

2020

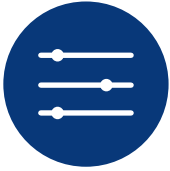
INTERIM REPORT FOR THE SECOND QUARTER

We are together



Together we create value

Learning – Engaged – Close



Business concept, vision, values and goals

Business idea

Business areas

SpareBank 1 BV's mission is to contribute to value creation in local communities by providing a wide range of financial services, as well as appropriate 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.

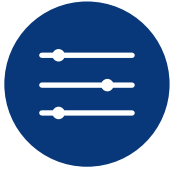
Our values

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 has a solid position in the retail market. Knowledge of the Bank is on the increase throughout the 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 5.2% in the past 12 months, while average growth in the market was 4.4%.

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 30 June 2020, Eiendomsmegler 1 BV and Z-eiendom AS posted total housing sales of NOK 3.8 billion from approximately 1,050 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 11.9% in the past 12 months, while average growth in the market was 4.3%.

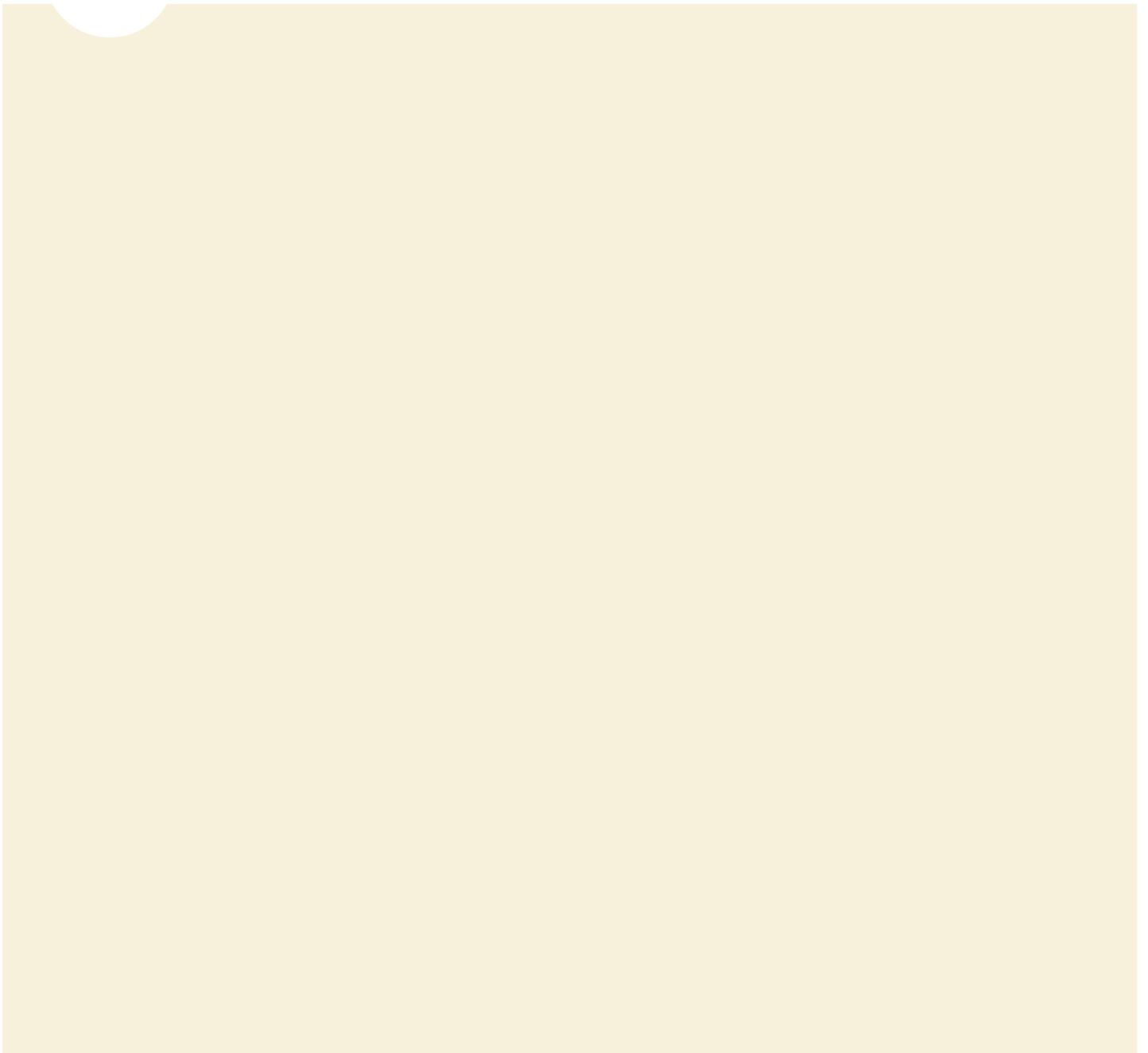
SpareBank 1 BV supplies financial services packages to businesses. The Group is continuously striving to put in place more digital sales and self-service solutions for corporate customers.

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 Q2



The SpareBank 1 BV Group

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

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

The 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.

Second quarter highlights

- Profit after tax: NOK 149.7 million (134.6 million).
- Annualised return on equity: 12.1% (11.6%).
- Net interest income: NOK 151.8 million (151.7 million).
- Net commission and other income: NOK 111.2 million (113.4 million).
- Net income from financial assets: NOK 77.9 million (42.5 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 139.6 million (141.6 million).
- Net impairment of loans and guarantees: NOK 16.7 million (-2.1 million).

Highlights January – June

- Profit after tax: NOK 243.6 million (314.7 million).
 - The result for financial assets was NOK 68.2 million lower than last year.
 - Losses increased by NOK 40.2 million compared with last year.
- Annualised return on equity: 9.8% (13.6%).
- Net interest income: NOK 331.3 million (297.0 million).
- Net commission and other income: NOK 221.0 million (212.7 million).
- Net income from financial assets: NOK 85.2 million (153.4 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 71,9 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 293.1 million (286.4 million).
- Net impairment of loans and guarantees: NOK 43.9 million (3.7 million).
- Total growth in lending in the past 12 months, including portfolio transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS: 6.4% (5.1%).
- Deposit growth in past 12 months: 5.1% (12.6%).
- Tier 1 capital ratio, proportional consolidation: 20.3% (18.2%).
- Common Equity Tier 1 capital, proportional consolidation: 18.6% (16.6%).
- Leverage ratio, proportional consolidation: 8.6% (8.2%).

Financial performance

Cumulative figures as at 30.06 unless explicitly stated otherwise.

Profit

The SpareBank 1 BV Group achieved a profit from ordinary operations before losses of NOK 344.3 million (376.8 million). Profit after tax was NOK 243.6 million (314.7 million), which represents 1.25% (1.69%) of average total assets. The Group's annualised return on equity was 9.8% (13.6%).

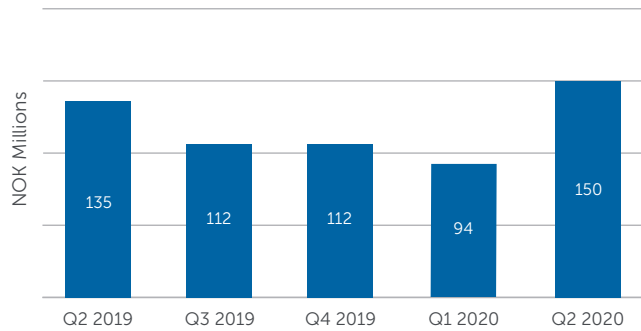
The change in profit compared with the first half of 2019 was mainly due to a NOK 68.2 million reduction in profit from financial assets and NOK 40.2 million in higher losses.

The Group's annualised return on equity was significantly 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 7.7% (10.5%). Please see the 'Net income from financial assets' and 'Losses and impairment provisions' sections for further details about the non-recurring effects, as well as the negative impact the coronavirus pandemic is having on the results.

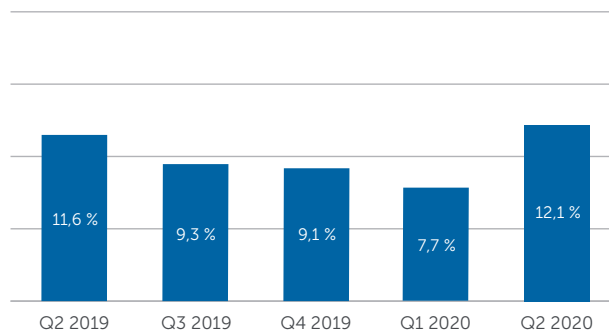
Earnings per equity certificate in the parent bank were NOK 1.85 (2.63).

Quarterly performance of profit after tax and return on equity:

Profit after tax



Return on equity



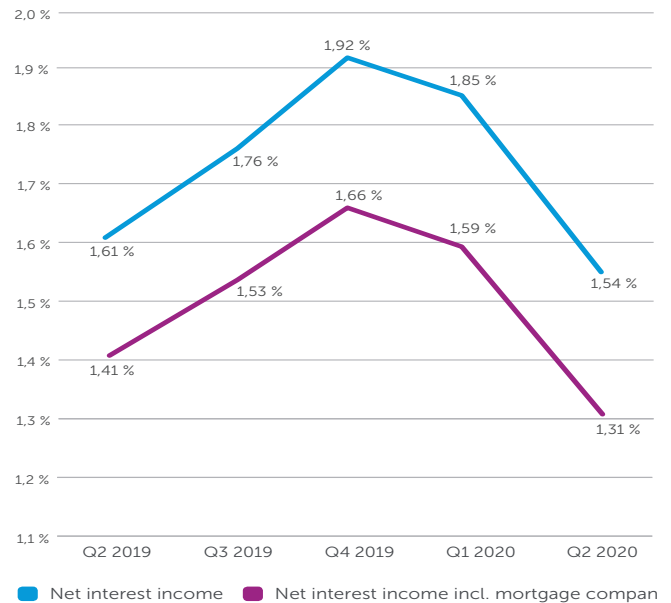
Net interest income

Net interest income amounted to NOK 331.3 million (297.0 million). Net interest income as a percentage of average total assets was 1.70% (1.60%).

The weak development in the net interest income in the second quarter was mainly attributable to lower money market rates. Lending rates were adjusted earlier than deposit rates, and the repricing of borrowing has resulted in some lag in funding expenses.

At the end of the quarter, the Bank had transferred mortgages worth NOK 12,587 million (11,980 million) to SpareBank 1 Boligkreditt AS, and NOK 834 million (542 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 47.8 million (47.6 million).

Quarterly change in net interest income:



Net commission and other income

Net commission and other income totalled NOK 221.0 million (212.7 million).

Net commission income

Net commission income amounted to NOK 137.1 million (132.8 million). The increase in commissions from the financial institutions SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS accounted for NOK 0.2 million of this.

Other operating income

Other operating income amounted to NOK 83.9 million (79.9 million).

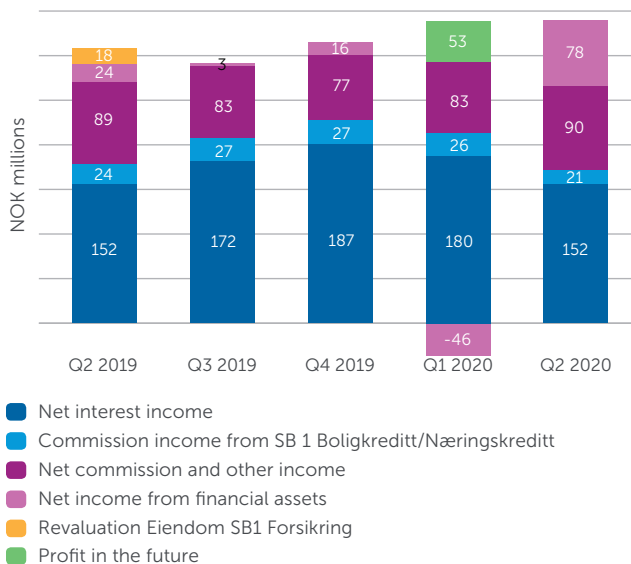
Net income from financial assets

Net income from financial assets amounted to NOK 85.2 million (153.4 million). The key items in 2020 are made up of dividends received totalling NOK 21.9 million (18.6 million) and net income from ownership interests of NOK 59.9 million (111.3 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 -0.6 million (34.3 million) share of the result in SpareBank 1 Gruppen AS for the first half-year. The Bank's share of the profit in SpareBank 1 Gruppen AS amounted to NOK 16.9 million (NOK 28.9 million) for the second quarter in isolation.

