 FTEs and an annual turnover of about NOK 14 million.

Transactions with close associates

Apart from the transaction related to the transfer of personal risk products discussed section below, the Group has not carried out any transactions with close associates that had a significant impact on the company's position or results during the reporting period.

SpareBank 1 Gruppen AS

SpareBank 1 Gruppen AS posted a profit after tax of NOK 1,404 million (1,510 million) as at 31.12.2020. SpareBank 1 Gruppen AS's profit after tax for the fourth quarter amounted to NOK 605 million (-5 million), to which Fremtind Forsikring contributed NOK 453 million (134 million). The Group's share of the result from SpareBank 1 Gruppen amounted to NOK 30.3 million (38.8 million). The result effect of the transfer of personal risk products from SpareBank 1 Forsikring AS to Fremtind Forsikring AS amounted to a total of around NOK 1.7 billion, which was recognised in the first quarter. The Group's share of the gain from the merger amounted to an additional NOK 53.0 million.

Helgeland Sparebank will become a SpareBank 1 bank on 15.03.2021.

On 18.03.2020, Helgeland Sparebank signed a letter of intent regarding becoming a SpareBank

1 bank and the transaction will be completed on 15.03.2021. Helgeland Sparebank will purchase 3% of the SamSpar companies, Samarbeidende Sparebanker AS and Samarbeidende Sparebanker Utvikling DA. The transaction is valued at NOK 150 million and will involve SpareBank 1 BV selling 0.3% of its shares in Samarbeidende Sparebanker AS and Samarbeidende Sparebanker Utvikling DA for a total of NOK 16.9 million. Following this, SpareBank 1 BV will own a 15.23% stake in Samarbeidende Sparebanker AS, which provides an indirect ownership interest of 2.97% in SpareBank 1 Gruppen AS, and a 26.49% stake in Samarbeidende Sparebanker Utvikling DA, which in turn provides an indirect ownership interest of 4.77% in SpareBank 1 Utvikling DA. The gain from the transaction has been calculated to be around NOK 9 million.

Intention to merge SpareBank 1 BV and SpareBank 1 Telemark

The boards of SpareBank 1 BV and SpareBank 1 Telemark have approved a letter of intent concerning a merger. The goal is to create a powerful bank in the banks' market areas and be well-positioned for the future. The plan is to carry out the legal merger on 01.06.2021, assuming the banks' supervisory boards agree, and the Financial Supervisory Authority of Norway and the Norwegian Competition Authority give their approval.

Covid-19

Measures aimed at combating the pandemic resulted in a dramatic weakening of the Norwegian economy with higher unemployment and a reduction in GDP in the first half-year. The easing of the measures from the third quarter resulted in positive effects through both lower unemployment and increased growth, although increased infection rates at the end of the year have resulted in both a national and local retightening of restrictions. There remains a significant risk of higher infection rates in the Group's market areas, which could result in stricter infection control measures and local lockdowns until the proportion of the population that has been vaccinated has reached a satisfactory level. The authorities have extended the compensation and furlough scheme, and the government has said that it will continue the financial measures for as long as the crisis lasts and adjust them in line with the infection control measures on an ongoing basis. Measures that stimulate activity and growth will be prioritised as soon as the infection control measures are eased.

Future outlook

In light of the ongoing pandemic, the Board is very satisfied with both the results from the core activities

and a return on equity close to 10% for 2020. The Bank's liquidity and financial strength were very good at the end of the year and it had a Common Equity Tier 1 capital ratio of 18.8%, which is well above the regulatory requirement of at least 12.9% and the Bank's internal target of 16.0% from 2021.

In 2020, Norges Bank cut its policy rate by 1.5 percentage points to 0.0% and expects a stable, low rate until 2022. The reduction in the policy rate resulted in historically low mortgage rates and is believed to be the main reason behind the strong growth in housing prices in the largest cities in the past half-year.

The changed weighting to 150% when financing property developments intended for onward sale is a competitive disadvantage for the standard banks. The Financial Supervisory Authority of Norway has indicated that advance sales, equity and advance payments from customers will not be taken into account until 2023 with the introduction of Basel III.

Net interest income is expected to remain under continued pressure in the first half of 2021 due to strong competition within mortgages and generally low interest rates.

There is still considerable uncertainty surrounding what impact the pandemic will have on the development of the Norwegian economy. Infections rose in both Norway and Europe at the beginning of 2021. However, a large proportion of the population is expected to be vaccinated during the next two to three quarters, and that this will lead to a normalisation of the situation in the Bank's market area.

The Board regards the planned merger with SpareBank 1 Telemark as having the potential to create a powerful bank in the banks' market areas with positive synergies for customers, capital markets and local communities.

Tønsberg, 10.02.2021
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

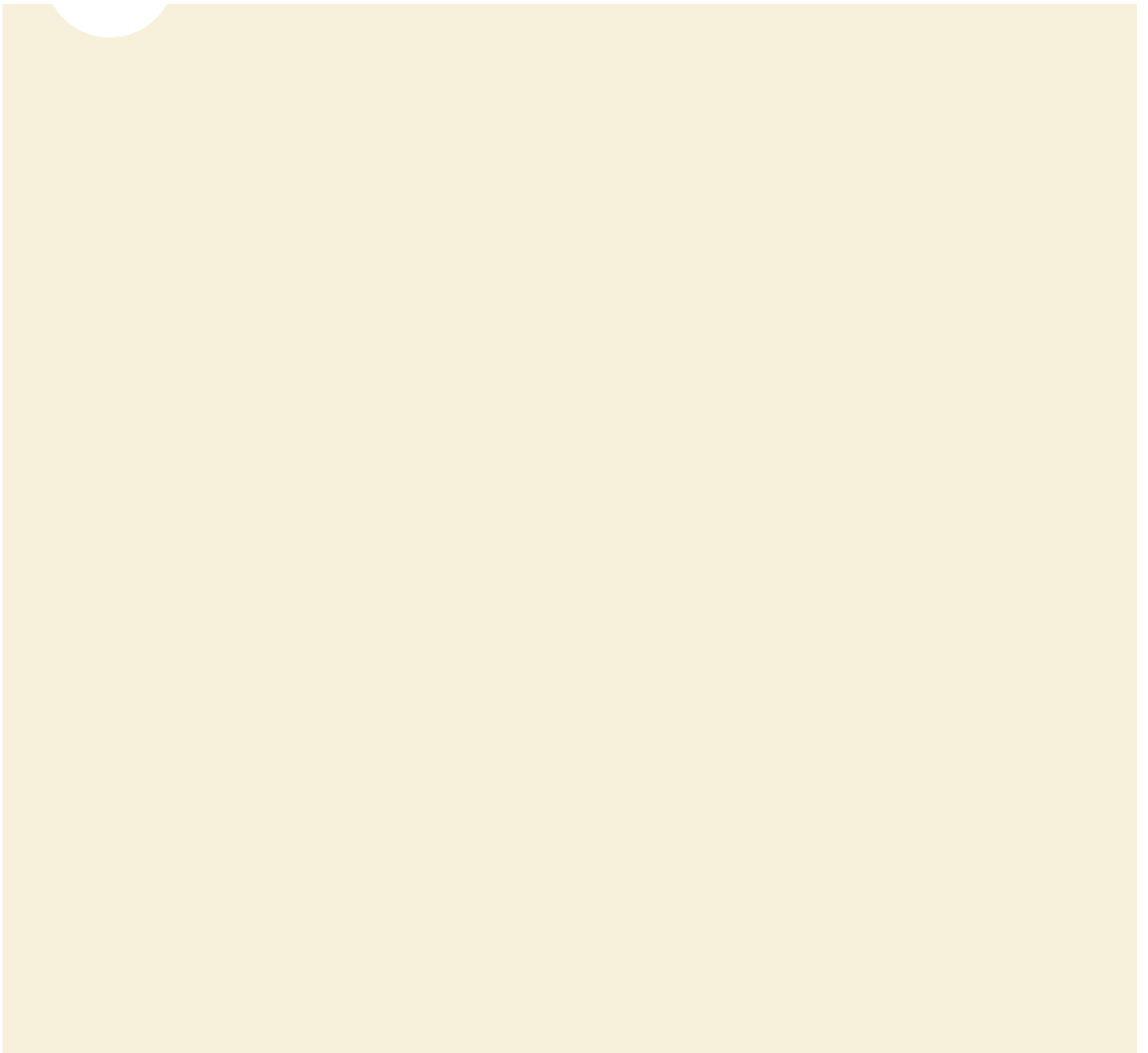
Hanne Myhre Gravdal
Employee representative

Geir Arne Vestre
Employee representative

Rune Fjeldstad
Managing Director



Interim financial statements



Summary of results and key figures (Group)

