2020

ANNUAL REPORT

Together we create value

SPAREBANK 1 BV
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SPONSOR OF THE NORWEGIAN SKIING CHAMPIONSHIP IN KONNERUD, 2020

Important events 2020

January

SpareBank 1 BV switches to its own digital workspace in a cloud solution in the new year. This provides new future-oriented tools and solutions, greater security, and better digital interaction, both internally and externally.

February

A new service enables customers to track and change their subscriptions in their mobile bank. The service was developed in partnership with the technology company Minna Technologies.

We launch digital savings advice, which makes it possible to get individual digital savings advice without needing to go via an adviser.

March

The SpareBank 1 BV Group presents the best results for its core activities ever. The total profit for the year before tax was NOK 667 million.

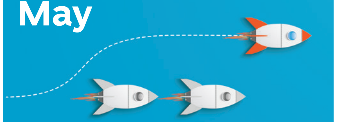
The Covid-19 pandemic strikes Norway; the banks close and working for home is introduced for employees. Quickly transitioning to a range of efficient tools enables BV to serve its customers and continue to operate the Bank properly.

For the second year in a row, consumers name SpareBank 1 Norway's most sustainable brand in the country's largest brand study, the Sustainable Brand Index.

April

The SpareBank 1 Alliance achieves first place within banking and finance in this year's Rep Talk reputation survey and is in the top ten for all industries.

May

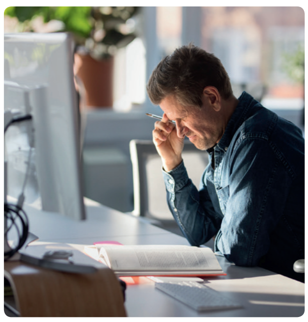


SpareBank 1 BV and Innovation Norway sign a cooperation agreement concerning the growth guarantee scheme. This provides a financial advantage for the lender via reduced exposure risk.

June

BV enters into a partnership with the incubator Kongsberg Innovation and will provide advice to innovative entrepreneurs while they are there.

"Legal first aid" and the cooperation with the law firm Legalis are expanded to also include the corporate market. This is a business concept involving digital legal guidance and assistance.



July

The cooperation with the University of South-Eastern Norway (USN) is expanded. A student taking a master's degree in social analysis at the USN is employed in a 50% position in SpareBank 1 BV in order to develop the Business Barometer.

August

We integrate further with external stakeholders such as the Norwegian State Educational Loan Fund and make information about student loans available to customers in the mobile bank and online bank.

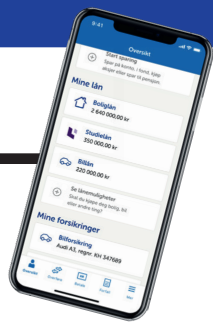
Fremtind Forsikring and Nordic Guarantee sign a cooperation agreement. This provides SpareBank 1 BV's customers with a broad range of new guarantees in our portfolio.

October

Digital property settlements take off and 100% of all settlements are now completed digitally wherever technically possible.

September

The savings programme for employees continues and results in 205 employees buying a stake in BV amounting to 121,095 equity certificates.



November

The boards of SpareBank 1 BV and SpareBank 1 Telemark approve a letter of intent regarding a merger of the banks. The new bank will be called SpareBank 1 Sørøst-Norge.

All of BV's branches are now Eco-Lighthouse certified pursuant to the new banking and finance criteria. Certification entails the integration of climate and environmental factors into corporate governance.

December

SpareBank 1 launches a grading system for sustainable funds to help customers make sustainable choices. More and more people want to save in green funds.

The "Bank+Accounting" service for the SME market is launched. This provides customers with a modern accounting system, and access to help from an accountant when they need it.

Updated official rating from Moody's: A2 stable, which is in line with expectations and good compared with comparable banks.

Key figures

Consolidated figures	2020	2019	2018	2017	2016
Income statement (NOK thousands)					
Net interest income	649,075	656,524	592,916	560,415	402,736
Other operating income	610,711	598,940	605,914	651,369	380,116
Operating expenses	599,077	588,334	466,182	598,764	440,290
Profit before losses	660,710	667,130	732,648	613,021	342,563
Impairment of loans and guarantees	30,694	2,318	650	591	(54,409)
Profit for the year before other comprehensive income	504,720	538,564	596,086	508,738	307,659
Balance sheet (NOK thousands)					
Gross lending	32,586,358	31,409,938	29,531,949	27,457,896	19,459,614
Gross lending, including transfers SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt	45,998,892	44,292,346	41,854,035	38,672,363	27,650,475
Loss provisions on loans	142,830	144,634	157,466	159,503	120,466
Deposits from customers	25,863,568	24,443,290	22,138,580	21,001,966	14,959,755
Total assets	40,455,483	38,822,442	36,580,907	34,470,875	24,412,085
Average total assets	39,737,039	38,109,372	35,597,263	32,941,821	23,792,866
Average equity **)	5,115,007	4,770,804	4,381,997	3,926,779	2,754,175
Key figures (%)					
Net interest income	1.63	1.72	1.67	1.70	1.69
Operating expenses	1.51	1.54	1.31	1.82	1.85
Profit for the year before other comprehensive income	1.27	1.41	1.67	1.54	1.29
Cost-income ratio	47.6	46.9	38.9	49.4	56.2
Cost-income ratio excl. financial investments	53.2	54.3	42.4	62.0	64.3
Loss rate on lending	0.10	0.01	0.00	0.00	(0.29)
Loans in Stage 3 as a percentage of gross lending (from 2019)/default percentage (net) (to 2018)	0.61	0.82	0.54	0.56	0.63
Deposit coverage	79.4	77.8	75.0	76.5	76.9
Total rate of return	1.27	1.41	1.67	1.54	1.29
Return on equity	9.9	11.3	13.6	13.0	11.2
Capital adequacy ratio*)	22.0	22.1	20.0	19.6	20.3
Tier 1 capital ratio*)	20.0	20.0	17.9	18.3	19.3
Common Equity Tier 1 capital*)	18.8	18.5	16.7	17.3	17.8
Growth in deposits***)	5.8	10.4	5.4	40.4	9.6
Growth in gross lending, including transfers SpareBank 1 Boligkreditt and SpareBank 1 Næringskreditt***)	3.9	5.8	8.2	39.9	6.2
Return per equity certificate (NOK, parent bank)	3.62	4.43	4.98	4.03	3.73
Price of equity certificates 31.12 (NOK)	41.3	39.6	35.6	33.9	27.5
Dividend per equity certificate (NOK)	1.90	2.42	2.95	2.40	1.87