The weak result in SpareBank 1 Gruppen for this half-year was mainly due to negative value changes in financial assets, as well as weak results in insurance activities in the first quarter.

In addition, net income from the Bank's other financial investments amounted to NOK 3.4 million (23.5 million). The bond and equities market developed positively in the second quarter. Net income from the Bank's other financial investments amounted to NOK 50.0 million (8.6 million) for the quarter in isolation.

Quarterly change in income (NOK millions):



Operating expenses

Total operating expenses were NOK 293.1 million (286.4 million). Operating expenses as a percentage of total operating income for the Group came to 46.0% (43.2%). The corresponding cost-income ratio for the parent bank was 42.1% (37.6%).

Costs were reduced somewhat in the second quarter due to cost-cutting measures and slightly lower activity levels during the pandemic.

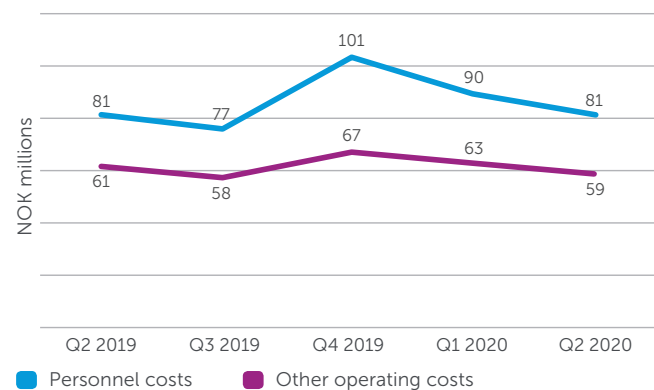
Personnel expenses

Personnel expenses amounted to NOK 171.0 million (166.6 million). The average number of FTEs in the Group has increased by eight compared to the same period last year. However, net staffing was stable as costs related to the use of temping agencies were reduced in the same period.

Other operating expenses

Other operating expenses amounted to NOK 122.1 million (119.7 million).

Quarterly change in operating expenses:



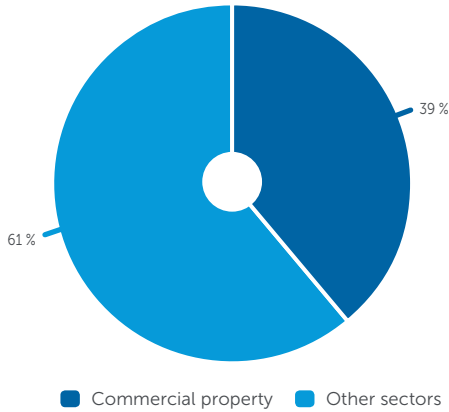
Losses and impairment provisions

Net impairment of loans and guarantees amounted to NOK 43.9 million (3.7 million) as at 30 June. Net impairments as a percentage of average gross lending amounted to 0.14% (0.01%). The net increase in impairment provisions in Stage 3 amounted to NOK 10.3 million. In Stages 1 and 2, the increases in provisions amounted to NOK 9.7 million and NOK 14.4 million, respectively. In addition to this, previous impairments of NOK 7.7 million were recognised as losses.

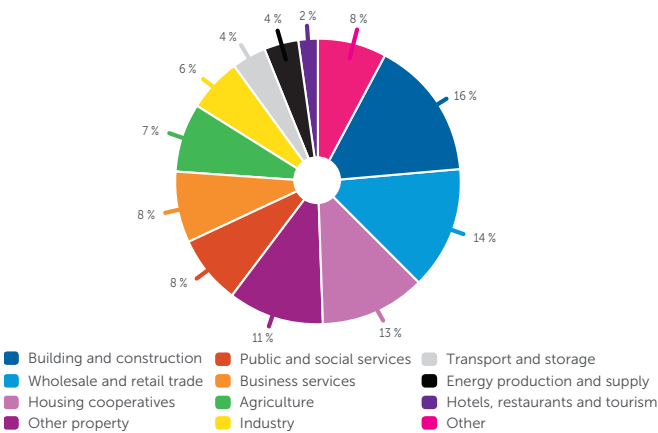
A considerable amount of uncertainty remains about how long the crisis will last and what the impact of the ongoing pandemic will be on losses, both in the short term and in the longer term. The low interest rates and support measures established by the government are having a positive impact for corporate and retail customers who have been hit hard by the pandemic.

Mortgages for retail customers account for around 80% 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, wholesale and retail trade, services and the transport sector. These industries have been especially hard hit by the pandemic.

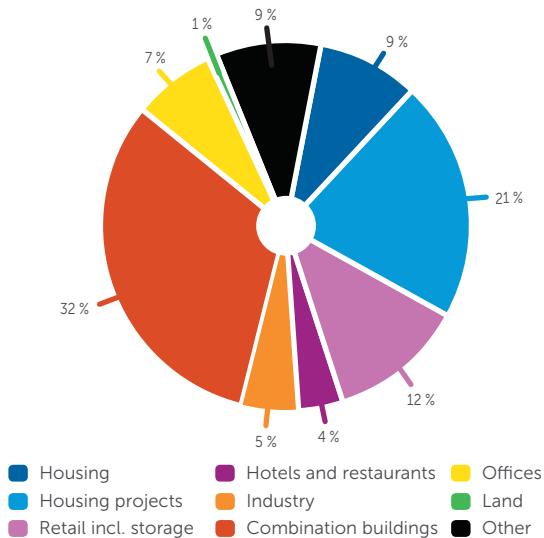
CM – volume in commercial property and other industries:



Other sectors:



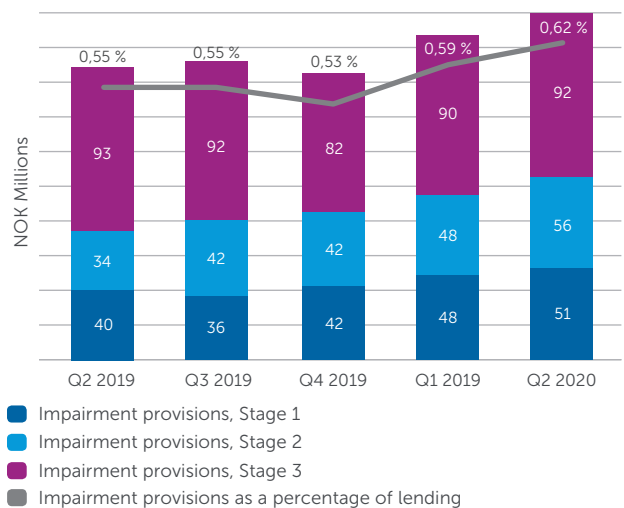
Commercial property:



As a result of the coronavirus outbreak and abrupt shutdown of the Norwegian economy from 12 March, 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 both the first and second quarter 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 second quarter. The PD and LGD levels in the IFRS model have not been recalibrated as at the end of the first half-year, although some customers were moved from Stage 1 to Stage 2 in the IFRS model based on the review of the portfolio.

In addition to expanded individual loss assessments, the Bank also changed the model's scenario weightings in this quarter based on an assessment. The scenario weightings for RM were unchanged from the first quarter. For CM, the best-case scenario was reduced from 5% to 0%, the worst-case scenario increased from 15% to 20%, and the normal-case scenario kept unchanged at 80% in the second quarter. The adjustments were made due to changes in the general outlook for the corporate market. The change in probability weightings from 31 March 2020 results, in isolation, in an increase of approximately NOK 9 million in increased impairment provisions. Reference is also made to sensitivity analysis of the loss model in note 3.

Quarterly change in impairment provisions:



Balance sheet performance

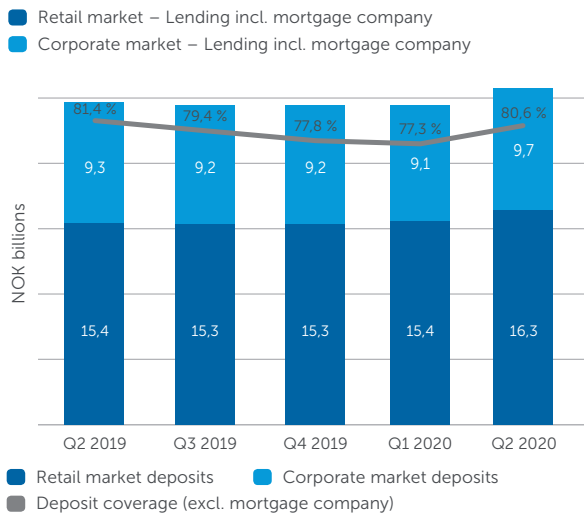
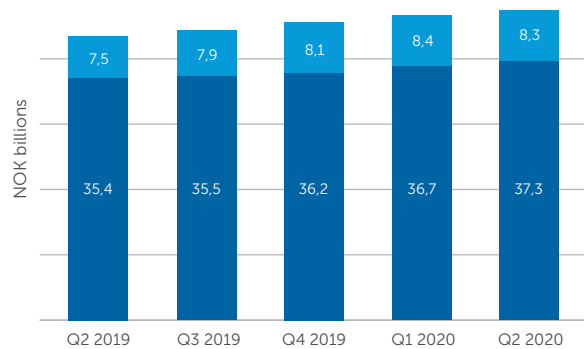
The Group's total assets amounted to NOK 40,494 million. This represents an increase of NOK 1,646 million over the past 12 months. The Group's business capital (total assets including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) amounted to NOK 53,915 million (51,370 million).

Lending and deposit performance

Gross lending (including volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 45,601 million. The past 12 months have seen an increase of NOK 2,732 million, equivalent to growth of 6.4%. NOK 1,848 million, or 5.2%, of the growth came in the retail market and NOK 885 million, or 11.9%, in the corporate market. The retail market's share of lending (including SpareBank 1 Boligkreditt) at the end of the quarter was 82% (83%).

At the end of the quarter, the Group had a deposit volume of NOK 25,948 million (24,689 million) with deposit growth of 5.1% in the past 12 months. NOK 869 million, or 5.6%, of the growth came in the retail market and NOK 390 million, or 4.2%, in the corporate market. The Group had a deposit coverage ratio of 80.6%, compared with 81.4% at the same time last year. Including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS, the deposit coverage ratio amounts to 56.9% (57.6%). The retail market share of deposits at the end of the quarter was 63% (63%).

Quarterly change in loans and deposits:



Liquidity

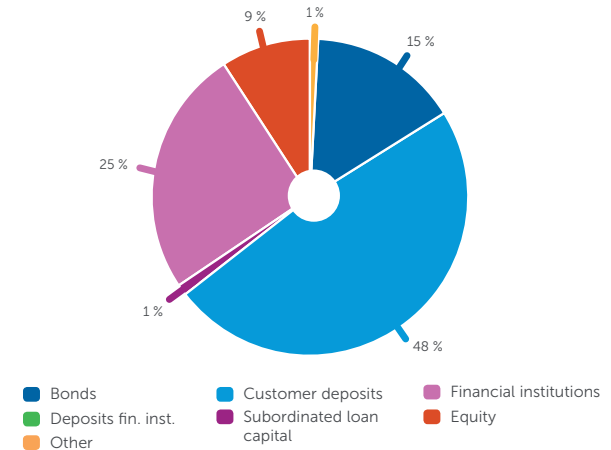
The Bank's liquidity situation at the end of the quarter was very good. The Bank had a liquidity portfolio of NOK 4,713 million as at 30 June. The Bank aims to keep liquidity risk low. In a normal market, SpareBank 1 BV's goal is to be able to maintain ordinary operations for a minimum of 12 months without access to external financing. As at 30 June, the Bank is well above this target. The Bank can report an LCR of 211% (276%) as at 30 June.

At the end of the quarter, mortgages totalling NOK 12,587 million had been transferred to SpareBank 1 Boligkreditt AS, an increase of NOK 548 million from the start of year. As at 30 June, the Bank had a portfolio of loans approved for transfer to SpareBank 1 Boligkreditt AS worth NOK 12,900 million. The Bank had also transferred NOK 834 million of loans to SpareBank 1 Næringskreditt AS as at 30 June.