(NOK thousands)	31.12.2020	%	31.12.2019	%
Net interest income	649,075	1.63	656,524	1.72
Net commission and other income	476,893	1.20	427,065	1.12
Net income from financial assets	133,817	0.34	171,875	0.45
Total net income	1,259,786	3.17	1,255,464	3.29
Total operating expenses	599,077	1.51	588,334	1.54
Operating profit before losses/profit before losses and tax	660,710	1.66	667,130	1.75
Impairment of loans and guarantees	30,694	0.08	2,318	0.01
Profit before tax	630,016	1.59	664,812	1.74
Tax expense	125,296	0.32	126,247	0.33
Profit after tax	504,720	1.27	538,564	1.41
Total other comprehensive income recognised as equity	1,955	0.00	4,838	0.01
Total comprehensive income	506,676	1.28	543,403	1.43
	31.12.2020		31.12.2019	
Profitability				
Return on equity, profit before other comprehensive income ¹	9.9%		11.3%	
Return on equity, comprehensive income	9.9%		11.4%	
Cost-income ratio ²	47.6%		46.9%	
Cost-income ratio excl. financial investments	53.2%		54.3%	
Balance sheet figures				
Gross lending to customers	32,586,358		31,409,938	
Gross lending to customers incl. SpareBank 1 Boligkreditt/Næringskreditt	45,998,892		44,292,346	
Deposits from customers	25,863,568		24,443,290	
Deposit coverage	79.4%		77.8%	
Liquidity coverage ratio (LCR), liquidity reserve	189.0%		230.0%	
Lending growth incl. SpareBank 1 Boligkreditt/Næringskreditt in the past 12 months	3.9%		5.8%	
Deposit growth in the past 12 months	5.8%		10.4%	
Total assets	40,455,483		38,822,442	
Business capital (incl. SpareBank 1 Boligkreditt/Næringskreditt)	53,868,018		51,704,849	

	31.12.2020	31.12.2019	
Loss			
Loss rate on lending ³	0.10%	0.01%	
Loans in Stage 3 as % of gross lending	0.61%	0.82%	
Loss (incl. SpareBank 1 Boligkreditt/Næringskreditt)			
Loss rate on lending ³ (incl. SpareBank 1 Boligkreditt/Næringskreditt)	0.07%	0.01%	
Loans in Stage 3 as % of gross lending (incl. SpareBank 1 Boligkreditt/Næringskreditt)	0.43%	0.58%	
Financial strength in terms of proportional consolidation			
Capital adequacy ratio	22.0%	22.1%	
Tier 1 capital ratio	20.0%	20.0%	
Common Equity Tier 1 capital ratio	18.8%	18.5%	
Net primary capital	5,744,496	5,464,364	
Tier 1 capital	5,232,972	4,949,964	
Common Equity Tier 1 capital	4,906,635	4,579,309	
Basis for calculation	26,155,754	24,780,986	
Leverage ratio, proportional consolidation	8.6%	8.6%	
Offices and staffing			
Number of bank branches	10	10	
Number of brokerage offices	10	12	
Number of accounting offices	5	5	
Number of FTEs, parent bank (avg. YTD)	235	230	
Number of FTEs, group (avg. YTD)	345	337	
Equity certificates	31.12.2020	31.12.2019	31.12.2018
Equity certificate fractions	54.69%	56.15%	57.99%
Market price	41.30	39.60	35.60
Market value (NOK thousands)	2,606,086	2,498,814	2,246,408
Book equity per certificate (parent bank)	43.39	42.19	40.73
Book equity per certificate (Group)	45.62	43.71	42.06
Earnings per equity certificate (parent bank) ⁴	3.62	4.43	4.98
Earnings per equity certificate (Group) ⁴	4.34	4.63	5.40
Dividend per equity certificate	1.90	2.42	2.95
Price/earnings per equity certificate (parent bank)	11.42	8.94	7.15
Price/earnings per equity certificate (Group)	9.52	8.56	6.59
Price/book equity (parent bank)	0.95	0.94	0.87
Price/book equity (Group)	0.91	0.91	0.85

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

2. Total operating expenses as percentage 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.

Income Statement IFRS

Parent bank				Group					
Q4 2019	Q4 2020	31.12.2019	31.12.2020	(NOK thousands)	Note	31.12.2020	31.12.2019	Q4 2020	Q4 2019
38,544	17,643	151,610	95,905	Interest income measured at fair value		95,905	151,610	17,643	38,544
278,156	191,431	974,467	883,421	Interest income measured at amortised cost		884,456	975,018	192,397	278,124
128,436	53,433	468,398	331,147	Interest expenses		331,285	470,104	52,871	129,323
188,264	155,640	657,679	648,179	Net interest income		649,075	656,524	157,169	187,345
76,838	94,118	296,832	330,850	Commission income		330,850	296,832	94,118	76,838
3,924	4,982	16,617	19,151	Commission expenses		19,151	16,617	4,982	3,924
1,467	(50)	5,983	8,793	Other operating income		165,195	146,849	34,134	31,623
74,382	89,086	286,198	320,492	Net commission and other income		476,893	427,065	123,269	104,538
6,868	9,175	128,793	66,820	Dividends		31,164	25,522	9,175	6,868
-	-	7,536	1,907	Net result from ownership interests		101,142	125,437	18,436	3,544
5,452	(5,675)	20,916	1,512	Net result from other financial investments	11	1,512	20,916	(5,675)	5,452
12,320	3,500	157,245	70,239	Net income from financial assets		133,817	171,875	21,936	15,864
274,966	248,226	1,101,122	1,038,909	Total net income		1,259,786	1,255,464	302,374	307,747
75,509	79,626	239,064	249,882	Personnel expenses		359,366	344,184	107,194	100,644
57,905	53,914	218,627	212,752	Other operating expenses		239,711	244,150	62,414	66,521
133,415	133,539	457,691	462,634	Total operating expenses		599,077	588,334	169,609	167,164
141,551	114,687	643,431	576,275	Profit before losses and tax		660,710	667,130	132,765	140,582
(3,520)	(533)	2,718	35,104	Impairment of loans and guarantees	2, 14	30,694	2,318	(2,568)	(3,520)
145,071	115,220	640,713	541,171	Profit before tax		630,016	664,812	135,333	144,102
32,382	27,693	124,997	120,943	Tax expense		125,296	126,247	27,684	31,782
112,689	87,528	515,717	420,228	Profit before other comprehensive income		504,720	538,564	107,649	112,320
-	-	-	-	Controlling interest's share of profit		503,360	537,930	260,517	112,840
-	-	-	-	Non-controlling interest's share of profit		1,360	634	618	(521)
531	367	8,318	2,590	Items reversed through profit or loss <i>Change in value of loans classified at fair value</i>		2,590	8,318	367	531
(2,275)	(647)	(2,275)	(647)	Items not reversed through profit or loss <i>Estimation difference, IAS 19 Pensions</i>		(635)	(3,479)	(635)	(3,479)
(1,744)	(280)	6,043	1,943	Total other comprehensive income recognised as equity		1,955	4,838	(268)	(2,949)
110,945	87,247	521,759	422,171	Total comprehensive income		506,676	543,403	107,381	109,371
-	-	-	-	Controlling interest's share of profit		505,316	542,768	-	-
-	-	-	-	Non-controlling interest's share of profit		1,360	634	-	-
0.97	0.84	4.43	3.62	Earnings per equity certificate before other comprehensive income		4.34	4.63	1.01	0.98

Balance sheet

Parent bank				Group	
31.12.2019	31.12.2020	(NOK thousands)	Note	31.12.2020	31.12.2019
94,784	101,364	Cash and receivables from central banks		101,364	94,784
1,034,557	1,035,432	Loans to and receivables from financial institutions		1,073,679	1,070,874
31,286,021	32,464,299	Net lending to customers	3, 4, 8	32,443,528	31,265,305
4,129,073	4,432,993	Certificates, bonds and other securities at fair value		4,432,993	4,129,073
1,418,440	1,371,658	Shareholdings and other equity interests		1,371,658	1,418,440
36,682	36,916	Ownership interests in Group companies		-	-
454,943	485,298	Interests in joint ventures and associated companies		713,394	615,878
97,271	74,314	Tangible assets	18	102,145	121,536
-	-	Goodwill		24,654	24,654
9,872	11,207	Deferred tax assets		11,612	10,829
56,593	168,891	Other assets	5, 10	180,455	71,068
38,618,237	40,182,372	Total assets		40,455,483	38,822,442
-	200,000	Deposits from financial institutions		200,000	-
24,463,240	25,902,538	Deposits from customers	7	25,863,568	24,443,290
8,279,389	7,908,931	Liabilities from the issuance of securities	12	7,908,931	8,279,389
125,688	120,662	Tax payable		124,709	128,257
288,831	372,201	Other liabilities	6, 3, 10	420,633	333,927
444,404	400,802	Subordinated loan capital	12	400,802	444,404
33,601,552	34,905,134	Total liabilities		34,918,643	33,629,268
946,501	946,519	Equity capital		946,519	946,501
1,026,427	1,026,427	Share premium fund		1,026,427	1,026,427
536,885	536,885	Risk equalisation fund		536,885	536,885
6,540	6,540	Endowment fund		6,540	6,540
2,072,392	2,072,392	Sparebankens fond		2,072,392	2,072,392
25,234	27,825	Fund for unrealised gains		27,825	25,234
250,000	250,000	Additional Tier 1 capital		250,000	250,000
152,705	(647)	Other equity		173,856	328,019
-	411,296	Unallocated		494,428	-
-	-	Non-controlling interest's share		1,968	1,175
5,016,685	5,277,237	Total equity		5,536,841	5,193,174
38,618,237	40,182,372	Liabilities and equity		40,455,483	38,822,442

