

2020

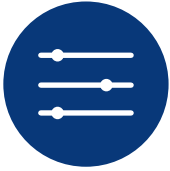
INTERIM REPORT FOR THE 3RD QUARTER

We are together



Together we create value

Learning – Engaged – Close



Business concept, vision, values and goals

Business idea

Business areas

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

We aim to offer a broad range of relevant, high-quality, competitive products in all of our business areas. Each business area must provide good advice and maintain an active focus on sales. Our sales and advice must be based on expertise, quality and ethical standards in line with the best traditions of the savings bank industry.

Market area

SpareBank 1 BV's geographical market area covers Buskerud, centred around Kongsberg and Drammen, and Vestfold, where the bank's geographical area extends from Holmestrand in the north to Larvik in the south.

The SpareBank 1 BV Group has a business address in Tønsberg, and branches in Drammen, Mjøndalen, Lier, Kongsberg, Holmestrand, Horten, Tønsberg, Nøtterøy, Sandefjord and Larvik.

Resource management

Within the priority areas described in the business 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.

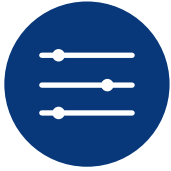
Our values

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.

04	BUSINESS AREAS	29	8. LOAN TO CUSTOMERS BY SECTOR AND INDUSTRY
05	BOARD OF DIRECTORS' INTERIM REPORT	30	9. CAPITAL ADEQUACY
	INTERIM FINANCIAL STATEMENTS	32	10. DERIVATIVES
15	SUMMARY OF RESULTS AND KEY FIGURES	32	11. NET RESULT FROM OTHER FINANCIAL INVESTMENTS
17	INCOME STATEMENT IFRS	33	12. SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL
18	BALANCE SHEET	34	13. SEGMENT INFORMATION
19	RESULTS FROM QUARTERLY FINANCIAL STATEMENTS	36	14. CRITICAL ACCOUNTING ESTIMATES AND DISCRETIONARY VALUATIONS
20	CHANGE IN EQUITY	36	15. SALE OF LOANS
22	CASH FLOW STATEMENT	36	16. LIQUIDITY RISK
	NOTES TO THE FINANCIAL STATEMENTS	37	17. MEASURING FAIR VALUE OF FINANCIAL INSTRUMENTS
24	1. ACCOUNTING POLICIES	41	18. EVENTS AFTER THE BALANCE SHEET DATE
24	2. IMPAIRMENT OF LOANS AND GUARANTEES	42	DECLARATION BY THE BOARD AND CEO
25	3. IMPAIRMENT PROVISIONS FOR LOANS AND GUARANTEES	43	THE BANK'S EQUITY CERTIFICATES
27	4. LOANS TO CUSTOMERS BY STAGES 1, 2 AND 3	46	STATEMENTS ON FUTURE MATTERS
27	5. OTHER ASSETS	47	AUDIT STATEMENT
28	6. OTHER LIABILITIES		
28	7. DEPOSITS FROM CUSTOMERS BY SECTOR AND INDUSTRY		



Business areas

Retail market

SpareBank 1 BV is solidly positioned in the retail market. The Bank's brand recognition is growing throughout its market area. One in four retail customers in the market area has a customer relationship with the Bank, and approximately 16% use it as their main bank. Lending has grown by 6.1% in the past 12 months, while the average growth in the market was 4.7%.

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 30.09.2020, EiendomsMegler 1 BV and Z-eiendom AS posted total housing sales of NOK 5.9 billion from approximately 1,800 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 5.8% in the past 12 months, while the average growth in the market was 3.1%.

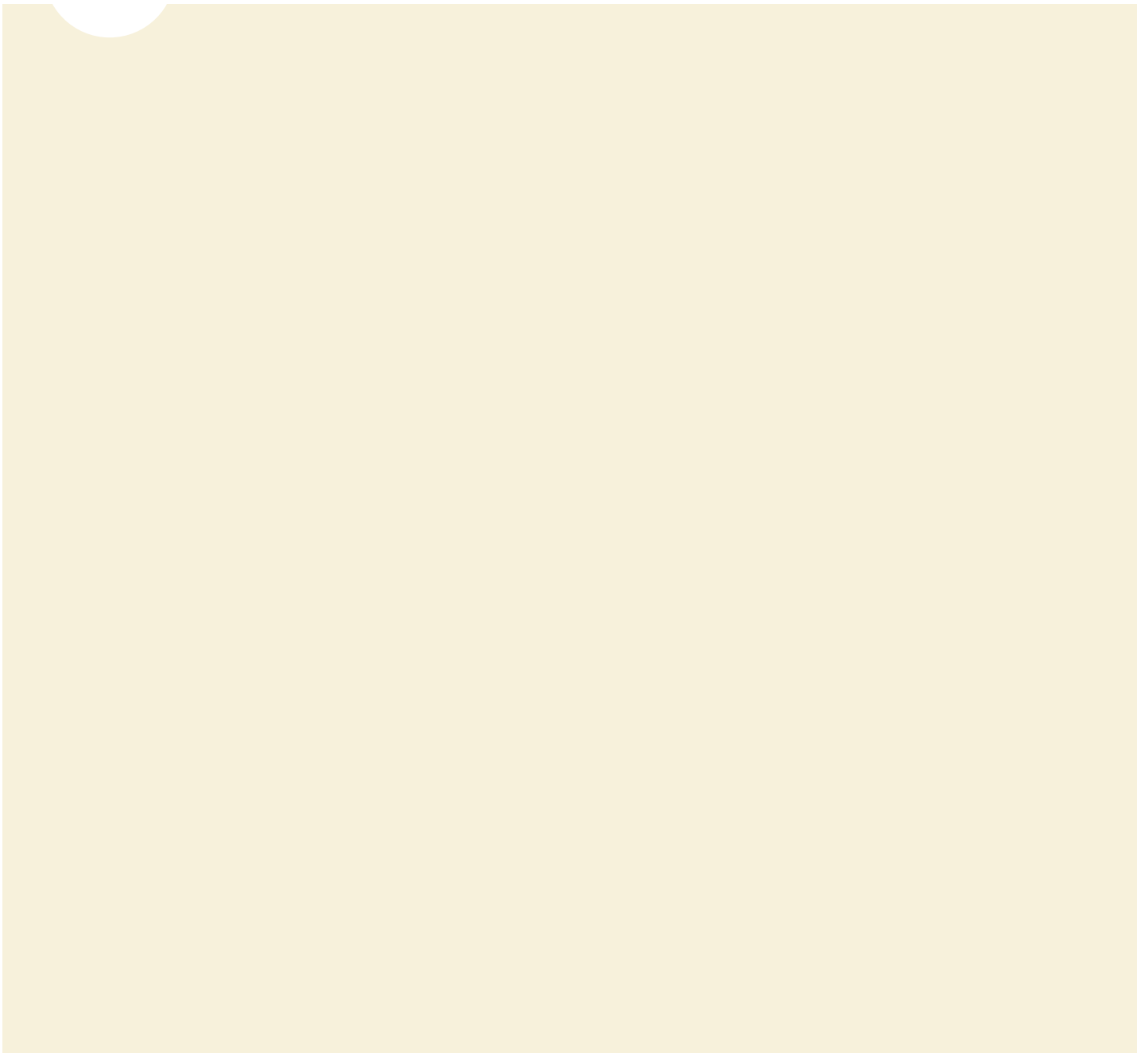
SpareBank 1 BV offers financial services package to businesses. The Group is continuously striving to put in place more digital sales and self-service solutions for corporate customers.

One out of every four corporate customers (SMEs) in the market area has a customer relationship with the Bank.

The Bank has a solid market position in Kongsberg, Sandefjord and in Færder Municipality, and is in a challenger position in the other market areas. The corporate market wants to be seen by customers as: easy to deal with, accessible, important contributors and socially involved.



Interim report from the Board of Directors for Q3



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.

Highlights of the 3rd quarter

- Profit after tax: NOK 153.5 million (111.6 million).
- Annualised return on equity: 11.9% (9.3%).
- Net interest income: NOK 160.6 million (172.2 million).
- Net commission and other income: NOK 132.7 million (109.8 million).
- Net income from financial assets: NOK 26.7 million (2.6 million).
- Operating expenses: NOK 136.4 million (134.8 million).
- Net losses on loans and guarantees: NOK -10.6 million (-2.1 million).

Highlights January – September

- Profit after tax: NOK 397.1 million (426.2 million).
 - The result for financial assets was NOK 44.1 million lower than last year.
 - Losses increased by NOK 27.4 million compared with last year.
- Annualised return on equity: 10.5% (12.1%).
- Net interest income: NOK 491.9 million (469.2 million).
- Net commission and other income: NOK 353.6 million (322.5 million).
- Net income from financial assets: NOK 111.9 million (156.0 million).
 - Including share of capital gains from the insurance merger (pension insurance products): NOK 53.0 million.
 - Last year included the share of capital gains from the insurance merger: NOK 719 million.
 - Including one-time effect from revaluation of properties in the SpareBank 1 Gruppen's life company of NOK 18.1 million.

- Operating expenses: NOK 429.5 million (421.2 million).
- Net impairment of loans and guarantees: NOK 33.3 million (5.8 million).
- Total growth in lending in the past 12 months, including portfolio transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS: 6.0% (4.3%).
- Deposit growth in past 12 months: 5.9% (12.3%).
- Tier 1 capital ratio, proportional consolidation: 20.0% (18.5%).
- Common Equity Tier 1 capital, proportional consolidation: 18.7% (16.9%).
- Leverage ratio, proportional consolidation: 8.5% (8.4%).

Financial performance

Cumulative figures as at 30.09 unless explicitly stated otherwise.

Profit

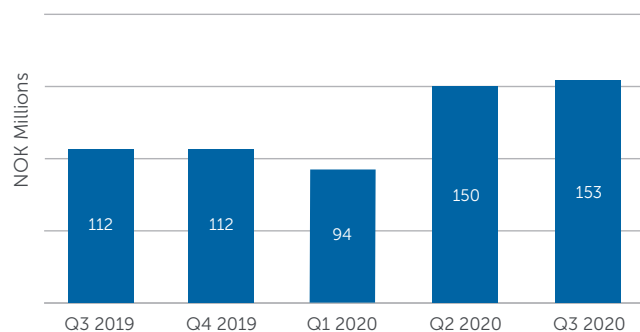
The SpareBank 1 BV Group achieved a profit from ordinary operations before losses of NOK 527.9 million (526.5 million). Profit after tax was NOK 397.1 million (426.2 million), which represents 1.34% (1.50%) of average total assets. The Group's annualised return on equity was 10.5% (12.1%).

The Group's annualised return on equity was affected by gains related to the insurance merger (Fremtind) of NOK 53.0 million in 2020 and NOK 71.9 million in 2019, respectively. Excluding these items, the Group's annualised return on equity was 9.1% (10.0%).

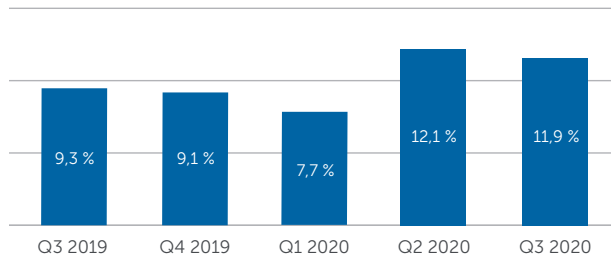
Earnings per equity certificate in the parent bank were NOK 2.78 (3.46).