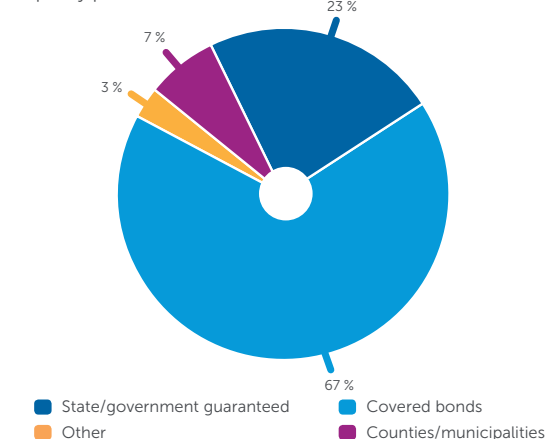
In 2020, the Group's target is to increase the average time to maturity of its bond debt to a minimum of 2.5 years. At the end of the quarter, the average term to maturity was 3.0 years.

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

Funding sources



Liquidity portfolio



Equity

Capital adequacy

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

On 13 March, 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 Pillar 2 requirement for SpareBank 1 BV of 1.9% from 31 December 2018, although the total may be no lower than 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%.

At the end of the quarter, the Common Equity Tier 1 capital ratio was 18.6% (16.6%). The leverage ratio was 8.6% (8.2%) at the end of the quarter. The regulatory requirement for the leverage ratio is 5.0%.

In December 2019, the Ministry of Finance adopted changes relating to capital requirements for banks. The systemic risk buffer will be increased by 1.5 percentage points at the end of 2020 for IRBA banks and at the end of 2022 for standard banks. In addition to this, an SME discount of 24% was introduced from 31 December 2019 for customers with commitments of under EUR 1.5 million and an annual turnover of under EUR 50 million.

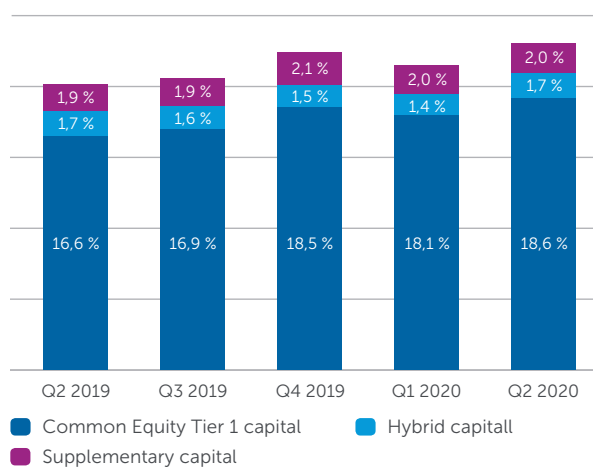
SpareBank 1 BV is expected to receive requirements for primary capital and eligible liabilities during the second half of 2020. This capital can be written down or converted to equity (MREL). This will entail a need to issue subordinated debt (Tier 3). The Tier 3 capital will replace portions of today's unsecured senior debt when this falls due. SpareBank 1 BV does not expect the effect of new Tier 3 capital to particularly increase the Bank's financing costs.

The Financial Supervisory Authority of Norway will set a new Pillar 2 requirement, which will be effective from 2021.

Subsidiaries

Excluding parent bank eliminations NOK millions	EiendomsMegler 1 BV AS		Z-Eiendom AS		SpareBank 1 Regnskapshuset BV AS		Other subsidiaries		Total subsidiaries	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Operating income	41.4	41.0	16.4	16.6	21.4	21.4	0.1	0.1	79.4	79.1
Operating expenses	(33.8)	(35.7)	(14.1)	(14.2)	(17.5)	(17.8)	(0.5)	(0.5)	(65.8)	(68.2)
Financial items	(0.1)	0.0	0.0	(0.0)	(0.2)	(0.2)	(0.1)	(0.0)	(0.3)	(0.2)
Profit before tax	7.5	5.3	2.4	2.3	3.8	3.4	(0.5)	(0.5)	13.2	10.7

Quarterly change in capital adequacy (proportional consolidation);



Apart from Z-Eiendom AS, the Bank owns a 100% stake in all of its subsidiaries and subsidiaries of these. The Bank owns a 60% stake in Z-Eiendom AS.

EiendomsMegler 1 BV AS includes the joint venture EiendomsMegler 1 Næringsmegling AS (the brokerage business is owned 50/50 with SpareBank 1 Telemark). EiendomsMegler 1 BV AS has a good position in the Group's market area, and is part of the national EiendomsMegler 1 chain, which has been the market leader in Norway for 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.

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 21 million (1,287 million) for the first half-year. The ongoing pandemic has had a significant impact on the results with substantial insurance provisions/payments on travel insurance claims and negative financial returns. The Group's share of the result from SpareBank 1 Gruppen amounted to NOK -0.6 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 and was recognised as income in the first quarter. The Group's share of this gain from the merger amounted to NOK 53.0 million.

Letter of intent Helgeland Sparebank

On 18 March 2020, Helgeland Sparebank signed a letter of intent regarding becoming a SpareBank 1 bank through the acquisition of a 3% stake in 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 around 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 as being around NOK 9 million. The transaction is expected to be completed with accounting effect in the spring of 2021. The Norwegian Competition Authority cleared completion of the transaction on 19 June 2020.

Future outlook

The Board is pleased with the performance and growth trends in a challenging quarter. The Bank's liquidity and financial strength were very good at the end of the

second quarter and it had a Common Equity Tier 1 capital ratio of 18.6%, which is well above the regulatory requirement of at least 12.9% and the Bank's internal target of 15.5%.

Measures aimed at combating the pandemic, including closing down many businesses from 12 March, resulted in a sharp contraction of the Norwegian economy. Unemployment rose to more than 10% and forecasts suggested GDP would fall by around 6% this year. During the first half-year, Norges Bank cut its policy rate by 1.5 percentage points to 0.00% and expects a stable, low rate until the second half of 2022. In addition to cutting its policy rate, Norges Bank has contributed liquidity support during the pandemic. The authorities have also introduced substantial support schemes for Norwegian companies and households to compensate for lost earnings, postponed deadlines for paying taxes, and established favourable loan schemes for business backed by government guarantees.

The Norwegian economy has recovered faster than the economies of many other countries. At the end of June, the proportion of people who were 100% unemployed had fallen to around 5% and the price of oil had risen to more than USD 40 per barrel. GDP forecasts have improved to indicate a reduction of around 4.5%.

The housing market in the Bank's market area has enjoyed a good balance between supply and demand, with moderate price rises in both May and June. While May and June saw the Norwegian economy develop positively, there is still a risk of an increase in the spread of infection, which could result in a new economic downturn. However, the proportion of the Bank's borrowers in particularly exposed industries is low.

Net interest income is expected to develop more positively compared with the second quarter in isolation. At the same time, net interest income is expected to come under pressure in the second half-year due to strong competition within mortgages, generally low interest rates and the prospect of lower credit growth.

Uncertainty regarding changes in the general market outlook remains. The Bank's target of a return on equity of 10% will consequently be difficult to achieve in 2020.

Tønsberg, 11 August 2020
The Board of Directors of SpareBank 1 BV

Finn Haugan
Chair of the Board

Heine Wang
Deputy Chair

Elisabeth Haug

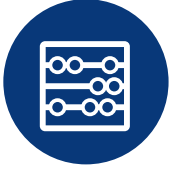
Janne Sølvi Weseth

Gisle Dahn

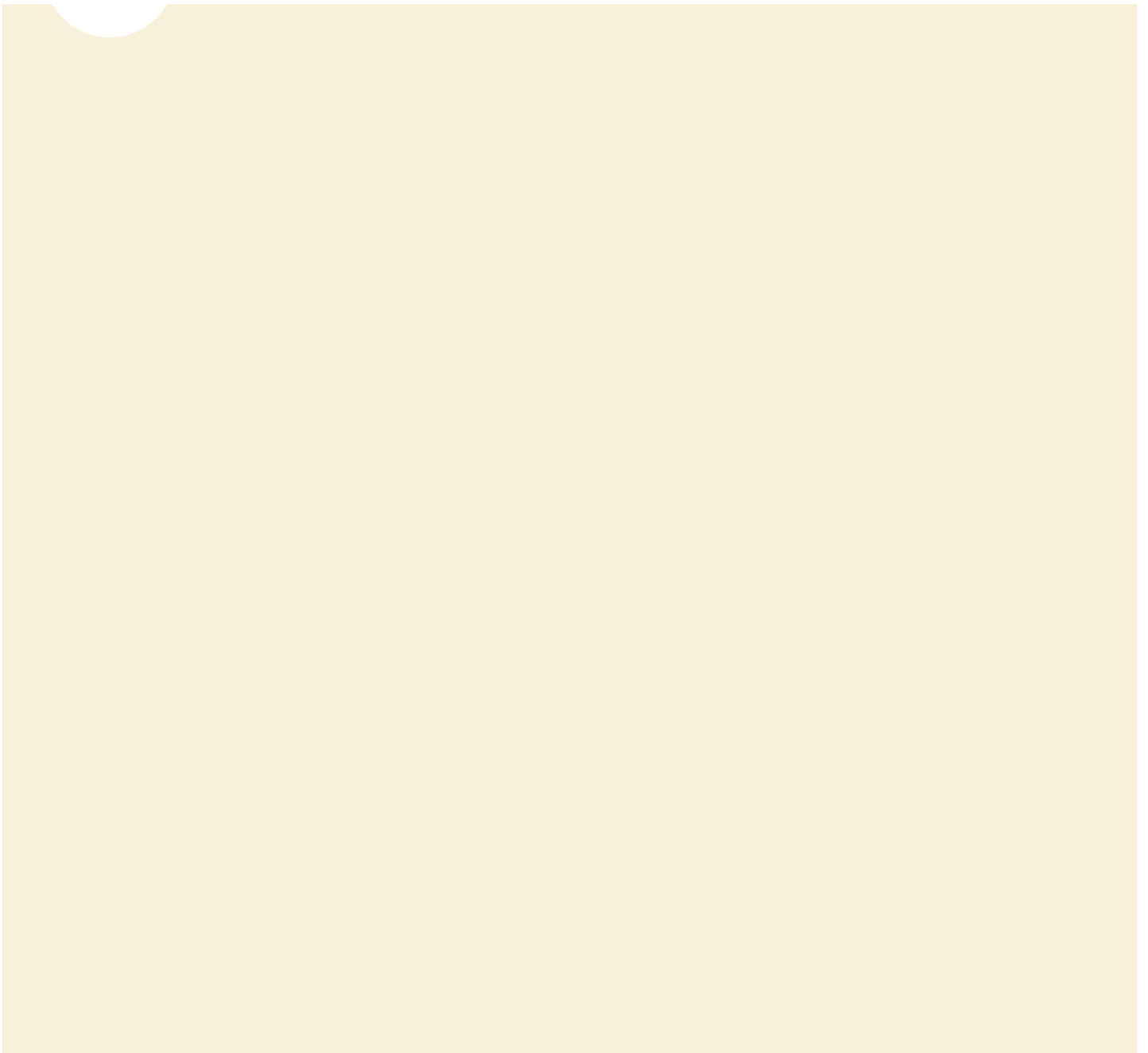
Hanne Myhre Gravdal
Employee representative

Geir Arne Vestre
Employee representative

Rune Fjeldstad
Managing Director



Interim financial statements



Summary of results and key figures (Group)

(NOK thousands)	30.06.2020	%	30.06.2019	%	31.12.2019	%
Net interest income	331,323	1.70	297,023	1.60	656,524	1.72
Net commission and other income	220,969	1.13	212,698	1.14	427,065	1.12
Net income from financial assets	85,158	0.44	153,406	0.82	171,875	0.45
Total net income	637,451	3.26	663,126	3.56	1,255,464	3.29
Total operating expenses	293,112	1.50	286,351	1.54	588,334	1.54
Operating profit before losses/profit before losses and tax	344,339	1.76	376,775	2.02	667,130	1.75
Impairment of loans and guarantees	43,894	0.22	3,700	0.02	2,318	0.01
Profit before tax	300,446	1.54	373,075	2.00	664,812	1.74
Tax expense	56,860	0.29	58,384	0.31	126,247	0.33
Profit after tax	243,586	1.25	314,692	1.69	538,564	1.41
Total other comprehensive income recognised as equity	2,727	0.01	-	0.00	4,838	0.01
Total comprehensive income	246,313	1.26	314,692	1.69	543,403	1.43
	30.06.2020		30.06.2019		31.12.2019	
Profitability						
Return on equity, profit before other comprehensive income ¹	9.8%		13.6%		11.3%	
Return on equity, comprehensive income	9.9%		13.6%		11.4%	
Cost-income ratio ²	46.0%		43.2%		46.9%	
Cost-income ratio excl. financial investments	53.1%		56.2%		54.3%	
Balance sheet figures						
Gross lending to customers	32,179,822		30,346,185		31,409,938	
Gross lending to customers incl. SpareBank 1 Boligkreditt/Næringskreditt	45,600,925		42,868,495		44,292,346	
Deposits from customers	25,948,098		24,689,449		24,443,290	
Deposit coverage	80.6%		81.4%		77.8%	
Liquidity coverage ratio (LCR), liquidity reserve	211.0%		276.0%		230.0%	
Lending growth incl. SpareBank 1 Boligkreditt/Næringskreditt in the past 12 months	6.4%		5.1%		5.8%	
Deposit growth in the past 12 months	5.1%		12.6%		10.4%	
Total assets	40,493,970		38,847,703		38,822,442	