Results from quarterly financial statements

Group

(NOK thousands)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Interest income	210,040	215,442	246,589	308,290	316,668	293,881	267,182	248,896	252,456
Interest expenses	52,871	54,858	94,811	128,745	129,323	121,725	115,442	103,614	96,554
Net interest income	157,169	160,584	151,778	179,545	187,345	172,156	151,740	145,283	155,903
Commission income	94,118	91,173	69,949	75,610	76,838	78,654	72,771	68,569	72,889
Commission expenses	4,982	5,708	4,086	4,375	3,924	4,177	4,331	4,185	3,988
Other operating income	34,134	47,190	45,365	38,507	31,623	35,353	44,993	34,880	34,447
Net commission and other income	123,269	132,654	111,227	109,742	104,538	109,829	113,434	99,265	103,348
Dividends	9,175	98	6,533	15,358	6,868	14	2,270	16,370	-
Net result from ownership interests	18,436	22,801	21,413	38,492	3,544	10,588	31,680	79,626	9,154
Net result from other financial investments	(5,675)	3,824	49,974	(46,611)	5,452	(7,996)	8,567	14,894	(19,542)
Net income from financial assets	21,936	26,723	77,919	7,239	15,864	2,606	42,516	110,889	(10,388)
Total net income	302,374	319,962	340,925	296,526	307,747	284,591	307,690	355,436	248,862
Personnel expenses	107,194	81,142	80,583	90,447	100,644	76,912	81,144	85,485	88,248
Other operating expenses	62,414	55,214	59,008	63,074	66,521	57,907	60,503	59,220	61,061
Total operating expenses	169,609	136,356	139,591	153,521	167,164	134,818	141,647	144,704	149,310
Profit before losses and tax	132,765	183,605	201,334	143,005	140,582	149,773	166,043	210,732	99,553
Impairment of loans and guarantees	(2,568)	(10,632)	16,659	27,235	(3,520)	2,139	(2,108)	5,808	(9,374)
Profit before tax	135,333	194,237	184,675	115,771	144,102	147,634	168,151	204,924	108,927
Tax expense	27,684	40,751	35,007	21,853	31,782	36,081	33,502	24,882	24,387
Profit before other comprehensive income	107,649	153,486	149,668	93,918	112,320	111,553	134,649	180,042	84,540
Parent bank									
Earnings per equity certificate (quarter in isolation)	0.84	1.01	1.23	0.55	0.97	0.82	1.76	0.87	0.73
Diluted earnings per equity certificate (quarter in isolation)	0.84	1.01	1.23	0.55	0.97	0.82	1.76	0.87	0.73

Change in equity as at Q4 2020

Group											
(NOK thousands)	Ownership interest ¹	Share premium fund	Risk equalisation fund	Endowment fund	Spare-banken fund	Fund for unrealised gains	Hybrid capital	Other equity	Unallocated	Minority share	Total equity
Equity as 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 expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	(10,783)	-	-	(10,783)
Additional Tier 1 capital issued	-	-	-	-	-	-	150,000	-	-	-	150,000
Buy-back and maturity of subordinated bond	-	-	-	-	-	-	(150,000)	-	-	-	(150,000)
Dividends from 2018, for payment 2019	-	-	-	-	-	-	-	(186,149)	-	(1,040)	(187,189)
Change in carrying value of subsidiaries, joint ventures and associated companies	-	-	-	-	-	-	-	(674)	-	-	(674)
Profit before other comprehensive income	-	-	126,864	-	218,327	7,037	-	185,702	-	634	538,564
<i>Items reversed through profit or loss:</i>											
Change in value of loans classified at fair value	-	-	-	-	-	8,318	-	-	-	-	8,318
<i>Items not reversed through profit/loss:</i>											
Estimation difference, IAS 19 Pensions	-	-	(1,277)	-	(998)	-	-	(1,205)	-	-	(3,479)
Equity as at 31.12.2019	946,501	1,026,427	536,885	6,540	2,072,392	25,234	250,000	328,019	-	1,175	5,193,174
Equity as at 31.12.2019	946,501	1,026,427	536,885	6,540	2,072,392	25,234	250,000	328,019	-	1,175	5,193,174
Employee equity certificate savings scheme	19	-	-	-	-	-	-	-	-	-	19
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(8,932)	-	(8,932)
Additional Tier 1 capital issued	-	-	-	-	-	-	100,000	-	-	-	100,000
Buy-back and maturity of subordinated bond	-	-	-	-	-	-	(100,000)	-	-	-	(100,000)
Dividend from 2019, for payment in 2020	-	-	-	-	-	-	-	(152,705)	-	(634)	(153,340)
Change in carrying value of subsidiaries, joint ventures and associated companies	-	-	-	-	-	-	-	(823)	-	68	(756)
Profit before other comprehensive income	-	-	-	-	-	-	-	-	503,360	1,360	504,720
<i>Items reversed through profit or loss:</i>											
Change in value of loans classified at fair value	-	-	-	-	-	2,590	-	-	-	-	2,590
<i>Items not reversed through profit/loss:</i>											
Estimation difference, IAS 19 Pensions	-	-	-	-	-	-	-	(635)	-	-	(635)
Equity as at 31.12.2020	946,519	1,026,427	536,885	6,540	2,072,392	27,825	250,000	173,856	494,428	1,968	5,536,841

1. The equity share capital has been deducted 1,000 in own holdings

Parent bank

(NOK thousands)	Ownership interest ¹	Share premium fund	Risk equalisation fund	Endowment fund	Spare-banken fund	Fund for unrealised gains	Hybrid capital	Other equity	Unallocated	Total equity
Equity as 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 expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	(10,783)	-	(10,783)
Additional Tier 1 capital issued	-	-	-	-	-	-	150,000	-	-	150,000
Buy-back and maturity of subordinated bond	-	-	-	-	-	-	(150,000)	-	-	(150,000)
Dividends from 2018, for payment 2019	-	-	-	-	-	-	-	(186,149)	-	(186,149)
Profit before other comprehensive income	-	-	126,864	-	218,327	7,037	-	163,488	-	515,717
<i>Items reversed through profit or loss:</i>										
Change in value of loans classified at fair value	-	-	-	-	-	8,318	-	-	-	8,318
<i>Items not reversed through profit/loss:</i>										
Estimation difference, IAS 19 Pension adjustment	-	-	(1,277)	-	(998)	-	-	-	-	(2,275)
Equity as at 31.12.2019	946,501	1,026,427	536,885	6,540	2,072,392	25,234	250,000	152,705	-	5,016,685
Equity as at 31.12.2019	946,501	1,026,427	536,885	6,540	2,072,392	25,234	250,000	152,705	-	5,016,685
Employee equity certificate savings scheme	19	-	-	-	-	-	-	-	-	19
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(8,932)	(8,932)
Additional Tier 1 capital issued	-	-	-	-	-	-	100,000	-	-	100,000
Buy-back and maturity of subordinated bond	-	-	-	-	-	-	(100,000)	-	-	(100,000)
Dividend from 2019, for payment in 2020	-	-	-	-	-	-	-	(152,705)	-	(152,705)
Profit before other comprehensive income	-	-	-	-	-	-	-	-	420,228	420,228
<i>Items reversed through profit or loss:</i>										
Change in value of loans classified at fair value	-	-	-	-	-	2,590	-	-	-	2,590
<i>Items not reversed through profit/loss:</i>										
Estimation difference, IAS 19 Pension adjustment	-	-	-	-	-	-	-	(647)	-	(647)
Equity as at 31.12.2020	946,519	1,026,427	536,885	6,540	2,072,392	27,825	250,000	(647)	411,296	5,277,237