Quarterly performance of profit after tax and return on equity:

Profit after tax



Return on equity

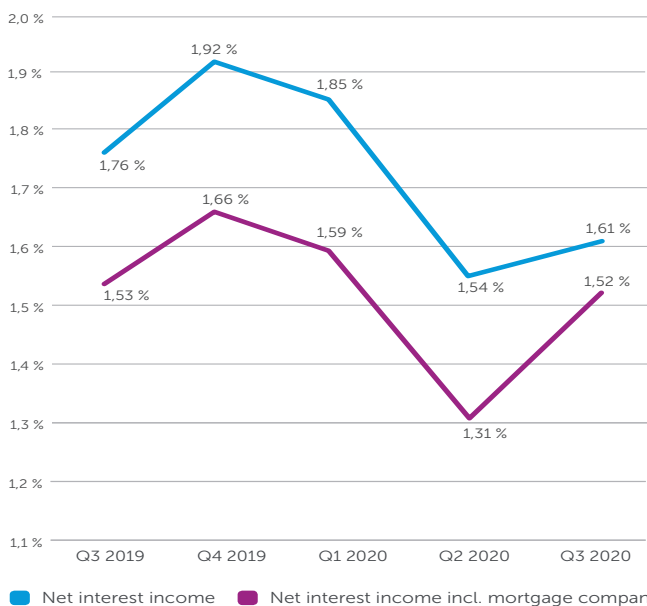


Net interest income

Net interest income amounted to NOK 491.9 million (469.2 million). Net interest income as a percentage of average total assets was 1.66% (1.65%). In the third quarter, the reductions in money market rates made in the first half-year had largely been absorbed in the Bank's lending, deposit and funding rates. As a result, net interest income strengthened in the third quarter.

At the end of the quarter, the Bank had transferred mortgages worth NOK 12,680 million (12,009 million) to SpareBank 1 Boligkreditt AS, and NOK 716 million (549 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 90.1 million (74.3 million).

Quarterly change in net interest income:



Net commission and other income

Net commission and other income totalled NOK 353.6 million (322.5 million).

Net commission income

Net commission income amounted to NOK 222.6 million (207.3 million). The increase in commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS accounts for NOK 15.8 million of this.

Other operating income

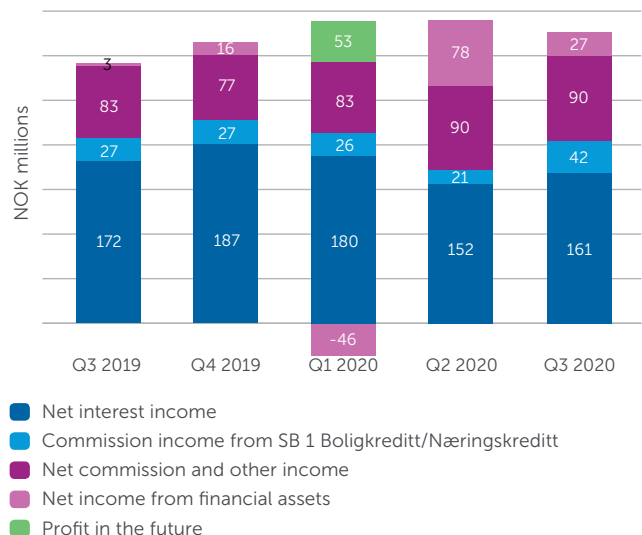
Other operating income amounted to NOK 131.1 million (115.2 million). The change since last year largely consists of NOK 6 million in increased earnings from subsidiaries and NOK 10 million in gains from the realisation of properties.

Net income from financial assets

Net income from financial assets amounted to NOK 111.9 million (156.0 million). The key items in 2020 are made up of dividends received totalling NOK 22.0 million (18.7 million) and net income from ownership interests of NOK 82.7 million (121.9 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 17.0 million (40.6 million) share of the result in SpareBank 1 Gruppen AS as at 30.09.2020.

In addition, net income from the Bank's other financial investments amounted to NOK 7.2 million (15.5 million).

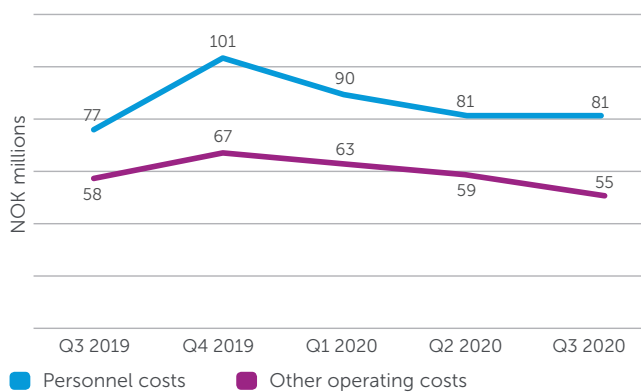
Quarterly change in income (NOK millions):



Operating expenses

Total operating expenses were NOK 429.5 million (421.2 million). Operating expenses as a percentage of total operating income for the Group came to 44.9% (44.4%). The corresponding cost-income ratio for the parent bank was 41.6% (39.3%).

Quarterly change in operating expenses:



Personnel expenses

Personnel expenses amounted to NOK 252.2 million (243.5 million). The average number of FTEs in the Group increased by seven compared with the same period last year.

Other operating expenses

Other operating expenses amounted to NOK 177.3 million (177.6 million).

Losses and impairment provisions

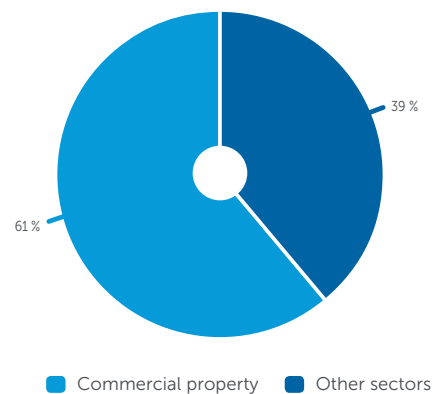
Net impairment of loans and guarantees amounted to NOK 33.3 million (5.8 million) as at 30.09.2020. Net impairments as a percentage of average gross lending amounted to 0.10% (0.02%). The net increase in impairment provisions in Stage 3 amounted to NOK 0.3 million. In addition to this, NOK 15.1 million in previously recognised impairments in Stage 3 were recognised as losses. In Stages 1 and 2, the changes in provisions amounted to NOK 11.1 million and NOK 4.6 million, respectively. In the third quarter, the result was affected by a net reversal of NOK 10.6 million in losses. This was primarily due to the effects of the IFRS model linked to improved liquidity and improved behaviour.

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. There is a clear trend towards increased infection rates in Norway and

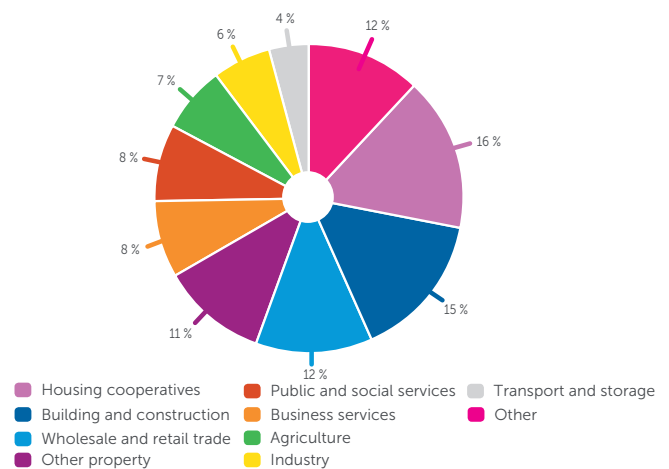
Europe. In Norway, the rising infection rates are being managed through national and local infection control measures. The low interest rates, interest-only periods and support measures established by the government are having a positive impact for those corporate and retail customers who have been hit hard by the pandemic.

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

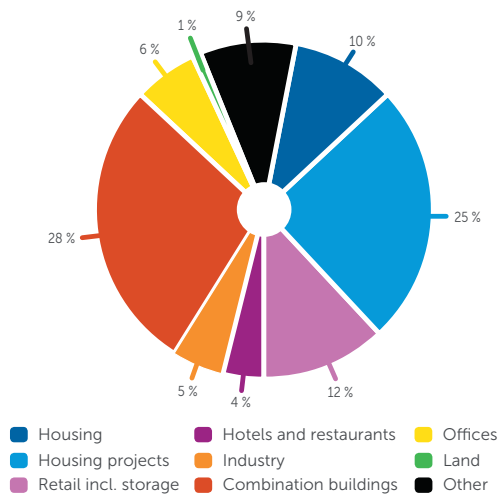
CM – volume in commercial property and other industries:



Other sectors:



Commercial property:



As a result of the coronavirus outbreak and abrupt 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 the first, second and third quarters 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 third quarter. The PD and LGD levels in the IFRS model have not been recalibrated, although the loss assessments were based on a review of the portfolio where some customers were moved from Stage 1 to Stage 2.

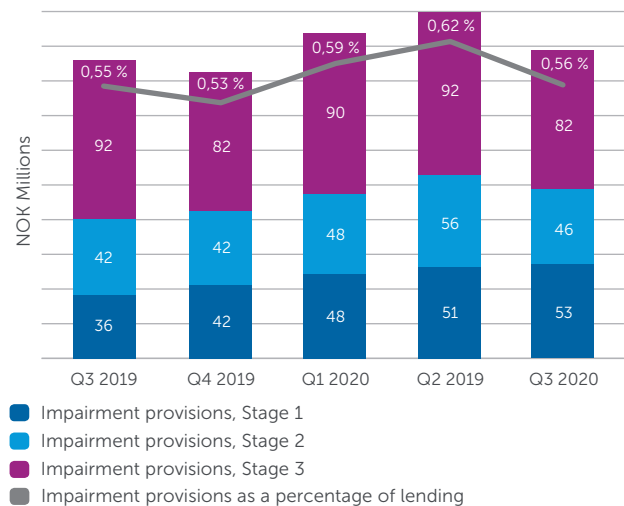
In addition to expanded individual loss assessments, the Bank assessed the model's scenario weightings in this quarter as well. Given the relatively unchanged risk picture, the weightings from the second quarter have been maintained.

The following scenario weightings have been used throughout the year:

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

Reference is also made to the 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 40,076 million. This represents an increase of NOK 1,352 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 53,472 million (51,283 million).

Lending and deposit performance

Gross lending (including volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 45,982 million. The past 12 months have seen an increase of NOK 2,609 million, equivalent to growth of 6.0%. The retail market grew by NOK 2,147 million, equivalent to 6.1%, while the corporate market grew by NOK 461 million, equivalent to 5.8%. The retail market accounted for 82% (82%) of lending (inclusive of SpareBank 1 Boligkreditt AS) at the end of the quarter.

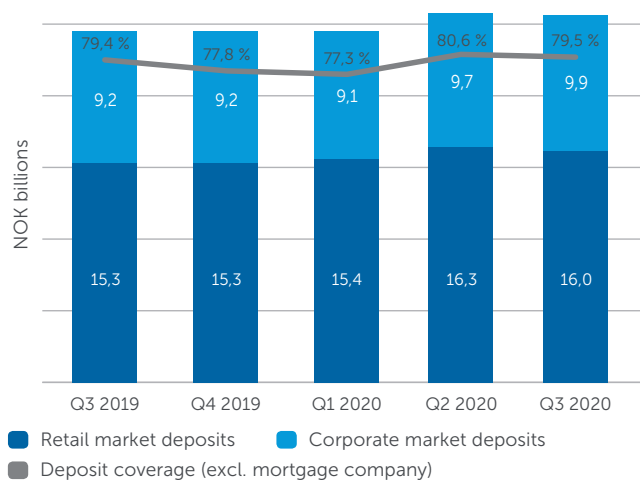
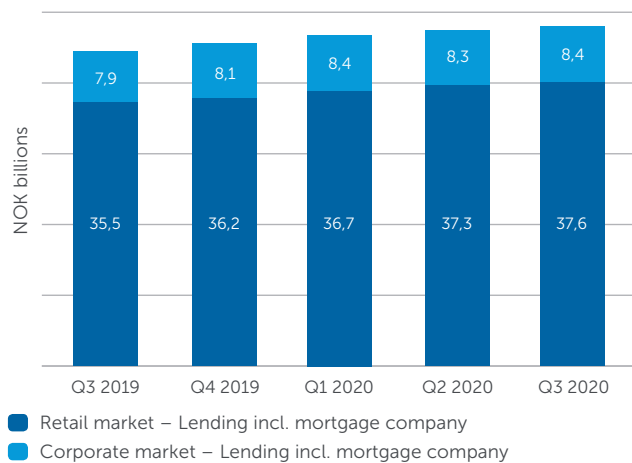
Interest-only periods were granted to retail and corporate customers from March 2020 onwards in connection with the pandemic. The interest-only periods were generally for 6 months in the retail market and 3 months in the corporate market. The trend in numbers of applications for interest-only periods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

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

	March 2020	June 2020	September 2020
Retail market	2,592	3,209	2,422
Corporate market	635	1,897	322

At the end of the quarter, the Group had a deposit volume of NOK 25,914 million (24,481 million) with deposit growth of 5.9% in the past 12 months. Some NOK 655 million, equivalent to 4.3%, of the growth came in the retail market and NOK 778 million, equivalent to 8.5%, in the corporate market. The Group had a deposit coverage ratio of 79.5%, compared with 79.4% at the same time last year. Including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS, the deposit coverage ratio amounted to 56.4% (56.4%). The retail market share of deposits at the end of the quarter was 62% (63%).