Business capital (incl. SpareBank 1 Boligkreditt/ Næringskreditt)	53,915,073	51,370,013	51,704,849	
	30.06.2020	30.06.2019	31.12.2019	
Loss				
Loss rate on lending ³	0.14%	0.01%	0.01%	
Loans in Stage 3 as % of gross lending	0.77%	0.87%	0.82%	
Loss (incl. SpareBank 1 Boligkreditt/Næringskreditt)				
Loss rate on lending ³ (incl. SpareBank 1 Boligkreditt/Næringskreditt)	0.10%	0.01%	0.01%	
Loans in Stage 3 as % of gross lending (incl. SpareBank 1 Boligkreditt/Næringskreditt)	0.54%	0.62%	0.58%	
Financial strength in terms of proportional consolidation				
Capital adequacy ratio	22.3%	20.2%	22.1%	
Tier 1 capital ratio	20.3%	18.2%	20.0%	
Common Equity Tier 1 capital ratio	18.57%	16.6%	18.5%	
Net primary capital	5,678,194	5,345,857	5,464,361	
Tier 1 capital	5,168,679	4,829,062	4,949,961	
Common Equity Tier 1 capital	4,725,936	4,383,846	4,579,307	
Basis for calculation	25,445,007	26,472,532	24,780,727	
Leverage ratio, proportional consolidation	8.6%	8.2%	8.6%	
Offices and staffing				
Number of bank branches	10	10	10	
Number of brokerage offices	10	12	12	
Number of accounting offices	5	5	5	
Number of FTEs, parent bank (avg. YTD)	235	227	230	
Number of FTEs, group (avg. YTD)	342	334	337	
Equity certificates	30.06.2020	30.06.2019	31.12.2019	31.12.2018
Equity certificate fractions	54.69%	56.15%	56.15%	57.99%
Market price	36.40	38.00	39.60	35.60
Market value (NOK thousands)	2,296,889	2,397,851	2,498,814	2,246,408
Book equity per certificate (parent bank)	41.55	40.42	42.19	40.73
Book equity per certificate (Group)	43.35	41.87	43.71	42.06
Earnings per equity certificate (parent bank) ⁴	1.78	2.63	4.43	4.98
Earnings per equity certificate (Group) ⁴	2.05	2.72	4.63	5.40
Dividend per equity certificate	-	-	2.42	2.95
Price/earnings per equity certificate (parent bank)	20.49	14.43	8.94	7.15
Price/earnings per equity certificate (Group)	17.74	13.98	8.56	6.59
Price/book equity (parent bank)	0.88	0.94	0.94	0.87
Price/book equity (Group)	0.84	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						
31.12. 2019	Q2/2019	Q2/2020	30.06. 2019	30.06. 2020	(NOK thousands)	Note	30.06. 2020	30.06. 2019	Q2/2020	Q2/2019	31.12. 2019
151,610	38,766	27,338	74,810	60,657	Interest income measured at fair value		60,657	74,810	27,338	38,766	151,610
974,467	228,256	219,265	440,932	494,170	Interest income measured at amortised cost		494,222	441,268	219,252	228,416	975,018
468,398	115,188	94,490	218,520	223,022	Interest expenses		223,556	219,056	94,811	115,442	470,104
657,679	151,834	152,113	297,222	331,805	Net interest income		331,323	297,023	151,778	151,740	656,524
296,832	72,771	69,949	141,340	145,559	Commission income		145,559	141,340	69,949	72,771	296,832
16,617	4,331	4,086	8,515	8,461	Commission expenses		8,461	8,515	4,086	4,331	16,617
5,983	1,638	1,106	3,337	6,046	Other operating income		83,872	79,874	45,365	44,993	146,849
286,198	70,079	66,969	136,162	143,144	Net commission and other income		220,969	212,698	111,227	113,434	427,065
128,793	105,541	36,938	121,911	57,547	Dividends		21,891	18,640	6,533	2,270	25,522
7,536	-	956	7,536	1,907	Net result from ownership interests		59,905	111,305	21,413	31,680	125,437
20,916	8,567	49,974	23,461	3,362	Net result from other financial investments	11	3,362	23,461	49,974	8,567	20,916
157,245	114,108	87,868	152,907	62,817	Net income from financial assets		85,158	153,406	77,919	42,516	171,875
1,101,122	336,021	306,950	586,291	537,766	Total net income		637,451	663,126	340,925	307,690	1,255,464
239,064	52,251	53,527	112,500	117,880	Personnel expenses		171,030	166,628	80,583	81,144	344,184
218,627	54,502	52,481	108,109	108,723	Other operating expenses		122,082	119,723	59,008	60,503	244,150
457,691	106,753	106,008	220,609	226,602	Total operating expenses		293,112	286,351	139,591	141,647	588,334
643,431	229,268	200,942	365,682	311,164	Profit before losses and tax		344,339	376,775	201,334	166,043	667,130
2,718	(2,108)	17,752	3,900	46,270	Impairment of loans and guarantees	2, 14	43,894	3,700	16,659	(2,108)	2,318
640,713	231,376	183,190	361,783	264,894	Profit before tax		300,446	373,075	184,675	168,151	664,812
124,997	31,600	32,500	57,264	53,850	Tax expense		56,860	58,384	35,007	33,502	126,247
515,717	199,776	150,690	304,518	211,044	Profit before other comprehensive income		243,586	314,692	149,668	134,649	538,564
-	-	-	-	-	Controlling interest's share of profit		242,843	313,960	148,787	134,166	537,930
-	-	-	-	-	Non-controlling interest's share of profit		742	732	881	483	634
8,318	-	2,447	-	2,727	Items reversed through profit or loss <i>Change in value of loans classified at fair value</i>		2,727	-	2,447	-	8,318
(2,275)	-	-	-	-	Items not reversed through profit or loss <i>Estimation difference, IAS 19 Pensions</i>		-	-	-	-	(3,479)
6,043	-	2,447	-	2,727	Total other comprehensive income recognised as equity		2,727	-	2,447	-	4,838
521,759	199,776	153,137	304,518	213,771	Total comprehensive income		246,313	314,692	152,115	134,649	543,403
-	-	-	-	-	Controlling interest's share of profit		245,570	313,960	-	-	542,768
-	-	-	-	-	Non-controlling interest's share of profit		742	732	-	-	634
4.43	1.76	1.23	2.63	1.78	Earnings per equity certificate before other comprehensive income		2.05	2.72	1.21	1.17	4.63

Balance sheet

Parent bank			Group				
31.12.2019	30.06.2019	30.06.2020	(NOK thousands)	Note	30.06.2020	30.06.2019	31.12.2019
94,784	98,139	97,316	Cash and receivables from central banks		97,316	98,139	94,784
1,034,557	1,437,707	1,310,665	Loans to and receivables from financial institutions		1,367,236	1,493,148	1,070,874
31,286,021	30,209,625	32,027,676	Net lending to customers	3, 4, 8	32,006,335	30,186,198	31,265,305
4,129,073	4,805,316	4,624,275	Certificates, bonds and other securities at fair value		4,624,275	4,805,316	4,129,073
1,418,440	1,403,506	1,400,722	Shareholdings and other equity interests		1,400,722	1,403,506	1,418,440
36,682	36,682	37,532	Ownership interests in Group companies		-	-	-
454,943	454,943	485,298	Interests in joint ventures and associated companies		671,120	600,254	615,878
97,271	104,641	90,029	Tangible assets	18	110,747	132,242	121,536
-	-	-	Goodwill		24,654	24,654	24,654
9,872	11,911	8,963	Deferred tax assets		9,671	12,585	10,829
56,593	76,258	169,132	Other assets	5, 10	181,895	91,660	71,068
38,618,237	38,638,729	40,251,608	Total assets		40,493,970	38,847,703	38,822,442
-	-	200,000	Deposits from financial institutions		200,000	-	-
24,463,240	24,699,595	25,975,867	Deposits from customers	7	25,948,098	24,689,449	24,443,290
8,279,389	8,190,220	7,976,121	Liabilities from the issuance of securities	12	7,976,121	8,190,220	8,279,389
125,688	82,935	67,013	Tax payable		71,624	84,568	128,257
288,831	321,216	460,348	Other liabilities	6, 3, 10	516,799	374,600	333,927
444,404	443,059	400,764	Subordinated loan capital	12	400,764	443,059	444,404
33,601,552	33,737,024	35,080,114	Total liabilities		35,113,407	33,781,895	33,629,268
946,501	946,516	946,501	Equity share capital		946,501	946,516	946,501
1,026,427	1,026,427	1,026,427	Share premium fund		1,026,427	1,026,427	1,026,427
536,885	411,299	536,885	Risk equalisation fund		536,885	411,299	536,885
6,540	6,540	6,540	Endowment fund		6,540	6,540	6,540
2,072,392	1,855,062	2,072,392	Sparebankens fond		2,072,392	1,855,062	2,072,392
25,234	9,879	27,961	Fund for unrealised gains		27,961	9,879	25,234
250,000	347,500	350,000	Additional Tier 1 capital		350,000	347,500	250,000
152,705	-	-	Other equity		175,986	153,389	328,019
-	298,481	204,788	Unallocated		236,587	307,923	-
-	-	-	Non-controlling interest's share		1,283	1,273	1,175
5,016,685	4,901,705	5,171,494	Total equity		5,380,562	5,065,808	5,193,174
38,618,237	38,638,729	40,251,608	Liabilities and equity		40,493,970	38,847,703	38,822,442

Results from quarterly financial statements

Group

(NOK thousands)	Q2/2020	Q1/2020	Q4/2019	Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018	Q2/2018
Interest income	246,589	308,290	316,668	293,881	267,182	248,896	252,456	239,268	232,726
Interest expenses	94,811	128,745	129,323	121,725	115,442	103,614	96,554	88,758	86,595
Net interest income	151,778	179,545	187,345	172,156	151,740	145,283	155,903	150,510	146,131
Commission income	69,949	75,610	76,838	78,654	72,771	68,569	72,889	69,192	67,963
Commission expenses	4,086	4,375	3,924	4,177	4,331	4,185	3,988	3,703	4,249
Other operating income	45,365	38,507	31,623	35,353	44,993	34,880	34,447	37,427	64,061
Net commission and other income	111,227	109,742	104,538	109,829	113,434	99,265	103,348	102,916	127,775
Dividends	6,533	15,358	6,868	14	2,270	16,370	-	4,351	9,055
Net result from ownership interests	21,413	38,492	3,544	10,588	31,680	79,626	9,154	13,157	15,291
Net result from other financial investments	49,974	(46,611)	5,452	(7,996)	8,567	14,894	(19,542)	11,424	27,255
Net income from financial assets	77,919	7,239	15,864	2,606	42,516	110,889	(10,388)	28,932	51,600
Total net income	340,925	296,526	307,747	284,591	307,690	355,436	248,862	282,358	325,506
Personnel expenses	80,583	90,447	100,644	76,912	81,144	85,485	88,248	76,674	(14,432)
Other operating expenses	59,008	63,074	66,521	57,907	60,503	59,220	61,061	55,154	57,421
Total operating expenses	139,591	153,521	167,164	134,818	141,647	144,704	149,310	131,827	42,989
Profit before losses and tax	201,334	143,005	140,582	149,773	166,043	210,732	99,553	150,531	282,517
Impairment of loans and guarantees	16,659	27,235	(3,520)	2,139	(2,108)	5,808	(9,374)	(8,074)	11,294
Profit before tax	184,675	115,771	144,102	147,634	168,151	204,924	108,927	158,604	271,223
Tax expense	35,007	21,853	31,782	36,081	33,502	24,882	24,387	32,017	50,689
Profit before other comprehensive income	149,668	93,918	112,320	111,553	134,649	180,042	84,540	126,587	220,534
Parent bank									
Earnings per equity certificate (quarter in isolation)	1.23	0.55	0.97	0.82	1.76	0.87	0.73	0.99	2.42
Diluted earnings per equity certificate (quarter in isolation)	1.23	0.55	0.97	0.82	1.76	0.87	0.73	0.99	2.42