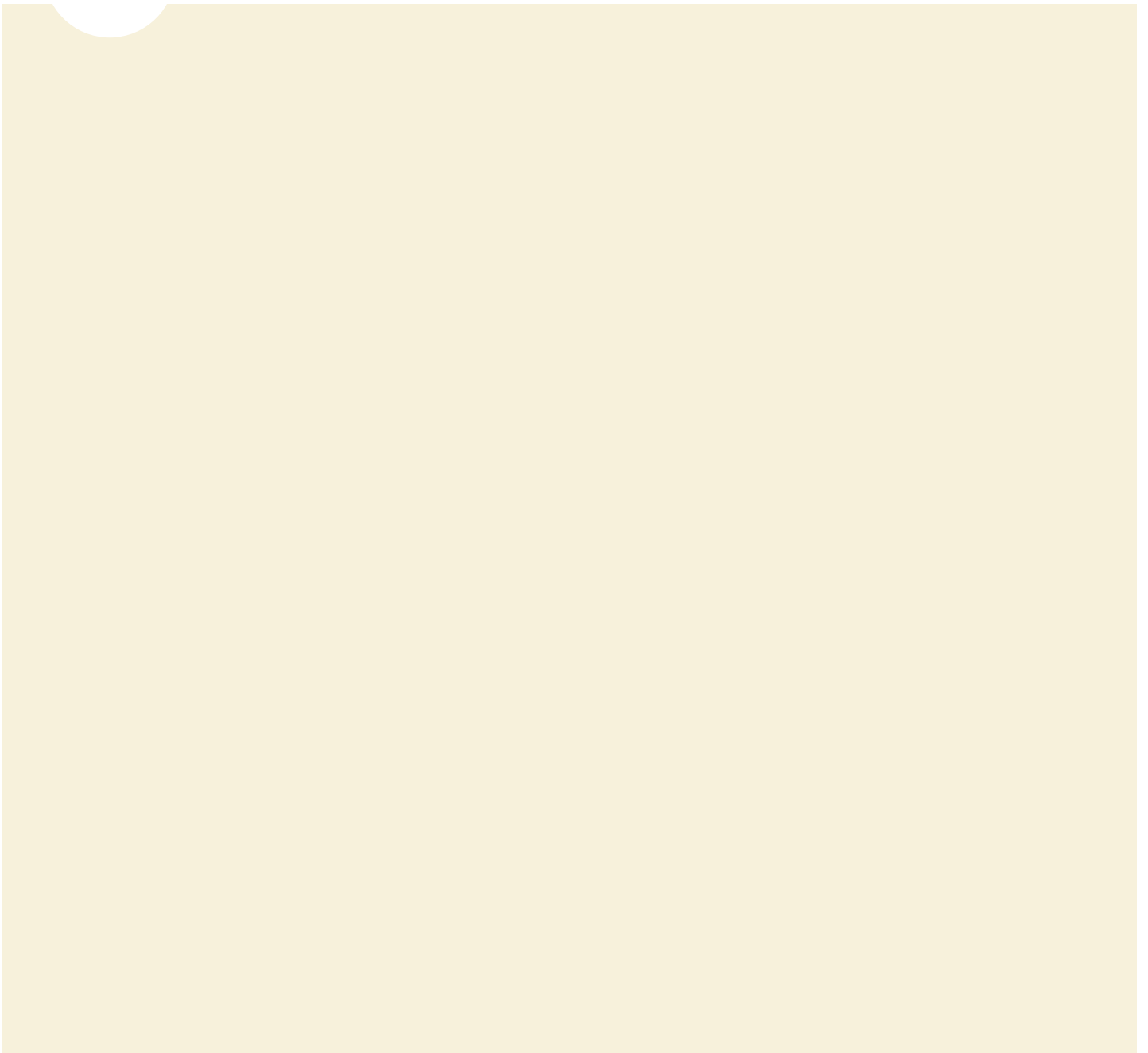
1. The equity share capital has been deducted 1,000 in own holdings

Cash flow statement

Parent bank			Group	
31.12.2019	31.12.2020	(NOK thousands)	31.12.2020	31.12.2019
		Cash flow from operating activities		
(1,902,368)	(1,154,627)	Change in lending to customers	(1,150,990)	(1,902,952)
1,004,129	928,691	Interest received on loans to customers	929,726	1,004,681
2,303,616	1,440,145	Change in deposits from customers	1,421,124	2,307,423
(258,198)	(176,970)	Interest paid on deposits from customers	(177,108)	(259,904)
-	200,000	Change in receivables from and liabilities to financial institutions	200,000	-
21,278	11,585	Interest on receivables from and liabilities to financial institutions	11,585	21,278
(104,565)	(299,082)	Change in certificates and bonds	(299,082)	(104,565)
94,762	64,797	Interest received on certificates and bonds	64,797	94,762
286,198	320,171	Net commission income	476,573	427,065
26,954	21,925	Capital gains from trading securities	21,925	26,954
(447,568)	(427,845)	Payments to operations	(539,895)	(571,468)
(136,302)	(165,384)	Tax paid	(169,737)	(139,427)
28,593	(40,263)	Other accruals	(54,733)	38,677
916,530	723,143	Net cash flow from operating activities (A)	734,185	942,523
		Cash flow from investing activities		
(4,678)	(3,282)	Investment in property, plant and equipment	(8,411)	(7,299)
-	12,123	Receipts from sale of property, plant and equipment	12,123	-
(166,712)	5,980	Net cash flow from investments in shares	40,194	(70,889)
136,329	68,727	Dividends from investments in shares	31,164	25,522
(35,061)	83,548	Net cash flow from investing activities (B)	75,070	(52,666)
		Cash flow from financing activities		
1,523,468	1,502,349	Change in liabilities from the issuance of securities	1,502,349	1,523,468
-	-	Change in subordinated loan capital	-	-
150,000	100,000	Change in additional Tier 1 capital	100,000	150,000
(1,988,226)	(1,991,277)	Repayment of issued securities	(1,991,277)	(1,988,226)
-	(40,000)	Repayment of subordinated loan capital	(40,000)	-
(150,000)	(100,000)	Repayment of additional Tier 1 capital	(100,000)	(150,000)
23,460	78,010	Net change in collateral agreements	78,010	23,460
(170,695)	(146,961)	Interest payments on liabilities from the issuance of securities	(146,961)	(170,695)
(15,012)	(13,518)	Interest payments on subordinated loans	(13,518)	(15,012)
(10,783)	(11,050)	Interest payments on additional Tier 1 capital	(11,050)	(10,783)
(16,829)	(23,184)	Rent payments on capitalised leases	(23,184)	(20,689)
(186,149)	(152,705)	Dividend payments	(153,339)	(186,669)
(1,878)	(900)	Payment from endowment fund and grant funds	(900)	(1,878)
(842,643)	(799,236)	Net cash flow from financing activities (C)	(799,870)	(847,024)
38,825	7,455	Net change in cash and cash equivalents in the period (A+B+C)	9,385	42,833
1,090,516	1,129,342	Cash and cash equivalents OB	1,165,658	1,122,825
1,129,342	1,136,796	Cash and cash equivalents at end of period	1,175,043	1,165,658
		Cash and cash equivalents, specified		
94,784	101,364	Cash and receivables from central banks	101,364	94,784
1,034,557	1,035,432	Receivables from financial institutions	1,073,679	1,070,874
1,129,342	1,136,796	Cash and cash equivalents	1,175,043	1,165,658



Notes to the financial statements



Note 1

Accounting policies

The interim report for SpareBank 1 BV covers the period 01.01.-31.12.2020. The interim financial statements have been prepared in accordance with IFRS and IAS 34 Interim Financial Reporting, and in line with the same policies applied in the annual financial statements for 2019.

For a detailed description of the accounting policies that have been applied, please see Note 2 in the Bank's official annual financial statements for 2019.

Note 2

Impairment of loans and guarantees

Parent bank			Group		
31.12.2019	31.12.2020	(NOK thousands)	31.12.2020	31.12.2019	Q4 2020
6,337	10,792	Change in impairment provisions in the period, Stage 1	10,792	6,337	(319)
4,427	8,342	Change in impairment provisions in the period, Stage 2	8,342	4,427	3,723
(9,655)	(9,043)	Change in impairment provisions in the period, Stage 3	(12,626)	(10,055)	(12,926)
859	24,702	Losses for the period with previous impairments	24,399	859	9,310
1,496	1,687	Losses for the period without previous impairments	1,687	1,496	375
(565)	(443)	Previously recognised impairments at start of period.	(443)	(565)	(92)
(181)	(934)	Other corrections/amortisation of impairments	(1,458)	(181)	(2,640)
2,718	35,104	Impairment of loans and guarantees for the period	30,694	2,318	(2,568)

Note 3

Impairment provisions for loans and guarantees

Impairment provisions for loans and guarantees	Parent bank			Total
	Stage 1	Stage 2	Stage 3	
01.01.2020	41,600	41,628	86,855	170,083
Impairment provisions transferred to Stage 1	6,925	(6,748)	(177)	-
Impairment provisions transferred to Stage 2	(3,931)	4,120	(189)	-
Impairment provisions transferred to Stage 3	(415)	(2,088)	2,502	-
New financial assets issued or purchased	25,460	13,179	1,806	40,445
Increase existing loans	10,002	21,532	36,840	68,374
Reduction existing loans	(10,906)	(7,625)	(16,983)	(35,513)
Financial assets that have been deducted	(16,343)	(14,029)	(8,140)	(38,512)
Changes due to recognised impairments (recognised losses)	-	-	(24,702)	(24,702)
31.12.2020	52,393	49,970	77,812	180,175
- reversal of impairment provisions related to fair value through OCI	(14,544)	-	-	(14,544)
Capitalised impairment provisions as at 31.12.2020	37,849	49,970	77,812	165,631
Of which, impairment provisions for capitalised loans	28,133	45,802	77,453	151,388
Of which, impairment provisions for unused credits and guarantees	9,716	4,168	359	14,243
Of which: impairment provisions, retail market - amortised cost	1,457	21,291	25,463	48,211
Of which: impairment provisions, corporate market - amortised cost	36,392	28,679	52,348	117,420