Quarterly change in loans and deposits:



Liquidity

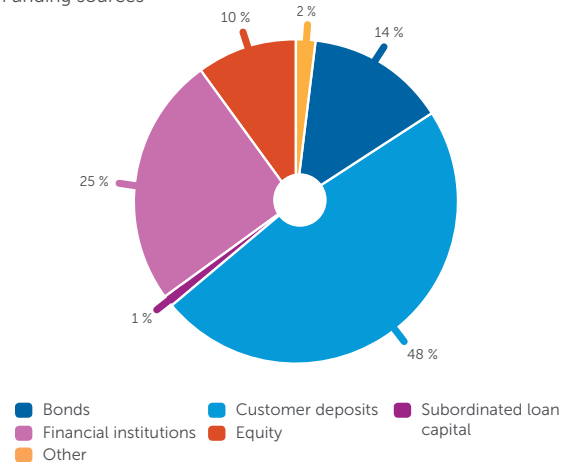
The Bank's liquidity situation at the end of the quarter was very good. The Bank's liquidity portfolio was valued at NOK 4,554 million as at 30.09.2020. The Bank aims to keep liquidity risk low. In a normal market, SpareBank 1 BV's goal is to be able to maintain ordinary operations for a minimum of 12 months without access to external financing. As at 30.09.2020, the Bank was well above this target. The Bank can report an LCR of 153% (199%) as at 30.09.2020.

At the end of the quarter, mortgages totalling NOK 12,680 million had been transferred to SpareBank 1 Boligkreditt AS, an increase of NOK 641 million from the start of year. As at 30.09.2020, the Bank had a portfolio of loans approved for transfer to SpareBank 1 Boligkreditt AS worth NOK 13,500 million. The Bank had also transferred NOK 716 million of loans to SpareBank 1 Næringskreditt AS as at 30.09.2020.

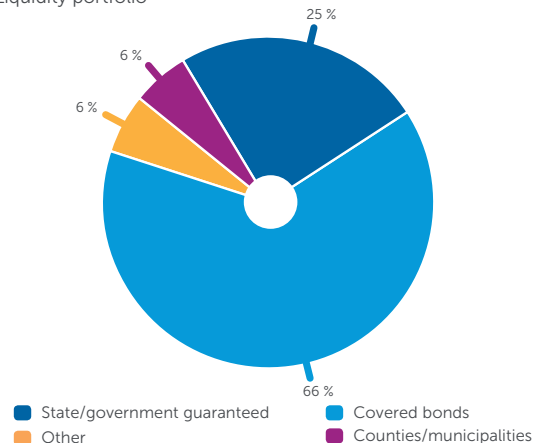
In 2020, the Group's target is to increase the average time to maturity of its bond debt to a minimum of 2.5 years. At the end of the quarter, the average term to maturity was 3.1 years.

SpareBank 1 BV has an issuer rating from Moody's of A2 with a stable outlook; see Moody's latest credit analysis dated 08.09.2020.

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 13.03.2020, the Ministry of Finance decided to reduce the countercyclical buffer from 2.5% to 1% with immediate effect. Based on this, the regulatory requirement for Common Equity Tier 1 capital is a minimum of 11%. In September 2018, the Financial Supervisory Authority of Norway set a new Pillar 2 requirement for SpareBank 1 BV of 1.9% effective from 31.12.2018, but at least NOK 457 million above the minimum requirement and buffer requirement in Pillar 1. The current total requirement for Common Equity Tier 1 capital is thus 12.9%. The Group's target for Common Equity Tier 1 capital ratio is a minimum of 15.5%. From 31.12.2021, the internal target will increase to 16.0%. The Financial Supervisory Authority of Norway will set a new Pillar 2 requirement in 2021.

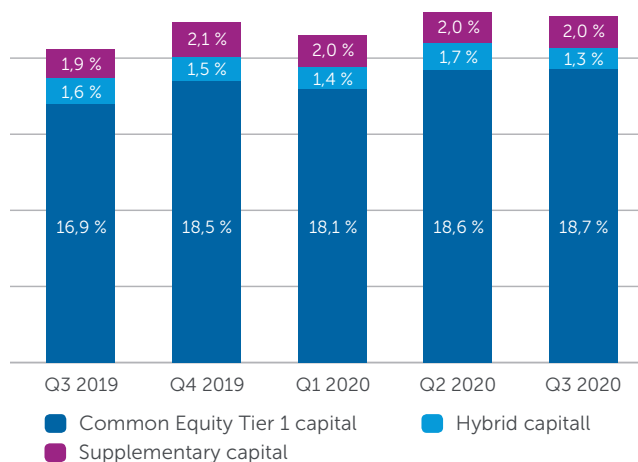
At the end of the quarter, the Common Equity Tier 1 capital ratio was 18.7% (16.9%). The leverage ratio was 8.5% (8.4%) at the end of the quarter. The regulatory requirement for the leverage ratio is 5.0%.

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 31.12.2019 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 its requirements for regulatory capital and eligible liabilities during the second half-year 2020. The requirement will be phased in during the run up to 2024. 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.

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.

At the end of the third quarter, all of the Bank's subsidiaries had seen positive earnings and profit growth. EiendomsMegler 1 BV AS includes the joint venture EiendomsMegler 1 Næringsmegling AS (the brokerage business is owned 50/50 with SpareBank 1 Telemark). EiendomsMegler 1 BV AS enjoys a good position in the Group's market area, and is part of the national EiendomsMegler 1 chain, which has been the market leader in Norway for 11 years in a row. The business activities consist of commercial real estate brokerage, property settlement, purchase and sale of holiday homes, new construction and resale homes.

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

Subsidiaries

Excluding parent bank eliminations NOK millions	EiendomsMegler 1 BV AS		Z-Eiendom AS		SpareBank 1 Regnskapshuset BV AS		Other subsidiaries		Total subsidiaries	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Operating income	64.7	60.4	25.2	24.1	30.2	29.6	0.1	0.2	120.2	114.4
Operating expenses	(53.9)	(53.9)	(21.0)	(20.4)	(25.0)	(25.3)	(3.1)	(0.7)	(103.0)	(100.3)
Financial items	0.1	0.0	0.0	0.0	(0.2)	(0.3)	(0.1)	(0.1)	(0.2)	(0.3)
Profit before tax	10.8	6.6	4.2	3.7	5.0	4.0	(3.0)	(0.6)	17.0	13.7

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 799 million (1,515 million) as at 30.09.2020. The ongoing pandemic has weakened 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 17.0 million (40.6 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, which was recognised 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 SpareBank 1 BV will sell around 0.3% of its shares in Samarbeidende Sparebanker AS and Samarbeidende Sparebanker Utvikling DA for a total amount of NOK 16.9 million. Following this, SpareBank 1 BV will own a 15.23% stake in Samarbeidende Sparebanker AS, which results in an indirect stake of 2.97% in SpareBank 1 Gruppen AS, and a 26.49% stake in Samarbeidende Sparebanker Utvikling DA, which in turn results in an indirect stake 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 was very pleased with the performance and growth trends in the third quarter. The Bank's liquidity and financial strength were very good at the end of the quarter and it had a Common Equity Tier 1 capital ratio of 18.7%, which is well above the regulatory requirement of at least 12.9% and the Bank's internal target of 16.0% from 2021.

Measures aimed at combating the pandemic resulted in a dramatic weakening of the Norwegian economy with higher unemployment and a reduction in GDP in the first half-year. The easing of measures from the third quarter has resulted in positive effects through both lower unemployment and increased growth. The Norwegian economy has recovered faster than the economies of many other countries. While the trend for the Norwegian economy has been positive in the last quarter, there are signs that it is levelling off. There remains a significant risk of higher infection rates in the Group's market areas, which could result in stricter infection control measures and local lockdowns. The Bank's credit exposure to industries that have been especially vulnerable during this pandemic is low.

During 2020, Norges Bank has cut its policy rate by 1.5 percentage points to 0.0% and expects a stable, low rate until the second half-year 2022. The reduction in the policy rate resulted in historically low mortgage rates and strong growth in housing prices in the largest cities in the past quarter.

Net interest income is expected to come under pressure in the fourth quarter due to strong competition within mortgages and generally low interest rates.

Achieving the Bank's target of a return on equity of 10% could still prove challenging in 2020.

Tønsberg, 05.10.2020
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

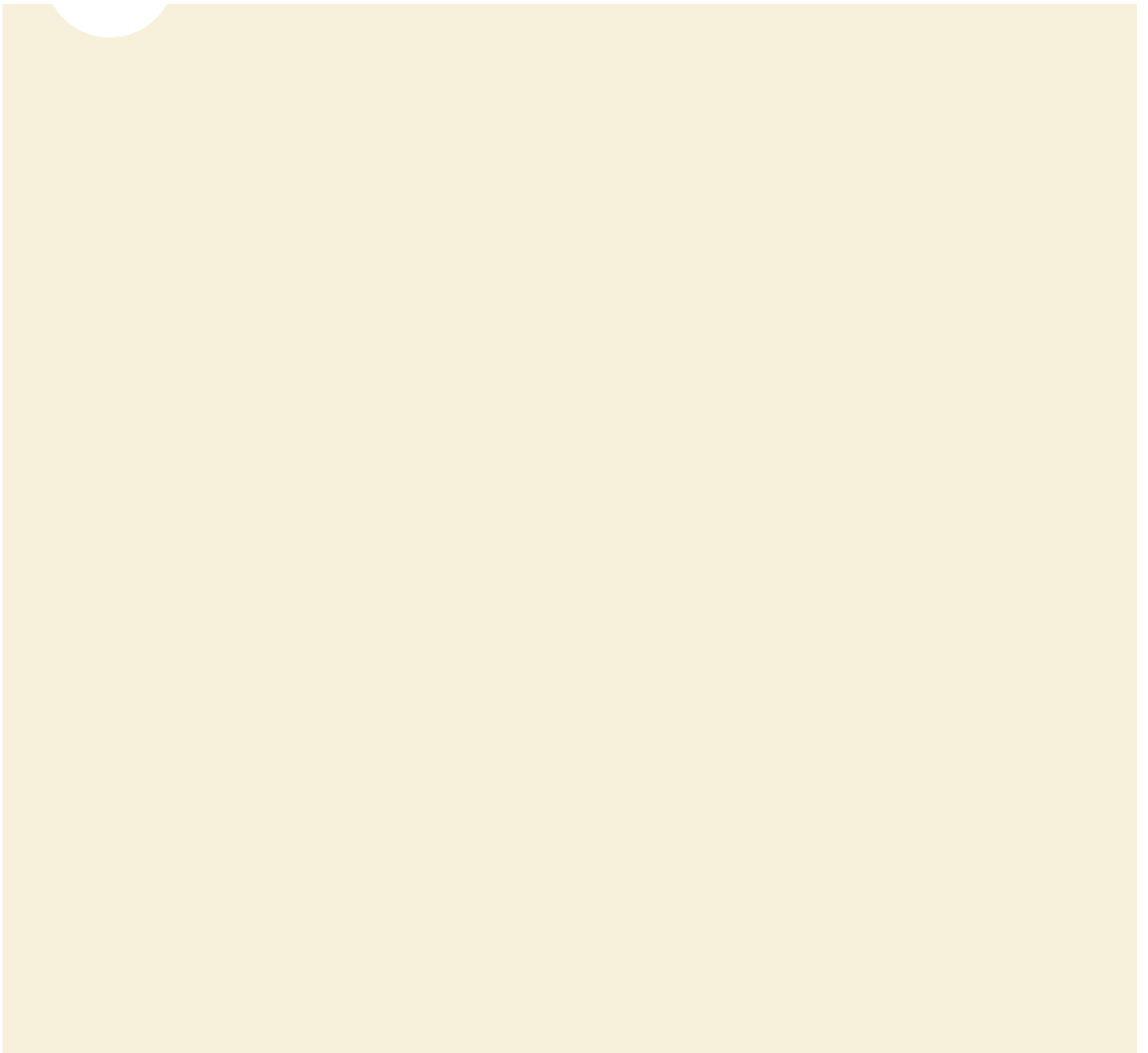
Hanne Myhre Gravdal
Employee representative