Change in equity as at Q2/2020

Group	Ownership interest ¹	Share premium fund	Risk equalisation fund	Endowment fund	Spare-bankens-fond	Fund for unrealised gains	Hybrid capital	Other equity	Unallocated	Minority share	Total equity
(NOK thousands)											
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
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(6,256)	-	(6,256)
Additional Tier 1 capital issued	-	-	-	-	-	-	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	-	-	-	-	-	-	-	671	-	-	671
Profit before other comprehensive income	-	-	-	-	-	-	-	-	242,843	742	243,586
<i>Items reversed through profit or loss:</i>											
Change in value of loans classified at fair value	-	-	-	-	-	2,727	-	-	-	-	2,727
Equity as at 30.06.2020	946,501	1,026,427	536,885	6,540	2,072,392	27,961	350,000	175,986	236,587	1,283	5,380,562

1. The equity share capital has been deducted 20,000 in own holdings

Parent bank

(NOK thousands)	Ownership interest ¹	Share premium fund	Risk equalisation fund	Endowment fund	Spare-bankens-fond	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 or loss:</i>										
Estimation difference, IAS 19	-	-	(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
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(6,256)	(6,256)
Additional Tier 1 capital issued	-	-	-	-	-	-	100,000	-	-	100,000
Dividend from 2019, for payment in 2020	-	-	-	-	-	-	-	(152,705)	-	(152,705)
Profit before other comprehensive income	-	-	-	-	-	-	-	-	211,044	211,044
<i>Items reversed through profit or loss:</i>										
Change in value of loans classified at fair value	-	-	-	-	-	2,727	-	-	-	2,727
Equity as at 31.03.2020	946,501	1,026,427	536,885	6,540	2,072,392	27,961	350,000	-	204,788	5,171,494

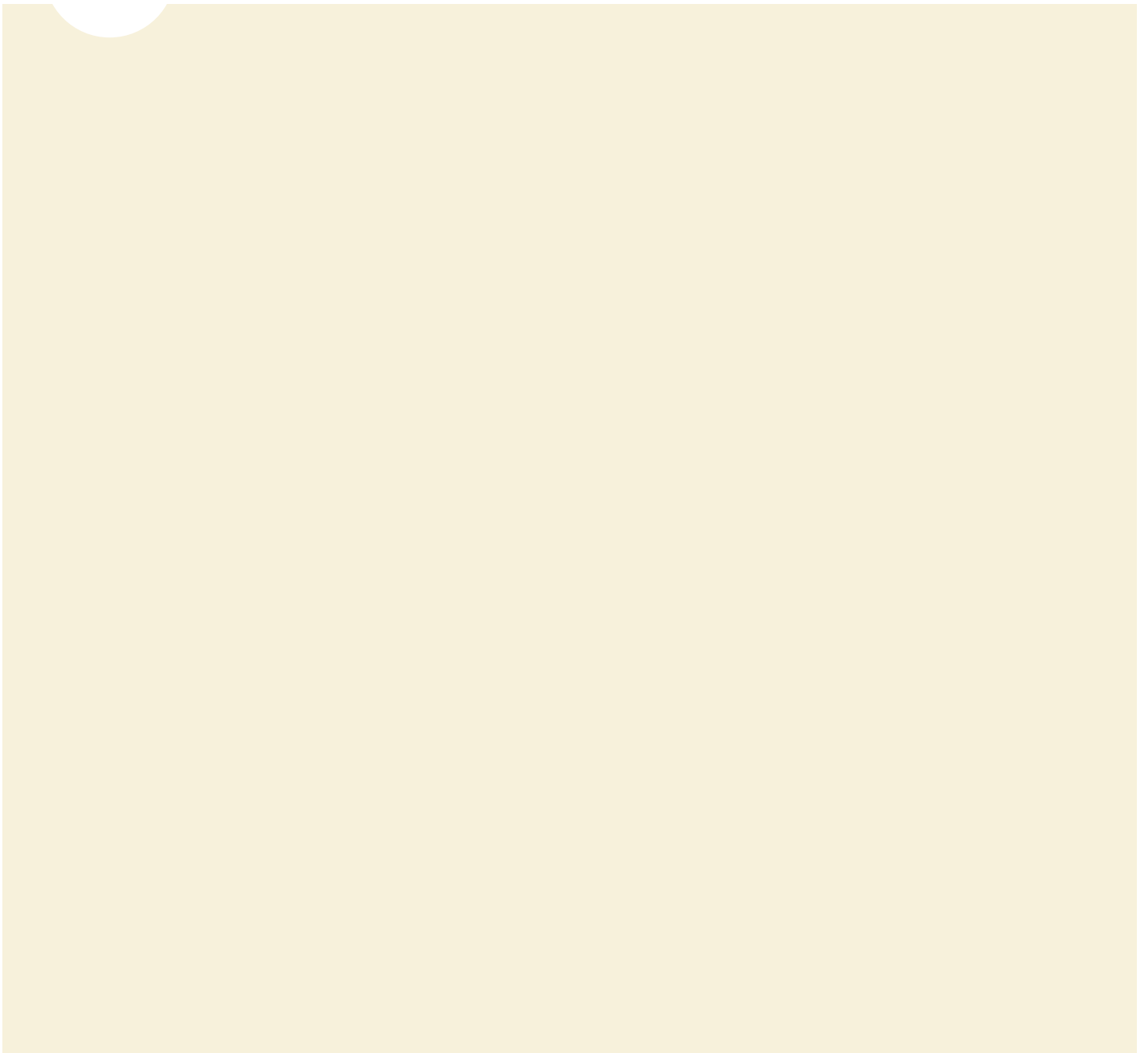
1. The equity share capital has been deducted 20,000 in own holdings

Cash flow statement

Parent bank				Group		
31.12.2019	30.06.2019	30.06.2020	(NOK thousands)	30.06.2020	30.06.2019	31.12.2019
			Cash flow from operating activities			
(1,902,368)	(805,723)	(708,014)	Change in lending to customers	(705,015)	(801,815)	(1,902,952)
1,004,129	458,713	523,862	Interest received on loans to customers	523,914	459,050	1,004,681
2,303,616	2,449,798	1,418,202	Change in deposits from customers	1,410,382	2,463,408	2,307,423
(258,198)	(31,381)	(25,435)	Interest paid on deposits from customers	(25,969)	(31,917)	(259,904)
-	-	200,000	Change in receivables from and liabilities to financial institutions	200,000	-	-
21,278	10,458	7,776	Interest on receivables from and liabilities to financial institutions	7,776	10,458	21,278
(104,565)	(765,158)	(489,851)	Change in certificates and bonds	(476,301)	(765,158)	(104,565)
94,762	44,265	44,223	Interest received on certificates and bonds	44,223	44,265	94,762
286,198	136,162	142,871	Net commission income	220,697	212,698	427,065
26,954	1,201	(3,214)	Capital gains from trading securities	(3,214)	1,201	26,954
(447,568)	(207,752)	(214,050)	Payments to operations	(287,523)	(270,638)	(571,468)
(136,302)	(80,803)	(157,770)	Tax paid	(159,021)	(82,150)	(139,427)
28,593	(7,142)	84,926	Other accruals	101,773	4,200	38,677
916,530	1,202,638	823,526	Net cash flow from operating activities (A)	851,722	1,243,602	942,523
			Cash flow from investing activities			
(4,678)	-	(2,097)	Investment in property, plant and equipment	(3,784)	-	(7,299)
-	-	6,029	Receipts from sale of property, plant and equipment	6,029	-	-
(166,712)	(133,589)	(19,699)	Net cash flow from investments in shares	14,262	(36,274)	(70,889)
136,329	129,446	59,454	Dividends from investments in shares	21,891	18,640	25,522
(35,061)	(4,143)	43,687	Net cash flow from investing activities (B)	38,398	(17,634)	(52,666)
			Cash flow from financing activities			
1,523,468	500,000	450,195	Change in liabilities from the issuance of securities	450,195	500,000	1,523,468
-	-	-	Change in subordinated loan capital	-	-	-
-	97,000	100,000	Change in additional Tier 1 capital	100,000	97,000	-
(1,988,226)	(1,059,000)	(889,136)	Repayment of issued securities	(889,136)	(1,059,000)	(1,988,226)
-	-	(40,000)	Repayment of subordinated loan capital	(40,000)	-	-
-	-	-	Repayment of additional Tier 1 capital	-	-	-
23,460	7,710	73,540	Net change in collateral agreements	73,540	7,710	23,460
(170,695)	(100,426)	(102,090)	Interest payments on liabilities from the issuance of securities	(102,090)	(100,426)	(170,695)
(15,012)	(8,800)	(9,938)	Interest payments on subordinated loans	(9,938)	(8,800)	(15,012)
(10,783)	6,037	(6,256)	Interest payments on additional Tier 1 capital	(6,256)	6,037	(10,783)
(16,829)	(7,952)	(11,291)	Rent payments on capitalised leases	(13,310)	(9,971)	(20,689)
(186,149)	(186,149)	(152,705)	Dividend payments	(153,339)	(186,783)	(186,669)
(1,878)	(1,586)	(892)	Payment from endowment fund and grant funds	(892)	(1,586)	(1,878)
(842,643)	(753,166)	(588,574)	Net cash flow from financing activities (C)	(591,227)	(755,818)	(847,024)
38,825	445,329	278,639	Net change in cash and cash equivalents in the period (A+B+C)	298,893	470,150	42,833
1,090,516	1,090,516	1,129,342	Cash and cash equivalents OB	1,165,658	1,122,825	1,122,825
1,129,342	1,535,846	1,407,981	Cash and cash equivalents at end of period	1,464,551	1,591,287	1,165,658
			Cash and cash equivalents, specified			
94,784	98,139	97,316	Cash and receivables from central banks	97,316	98,139	94,784
1,034,557	1,437,707	1,310,665	Receivables from financial institutions	1,367,236	1,493,148	1,070,874
1,129,342	1,535,846	1,407,981	Cash and cash equivalents	1,464,551	1,591,287	1,165,658



Notes to the financial statements



Note 1

Accounting policies

The interim report for SpareBank 1 BV covers the period 1 January - 30 June 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			(NOK thousands)	Group			
31.12.2019	30.06.2019	30.06.2020		30.06.2020	30.06.2019	31.12.2019	Q2 2020
6,337	5,117	9,725	Change in impairment provisions in the period, Stage 1	9,725	5,117	6,337	3,353
4,427	(3,303)	14,366	Change in impairment provisions in the period, Stage 2	14,366	(3,303)	4,427	7,552
(9,655)	1,701	12,683	Change in impairment provisions in the period, Stage 3	10,307	1,501	(10,055)	2,649
859	-	7,683	Losses for the period with previous impairments	7,683	-	859	1,608
1,496	1,327	855	Losses for the period without previous impairments	855	1,327	1,496	235
(565)	286	(273)	Previously recognised write-downs at start of period.	(273)	286	(565)	(207)
(181)	(1,230)	1,231	Other corrections/amortisation of impairments	1,231	(1,230)	(181)	1,469
2,718	3,900	46,270	Impairment of loans and guarantees for the period	43,894	3,700	2,318	16,659

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	3,961	(3,961)	-	-
Impairment provisions transferred to Stage 2	(4,407)	4,595	(189)	-
Impairment provisions transferred to Stage 3	(363)	(2,098)	2,461	-
New financial assets issued or purchased	13,652	5,230	160	19,042
Increase existing loans	12,284	22,756	27,138	62,178
Reduction existing loans	(8,030)	(5,231)	(4,827)	(18,088)
Financial assets that have been deducted	(7,373)	(6,926)	(4,377)	(18,676)
Changes due to recognised impairments (recognised losses)	-	-	(7,683)	(7,683)
30.06.2020	51,326	55,994	99,538	206,857
- reversal of impairment provisions related to fair value through OCI	(14,726)	-	-	(14,726)
Capitalised impairment provisions as at 30 June 2020	36,600	55,994	99,538	192,131
Of which, impairment provisions for capitalised loans	29,201	53,815	97,822	180,837
Of which, impairment provisions for unused credits and guarantees	7,399	2,178	1,716	11,294
Of which: impairment provisions, retail market - amortised cost	631	24,445	23,828	48,903
Of which: impairment provisions, corporate market - amortised cost	35,969	31,549	75,710	143,228

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	3,961	(3,961)	-	-
Impairment provisions transferred to Stage 2	(4,407)	4,595	(189)	-
Impairment provisions transferred to Stage 3	(363)	(2,098)	2,461	-
New financial assets issued or purchased	13,652	5,230	160	19,042
Increase existing loans	12,284	22,756	24,762	59,802
Reduction existing loans	(8,030)	(5,231)	(4,827)	(18,088)
Financial assets that have been deducted	(7,373)	(6,926)	(4,377)	(18,676)
Changes due to recognised impairments (recognised losses)	-	-	(7,683)	(7,683)
30.06.2020	51,326	55,994	92,187	199,506
- reversal of impairment provisions related to fair value through OCI	(14,726)	-	-	(14,726)
Capitalised impairment provisions as at 30 June 2020	36,600	55,994	92,187	184,780
Of which, impairment provisions for capitalised loans	29,201	53,815	90,470	173,486
Of which, impairment provisions for unused credits and guarantees	7,399	2,178	1,716	11,294
Of which: impairment provisions, retail market - amortised cost	631	24,445	23,828	48,903
Of which: impairment provisions, corporate market - amortised cost	35,969	31,549	68,359	135,877

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 incurred 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 that we believe will experience specific problems making it through the crisis. PD/LGD levels cannot be recalibrated in the model as per 30 June.