Impairment provisions for loans and guarantees	Group			Total
	Stage 1	Stage 2	Stage 3	
01.01.2020	41,600	41,628	81,880	165,108
Impairment provisions transferred to Stage 1	6,925	(6,748)	(177)	-
Impairment provisions transferred to Stage 2	(3,931)	4,120	(189)	-
Impairment provisions transferred to Stage 3	(415)	(2,088)	2,502	-
New financial assets issued or purchased	25,460	13,179	1,806	40,445
Increase existing loans	10,002	21,532	32,954	64,488
Reduction existing loans	(10,906)	(7,625)	(16,983)	(35,513)
Financial assets that have been deducted	(16,343)	(14,029)	(8,140)	(38,512)
Changes due to recognised impairments (recognised losses)	-	-	(24,399)	(24,399)
31.12.2020	52,393	49,970	69,254	171,617
- reversal of impairment provisions related to fair value through OCI	(14,544)	-	-	(14,544)
Capitalised impairment provisions as at 31.12.2020	37,849	49,970	69,254	157,073
Of which, impairment provisions for capitalised loans	28,133	45,802	68,895	142,830
Of which, impairment provisions for unused credits and guarantees	9,716	4,168	359	14,243
Of which: impairment provisions, retail market - amortised cost	1,457	21,291	25,463	48,211
Of which: impairment provisions, corporate market - amortised cost	36,392	28,679	43,790	108,862

Sensitivity analysis – loss model

The model calculates impairments on commitments in three different scenarios where the probability of the individual scenario occurring is weighted. The basic scenario for the IFRS 9 calculations is mainly based on the benchmark trajectory of the Monetary Policy Report from Norges Bank and contains expectations regarding macroeconomic factors such as unemployment, GDP growth, interest rates, house prices, etc.

At the same time, the loss model is based on multiple input factors from the portfolios, where the events have occurred as of the balance sheet date but where there is some natural delay before updated information is entered into the model. Because of this delay factor, the Bank has conducted an expanded review of our CM portfolio this quarter in order to identify and make provisions for individual commitments and industries that we believe will experience specific problems making it through the crisis. PD/LGD levels cannot be recalibrated in the model as per 31.12. In addition to expanded individual loss assessments, the Bank changed the model's scenario weighting based

on an assessment. The scenario weightings remain unchanged from the previous quarter and were last changed on 30.06.2020. Please see the overview below for information on how the scenario weightings have developed throughout the year.

The table below shows the sensitivity associated with a 10-percentage point reduction in probability of the normal case and corresponding 10 percentage point increase in probability of the worst case. Such a change would result in impairment provisions increasing by approximately NOK 32 million, which illustrates the sensitivity of a moderate deterioration in national and/or regional macroeconomic factors.

Internal simulations are also carried out in the event of changes to weighted PD. The simulation shows that, given the Bank's scenario weightings as at 31.12.2020, impairment provisions increase by around NOK 10 million for every 10% increase in weighted PD. This indicates that adjustments to the scenarios have about the same effect as similar adjustments to PD levels.

Scenario weightings used as at 31.12.2020	Weighting RM/ CM	RM	CM	Total
Scenario 1 (normal case)	80%/80%	34,865	67,293	102,158
Scenario 2 (worst case)	15%/20%	26,435	49,799	76,234
Scenario 3 (best case)	5%/0%	1,455	-	1,455
Total estimated IFRS 9 provisions		62,755	117,092	179,847
- reversal of impairment provisions related to fair value through OCI		(14,544)	-	(14,544)
Amortisations on individual provisions		-	328	328
Capitalised impairment provisions for the parent bank as at 31.12.2020		48,211	117,420	165,631

Change in IFRS 9 impairment provisions in the event of a change in weighting:	Weighting RM/ CM	RM	CM	Total
Scenario 1 (normal case)	70%/70%	(2,179)	(8,412)	(10,591)
Scenario 2 (worst case)	25%/30%	17,624	24,899	42,523
Scenario 3 (best case)	5%/0%	-	-	-
Total		15,445	16,487	31,932

Scenario weightings used during the year	31.12.2019 Weighting RM/ CM	31.03.2020 Weighting RM/ CM	30.06.2020 Weighting RM/ CM	30.09.2020 Weighting RM/ CM	31.12.2020 Weighting RM/ CM
Scenario 1 (normal case)	80%/80%	80%/80%	80%/80%	80%/80%	80%/80%
Scenario 2 (worst case)	10%/10%	15%/15%	15%/20%	15%/20%	15%/20%
Scenario 3 (best case)	10%/10%	5%/5%	5%/0%	5%/0%	5%/0%

Note 4

Loans to customers by Stages 1, 2 and 3

Loans to customers by Stages 1, 2 and 3	Parent bank			Total
	Stage 1	Stage 2	Stage 3	
01.01.2020	27,440,928	1,947,235	273,126	29,661,289
Loans transferred to Stage 1	583,350	(581,344)	(2,006)	-
Loans transferred to Stage 2	(1,058,499)	(1,074,077)	(15,577)	-
Loans transferred to Stage 3	(19,798)	(44,754)	64,552	-
New financial assets issued or purchased	14,485,209	616,262	23,418	15,124,889
Increase existing loans	304,808	41,109	1,515	347,433
Reduction existing loans	(1,121,143)	(141,867)	(54,094)	(1,317,104)
Financial assets that have been deducted	(12,127,966)	(664,728)	(39,556)	(12,832,250)
Changes due to recognised impairments (recognised losses)	(117)	-	(32,394)	(32,511)
31.12.2020	28,486,773	2,245,988	218,984	30,951,745
Impairment provisions as % of gross lending	0.18%	2.22%	35.53%	0.58%

Loans to customers by Stages 1, 2 and 3	Group			Total
	Stage 1	Stage 2	Stage 3	
01.01.2020	27,430,833	1,947,235	257,529	29,635,597
Loans transferred to Stage 1	583,350	(581,344)	(2,006)	-
Loans transferred to Stage 2	(1,058,499)	(1,074,077)	(15,577)	-
Loans transferred to Stage 3	(19,798)	(44,754)	64,552	-
New financial assets issued or purchased	14,485,209	616,262	23,418	15,124,889
Increase existing loans	304,607	41,109	1,329	347,045
Reduction existing loans	(1,119,584)	(141,867)	(54,094)	(1,315,546)
Financial assets that have been deducted	(12,127,966)	(664,728)	(39,556)	(12,832,250)
Changes due to recognised impairments (recognised losses)	(117)	-	(37,201)	(37,318)
31.12.2020	28,478,035	2,245,988	198,393	30,922,416
Impairment provisions as % of gross lending	0.18%	2.22%	34.91%	0.55%

Note 5

Other assets

Parent bank			Group	
31.12.2019	31.12.2020	(NOK thousands)	31.12.2020	31.12.2019
21,058	23,066	Prepaid, unaccrued costs, and accrued income not yet received	30,897	32,420
16,117	20,447	Other assets	24,180	19,230
19,418	125,378	Derivatives and other financial instruments at fair value	125,378	19,418
56,593	168,891	Total other assets	180,455	71,068

Note 6

Other liabilities

Parent bank			Group	
31.12.2019	31.12.2020	(NOK thousands)	31.12.2020	31.12.2019
46,181	40,980	Accrued expenses and unaccrued income received	58,628	62,100
71,151	89,117	Provision for accrued expenses and liabilities	89,441	71,627
134,052	119,412	Other liabilities	149,873	162,752
37,447	122,691	Derivatives and other financial instruments at fair value	122,691	37,447
288,831	372,201	Total other liabilities	420,633	333,927

Contingent liabilities

As at 31.12.2020, SpareBank 1 BV is not involved in any ongoing court cases. However, the Bank does have an ongoing case in the Norwegian Financial Services Complaints Board (FinKN) where a NOK 24 million claim against the Bank has been brought. The Bank believes that it is very likely that the appeal will not succeed and consequently the financial statements are not expected to be materially affected.