Geir Arne Vestre
Employee representative

Rune Fjeldstad
Managing Director



Interim financial statements



Summary of results and key figures (Group)

(NOK thousands)	30.09.2020	%	30.09.2019	%	31.12.2019	%
Net interest income	491,907	1.66	469,179	1.65	656,524	1.72
Net commission and other income	353,624	1.19	322,527	1.14	427,065	1.12
Net income from financial assets	111,882	0.38	156,012	0.55	171,875	0.45
Total net income	957,413	3.23	947,717	3.34	1,255,464	3.29
Total operating expenses	429,468	1.45	421,170	1.49	588,334	1.54
Operating profit before losses/profit before losses and tax	527,945	1.78	526,548	1.86	667,130	1.75
Impairment of loans and guarantees	33,262	0.11	5,838	0.02	2,318	0.01
Profit before tax	494,683	1.67	520,709	1.84	664,812	1.74
Tax expense	97,612	0.33	94,465	0.33	126,247	0.33
Profit after tax	397,071	1.34	426,245	1.50	538,564	1.41
Total other comprehensive income recognised as equity	2,223	0.01	7,787	0.03	4,838	0.01
Total comprehensive income	399,295	1.35	434,031	1.53	543,403	1.43
	30.09.2020		30.09.2019		31.12.2019	
Profitability						
Return on equity, profit before other comprehensive income ¹	10.5%		12.1%		11.3%	
Return on equity, comprehensive income	10.5%		12.3%		11.4%	
Cost-income ratio ²	44.9%		44.4%		46.9%	
Cost-income ratio excl. financial investments	50.8%		53.2%		54.3%	
Balance sheet figures						
Gross lending to customers	32,585,196		30,814,164		31,409,938	
Gross lending to customers incl. SpareBank 1 Boligkreditt/Næringskreditt	45,981,809		43,372,938		44,292,346	
Deposits from customers	25,913,610		24,480,954		24,443,290	
Deposit coverage	79.5%		79.4%		77.8%	
Liquidity coverage ratio (LCR), liquidity reserve	153.0%		199.0%		230.0%	
Lending growth incl. SpareBank 1 Boligkreditt/Næringskreditt in the past 12 months	6.0%		4.3%		5.8%	
Deposit growth in the past 12 months	5.9%		12.3%		10.4%	
Total assets	40,075,739		38,723,976		38,822,442	
Business capital (incl. SpareBank 1 Boligkreditt/Næringskreditt)	53,472,353		51,282,751		51,704,849	

	30.09.2020	30.09.2019	31.12.2019	
Loss				
Loss rate on lending ³	0.10%	0.02%	0.01%	
Loans in Stage 3 as % of gross lending	0.66%	0.84%	0.82%	
Loss (incl. SpareBank 1 Boligkreditt/Næringskreditt)				
Loss rate on lending ³ (incl. SpareBank 1 Boligkreditt/Næringskreditt)	0.07%	0.01%	0.01%	
Loans in Stage 3 as % of gross lending (incl. SpareBank 1 Boligkreditt/Næringskreditt)	0,47 %	0.60%	0.58%	
Financial strength in terms of proportional consolidation				
Capital adequacy ratio	21.9%	20.4%	22.1%	
Tier 1 capital ratio	20.0%	18.5%	20.0%	
Common Equity Tier 1 capital ratio	18.7%	16.9%	18.5%	
Net primary capital	5,676,124	5,405,384	5,464,361	
Tier 1 capital	5,161,755	4,887,853	4,949,961	
Common Equity Tier 1 capital	4,833,632	4,471,327	4,579,307	
Basis for calculation	25,871,374	26,468,663	24,780,727	
Leverage ratio, proportional consolidation	8.5%	8.4%	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	228	230	
Number of FTEs, group (avg. YTD)	343	336	337	
Equity certificates				
	30.09.2020	30.09.2019	31.12.2019	31.12.2018
Equity certificate fractions	54.69%	56.15%	56.15%	57.99%
Market price	35.30	37.40	39.60	35.60
Market value (NOK thousands)	2,227,478	2,359,991	2,498,814	2,246,408
Book equity per certificate (parent bank)	42.56	41.24	42.19	40.73
Book equity per certificate (Group)	44.60	42.80	43.71	42.06
Earnings per equity certificate (parent bank) ⁴	2.78	3.46	4.43	4.98
Earnings per equity certificate (Group) ⁴	3.33	3.65	4.63	5.40
Dividend per equity certificate	-	-	2.42	2.95
Price/earnings per equity certificate (parent bank)	12.69	10.82	8.94	7.15
Price/earnings per equity certificate (Group)	10.61	10.24	8.56	6.59
Price/book equity (parent bank)	0.83	0.91	0.94	0.87
Price/book equity (Group)	0.79	0.87	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	Q3/2019	Q3/2020	30.09. 2019	30.09. 2020	(NOK thousands)	Note	30.09. 2020	30.09. 2019	Q3/2020	Q3/2019	31.12. 2019
151,610	38,256	17,605	113,066	78,262	Interest income measured at fair value		78,262	113,066	17,605	38,256	151,610
974,467	255,379	197,821	696,311	691,991	Interest income measured at amortised cost		692,059	696,894	197,837	255,626	975,018
468,398	121,442	54,692	339,962	277,714	Interest expenses		278,414	340,781	54,858	121,725	470,104
657,679	172,193	160,733	469,415	492,539	Net interest income		491,907	469,179	160,584	172,156	656,524
296,832	78,654	91,173	219,994	236,732	Commission income		236,732	219,994	91,173	78,654	296,832
16,617	4,177	5,708	12,693	14,170	Commission expenses		14,170	12,693	5,708	4,177	16,617
5,983	1,178	2,797	4,515	8,843	Other operating income		131,061	115,226	47,190	35,353	146,849
286,198	75,654	88,261	211,816	231,406	Net commission and other income		353,624	322,527	132,654	109,829	427,065
128,793	14	98	121,925	57,645	Dividends		21,990	18,654	98	14	25,522
7,536	-	-	7,536	1,907	Net result from ownership interests		82,706	121,894	22,801	10,588	125,437
20,916	(7,996)	3,824	15,464	7,187	Net result from other financial investments	11	7,187	15,464	3,824	(7,996)	20,916
157,245	(7,982)	3,922	144,925	66,739	Net income from financial assets		111,882	156,012	26,723	2,606	171,875
1,101,122	239,865	252,917	826,156	790,683	Total net income		957,413	947,717	319,962	284,591	1,255,464
239,064	51,055	52,376	163,554	170,256	Personnel expenses		252,172	243,540	81,142	76,912	344,184
218,627	52,612	50,116	160,721	158,839	Other operating expenses		177,296	177,630	55,214	57,907	244,150
457,691	103,667	102,492	324,276	329,095	Total operating expenses		429,468	421,170	136,356	134,818	588,334
643,431	136,198	150,425	501,881	461,589	Profit before losses and tax		527,945	526,548	183,605	149,773	667,130
2,718	2,339	(10,632)	6,238	35,638	Impairment of loans and guarantees	2, 14	33,262	5,838	(10,632)	2,139	2,318
640,713	133,860	161,057	495,642	425,951	Profit before tax		494,683	520,709	194,237	147,634	664,812
124,997	35,350	39,400	92,614	93,250	Tax expense		97,612	94,465	40,751	36,081	126,247
515,717	98,510	121,657	403,028	332,701	Profit before other comprehensive income		397,071	426,245	153,486	111,553	538,564
-	-	-	-	-	Controlling interest's share of profit		395,765	425,090	152,922	111,130	537,930
-	-	-	-	-	Non-controlling interest's share of profit		1,307	1,155	564	423	634
8,318	7,787	(504)	7,787	2,223	Items reversed through profit or loss <i>Change in value of loans classified at fair value</i>		2,223	7,787	(504)	7,787	8,318
(2,275)	-	-	-	-	Items not reversed through profit or loss <i>Estimation difference, IAS 19 Pensions</i>		-	-	-	-	(3,479)
6,043	7,787	(504)	7,787	2,223	Total other comprehensive income recognised as equity		2,223	7,787	(504)	7,787	4,838
521,759	106,297	121,153	410,815	334,924	Total comprehensive income		399,295	434,031	152,982	119,340	543,403
-	-	-	-	-	Controlling interest's share of profit		397,988	432,877	-	-	542,768
-	-	-	-	-	Non-controlling interest's share of profit		1,307	1,155	-	-	634
4.43	0.82	1.01	3.46	2.78	Earnings per equity certificate before other comprehensive income		3.33	3.65	1.28	0.94	4.63

Balance sheet

Parent bank			Group				
31.12.2019	30.09.2019	30.09.2020	(NOK thousands)	Note	30.09.2020	30.09.2019	31.12.2019
94,784	101,035	99,671	Cash and receivables from central banks		99,671	101,035	94,784
1,034,557	861,185	516,867	Loans to and receivables from financial institutions		568,973	911,256	1,070,874
31,286,021	30,685,832	32,464,161	Net lending to customers	3, 4, 8	32,433,517	30,663,108	31,265,305
4,129,073	4,819,790	4,463,425	Certificates, bonds and other securities at fair value		4,463,425	4,819,790	4,129,073
1,418,440	1,392,364	1,422,252	Shareholdings and other equity interests		1,422,252	1,392,364	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		693,935	610,909	615,878
97,271	100,769	83,486	Tangible assets	18	110,584	126,961	121,536
-	-	-	Goodwill		24,654	24,654	24,654
9,872	9,316	9,131	Deferred tax assets		9,839	9,989	10,829
56,593	50,481	230,570	Other assets	5, 10	248,890	63,909	71,068
38,618,237	38,512,399	39,812,393	Total assets		40,075,739	38,723,976	38,822,442
-	-	200,000	Deposits from financial institutions		200,000	-	-
24,463,240	24,495,069	25,947,880	Deposits from customers	7	25,913,610	24,480,954	24,443,290
8,279,389	8,090,005	7,508,496	Liabilities from the issuance of securities	12	7,508,496	8,090,005	8,279,389
125,688	119,317	107,288	Tax payable		113,251	121,681	128,257
288,831	392,099	458,630	Other liabilities	6, 3, 10	512,091	438,215	333,927
444,404	443,692	400,715	Subordinated loan capital	12	400,715	443,692	444,404
33,601,552	33,540,182	34,623,009	Total liabilities		34,648,162	33,574,547	33,629,268
946,501	946,501	946,519	Equity capital		946,519	946,501	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	27,457	Fund for unrealised gains		27,457	9,879	25,234
250,000	316,000	250,000	Additional Tier 1 capital		250,000	316,000	250,000
152,705	-	-	Other equity		173,281	153,455	328,019
-	400,508	323,163	Unallocated		386,227	422,570	-
-	-	-	Non-controlling interest's share		1,848	1,696	1,175
5,016,685	4,972,217	5,189,385	Total equity		5,427,577	5,149,430	5,193,174
38,618,237	38,512,399	39,812,393	Liabilities and equity		40,075,739	38,723,976	38,822,442