In addition to expanded individual loss assessments, the Bank changed the model's scenario weighting based on an assessment. The scenario weightings for RM were unchanged from the previous quarter. For CM, the best-case scenario was reduced from 5% to 0%, the worst-case scenario increased from 15% to 20%, and the normal-case scenario kept unchanged at 80%. The change in probability weighting from 31 March 2020 results, in isolation, in an increase of approximately NOK 9 million in increased impairment provisions. As at 31 December 2019, the scenario weightings were 80%/10%/10% for the entire loan portfolio.

The bottom table shows the sensitivity associated with the 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 30 million, which illustrates the sensitivity of a moderate deterioration in national and/or regional macroeconomic factors.

Scenario weightings used as of 30.06.2020	Weighting RM/ CM	RM	CM	Total
Scenario 1 (normal case)	80%/80%	37,051	86,918	123,969
Scenario 2 (worst case)	15%/20%	29,487	52,122	81,609
Scenario 3 (best case)	5%/0%	1,502	-	1,502
Total		68,040	139,040	207,080

Change in impairment provisions in the event of a change in weighting	Weighting RM/ CM	RM	CM	Total
Scenario 1 (normal case)	70%/70%	(4,631)	(10,865)	(15,496)
Scenario 2 (worst case)	25%/30%	19,658	26,061	45,719
Scenario 3 (best case)	5%/0%	-	-	-
Total		15,027	15,196	30,223

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	409,674	(409,669)	(5)	-
Loans transferred to Stage 2	(584,480)	600,048	(15,568)	-
Loans transferred to Stage 3	(14,990)	(41,725)	56,714	-
New financial assets issued or purchased	8,222,385	197,826	9,125	8,429,336
Increase existing loans	405,088	43,543	1,479	450,110
Reduction existing loans	(1,104,604)	(122,644)	(23,563)	(1,250,811)
Financial assets that have been deducted	(6,317,163)	(350,035)	(28,904)	(6,696,102)
Changes due to recognised impairments (recognised losses)	(106)	-	(9,131)	(9,237)
30.06.2020	28,456,732	1,864,579	263,273	30,584,584
Impairment provisions as % of gross lending	0.18%	3.00%	37.81%	0.68%

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	409,674	(409,669)	(5)	-
Loans transferred to Stage 2	(584,480)	600,048	(15,568)	-
Loans transferred to Stage 3	(14,990)	(41,725)	56,714	-
New financial assets issued or purchased	8,222,385	197,826	9,125	8,429,336
Increase existing loans	402,315	43,543	1,252	447,110
Reduction existing loans	(1,104,604)	(122,644)	(23,563)	(1,250,811)
Financial assets that have been deducted	(6,317,163)	(350,035)	(28,904)	(6,696,102)
Changes due to recognised impairments (recognised losses)	(106)	-	(9,131)	(9,237)
31.03.2020	28,443,865	1,864,579	247,449	30,555,893
Impairment provisions as % of gross lending	0.18%	3.00%	37.25%	0.65%

Note 5

Other assets

Parent bank				(NOK thousands)	Group		
31.12.2019	30.06.2019	30.06.2020			30.06.2020	30.06.2019	31.12.2019
21,058	14,386	28,461		Prepaid, unaccrued costs, and accrued income not yet received	36,757	28,673	32,420
16,117	21,236	11,927		Other assets	16,394	22,352	19,230
19,418	40,635	128,744		Derivatives and other financial instruments at fair value	128,744	40,635	19,418
56,593	76,258	169,132		Total other assets	181,895	91,660	71,068

Note 6

Other liabilities

Parent bank			(NOK thousands)		Group		
31.12.2019	30.06.2019	30.06.2020			30.06.2020	30.06.2019	31.12.2019
46,181	49,320	43,664	Accrued expenses and unaccrued income received	61,600	63,626	62,100	
71,151	59,988	74,248	Provision for accrued expenses and liabilities	74,725	59,246	71,627	
134,052	173,976	206,139	Other liabilities	244,179	213,796	162,752	
37,447	37,931	136,296	Derivatives and other financial instruments at fair value	136,296	37,931	37,447	
288,831	321,216	460,348	Total other liabilities	516,799	374,600	333,927	

Note 7

Deposits from customers by sector and industry

Parent bank			(NOK thousands)		Group		
31.12.2019	30.06.2019	30.06.2020			30.06.2020	30.06.2019	31.12.2019
15,285,830	15,422,796	16,291,590	Employees, etc.	16,291,590	15,422,796	15,285,830	
3,197,454	3,189,182	3,078,500	Property management/business services, etc.	3,050,731	3,179,035	3,177,504	
754,043	709,228	846,674	Wholesale and retail trade/hotels and restaurants	846,674	709,228	754,043	
188,906	226,571	195,156	Agriculture/forestry	195,156	226,571	188,906	
633,708	551,092	612,591	Building and construction	612,591	551,092	633,708	
1,412,784	1,343,129	1,591,995	Transport and service Industries	1,591,995	1,343,129	1,412,784	
307,646	272,075	337,016	Production (manufacturing)	337,016	272,075	307,646	
1,969,637	2,326,388	2,232,509	Public administration	2,232,509	2,326,388	1,969,637	
713,232	659,134	789,836	Abroad and others	789,836	659,134	713,232	
24,463,240	24,699,595	25,975,867	Total deposits	25,948,098	24,689,449	24,443,290	

Note 8

Loan to customers by sector and industry

Parent bank				Group		
31.12.2019	30.06.2019	30.06.2020	(NOK thousands)	30.06.2020	30.06.2019	31.12.2019
24,140,703	23,427,051	24,667,770	Employees, etc.	24,667,770	23,427,051	24,140,703
5,513,943	5,084,619	5,715,447	Property management/business services, etc.	5,686,755	5,056,416	5,488,251
348,044	373,956	354,927	Wholesale and retail trade/hotels and restaurants	354,927	373,956	348,044
236,036	302,872	212,338	Agriculture/forestry	212,338	302,872	236,036
324,524	300,072	329,545	Building and construction	329,545	300,072	324,524
346,830	370,040	362,394	Transport and service Industries	362,394	370,040	346,830
277,769	259,206	299,344	Production (manufacturing)	299,344	259,206	277,769
1,843	2,100	1,352	Public administration	1,352	2,100	1,843
245,938	254,471	265,396	Abroad and others	265,396	254,471	245,938
31,435,630	30,374,387	32,208,513	Gross lending	32,179,822	30,346,185	31,409,938
8,353,979	27,957,530	8,525,973	- Of which, measured at amortised cost	8,497,281	27,929,328	8,328,288
21,307,310	-	22,058,612	- Of which, measured at fair value through OCI	22,058,612	-	21,307,310
1,774,341	2,416,857	1,623,929	- Of which, measured at fair value	1,623,929	2,416,857	1,774,341
(149,609)	(164,762)	(180,837)	- Impairment provisions for loans	(173,486)	(159,987)	(144,634)
31,286,021	30,209,625	32,027,676	Net lending	32,006,335	30,186,198	31,265,305
31,435,630	30,374,387	32,208,513	Gross lending	32,179,822	30,346,185	31,409,938
12,039,621	11,980,035	12,587,138	Gross loans transferred to SB1 Boligkreditt	12,587,138	11,980,035	12,039,621
842,787	542,275	833,965	Gross loans transferred to SB1 Næringskreditt	833,965	542,275	842,787
44,318,037	42,896,697	45,629,616	Gross lending including SB1 Boligkreditt and Næringskreditt	45,600,925	42,868,495	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 December 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 12 March 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%. In addition, the Financial Supervisory Authority of Norway has 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%.

The Group's target for Common Equity Tier 1 capital ratio is a minimum of 15.5% at the end of 2020.

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

	30.06.2020	30.06.2019	31.12.2019
Primary capital			
Common Equity Tier 1 capital	4,725,936	4,383,846	4,579,307
Tier 1 capital	5,168,679	4,829,062	4,949,961
Primary capital	5,678,194	5,345,857	5,464,361
Basis for calculation	25,445,007	26,472,532	24,780,727
Capital adequacy			
Common Equity Tier 1 capital	18.57%	16.56%	18.48%
Tier 1 capital ratio	20.31%	18.24%	19.98%
Capital adequacy	22.32%	20.19%	22.05%
Leverage ratio	8.55%	8.20%	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

	30.06.2020	30.06.2019	31.12.2019
Primary capital			
Equity capital	946,501	946,516	946,501
Share premium fund	1,026,427	1,026,427	1,026,427
Risk equalisation fund	536,885	411,299	411,299
Sparebankens fond	2,072,392	1,855,062	1,855,062
Fund for unrealised gains/losses	27,961	9,879	9,879
Endowment fund	6,540	6,540	6,540
Allocated dividend classified as equity			
Other equity (IAS pensions and interest paid on hybrid capital)	(6,256)	(6,037)	(4,740)
Profit for the period	211,044	304,518	515,717
Total capitalised equity (excluding additional Tier 1 capital)	4,821,494	4,554,205	4,766,685

Value adjustments on shares and bonds measured at fair value (AVA)	(29,768)	(7,442)	(7,425)
Deduction for non-material interests in the financial sector	(969,465)	(1,177,476)	(953,926)
Dividends allocated for distribution, classified as equity	-	-	-
Profit for the period	(211,044)	(304,518)	(515,717)
Interim profit included in Tier 1 capital	153,329	219,018	363,012
Total Common Equity Tier 1 capital	3,764,546	3,283,786	3,652,628
Additional Tier 1 capital	350,000	347,500	250,000
Additional Tier 1 capital	-	24,000	24,000
Deduction for non-material interests in the financial sector	-	(57,400)	-
Total Tier 1 capital	4,114,546	3,597,886	3,926,628
Supplementary capital in excess of Tier 1 capital			
Time-limited primary capital	400,000	400,000	400,000
Deduction for non-material interests in the financial sector	(4,897)	(27,582)	(4,925)
Net primary capital	4,509,649	3,970,304	4,321,703
Risk-weighted basis for calculation			
Assets not included in the trading portfolio	18,038,439	16,977,286	17,445,730
Operational risk	1,919,857	1,931,036	2,048,828
Position risk in the trading portfolio	-	-	-
CVA surcharge (counterparty risk derivatives)	90,167	26,850	27,781
Total basis for calculation	20,048,464	18,935,173	19,522,339
Common Equity Tier 1 capital	18.78%	17.34%	18.71%
Tier 1 capital ratio	20.52%	19.00%	20.11%
Capital adequacy	22.49%	20.97%	22.14%
Leverage ratio	10.06%	8.98%	10.05%
Buffer requirements			
Capital conservation buffer (2.50%)	501,212	473,379	488,058
Countercyclical buffer (1.0%/2.0%/2.5%)	200,485	378,703	488,058
Systemic risk buffer (3.00%)	601,454	568,055	585,670
Total buffer requirement for Common Equity Tier 1 capital	1,303,150	1,420,138	1,561,787
Minimum requirement for Common Equity Tier 1 capital (4.50%)	902,181	852,083	878,505
Available Common Equity Tier 1 capital in excess of minimum requirement	1,559,215	1,011,565	1,212,336
	30.06.2020	30.06.2019	31.12.2019
Local and regional authorities	69,591	76,938	83,717
Publicly owned companies	10,069	10,091	10,134
Institutions	168,394	110,908	111,259
Companies	2,571,105	2,283,731	2,655,744
Mass market	2,950,330	2,522,369	2,197,800
Mortgaged against residential and holiday property	8,554,438	8,396,844	8,504,153
Mortgaged against commercial property	1,640,994	2,051,089	2,040,958
Commitments past due	154,400	52,543	150,127
High-risk commitments	-	-	-
Covered bonds	351,164	406,664	203,526
Receivables from institutions and companies with short-term ratings	201,133	226,541	145,911
Shares in mutual funds	35,081	54,539	25,858
Equity items	1,185,556	604,845	1,196,285
Other commitments	146,184	180,184	120,258
Total credit risk	18,038,439	16,977,286	17,445,730