Note 7

Deposits from customers by sector and industry

Parent bank			Group	
31.12.2019	31.12.2020	(NOK thousands)	31.12.2020	31.12.2019
15,285,830	15,884,790	Employees, etc.	15,884,790	15,285,830
3,197,454	3,290,849	Property management/business services, etc.	3,251,879	3,177,504
754,043	1,073,360	Wholesale and retail trade/hotels and restaurants	1,073,360	754,043
188,906	222,819	Agriculture/forestry	222,819	188,906
633,708	716,429	Building and construction	716,429	633,708
1,412,784	1,672,566	Transport and service Industries	1,672,566	1,412,784
307,646	385,014	Production (manufacturing)	385,014	307,646
1,969,637	1,857,541	Public administration	1,857,541	1,969,637
713,232	799,170	Abroad and others	799,170	713,232
24,463,240	25,902,538	Total deposits	25,863,568	24,443,290

Note 8

Loan to customers by sector and industry

Parent bank			Group	
31.12.2019	31.12.2020	(NOK thousands)	31.12.2020	31.12.2019
24,140,703	24,966,804	Employees, etc.	24,966,804	24,140,703
5,513,943	5,789,031	Property management/business services, etc.	5,759,702	5,488,251
348,044	383,136	Wholesale and retail trade/hotels and restaurants	383,136	348,044
236,036	215,075	Agriculture/forestry	215,075	236,036
324,524	277,804	Building and construction	277,804	324,524
346,830	369,657	Transport and service Industries	369,657	346,830
277,769	327,397	Production (manufacturing)	327,397	277,769
1,843	1,094	Public administration	1,094	1,843
245,938	285,688	Abroad and others	285,688	245,938
31,435,630	32,615,686	Gross lending	32,586,358	31,409,938
8,353,979	8,251,907	- Of which, measured at amortised cost	8,222,578	8,328,288
21,307,310	22,699,838	- Of which, measured at fair value through OCI	22,699,838	21,307,310
1,774,341	1,663,941	- Of which, measured at fair value	1,663,941	1,774,341
(149,609)	(151,388)	- Impairment provisions for loans	(142,830)	(144,634)
31,286,021	32,464,299	Net lending	32,443,528	31,265,305
31,435,630	32,615,686	Gross lending	32,586,358	31,409,938
12,039,621	12,660,202	Gross loans transferred to SB1 Boligkreditt	12,660,202	12,039,621
842,787	752,332	Gross loans transferred to SB1 Næringskreditt	752,332	842,787
44,318,037	46,028,221	Gross lending including SB1 Boligkreditt and Næringskreditt	45,998,892	44,292,346

Note 9

Capital adequacy

SpareBank 1 BV uses the standard method for credit risk and the basic method for operational risk. As at 31.12.2019, the requirement for the capital conservation buffer was 2.5%, for the systemic risk buffer 3.0%, and for the countercyclical capital buffer 2.5%. On 13.03.2020, the countercyclical capital buffer was reduced to 1.0% with immediate effect. This was done in connection with Covid-19. These requirements are additional to the Common Equity Tier 1 capital requirement of 4.5%, meaning that the overall minimum requirement for Common Equity Tier 1 capital is 11.0%. The Financial Supervisory Authority of Norway has also set a Pillar 2 requirement for SpareBank 1 BV of 1.9%. The regulatory minimum requirement for Common Equity Tier 1 capital, including the Pillar 2 requirement, is thus 12.9%.

On 10.12.2020, the Financial Supervisory Authority of Norway published a circular on assessing loans that should be considered high risk. The Financial Supervisory Authority of Norway explained that its interpretation of the current CRR rules indicates that property development projects constructed for resale should be regarded as speculative investments and be risk weighted at 150%. Requirements for advance sales, equity shares, prepayment of parts of the purchase sum or other risk mitigating measures would not be able to affect the risk weighting.

The Bank has a different view to that of the Financial Supervisory Authority of Norway as regards interpretation of the CRR rules. The Bank's credit practices for granting credit to property development projects stipulate strict requirements for risk mitigating measures in the project, including requirements for advance sales, equity shares and similar measures. If only parts of the project are

sold in advance, the capacity of the company to carry the remaining amount is stress tested, which includes simulating falls in property prices of 30%. The Bank's market area also has a well-functioning rental market that indicates a developer could expect to rent out any unsold part of the project.

Nevertheless, the Bank has chosen to implement the policy changes from the Financial Supervisory Authority of Norway's circular in the Bank's capital adequacy calculation as at 31.12.2020 and has thus changed the risk weightings for all of the Bank's property development projects to 150%. The policy change has resulted in a 0.4% reduction in the Bank's Common Equity Tier 1 capital ratio. Historical figures have not been restated and are therefore not directly comparable.

The Group's target for Common Equity Tier 1 capital ratio was a minimum of 15.5% at the end of 2020. From 2021, the internal target will increase to 16.0%.

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.

The Bank has carried out proportional consolidation of interests in the cooperative group since 2018. The provision applies to interests in other financial institutions engaged in the activities to which the cooperation relates; see Financial Institutions Act, section 17-13.

Proportional consolidation

	31.12.2020	31.12.2019
Primary capital		
Common Equity Tier 1 capital	4,906,635	4,579,309
Tier 1 capital	5,232,972	4,949,964
Primary capital	5,744,496	5,464,364
Basis for calculation	26,155,754	24,780,986
Capital adequacy		
Common Equity Tier 1 capital ratio	18.76%	18.48%
Tier 1 capital ratio	20.01%	19.97%
Capital adequacy	21.96%	22.05%
Leverage ratio	8.59%	8.58%

The following companies are included in proportional consolidation:

- SpareBank 1 Boligkreditt
- SpareBank 1 Næringskreditt
- SpareBank 1 Kreditt AS
- SpareBank 1 SMN Finans AS
- BN Bank

Parent bank		
	31.12.2020	31.12.2019
Primary capital		
Equity capital	946,519	946,501
Share premium fund	1,026,427	1,026,427
Risk equalisation fund	536,885	411,299
Sparebankens fond	2,072,392	1,855,062
Fund for unrealised gains/losses	27,825	9,879
Endowment fund	6,540	6,540
Allocated dividend classified as equity	-	-
Other equity (IAS pensions and interest paid on hybrid capital)	(9,579)	(4,740)
Profit for the period	420,228	515,717
Total capitalised equity (excluding additional Tier 1 capital)	5,027,238	4,766,685
Value adjustments on shares and bonds measured at fair value (AVA)	(7,595)	(7,425)
Deduction for non-material interests in the financial sector	(956,245)	(953,926)
Dividends allocated for distribution, classified as equity	-	-
Profit for the period	(420,228)	(515,717)
Interim profit included in Tier 1 capital	300,335	363,012
Total Common Equity Tier 1 capital	3,943,505	3,652,629
Additional Tier 1 capital	250,000	250,000
Additional Tier 1 capital	-	24,000
Deduction for non-material interests in the financial sector	-	-
Total Tier 1 capital	4,193,505	3,926,629
Supplementary capital in excess of Tier 1 capital		
Time-limited primary capital	400,000	400,000
Deduction for non-material interests in the financial sector	(4,817)	(4,926)
Net primary capital	4,588,688	4,321,703
Risk-weighted basis for calculation		
Assets not included in the trading portfolio	18,734,655	17,445,731
Operational risk	1,944,534	2,048,828
Position risk in the trading portfolio	-	-
CVA surcharge (counterparty risk derivatives)	78,611	27,781
Total basis for calculation	20,757,801	19,522,341
Common Equity Tier 1 capital ratio	19.00%	18.71%
Tier 1 capital ratio	20.20%	20.11%
Capital adequacy	22.11%	22.14%
Leverage ratio	10.15%	10.05%
Buffer requirements		
Capital conservation buffer (2.50%)	518,945	488,059
Countercyclical buffer (1.0%/2.0%/2.5%)	207,578	488,059
Systemic risk buffer (3.00%)	622,734	585,670
Total buffer requirement for Common Equity Tier 1 capital	1,349,257	1,561,787
Minimum requirement for Common Equity Tier 1 capital (4.50%)	934,101	878,505
Available Common Equity Tier 1 capital in excess of minimum requirement	1,660,147	1,212,336

	31.12.2020	31.12.2019
Local and regional authorities	58,521	83,717
Publicly owned companies	10,129	10,134
Institutions	163,701	111,259
Companies	2,793,147	2,655,744
Mass market	2,893,503	2,197,800
Mortgaged against residential and holiday property	8,239,757	8,504,153
Mortgaged against commercial property	2,251,926	2,040,958
Commitments past due	74,970	150,127
High-risk commitments	471,135	-
Covered bonds	296,383	203,526
Receivables from institutions and companies with short-term ratings	146,086	145,911
Shares in mutual funds	42,548	25,858
Equity items	1,159,907	1,196,286
Other commitments	132,942	120,258
Total credit risk	18,734,655	17,445,731

Note 10 Derivatives

2020			(NOK thousands)	2019		
Contract sum	Fair value	31.12.2020		Contract sum	Fair value	31.12.2019
31.12.2020	Assets	Liabilities		31.12.2019	Assets	Liabilities
4,975,000	125,378	122,691	Derivatives – hedging	4,870,000	19,418	37,447
4,975,000	125,378	122,691	Derivatives at fair value	4,870,000	19,418	37,447
			Total derivatives for fair value hedging	4,870,000	19,418	37,447