Results from quarterly financial statements

Group

(NOK thousands)	Q3/2020	Q2/2020	Q1/2020	Q4/2019	Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018
Interest income	215,442	246,589	308,290	316,668	293,881	267,182	248,896	252,456	239,268
Interest expenses	54,858	94,811	128,745	129,323	121,725	115,442	103,614	96,554	88,758
Net interest income	160,584	151,778	179,545	187,345	172,156	151,740	145,283	155,903	150,510
Commission income	91,173	69,949	75,610	76,838	78,654	72,771	68,569	72,889	69,192
Commission expenses	5,708	4,086	4,375	3,924	4,177	4,331	4,185	3,988	3,703
Other operating income	47,190	45,365	38,507	31,623	35,353	44,993	34,880	34,447	37,427
Net commission and other income	132,654	111,227	109,742	104,538	109,829	113,434	99,265	103,348	102,916
Dividends	98	6,533	15,358	6,868	14	2,270	16,370	-	4,351
Net result from ownership interests	22,801	21,413	38,492	3,544	10,588	31,680	79,626	9,154	13,157
Net result from other financial investments	3,824	49,974	(46,611)	5,452	(7,996)	8,567	14,894	(19,542)	11,424
Net income from financial assets	26,723	77,919	7,239	15,864	2,606	42,516	110,889	(10,388)	28,932
Total net income	319,962	340,925	296,526	307,747	284,591	307,690	355,436	248,862	282,358
Personnel expenses	81,142	80,583	90,447	100,644	76,912	81,144	85,485	88,248	76,674
Other operating expenses	55,214	59,008	63,074	66,521	57,907	60,503	59,220	61,061	55,154
Total operating expenses	136,356	139,591	153,521	167,164	134,818	141,647	144,704	149,310	131,827
Profit before losses and tax	183,605	201,334	143,005	140,582	149,773	166,043	210,732	99,553	150,531
Impairment of loans and guarantees	(10,632)	16,659	27,235	(3,520)	2,139	(2,108)	5,808	(9,374)	(8,074)
Profit before tax	194,237	184,675	115,771	144,102	147,634	168,151	204,924	108,927	158,604
Tax expense	40,751	35,007	21,853	31,782	36,081	33,502	24,882	24,387	32,017
Profit before other comprehensive income	153,486	149,668	93,918	112,320	111,553	134,649	180,042	84,540	126,587
Parent bank									
Earnings per equity certificate (quarter in isolation)	1.01	1.23	0.55	0.97	0.82	1.76	0.87	0.73	0.99
Diluted earnings per equity certificate (quarter in isolation)	1.01	1.23	0.55	0.97	0.82	1.76	0.87	0.73	0.99

Change in equity as at Q3/2020

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
Employee equity certificate savings scheme	19	-	-	-	-	-	-	-	-	-	19
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(9,538)	-	(9,538)
Additional Tier 1 capital issued	-	-	-	-	-	-	100,000	-	-	-	100,000
Buy-back and maturity of subordinated bond	-	-	-	-	-	-	(100,000)	-	-	-	(100,000)
Dividend from 2019, for payment in 2020	-	-	-	-	-	-	-	(152,705)	-	(634)	(153,340)
Change in carrying value of subsidiaries, joint ventures and associated companies	-	-	-	-	-	-	-	(2,033)	-	-	(2,033)
Profit before other comprehensive income	-	-	-	-	-	-	-	-	395,765	1,307	397,071
<i>Items reversed through profit or loss:</i>											
Change in value of loans classified at fair value	-	-	-	-	-	2,223	-	-	-	-	2,223
Equity as at 30.09.2020	946,519	1,026,427	536,885	6,540	2,072,392	27,457	250,000	173,281	386,227	1,848	5,427,577

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

Parent bank

(NOK thousands)	Ownership interest ¹	Share premium fund	Risk equalisation fund	Endowment fund	Spare-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/loss:</i>										
Estimation difference, IAS 19 Pension adjustment	-	-	(1,277)	-	(998)	-	-	-	-	(2,275)
Equity as at 31.12.2019	946,501	1,026,427	536,885	6,540	2,072,392	25,234	250,000	152,705	-	5,016,685
Equity as at 31.12.2019	946,501	1,026,427	536,885	6,540	2,072,392	25,234	250,000	152,705	-	5,016,685
Employee equity certificate savings scheme	19	-	-	-	-	-	-	-	-	19
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(9,538)	(9,538)
Additional Tier 1 capital issued	-	-	-	-	-	-	100,000	-	-	100,000
Buy-back and maturity of subordinated bond	-	-	-	-	-	-	(100,000)	-	-	(100,000)
Dividend from 2019, for payment in 2020	-	-	-	-	-	-	-	(152,705)	-	(152,705)
Profit before other comprehensive income	-	-	-	-	-	-	-	-	332,701	332,701
<i>Items reversed through profit or loss:</i>										
Change in value of loans classified at fair value	-	-	-	-	-	2,223	-	-	-	2,223
Equity as at 30.09.2020	946,519	1,026,427	536,885	6,540	2,072,392	27,457	250,000	-	323,163	5,189,385

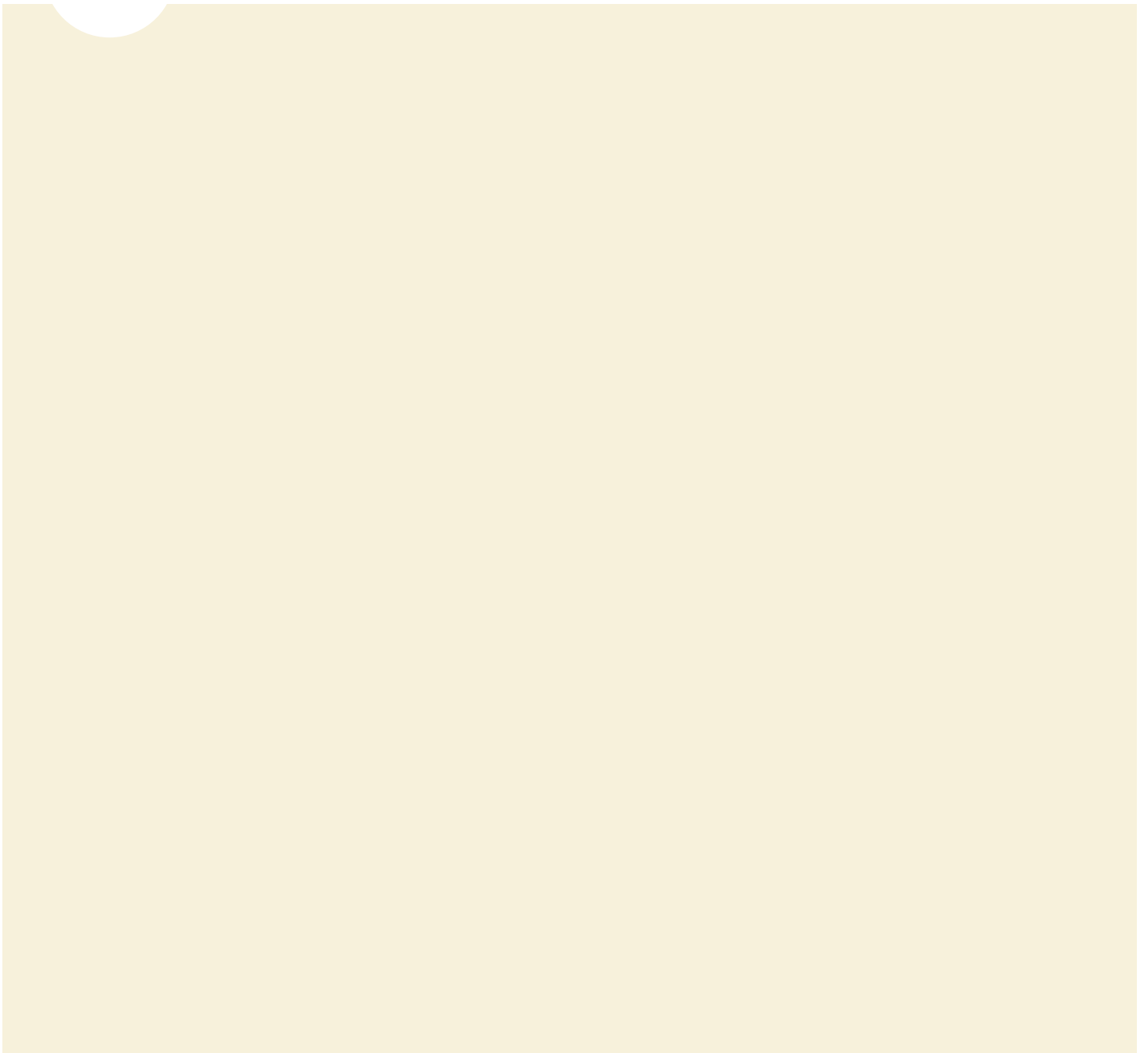
1. The equity share capital has been deducted 1,000 in own holdings

Cash flow statement

Parent bank				Group		
31.12.2019	30.09.2019	30.09.2020	(NOK thousands)	30.09.2020	30.09.2019	31.12.2019
			Cash flow from operating activities			
(1,902,368)	(1,276,175)	(1,184,900)	Change in lending to customers	(1,150,289)	(1,276,669)	(1,902,952)
1,004,129	723,387	730,085	Interest received on loans to customers	730,153	723,970	1,004,681
2,303,616	2,198,255	1,371,983	Change in deposits from customers	1,357,663	2,207,897	2,307,423
(258,198)	(320,176)	(36,014)	Interest paid on deposits from customers	(36,714)	(320,996)	(259,904)
-	-	200,000	Change in receivables from and liabilities to financial institutions	200,000	-	-
21,278	16,102	9,467	Interest on receivables from and liabilities to financial institutions	9,467	16,102	21,278
(104,565)	(783,832)	(328,878)	Change in certificates and bonds	(311,691)	(783,832)	(104,565)
94,762	69,440	56,848	Interest received on certificates and bonds	56,848	69,440	94,762
286,198	211,816	231,085	Net commission income	353,303	322,527	427,065
26,954	(15,070)	(4,158)	Capital gains from trading securities	(4,158)	(15,070)	26,954
(447,568)	(304,973)	(310,395)	Payments to operations	(416,323)	(397,468)	(571,468)
(136,302)	(121,458)	(140,423)	Tax paid	(142,274)	(122,804)	(139,427)
28,593	402,292	50,365	Other accruals	24,281	411,031	38,677
916,530	799,608	645,065	Net cash flow from operating activities (A)	670,266	834,128	942,523
			Cash flow from investing activities			
(4,678)	(2,373)	(2,097)	Investment in property, plant and equipment	(4,375)	(3,032)	(7,299)
-	-	8,208	Receipts from sale of property, plant and equipment	8,208	-	-
(166,712)	(121,742)	(37,456)	Net cash flow from investments in shares	(3,490)	(24,495)	(70,889)
136,329	129,461	59,553	Dividends from investments in shares	21,990	18,654	25,522
(35,061)	5,346	28,208	Net cash flow from investing activities (B)	22,333	(8,873)	(52,666)
			Cash flow from financing activities			
1,523,468	610,000	889,290	Change in liabilities from the issuance of securities	889,290	610,000	1,523,468
-	-	-	Change in subordinated loan capital	-	-	-
150,000	150,000	100,000	Change in additional Tier 1 capital	100,000	150,000	150,000
(1,988,226)	(1,282,000)	(1,820,816)	Repayment of issued securities	(1,820,816)	(1,282,000)	(1,988,226)
-	-	(40,000)	Repayment of subordinated loan capital	(40,000)	-	-
(150,000)	(84,000)	(100,000)	Repayment of additional Tier 1 capital	(100,000)	(84,000)	(150,000)
23,460	32,710	107,220	Net change in collateral agreements	107,220	32,710	23,460
(170,695)	(132,390)	(133,866)	Interest payments on liabilities from the issuance of securities	(133,866)	(132,390)	(170,695)
(15,012)	(11,821)	(11,771)	Interest payments on subordinated loans	(11,771)	(11,821)	(15,012)
(10,783)	(10,306)	(9,538)	Interest payments on additional Tier 1 capital	(9,538)	(10,306)	(10,783)
(16,829)	(17,493)	(12,991)	Rent payments on capitalised leases	(15,893)	(19,512)	(20,689)
(186,149)	(186,149)	(152,705)	Dividend payments	(153,339)	(186,669)	(186,669)
(1,878)	(1,801)	(900)	Payment from endowment fund and grant funds	(900)	(1,801)	(1,878)
(842,643)	(933,250)	(1,186,077)	Net cash flow from financing activities (C)	(1,189,613)	(935,789)	(847,024)
38,825	(128,296)	(512,804)	Net change in cash and cash equivalents in the period (A+B+C)	(497,014)	(110,534)	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	962,220	616,538	Cash and cash equivalents at end of period	668,644	1,012,291	1,165,658
			Cash and cash equivalents, specified			
94,784	101,035	99,671	Cash and receivables from central banks	99,671	101,035	94,784
1,034,557	861,185	516,867	Receivables from financial institutions	568,973	911,256	1,070,874
1,129,342	962,220	616,538	Cash and cash equivalents	668,644	1,012,291	1,165,658