Note 10

Derivatives

2020			(NOK thousands)	2019		
Contract sum	Fair value	30.06.2020		Contract sum	Fair value	30.06.2019
30.06.2020	Assets	Liabilities		30.06.2019	Assets	Liabilities
4,945,000	128,744	136,296	Derivatives – hedging	4,835,000	40,635	37,931
4,945,000	128,744	136,296	Derivatives at fair value	4,835,000	40,635	37,931
			Total derivatives for fair value hedging	4,835,000	40,635	37,931

Note 11

Net result from other financial investments

Parent bank			(NOK thousands)	Group		
31.12.2019	30.06.2019	30.06.2020		30.06.2020	30.06.2019	31.12.2019
19,099	15,658	(4,861)	Net change in value of stocks, shares, etc. measured at fair value	(4,861)	15,658	19,099
(6,430)	3,579	7,560	Net change in value of bonds/certificates measured at fair value	7,560	3,579	(6,430)
2,158	1,684	(8,770)	Net change in value of financial derivatives measured at fair value	(8,770)	1,684	2,158
6,089	2,540	9,433	Exchange rate gains/losses on currency	9,433	2,540	6,089
20,916	23,461	3,362	Net result from other financial investments	3,362	23,461	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		
(NOK thousands)	30.06.2020	30.06.2019	31.12.2019	
Certificate debt, nominal value	-	-	-	
Bond debt, nominal value	7,856,000	8,183,000	8,290,000	
Value adjustments and accrued interest	120,121	7,220	(10,611)	
Total securities issued	7,976,121	8,190,220	8,279,389	

Change in securities issued		Parent bank/Group		
(NOK thousands)	30.06.2020	Issued in 2020	Redeemed in 2020	31.12.2019
Certificate debt, nominal value	-	-	-	-
Bond debt, nominal value	7,856,000	450,000	(884,000)	8,290,000
Value adjustments and accrued interest	120,121	-	-	(10,611)
Total securities issued	7,976,121	450,000	(884,000)	8,279,389

Subordinated loan capital		Parent bank/Group		
(NOK thousands)	30.06.2020	30.06.2019	31.12.2019	
Subordinated loan capital	400,000	440,000	440,000	
Value adjustments and accrued interest	764	3,059	4,404	
Total subordinated loan capital	400,764	443,059	444,404	

Change in subordinated loan capital		Parent bank/Group		
(NOK thousands)	30.06.2020	Issued in 2020	Redeemed in 2020	31.12.2019
Subordinated loan capital	400,000	-	(40,000)	440,000
Value adjustments and accrued interest	764	-	-	4,404
Total subordinated loan capital	400,764	-	(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 30.06.2020

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit					
Net interest income	183,218	129,932	(57)	18,230	331,323
Net commission and other income	167,020	58,105	90	80,913	306,128
Operating expenses	188,271	78,616	489	25,736	293,112
Profit before losses	161,967	109,421	(456)	73,407	344,339
Impairment of loans and guarantees	11,485	32,300	-	109	43,894
Profit before tax	150,482	77,121	(456)	73,298	300,446

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Net lending to customers	24,042,882	7,172,202	-	791,251	32,006,335
Other assets	81,539	34,869	12,889	8,358,337	8,487,634
Total assets per segment	24,124,421	7,207,071	12,889	9,149,589	40,493,970
Deposits from and liabilities to customers	16,499,789	9,037,767	-	410,542	25,948,098
Other equity and liabilities	7,624,632	(1,830,696)	12,889	8,739,047	14,545,872
Total equity and liabilities per segment	24,124,421	7,207,071	12,889	9,149,589	40,493,970

Group 30.06.2019

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit					
Net interest income	166,376	113,188	(35)	17,494	297,023
Net commission and other income	167,341	52,911	120	145,732	366,104
Operating expenses	194,452	78,294	539	13,066	286,351
Profit before losses	139,265	87,805	(454)	150,159	376,775
Impairment of loans and guarantees	3,725	380	-	(405)	3,700
Profit before tax	135,540	87,425	(454)	150,564	373,075

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Lending to customers	22,628,781	6,781,932	-	935,473	30,346,185
Loss provisions on loans	(47,085)	(112,669)	-	(233)	(159,987)
Other assets	109,195	27,834	13,273	8,511,203	8,661,505
Total assets per segment	22,690,890	6,684,501	13,273	9,446,443	38,847,703
Deposits from and liabilities to customers	15,732,231	8,524,695	-	432,523	24,689,449
Other equity and liabilities	6,958,659	(1,840,194)	13,273	9,026,515	14,158,254
Total equity and liabilities per segment	22,690,890	6,684,501	13,273	9,459,038	38,847,703

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 incurred 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 that we believe will experience specific problems making it through the crisis. PD/LGD levels cannot be recalibrated in the model as per 30 June.

In addition to expanded individual loss assessments, the Bank changed the model's scenario weighting this quarter based on an assessment. 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 has also been established to handle liquidity crises. The average remaining term to maturity in the portfolio of senior bond loans was 3 years as at 30 June 2020. Overall LCR was 211% at the end of the second quarter and average total LCR was 228% 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 quoted prices on inactive markets.

- These valuation methods maximise the use of observable data where it is available and rely as little as possible on the Bank's own estimates.
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on the observable rate curve.
- The fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated cash flow based on the observable yield curve, including an indicated credit spread on the issuer from a reputable brokerage firm or Reuters/Bloomberg pricing services.
- This category includes bonds, certificates, equity instruments, own securities 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 deposits and loans: The Bank uses the base rate/reference rate on the loans, and discounts using its own swap curve to calculate the funding margin. The Bank has no 'day 1 profit'. For valuations at later dates, the Bank reads in reads customer interest and adjusts for funding and customer margins. Swap interest will be charged on the discount date. This is then compared with the swap rate on the calculation date taking account of the remaining term to maturity. Changes to the customer margin (administrative markup, markup for anticipated losses and return on equity) in the term of the loan are not assessed/taken into account.
- Equity investments are valued at fair value under the following conditions:
 1. Price at the time of the last capital increase or last sale between independent parties, adjusted for changes in market conditions since the capital increase/sale.
 2. Fair value based on expected future cash flows for the investment.
- On the remaining financial instruments, fair value is determined on the basis of value estimates obtained from external parties. For those unlisted shares where it is not possible to make a sufficiently reliable measurement of fair value, acquisition cost or impaired book value is used.
- This category includes other equity instruments, loans at fair value over extended profit and the Bank's own fixed rate loans.
- The fair value of mortgages is understood to be: Loans in loss category 1 - the 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 30 June 2020

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,623,929	1,623,929
- Loans at fair value through OCI	-	-	22,058,612	22,058,612
- Loans approved for Boligkreditt	-	-	-	-
- Bonds and certificates	210,440	4,406,550	-	4,616,990
- Equity Instruments	222,281	-	1,178,440	1,400,721
- Derivatives	-	128,744	-	128,744
Total assets	432,721	4,535,294	24,860,981	29,828,996

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued at fair value	-	2,873,380	-	2,873,380
- Derivatives	-	136,296	-	136,296
Total liabilities	-	3,009,676	-	3,009,676

The Group's assets and liabilities measured at fair value as at 30 June 2019

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,701,865	1,701,865
- Loans approved for Boligkreditt	-	-	714,992	714,992
- Bonds and certificates	205,700	4,586,747	-	4,792,447
- Equity Instruments	285,847	-	1,117,659	1,403,506
- Derivatives	-	40,635	-	40,635
Total assets	491,547	4,627,382	3,534,516	8,653,445

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued at fair value	-	2,673,160	-	2,673,160
- Derivatives	-	37,931	-	37,931
Total liabilities	-	2,711,091	-	2,711,091

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

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,774,341	1,774,341
- Loans at fair value through OCI	-	-	21,307,310	21,307,310
- Approved loans to Boligkreditt	-	-	-	-
- 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				
- Fixed rate deposits	-	-	-	-
- 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 30 June 2020

	Fixed-rate loans	Shares at fair value through profit or loss	Loans approved for Boligkreditt	Lending at fair value through OCI
Opening balance 01.01.2020	1,774,341	1,177,757	-	21,307,310
Additions	91,588	-	-	7,015,229
Disposals	(242,000)	(1,000)	-	(6,263,927)
Net gain/loss on financial instruments	-	1,683	-	-
Closing balance 30.06.2020	1,623,929	1,178,440	-	22,058,612

Changes in instruments classified as Level 3 as at 30 June 2019

	Fixed-rate loans	Shares available for sale	Loans approved for Boligkreditt
Opening balance 01.01.2019	1,686,961	1,051,757	821,136
Additions	123,000	85,000	276,000
Disposals	(108,096)	(20,000)	(412,000)
Net gain/loss on financial instruments	-	902	-
Closing balance 30.06.2019	1,701,865	1,117,659	685,136

Changes in instruments classified as Level 3 as at 31 December 2019

	Fixed-rate loans	Shares at fair value through profit or loss	Loans approved for Boligkreditt	Lending at fair value through OCI
Opening balance 01.01.2019	1,686,961	1,051,757	821,136	-
Change as a result of the reassessment retail market	-	-	-	21,307,310
Additions	332,000	154,000	276,000	-
Disposals	(244,620)	(20,000)	(1,097,136)	-
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 30 June 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 30 June 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, 11 August 2020
The Board of Directors of SpareBank 1 BV