Note 11 Net result from other financial investments

Parent bank			(NOK thousands)	Group	
31.12.2019	31.12.2020	31.12.2020		31.12.2019	
19,099	(805)		Net change in value of stocks, shares, etc. measured at fair value	(805)	19,099
(6,430)	7,571		Net change in value of bonds/certificates measured at fair value	7,571	(6,430)
2,158	(18,679)		Net change in value of financial derivatives measured at fair value	(18,679)	2,158
6,089	13,425		Exchange rate gains/losses on currency	13,425	6,089
20,916	1,512		Net result from other financial investments	1,512	20,916

Note 12

Securities issued and subordinated loan capital

SpareBank 1 BV issues and redeems securities issued 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	
	31.12.2020	31.12.2019
(NOK thousands)		
Certificate debt, nominal value	-	-
Bond debt, nominal value	7,794,000	8,290,000
Value adjustments and accrued interest	114,931	(10,611)
Total securities issued	7,908,931	8,279,389

Change in securities issued	Parent bank/Group			
	31.12.2020	Issued in 2020	Redeemed in 2020	31.12.2019
(NOK thousands)				
Certificate debt, nominal value	-	-	-	-
Bond debt, nominal value	7,794,000	1,475,000	(1,971,000)	8,290,000
Value adjustments and accrued interest	114,931	-	-	(10,611)
Total securities issued	7,908,931	1,475,000	(1,971,000)	8,279,389

Subordinated loan capital	Parent bank/Group	
	31.12.2020	31.12.2019
(NOK thousands)		
Subordinated loan capital	400,000	440,000
Value adjustments and accrued interest	802	4,404
Total subordinated loan capital	400,802	444,404

Change in subordinated loan capital	Parent bank/Group			
	31.12.2020	Issued in 2020	Redeemed in 2020	31.12.2019
Subordinated loan capital	400,000	-	(40,000)	440,000
Value adjustments and accrued interest	802	-	-	4,404
Total subordinated loan capital	400,802	-	(40,000)	444,404

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 31.12.2020

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit					
Net interest income	388,850	242,155	651	17,419	649,075
Net commission and other income	370,749	113,703	183	126,075	610,711
Operating expenses	411,728	164,879	3,996	18,474	599,077
Profit before losses	347,872	190,979	(3,162)	125,020	660,710
Impairment of loans and guarantees	7,203	23,287	-	204	30,694
Profit before tax	340,669	167,693	(3,162)	124,817	630,016

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Net lending to customers	24,474,764	7,229,306	-	739,459	32,443,528
Other assets	91,440	36,390	18,086	7,866,039	8,011,955
Total assets per segment	24,566,203	7,265,696	18,086	8,605,498	40,455,483
Deposits from and liabilities to customers	16,131,800	9,281,034	-	450,735	25,863,568
Other equity and liabilities	8,434,404	(2,015,338)	18,086	8,154,764	14,591,915
Total equity and liabilities per segment	24,566,203	7,265,696	18,086	8,605,498	40,455,483

Group 31.12.2019

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit					
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 expenses	394,895	159,367	1,719	32,353	588,334
Profit before losses	312,221	192,386	(2,221)	164,744	667,130
Impairment of loans and guarantees	8,365	-5,614	-	(433)	2,318
Profit before tax	303,856	198,000	(2,221)	165,177	664,812

	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 liabilities 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 liabilities per segment	23,449,936	6,992,255	12,219	8,368,032	38,822,442

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 expenses. In the financial statements for 2019, Note 3 'Critical estimates and assessments regarding the use of accounting policies', gives more details of significant estimates and assumptions.

The IFRS 9 loss model is based on multiple input factors from the portfolios, where the events have occurred as of the balance sheet date but where there is some natural delay before updated information is entered

into the model. Because of this delay factor, the Bank has conducted an expanded/detailed quarterly review of our CM portfolio in order to identify and make provisions for individual commitments that we believe will experience specific problems making it through the crisis. PD/LGD levels cannot be recalibrated in the model as per 31.12.

In addition to expanded individual loss assessments, the Bank assessed the model's scenario weightings in this quarter as well. Given the relatively unchanged risk picture, the weightings from the third quarter have been maintained. Please see the more detailed comments in Note 3 and the Board of Directors' Interim Report.

Note 15

Sale of loans

SpareBank 1 BV and other owners have agreed to establish a liquidity facility for SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. This means that the banks commit to buy bonds issued by the company up to a total value of 12 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 annual financial statements for 2019.

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 be able to survive a minimum of 150 days in a 'highly stressed' situation where there is no access to funding from the capital markets. The Bank exercises daily governance according to the above goals. A contingency plan for dealing with liquidity crises has also been established. The average remaining term to maturity in the portfolio of senior bond loans was 3.1 years as at 31.12.2020. Overall LCR was 189% at the end of the fourth quarter and average total LCR was 187% in the quarter.

Note 17

Measuring fair value of financial instruments

Financial instruments at fair value are classified at 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 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 issued measured 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 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 mark-up, mark-up 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 fair value cannot be measured reliably, acquisition cost or impaired book value is used.
- This category includes other equity instruments, loans at fair value through OCI and the Bank's own fixed-rate loans.
- The fair value of mortgages is understood to be:
 - Loans in loss category 1 - the nominal value of the loan (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 impairment provisions (= amortised cost)

The Group's assets and liabilities measured at fair value as at 31.12.2020

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,663,941	1,663,941
- Loans at fair value through OCI	-	-	22,699,838	22,699,838
- Bonds and certificates	207,790	4,217,557	-	4,425,347
- Equity Instruments	213,522	-	1,158,136	1,371,658
- Derivatives	-	125,378	-	125,378
Total assets	421,312	4,342,935	25,521,915	30,286,162

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued at fair value	-	2,824,795	-	2,824,795
- Derivatives	-	122,691	-	122,691
Total liabilities	-	2,947,486	-	2,947,486

The Group's assets and liabilities measured at fair value as at 31.12.2019

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,774,341	1,774,341
- Loans at fair value through OCI	-	-	21,307,310	21,307,310
- Bonds and certificates	702,701	3,412,312	-	4,115,013
- Equity Instruments	240,683	-	1,177,757	1,418,440
- Derivatives	-	19,418	-	19,418
Total assets	943,384	3,431,730	24,259,408	28,634,522

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued at fair value	-	2,784,981	-	2,784,981
- Derivatives	-	37,447	-	37,447
Total liabilities	-	2,822,428	-	2,822,428

Changes in instruments classified as Level 3 as at 31.12.2020

	Fixed-rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2020	1,774,341	1,177,757	21,307,310
Additions	297,212	492	12,661,747
Disposals	(407,612)	(7,879)	(11,269,219)
Net gain/loss on financial instruments	-	(12,234)	-
Closing balance 31.12.2020	1,663,941	1,158,136	22,699,838

Changes in instruments classified as Level 3 as at 31.12.2019

	Fixed-rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2019	1,686,961	1,051,757	-
Change as a result of the reassessment retail market	-	-	21,307,310
Additions	332,000	154,000	-
Disposals	(244,620)	(20,000)	-
Net gain/loss on financial instruments	-	(8,000)	-
Closing balance 31.12.2019	1,774,341	1,177,757	21,307,310

Note 18**Events after the balance sheet date**

No events with a material bearing on the financial statements have occurred since the balance sheet day. However, the ongoing pandemic means there is considerable uncertainty associated with critical accounting estimates and discretionary assessments as at 31.12.2020. In connection with this, please see in particular the discussions in the Board of Directors' Interim Report, Note 3 and Note 14.



Declaration by the Board and CEO

We declare that, to the best of our knowledge and belief, the interim accounts for the period 1 January to 31 December 2020 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 close associates.