Notes to the financial statements



Note 1

Accounting policies

The interim report for SpareBank 1 BV covers the period 01.01.-30.09.2020. 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	30.09.2019	30.09.2020		30.09.2020	30.09.2019	31.12.2019	3. 2020
6,337	795	11,111	Change in impairment provisions in the period, Stage 1	11,111	795	6,337	1,385
4,427	4,334	4,619	Change in impairment provisions in the period, Stage 2	4,619	4,334	4,427	(9,746)
(9,655)	(13)	9,724	Change in impairment provisions in the period, Stage 3	300	(413)	(10,055)	(10,007)
859	-	8,042	Losses for the period with previous impairments	15,090	-	859	7,406
1,496	1,815	1,312	Losses for the period without previous impairments	1,312	1,815	1,496	457
(565)	394	(351)	Previously recognised impairments at start of period.	(351)	394	(565)	(78)
(181)	(1,088)	1,182	Other corrections/amortisation of impairments	1,182	(1,088)	(181)	(49)
2,718	6,238	35,638	Impairment of loans and guarantees for the period	33,262	5,838	2,318	(10,632)

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	8,674	(8,674)	-	-
Impairment provisions transferred to Stage 2	(5,116)	5,305	(189)	-
Impairment provisions transferred to Stage 3	(362)	(2,197)	2,559	-
New financial assets issued or purchased	23,644	6,920	3,442	34,006
Increase existing loans	10,201	21,049	30,304	61,554
Reduction existing loans	(14,182)	(7,318)	(13,155)	(34,656)
Financial assets that have been deducted	(11,747)	(10,465)	(5,196)	(27,408)
Changes due to recognised impairments (recognised losses)	-	-	(8,042)	(8,042)
30.09.2020	52,711	46,247	96,579	195,537
- reversal of impairment provisions related to fair value through OCI	(14,054)	-	-	(14,054)
Capitalised impairment provisions as at 30.09.2020	38,657	46,247	96,579	181,483
Of which, impairment provisions for capitalised loans	26,814	44,426	94,838	166,078
Of which, impairment provisions for unused credits and guarantees	11,843	1,821	1,741	15,405
Of which: impairment provisions, retail market - amortised cost	1,298	19,455	23,334	44,086
Of which: impairment provisions, corporate market - amortised cost	37,359	26,793	73,245	137,397

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	8,674	(8,674)	-	-
Impairment provisions transferred to Stage 2	(5,116)	5,305	(189)	-
Impairment provisions transferred to Stage 3	(362)	(2,197)	2,559	-
New financial assets issued or purchased	23,644	6,920	3,442	34,006
Increase existing loans	10,201	21,049	27,928	59,178
Reduction existing loans	(14,182)	(7,318)	(13,155)	(34,656)
Financial assets that have been deducted	(11,747)	(10,465)	(5,196)	(27,408)
Changes due to recognised impairments (recognised losses)	-	-	(15,090)	(15,090)
30.09.2020	52,711	46,247	82,180	181,138
- reversal of impairment provisions related to fair value through OCI	(14,054)	-	-	(14,054)
Capitalised impairment provisions as at 30.09.2020	38,657	46,247	82,180	167,084
Of which, impairment provisions for capitalised loans	26,814	44,426	80,439	151,679
Of which, impairment provisions for unused credits and guarantees	11,843	1,821	1,741	15,405
Of which: impairment provisions, retail market - amortised cost	1,298	19,455	23,334	44,086
Of which: impairment provisions, corporate market - amortised cost	37,359	26,793	58,846	122,998

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 30.09.2020.

In addition to expanded individual loss assessments, the Bank changed the model's scenario weighting based on an assessment. The scenario weightings remain unchanged from the previous quarter. Please see the overview below for information on how the scenario weightings have developed throughout the year.

The table below shows the sensitivity associated with a 10-percentage point reduction in probability of the normal case and corresponding 10 percentage point increase in probability of the worst case. Such a change would result in impairment provisions increasing by approximately NOK 19 million, which illustrates the sensitivity of a moderate deterioration in national and/or regional macroeconomic factors.

Scenario weightings used as at 30.09.2020	Weighting RM/ CM	RM	CM	Total
Scenario 1 (normal case)	80%/80%	34,999	81,227	116,226
Scenario 2 (worst case)	15%/20%	25,929	51,899	77,828
Scenario 3 (best case)	5%/0%	1,483	-	1,483
Total		62,411	133,126	195,537

Change in impairment provisions in the event of a change in weighting	Weighting RM/ CM	RM	CM	Total
Scenario 1 (normal case)	70%/70%	(4,375)	(10,027)	(14,402)
Scenario 2 (worst case)	25%/30%	7,285	25,950	33,235
Scenario 3 (best case)	5%/0%	-	-	-
Total		2,910	15,923	18,833

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

Note 4

Loans to customers by Stages 1, 2 and 3

Loans to customers by Stages 1, 2 and 3	Parent bank			Total
	Stage 1	Stage 2	Stage 3	
01.01.2020	27,440,928	1,947,235	273,126	29,661,289
Loans transferred to Stage 1	555,227	(555,222)	(5)	-
Loans transferred to Stage 2	(738,257)	753,835	(15,577)	-
Loans transferred to Stage 3	(13,788)	(40,781)	54,569	-
New financial assets issued or purchased	12,052,915	401,910	15,894	12,470,719
Increase existing loans	347,065	72,786	1,790	421,641
Reduction existing loans	(1,203,829)	(109,910)	(37,897)	(1,351,636)
Financial assets that have been deducted	(9,696,653)	(542,876)	(33,995)	(10,273,523)
Changes due to recognised impairments (recognised losses)	(117)	-	(9,131)	(9,248)
30.09.2020	28,743,493	1,926,976	248,773	30,919,242
Impairment provisions as % of gross lending	0.18%	2.40%	38.82%	0.63%

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	555,227	(555,222)	(5)	-
Loans transferred to Stage 2	(738,257)	753,835	(15,577)	-
Loans transferred to Stage 3	(13,788)	(40,781)	54,569	-
New financial assets issued or purchased	12,052,915	401,910	15,894	12,470,719
Increase existing loans	346,324	72,786	1,790	420,901
Reduction existing loans	(1,203,829)	(109,910)	(36,105)	(1,349,843)
Financial assets that have been deducted	(9,696,653)	(542,876)	(33,995)	(10,273,523)
Changes due to recognised impairments (recognised losses)	(117)	-	(29,535)	(29,652)
30.09.2020	28,732,658	1,926,976	214,565	30,874,199
Impairment provisions as % of gross lending	0.18%	2.40%	38.30%	0.59%

Note 5

Other assets

Parent bank				(NOK thousands)	Group		
31.12.2019	30.09.2019	30.09.2020			30.09.2020	30.09.2019	31.12.2019
21,058	14,562	21,279		Prepaid, unaccrued costs, and accrued income not yet received	36,448	25,822	32,420
16,117	4,094	48,329		Other assets	51,479	6,262	19,230
19,418	31,825	160,963		Derivatives and other financial instruments at fair value	160,963	31,825	19,418
56,593	50,481	230,570		Total other assets	248,890	63,909	71,068

Note 6

Other liabilities

Parent bank			(NOK thousands)	Group		
31.12.2019	30.09.2019	30.09.2020		30.09.2020	30.09.2019	31.12.2019
46,181	42,264	28,904	Accrued expenses and unaccrued income received	45,148	53,455	62,100
71,151	61,377	80,093	Provision for accrued expenses and liabilities	80,570	60,635	71,627
134,052	248,894	183,465	Other liabilities	220,206	284,560	162,752
37,447	39,565	166,167	Derivatives and other financial instruments at fair value	166,167	39,565	37,447
288,831	392,099	458,630	Total other liabilities	512,091	438,215	333,927

Note 7

Deposits from customers by sector and industry

Parent bank			(NOK thousands)	Group		
31.12.2019	30.09.2019	30.09.2020		30.09.2020	30.09.2019	31.12.2019
15,285,830	15,312,530	15,967,312	Employees, etc.	15,967,312	15,312,530	15,285,830
3,197,454	3,102,206	3,335,647	Property management/business services, etc.	3,301,377	3,088,090	3,177,504
754,043	742,784	929,350	Wholesale and retail trade/hotels and restaurants	929,350	742,784	754,043
188,906	205,126	234,756	Agriculture/forestry	234,756	205,126	188,906
633,708	559,893	580,103	Building and construction	580,103	559,893	633,708
1,412,784	1,352,291	1,595,610	Transport and service Industries	1,595,610	1,352,291	1,412,784
307,646	281,425	307,830	Production (manufacturing)	307,830	281,425	307,646
1,969,637	2,500,858	2,210,124	Public administration	2,210,124	2,500,858	1,969,637
713,232	437,956	787,148	Abroad and others	787,148	437,956	713,232
24,463,240	24,495,069	25,947,880	Total deposits	25,913,610	24,480,954	24,443,290

Note 8

Loan to customers by sector and industry

Parent bank				Group		
31.12.2019	30.09.2019	30.09.2020	(NOK thousands)	30.09.2020	30.09.2019	31.12.2019
24,140,703	23,458,951	24,935,389	Employees, etc.	24,935,389	23,458,951	24,140,703
5,513,943	5,568,364	5,861,572	Property management/business services, etc.	5,816,528	5,540,665	5,488,251
348,044	356,389	313,470	Wholesale and retail trade/hotels and restaurants	313,470	356,389	348,044
236,036	262,259	202,209	Agriculture/forestry	202,209	262,259	236,036
324,524	311,623	326,888	Building and construction	326,888	311,623	324,524
346,830	359,782	391,480	Transport and service Industries	391,480	359,782	346,830
277,769	259,292	329,640	Production (manufacturing)	329,640	259,292	277,769
1,843	1,972	1,223	Public administration	1,223	1,972	1,843
245,938	263,231	268,369	Abroad and others	268,369	263,231	245,938
31,435,630	30,841,863	32,630,240	Gross lending	32,585,196	30,814,164	31,409,938
8,353,979	8,453,757	8,498,449	- Of which, measured at amortised cost	8,453,405	8,426,058	8,328,288
21,307,310	20,626,845	22,420,793	- Of which, measured at fair value through OCI	22,420,793	20,626,845	21,307,310
1,774,341	1,761,261	1,710,997	- Of which, measured at fair value	1,710,997	1,761,261	1,774,341
(149,609)	(156,031)	(166,078)	- Impairment provisions for loans	(151,679)	(151,056)	(144,634)
31,286,021	30,685,832	32,464,161	Net lending	32,433,517	30,663,108	31,265,305
31,435,630	30,841,863	32,630,240	Gross lending	32,585,196	30,814,164	31,409,938
12,039,621	12,009,402	12,680,408	Gross loans transferred to SB1 Boligkreditt	12,680,408	12,009,402	12,039,621
842,787	549,373	716,205	Gross loans transferred to SB1 Næringskreditt	716,205	549,373	842,787
44,318,037	43,400,638	46,026,853	Gross lending including SB1 Boligkreditt and Næringskreditt	45,981,809	43,372,938	44,292,346

Note 9

Capital adequacy

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

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

Extended consolidation for owner companies in the Samarbeidende Sparebanker grouping

Under the CRD IV rules, SpareBank 1 BV is currently below the materiality threshold for reporting fully consolidated capital adequacy. Consequently, capital adequacy is not worked out at a consolidated level.