Finn Haugan
Chair of the Board

Heine Wang
Deputy Chair

Elisabeth Haug

Janne Sølvi Weseth

Gisle Dahn

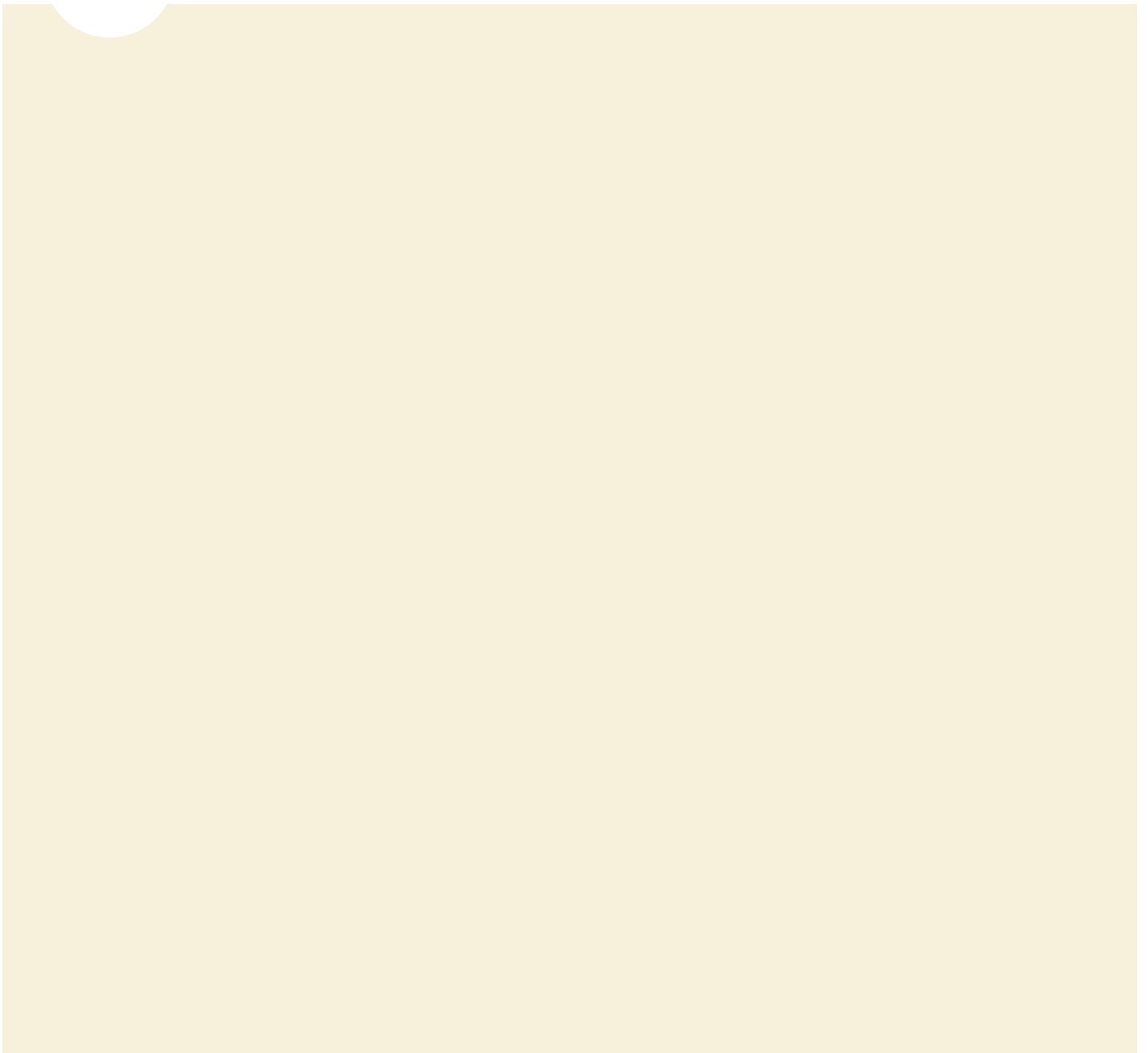
Hanne Myhre Gravdal
Employee representative

Geir 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

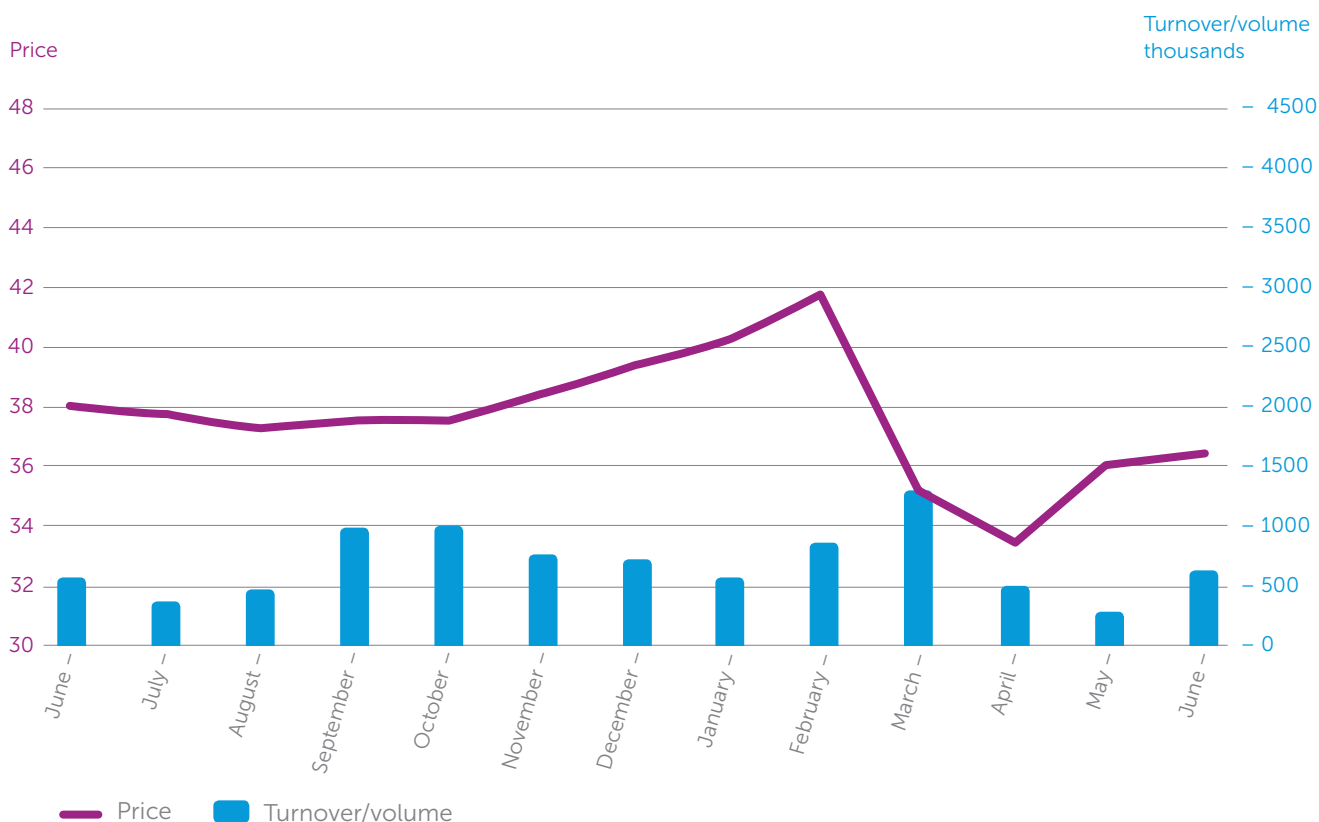
In the calculation of diluted earnings per equity certificate, the weighted average number of issued ordinary equity certificates in circulation is adjusted for the effect of converting potential equity certificates which could lead to dilution. The Bank has no potential equity certificates that could cause dilution as at 30 June 2020. Diluted earnings per equity certificate is therefore equal to earnings per equity certificate.

	Parent bank
(NOK thousands)	30.06.2020
Based on profit for the year divided between equity certificate holders and primary capital	204,911
Number of equity certificates issued	63,101
Earnings per equity certificate	1.78
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	30.06.2020
Profit for the year	211,044
- corrected for interest on additional Tier 1 capital recognised directly against equity	(6,256)
- corrected for FUG	123
Adjusted profit for the year	204,911

Change in price June 2019 – June 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	1,998,674	3.17%
Pareto 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	780,000	1.24%
Catilina Invest AS	731,950	1.16%
Foretakskonsulenter AS	621,230	0.98%
Sanden AS	588,000	0.93%
Hamjern Invest AS	453,545	0.72%
JAG Holding AS	400,000	0.63%
Norgesinvestor Proto AS	400,000	0.63%
Johansen Kjell Petter	372,000	0.59%
Salt Value AS	370,750	0.59%
Verdipapirfondet Nordea Norge	336,849	0.53%
Hausta Investor AS	330,000	0.52%
Espedal & Co AS	299,198	0.47%
Lindvard Invest AS	277,000	0.44%
Total for 20 largest shareholders	36,821,154	58.35%
Other owners	26,280,199	41.65%
Equity certificates issued	63,101,353	100.00%

Dividend policy

SpareBank 1 BV aims to achieve results that deliver a good return on the Bank's equity. This will ensure its owners a competitive, stable, long-term return in terms of dividends and higher prices for its equity certificates.

Each year's profit will be distributed proportionately between equity share capital and the primary capital fund based on their relative share of the Bank's equity.

The Bank's policy is that a minimum 50% of the equity certificate holders' share of each year's profit should be paid out as a cash dividend.

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

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



Statements on future matters

The report contains statements about future 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 circumstances.

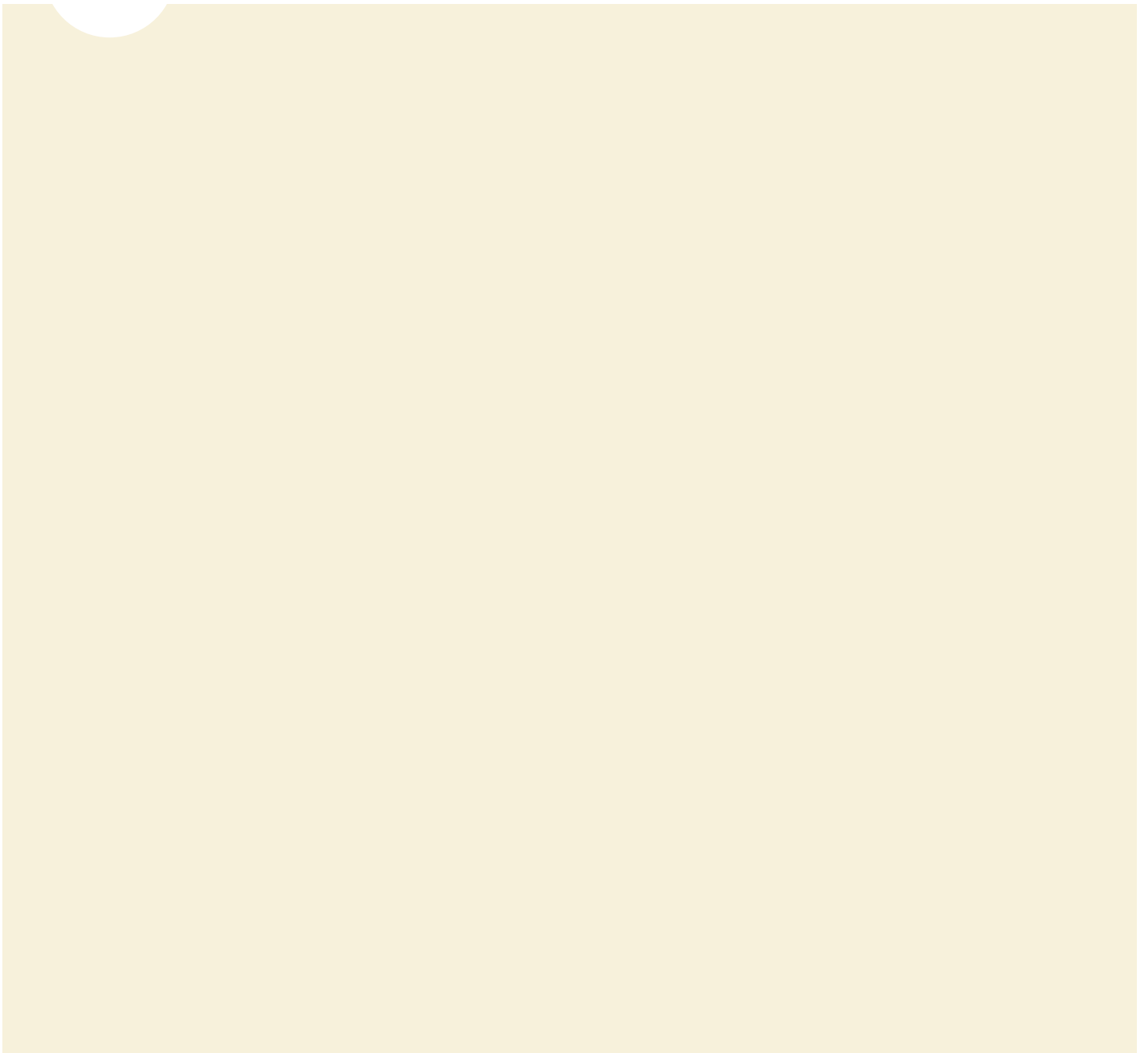
Important factors that can cause such differences for SpareBank 1 BV include, but are not limited to:

- (i) macroeconomic developments,
- (ii) changes in the market, and
- (iii) changes in interest rates.

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



Audit statement





To the Board of Directors of SpareBank 1 BV

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of SpareBank 1 BV as of 30 June 2020, which shows an equity of TNOK 5 171 494 for the parent company and TNOK 5 380 562 for the group, the condensed income statements for the six-month period of 1 January 2020 - 30 June 2020 which shows an interim result before tax of TNOK 264 894 for the parent company and TNOK 300 446 for the group, the condensed statement of changes in equity and the condensed cash flow statement, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the entity as at 30 June 2020, and its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Oslo, 11 August 2020
KPMG AS

Svein Arthur Lyngroth
State Authorised Public Accountant

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

Offices in:

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

Statsautorisererte revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Slavanger	Ålesund

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