Tønsberg, 10.02.2021
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

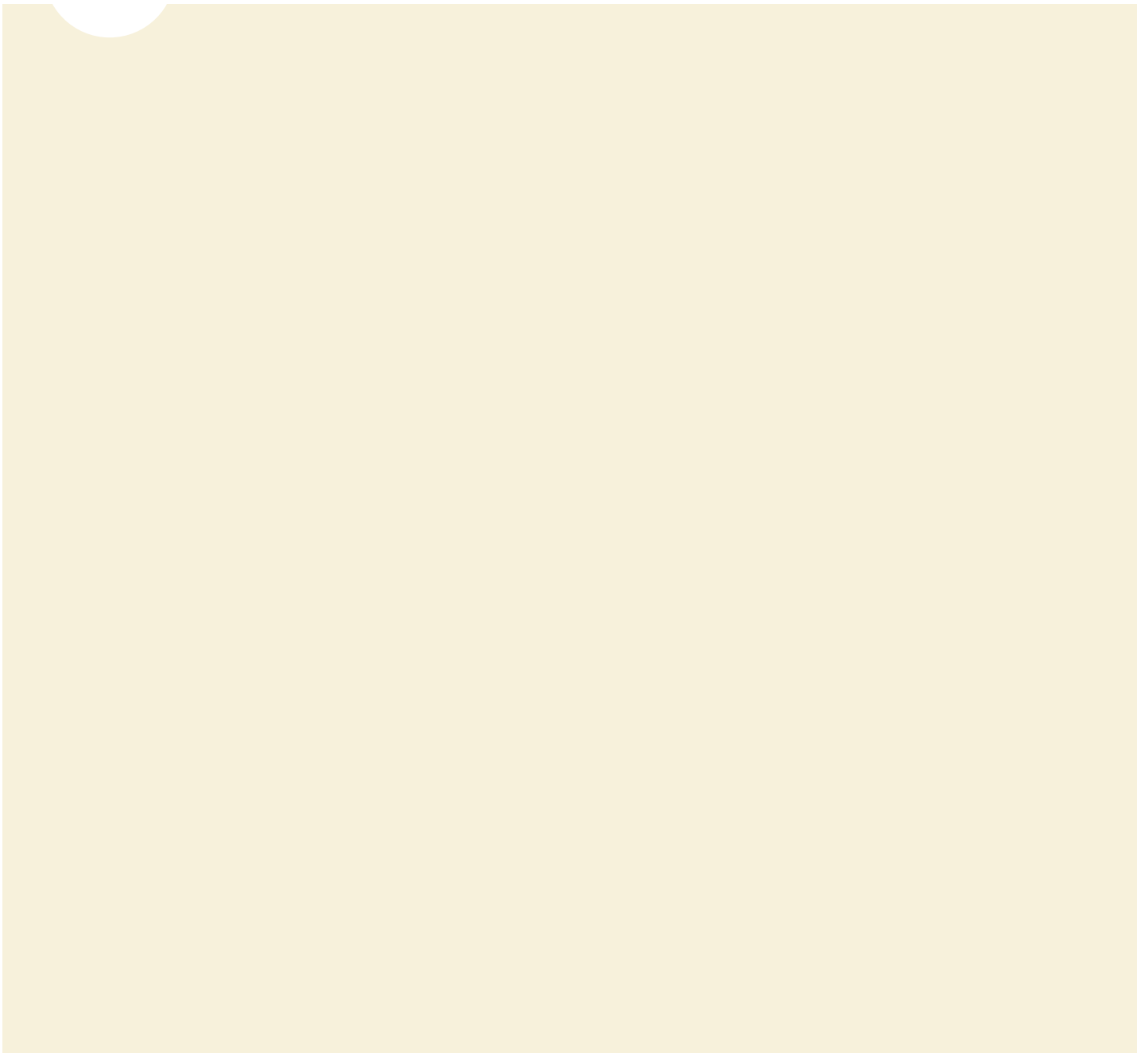
Hanne Myhre Gravdal
Employee representative

Geir Arne 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 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

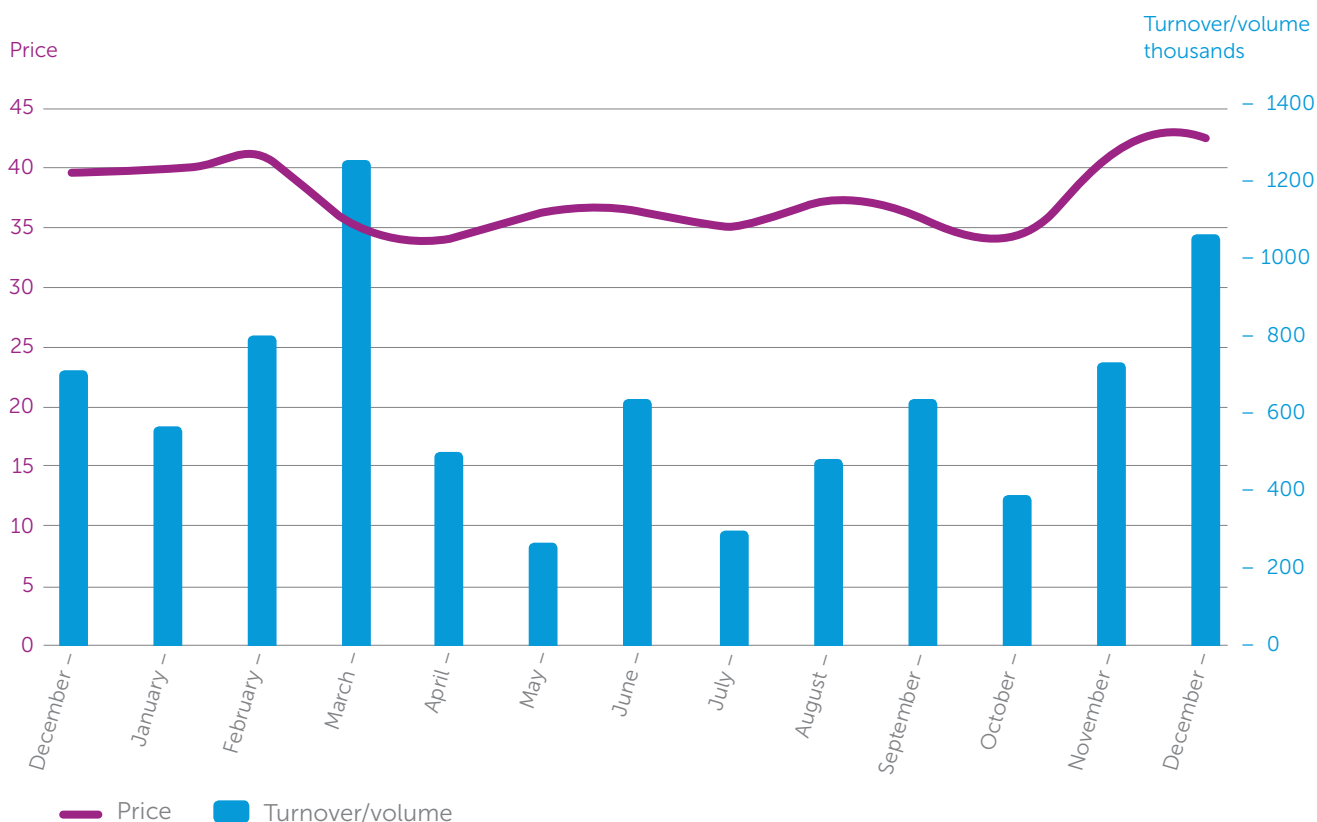
In the calculation of diluted earnings per equity certificate, the weighted average number of issued ordinary equity certificates in circulation is adjusted for the effect of converting potential equity certificates which could lead to dilution. The Bank has no potential equity certificates that could cause dilution as at 31.12.2020. Diluted earnings per equity certificate is therefore equal to earnings per equity certificate.

	Parent bank
(NOK thousands)	31.12.2020
Based on profit for the year divided between equity certificate holders and primary capital	417,324
Number of equity certificates issued	63,101
Earnings per equity certificate	3.62
Par value	15.00

Calculation of equity certificate fraction (based on OB 2020)

Adjusted primary capital	01.01.2020
Total equity	5,016,685
- fund for unrealised gains (FUG)	(25,234)
- additional Tier 1 capital	(250,000)
- allocated dividends classified as equity	(152,705)
Total adjusted primary capital	4,588,745
Equity certificate fraction	
Equity certificate capital	946,501
Share premium fund	1,026,427
Risk equalisation fund	536,885
Total equity certificate holders	2,509,813
Equity certificate fraction	54.69%
Adjusted profit for the year	31.12.2020
Profit for the year	420,228
- corrected for interest on additional Tier 1 capital recognised directly against equity	(8,932)
- corrected for FUG	6,028
Adjusted profit for the year	417,324

Price development December 2019 - December 2020



20 largest shareholders

	Quantity	Share
SpareBank 1 Stiftelsen BV	13,642,787	21.62%
Sparbankstiftelsen Nøtterøy-Tønsberg	10,925,503	17.31%
Verdipapirfondet Eika	2,291,750	3.63%
Pareto Invest AS	1,532,868	2.43%
Landkreditt Utbytte	1,000,000	1.58%
Wenaasgruppen AS	907,432	1.44%
Melesio Capital NYE AS	853,368	1.35%
Bergen Kommunale Pensjonskasse	750,000	1.19%
Catilina Invest AS	731,950	1.16%
Foretakskonsulenter AS	621,230	0.98%
Sanden AS	588,000	0.93%
Sparebank 1 Markets	434,498	0.69%
Hausta Investor AS	420,000	0.67%
JAG Holding AS	400,000	0.67%
Johansen Kjell Petter	372,000	0.63%
Salt Value AS	343,071	0.59%
Verdipapirfondet Nordea Norge	336,849	0.54%
Norgesinvestor Proto AS	300,000	0.53%
T.D Veen AS	280,000	0.48%
Lindvard Invest AS	277,000	0.44%
Total for 20 largest shareholders	37,008,306	58.65%
Other owners	26,093,047	41.35%
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.

Each year's profit will be distributed proportionately between the equity certificate 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 circumstances that reflect the executive management team'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