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

Proportional consolidation

	30.09.2020	30.09.2019	31.12.2019
Primary capital			
Common Equity Tier 1 capital	4,833,632	4,471,327	4,579,307
Tier 1 capital	5,161,755	4,887,853	4,949,961
Primary capital	5,676,124	5,405,384	5,464,361
Basis for calculation	25,871,374	26,468,663	24,780,727
Capital adequacy			
Common Equity Tier 1 capital	18.68%	16.89%	18.48%
Tier 1 capital ratio	19.95%	18.47%	19.98%
Capital adequacy	21.94%	20.42%	22.05%
Leverage ratio	8.54%	8.38%	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

	30.09.2020	30.09.2019	31.12.2019
Primary capital			
Equity capital	946,519	946,501	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	27,457	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)	(9,538)	(2,519)	(4,740)
Profit for the period	332,701	403,028	515,717
Total capitalised equity (excluding additional Tier 1 capital)	4,939,385	4,656,217	4,766,685

Value adjustments on shares and bonds measured at fair value (AVA)	(7,595)	(6,946)	(7,425)
Deduction for non-material interests in the financial sector	(996,567)	(1,168,414)	(953,926)
Dividends allocated for distribution, classified as equity	-	-	-
Profit for the period	(332,701)	(403,028)	(515,717)
Interim profit included in Tier 1 capital	241,715	289,868	363,012
Total Common Equity Tier 1 capital	3,844,238	3,367,698	3,652,628
Additional Tier 1 capital	250,000	316,000	250,000
Additional Tier 1 capital	-	24,000	24,000
Deduction for non-material interests in the financial sector	-	(49,329)	-
Total Tier 1 capital	4,094,238	3,658,369	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	(4,910)	(27,386)	(4,925)
Net primary capital	4,489,328	4,030,983	4,321,703
Risk-weighted basis for calculation			
Assets not included in the trading portfolio	18,315,143	16,918,576	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)	107,240	27,101	27,781
Total basis for calculation	20,342,241	18,876,714	19,522,339
Common Equity Tier 1 capital	18.90%	17.84%	18.71%
Tier 1 capital ratio	20.13%	19.38%	20.11%
Capital adequacy	22.07%	21.35%	22.14%
Leverage ratio	10.03%	9.32%	10.05%
Buffer requirements			
Capital conservation buffer (2.50%)	508,556	471,918	488,058
Countercyclical buffer (1.0%/2.0%/2.5%)	203,422	377,534	488,058
Systemic risk buffer (3.00%)	610,267	566,301	585,670
Total buffer requirement for Common Equity Tier 1 capital	1,322,246	1,415,754	1,561,787
Minimum requirement for Common Equity Tier 1 capital (4.50%)	915,401	849,452	878,505
Available Common Equity Tier 1 capital in excess of minimum requirement	1,606,592	1,102,493	1,212,336
	30.09.2020	30.09.2019	31.12.2019
Local and regional authorities	58,544	73,926	83,717
Publicly owned companies	10,104	10,122	10,134
Institutions	191,422	107,870	111,259
Companies	3,107,603	2,272,942	2,655,744
Mass market	3,016,826	2,450,254	2,197,800
Mortgaged against residential and holiday property	8,292,917	8,514,308	8,504,153
Mortgaged against commercial property	1,800,279	2,117,301	2,040,958
Commitments past due	117,970	117,229	150,127
High-risk commitments	-	-	-
Covered bonds	325,508	355,680	203,526
Receivables from institutions and companies with short-term ratings	42,373	111,237	145,911
Shares in mutual funds	35,871	54,873	25,858
Equity items	1,178,340	595,091	1,196,285
Other commitments	137,386	137,743	120,258
Total credit risk	18,315,143	16,918,576	17,445,730

Note 10

Derivatives

2020			(NOK thousands)	2019		
Contract sum	Fair value	30.09.2020		Contract sum	Fair value	30.09.2019
30.09.2020	Assets	Liabilities		30.09.2019	Assets	Liabilities
5,070,000	160,963	166,167	Derivatives – hedging	4,395,000	31,825	39,565
5,070,000	160,963	166,167	Derivatives at fair value	4,395,000	31,825	39,565
			Total derivatives for fair value hedging	4,395,000	31,825	39,565

Note 11

Net result from other financial investments

Parent bank			(NOK thousands)	Group		
31.12.2019	30.09.2019	30.09.2020		30.09.2020	30.09.2019	31.12.2019
19,099	7,410	(618)	Net change in value of stocks, shares, etc. measured at fair value	(618)	7,410	19,099
(6,430)	727	9,909	Net change in value of bonds/certificates measured at fair value	9,909	727	(6,430)
2,158	3,217	(13,565)	Net change in value of financial derivatives measured at fair value	(13,565)	3,217	2,158
6,089	4,110	11,461	Exchange rate gains/losses on currency	11,461	4,110	6,089
20,916	15,464	7,187	Net result from other financial investments	7,187	15,464	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)	30.09.2020	30.09.2019	31.12.2019	
Certificate debt, nominal value	-	-	-	
Bond debt, nominal value	7,361,000	8,070,000	8,290,000	
Value adjustments and accrued interest	147,496	20,005	(10,611)	
Total securities issued	7,508,496	8,090,005	8,279,389	

Change in securities issued		Parent bank/Group		
(NOK thousands)	30.09.2020	Issued in 2020	Redeemed in 2020	31.12.2019
Certificate debt, nominal value	-	-	-	-
Bond debt, nominal value	7,361,000	875,000	(1,804,000)	8,290,000
Value adjustments and accrued interest	147,496	-	-	(10,611)
Total securities issued	7,508,496	875,000	(1,804,000)	8,279,389

Subordinated loan capital		Parent bank/Group		
(NOK thousands)	30.09.2020	30.09.2019	31.12.2019	
Subordinated loan capital	400,000	440,000	440,000	
Value adjustments and accrued interest	715	3,692	4,404	
Total subordinated loan capital	400,715	443,692	444,404	

Change in subordinated loan capital		Parent bank/Group		
	30.09.2020	Issued in 2020	Redeemed in 2020	31.12.2019
Subordinated loan capital	400,000	-	(40,000)	440,000
Value adjustments and accrued interest	715	-	-	4,404
Total subordinated loan capital	400,715	-	(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 30.09.2020

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit					
Net interest income	286,658	188,050	(94)	17,293	491,907
Net commission and other income	271,208	85,120	127	109,051	465,506
Operating expenses	288,789	116,171	3,053	21,455	429,468
Profit before losses	269,077	156,999	(3,020)	104,889	527,945
Impairment of loans and guarantees	6,516	26,649	-	96	33,262
Profit before tax	262,561	130,350	(3,020)	104,792	494,683

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Net lending to customers	24,376,074	7,296,284	-	761,159	32,433,517
Other assets	100,995	34,879	24,293	7,482,056	7,642,223
Total assets per segment	24,477,069	7,331,163	24,293	8,243,214	40,075,739
Deposits from and liabilities to customers	16,189,540	9,258,561	-	465,509	25,913,610
Other equity and liabilities	8,287,529	(1,927,398)	24,293	7,777,706	14,162,130
Total equity and liabilities per segment	24,477,069	7,331,163	24,293	8,243,214	40,075,739

Group 30.09.2019

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit					
Net interest income	264,047	177,615	(54)	27,571	469,179
Net commission and other income	257,051	77,468	180	143,840	478,539
Operating costs	286,023	113,977	680	20,490	421,170
Earnings before losses	235,075	141,106	(554)	150,921	526,548
Losses on loans and guarantees	3,541	2,717	-	(420)	5,838
Earnings before tax	231,534	138,389	(554)	151,341	520,709

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Lending to customers	22,828,490	6,886,408	-	948,210	30,663,108
Other assets	107,139	26,449	13,174	7,914,106	8,060,868
Total assets per segment	22,935,629	6,900,262	13,174	8,862,316	38,723,976
Deposits from and debt to customers	15,536,916	8,542,347	-	401,691	24,480,954
Other equity and liabilities	7,398,713	(1,642,085)	13,174	8,473,220	14,243,023
Total equity and debt per segment	22,935,629	6,900,262	13,174	8,874,911	38,723,976

Group 31.12.2019

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

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

Note 14

Critical accounting estimates and discretionary valuations

In preparing the consolidated accounts, the management makes estimates and discretionary assessments, as well as assumptions that affect the impact of applying the accounting policies. This will therefore affect the reported amounts for assets, liabilities, income and expenses. In the financial statements for 2019, note 3 'Critical estimates and assessments regarding the use of accounting policies', gives more details of significant estimates and assumptions.

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

conducted an expanded 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 30.09.2020.

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

Note 15

Sale of loans

SpareBank 1 BV and other owners have agreed to establish a liquidity facility for SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. This means that the banks commit to buy bonds issued by the company up to a total value of 12 months' term to maturity. Each owner is principally liable for its share of the requirement, and secondarily for twice the primary liability under the same agreement. The bonds can be deposited with Norges Bank, so carry no significant added risk for SpareBank 1 BV.

The Bank has signed an agreement for the legal sale of loans with high security and collateral in real estate to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. For more information on the accounting treatment of the agreements, see note 2 and note 9 to the annual financial statements for 2019.

Note 16

Liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet its payment obligations, and/or the risk of not being able to finance the desired growth in assets. SpareBank 1 BV draws up an annual liquidity strategy which addresses the Bank's liquidity risk, among other things.

The Group's liquidity risk is covered by the Bank's liquidity reserve/buffer. The main objective of SpareBank 1 BV is to maintain the viability of the Bank in a normal situation, without external funding, for 12

months. The Bank should also be able to survive a minimum of 150 days in a 'highly stressed' situation where there is no access to funding from the capital markets. The Bank exercises daily governance according to the above goals. A contingency plan has also been established to handle liquidity crises. The average remaining term to maturity in the portfolio of senior bond loans was 3.1 years as at 30.09.2020. Overall LCR was 153% at the end of the third quarter and average total LCR was 196% 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 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 30.09.2020

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,710,997	1,710,997
- Loans at fair value through OCI	-	-	22,420,793	22,420,793
- Bonds and certificates	209,620	4,248,338	-	4,457,958
- Equity Instruments	224,465	-	1,197,788	1,422,253
- Derivatives	-	160,963	-	160,963
Total assets	434,085	4,409,301	25,329,578	30,172,964

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued at fair value	-	2,876,850	-	2,876,850
- Derivatives	-	166,167	-	166,167
Total liabilities	-	3,043,017	-	3,043,017

The Group's assets and liabilities measured at fair value as at 30.09.2019

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,761,261	1,761,261
- Loans at fair value through OCI	-	-	20,626,845	20,626,845
- Bonds and certificates	204,920	4,601,040	-	4,805,960
- Equity Instruments	281,895	-	1,110,469	1,392,364
- Derivatives	-	31,825	-	31,825
Total assets	486,815	4,632,865	23,498,575	28,618,255

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued at fair value	-	2,372,920	-	2,372,920
- Derivatives	-	39,565	-	39,565
Total liabilities	-	2,412,485	-	2,412,485

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

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

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

Changes in instruments classified as Level 3 as at 30.09.2020

	Fixed-rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2020	1,774,341	1,177,757	21,307,310
Additions	239,920	17,761	10,490,467
Disposals	(303,264)	(765)	(9,376,984)
Net gain/loss on financial instruments	-	3,035	-
Closing balance 30.09.2020	1,710,997	1,197,788	22,420,793

Changes in instruments classified under Level 3 as at 30.09.2019

	Fixed-rate loans	Shares available for sale	Lending at fair value through OCI
Opening balance 01.01.2019	1,686,961	1,051,757	-
Additions	123,000	85,000	21,307,310
Disposals	(108,096)	(20,000)	-
Net gain/loss on financial instruments	-	902	-
Closing balance 30.09.2019	1,701,865	1,117,659	21,307,310

Changes in instruments classified as Level 3 as at 31.12.2019

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

Note 18

Events after the balance sheet date

No events with a material bearing on the financial statements have occurred since the balance sheet day. However, the ongoing pandemic means there is considerable uncertainty associated with critical accounting estimates and discretionary assessments as at 30.09.2020. 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 01.01. to 30.09.2020 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, 05.10.2020
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

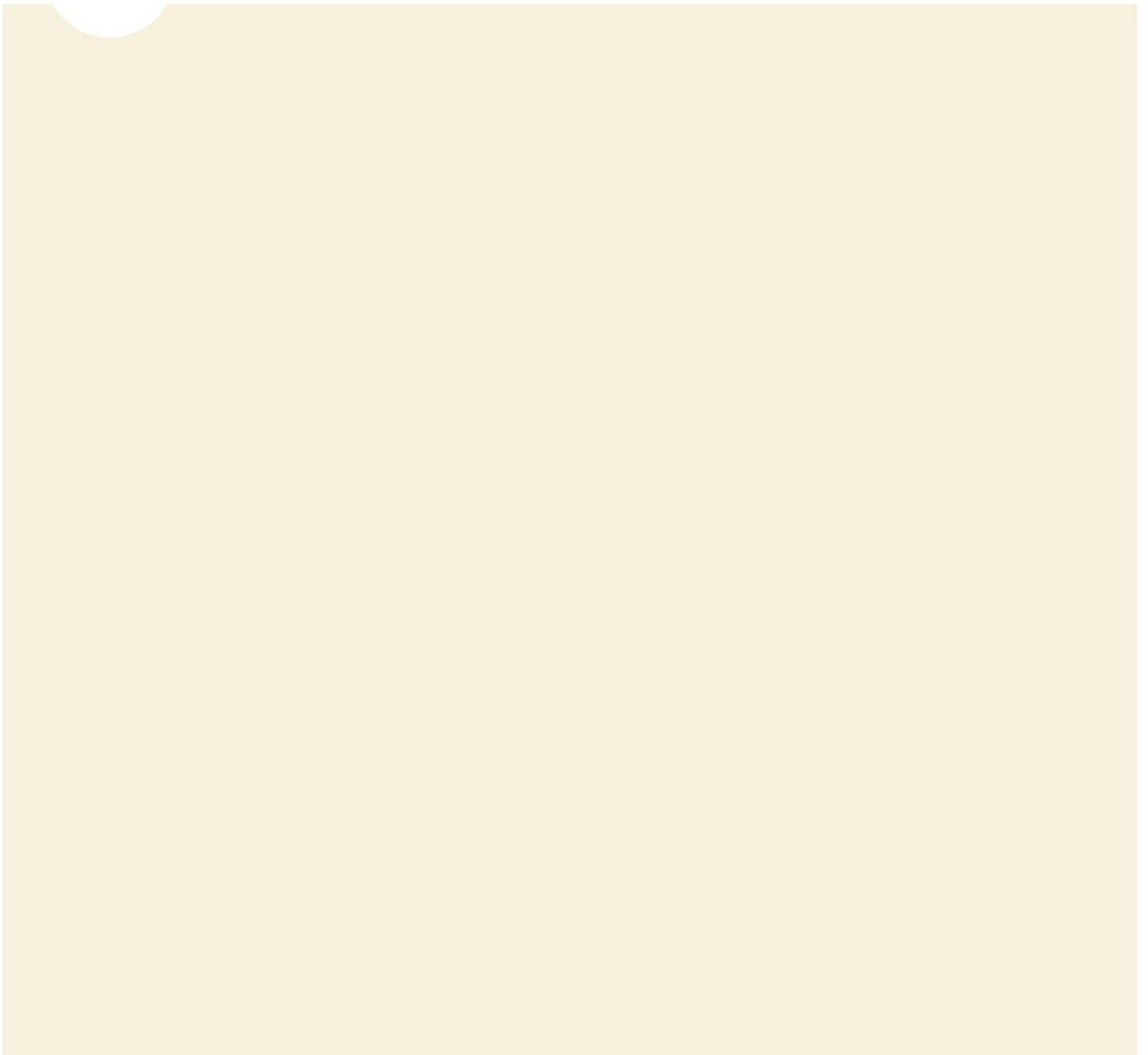
Hanne Myhre Gravdal
Employee representative

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

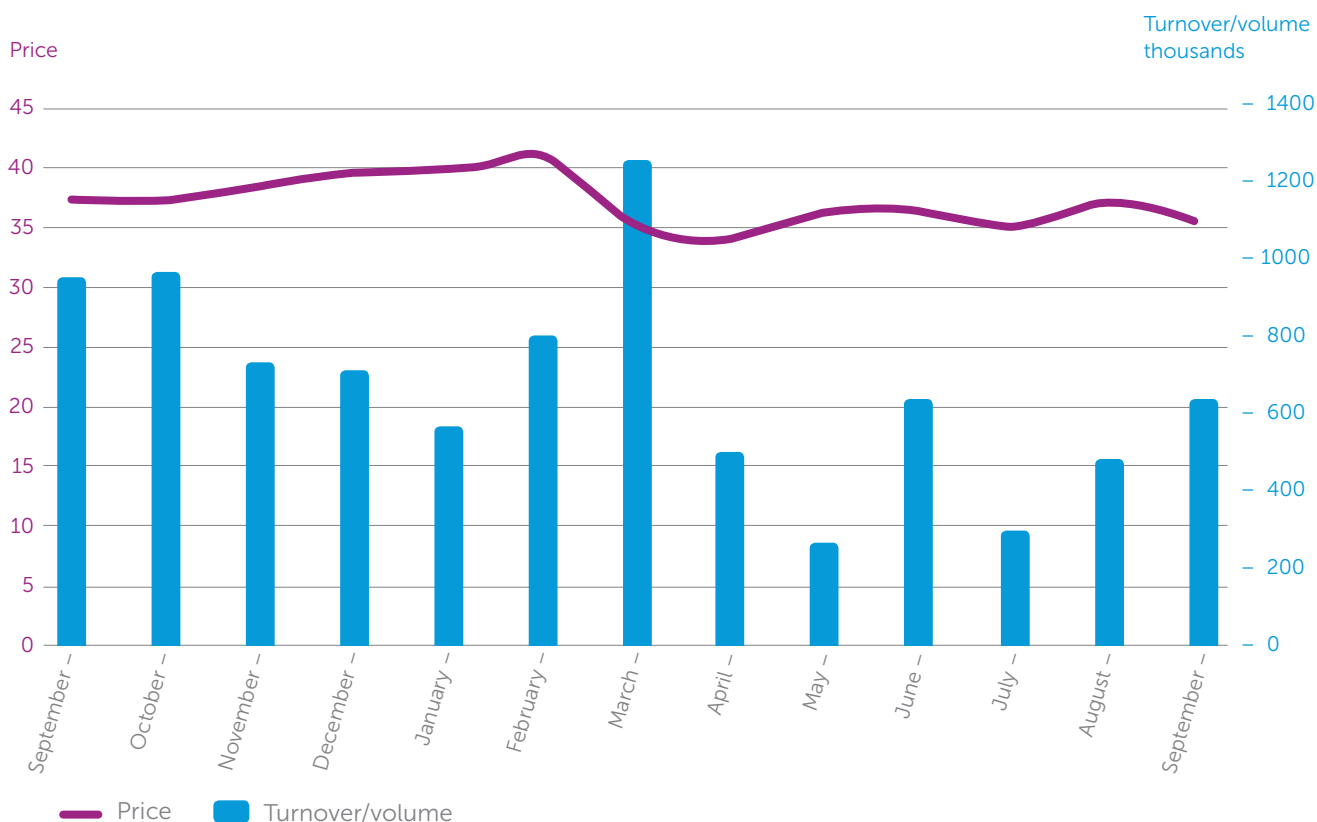
In the calculation of diluted earnings per equity certificate, the weighted average number of issued ordinary equity certificates in circulation is adjusted for the effect of converting potential equity certificates which could lead to dilution. The Bank has no potential equity certificates that could cause dilution as at 30.09.2020. Diluted earnings per equity certificate is therefore equal to earnings per equity certificate.

	Parent bank
(NOK thousands)	30.09.2020
Based on profit for the year divided between equity certificate holders and primary capital	320,919
Number of equity certificates issued	63,101
Earnings per equity certificate	2.78
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	30.09.2020
Profit for the year	332,701
- corrected for interest on additional Tier 1 capital recognised directly against equity	(9,538)
- corrected for FUG	(2,244)
Adjusted profit for the year	320,919

Change in prices September 2019 - September 2020



20 largest shareholders

	Quantity	Share
SpareBank 1 Stiftelsen BV	13,642,787	21.62%
Sparbankstiftelsen Nøtterøy-Tønsberg	10,925,503	17.31%
Verdipapirfondet Eika	2,210,871	3.50%
Pareto Invest AS	1,532,868	2.43%
Landkreditt Utbytte	1,000,000	1.58%
Wenaasgruppen AS	907,432	1.44%
Melesio Capital NYE AS	853,368	1.35%
Bergen Kommunale Pensjonskasse	800,000	1.27%
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%
Hausta Investor AS	350,000	0.55%
Salt Value AS	343,071	0.54%
Verdipapirfondet Nordea Norge	336,849	0.53%
Lindvard Invest AS	277,000	0.44%
Espedal & Co AS	276,877	0.44%
Total for 20 largest shareholders	37,023,351	58.67%
Other owners	26,078,002	41.33%
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 expectations will prove to have been correct. Results could therefore vary greatly from those assumed in the statements regarding future circumstances.

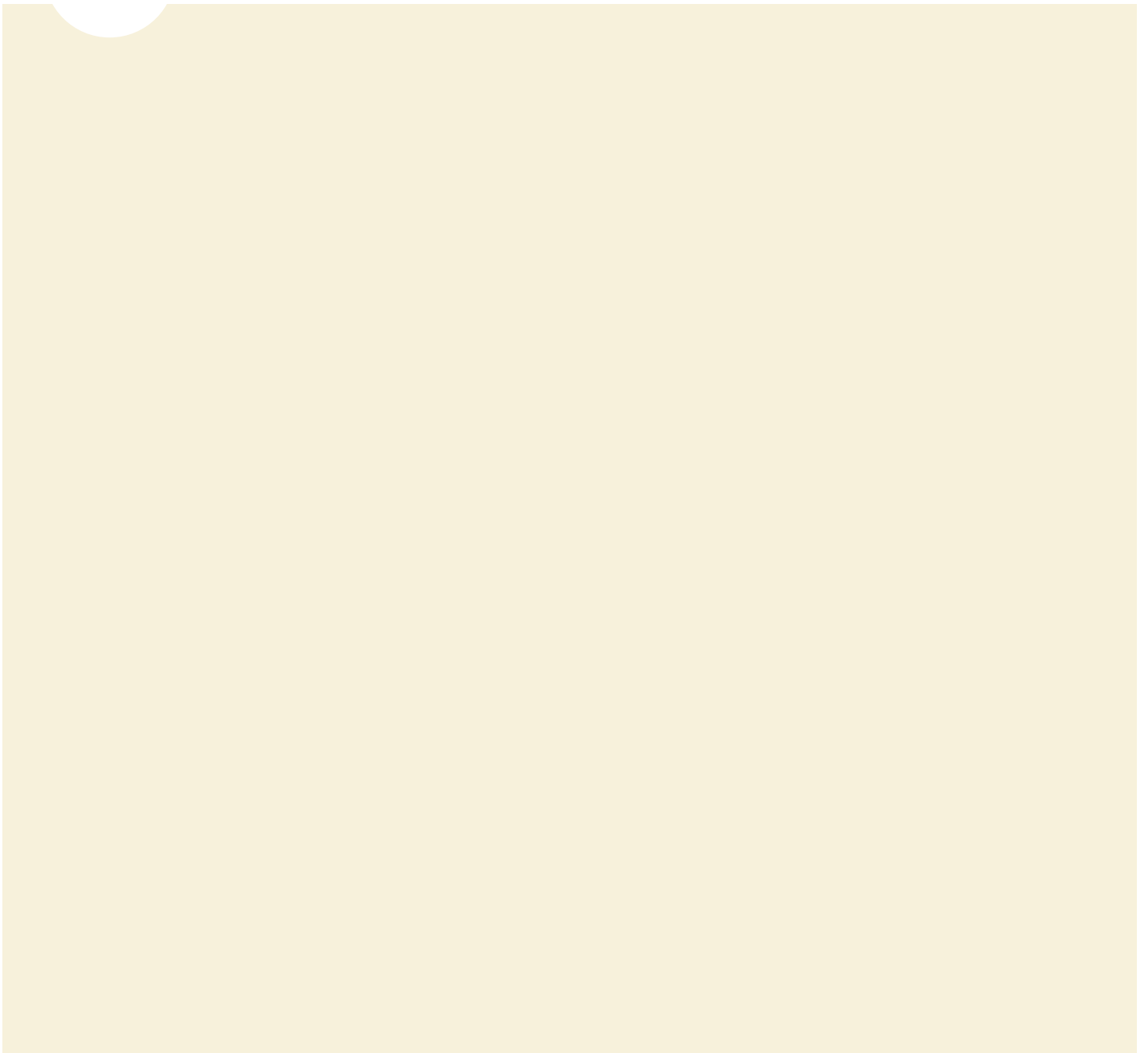
Important factors that can cause such differences for SpareBank 1 BV include, but are not limited to:

- (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





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Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the Board of Directors of SpareBank 1 BV

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying consolidated interim balance sheet of SpareBank 1 BV as of 30 September 2020, the income statement, the statement of changes in equity and the cash flow statement for the nine-month period then ended, 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 September 2020, and its financial performance and its cash flows for the nine-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Oslo, 5 November 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.

Statsautoriserte 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	Stavanger	Ålesund

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