* Parent bank figures ** Equity excl. Additional Tier 1 capital *** Pro forma growth in 2017 is 5.1% deposits and 6.9% gross lending

Definitions:

Net interest income – Net interest income as a percentage of average total assets
Operating expenses – Personnel expenses, IT expenses, ordinary depreciation and other operating expenses as a percentage of average total assets
Cost-income ratio – Operating expenses as a percentage of net income
Impairment rate on lending – Impairment provisions for loans and guarantees as a percentage of average gross lending

Default percentage – Net non-performing exposures (more than 90 days past due) as a percentage of gross exposures
Total rate of return – Profit after losses and tax as a percentage of average total assets.
Return on equity – Profit before other comprehensive income as a percentage of average equity
Capital adequacy ratio – Net regulatory capital as a percentage of the calculation basis
Tier 1 capital ratio – Tier 1 capital as a percentage of the calculation basis

Strong results in the age of Covid-19

In a year marked by the Covid-19 pandemic, SpareBank 1 BV can look back on very good development. By quickly transitioning to a range of efficient digital tools we managed to serve our customers and continue to operate the Bank properly while working from home in a new reality.

In the year just ended, we again saw customer growth and increased market shares, and 78,000 retail customers and 9,000 corporate customers now use us as their main bank. We are committed to constantly developing our customer journeys and will continue to do what we can to meet people's ever-changing needs.

Customer help and financial strength at a vulnerable time

In light of the ongoing pandemic, we are proud of the value created in the past year for customers, local communities, owners and employees. The Group's liquidity and financial strength were very good at the end of the year, and its Tier 1 capital ratio was well above the regulatory requirement. Our subsidiaries EiendomsMegler 1 BV, Z-Eiendom, and SpareBank 1 Regnskapshuset BV have also performed very well with growth in both profit and turnover.

Many customers were helped by interest-only periods in spring 2020, although the number of enquiries from both companies and private individuals seeking interest-only periods dropped significantly as the year went by. We have also seen activities normalising at many of our corporate customers and the number of customers applying to state support schemes or for government guaranteed loans has also fallen sharply.

Will and ability in the new reality

I would like to commend our staff for their enduring efforts and adaptability – not least as Covid-19 changed Norway. Quickly transitioning to a range of efficient digital tools and well-functioning working from home solutions helped BV manage to serve our customers and continue to operate the Bank properly. Our staff are our most important capital in the fight for customers and the Group has experienced a dramatic learning curve. We established an employee development programme for all employees in 2019 and this will continue. The cornerstones of the programme are communication and relationships, and the ambition is to create a common corporate culture for everyone. SpareBank 1 BV should an attractive place to work now and in the future.

The digitalisation journey for customers and employees

Local roots and nearness to people and companies are in our DNA. However, the experience of being nearby is steadily moving more into the digital sphere. We are seeing major changes in behaviour and needs among customers who are increasingly adopting our digital services.

The Covid-19 pandemic has contributed to an increased focus on adapting our core activities to a more digital society. Digital customer meetings became as natural as in-person meetings over night, and mobile phones abruptly became the primary channel for talking to customers. The other major focus we saw in 2020 was on cooperation. By cooperating with other SpareBank 1 banks, the public sector, competitors and fintech companies, we have developed a number of new and innovative services.
At the same time, we are systemically processing data so that in the future we can develop customer journeys and initiatives that are experienced as even more relevant and right for the individual customer.

We will create SpareBank 1 Sørøst-Norge

Creating a larger bank for South-Eastern Norway and being well-positioned for further opportunities in the

future has long been one of our goals. The foundation was laid when we merged with SpareBank 1 Nøtterøy-Tønsberg in 2017.
In November, the boards of SpareBank 1 BV and SpareBank 1 Telemark signed a letter of intent concerning a merger between the banks. This was a big step forward towards satisfying the market's need for better and more efficient solutions in addition to nearness and a local presence, and towards becoming an even more attractive place to work. The plan is to complete the transaction on 01.06.2021, although first the banks' respective supervisory boards must approve the merger on 25.03.2021 and then the Financial Supervisory Authority of Norway and Norwegian Competition Authority must give their backing.

New sustainable milestones

Sustainability has been an important focus area for us in the past few years, and the work on sustainability was intensified in 2020. Sustainability has now been established as its own area with its own head. A sustainability policy has been developed for the Group, along with a sustainability strategy, guidelines, goals and measures. SpareBank 1 BV must take account of community, environmental and social considerations in its day-to-day operations. It is important for the Bank to involve all of our staff in the sustainability work and the employees have, among other things, received basic training in this area.
SpareBank 1 has also developed a system for sustainability labelling funds, and customer demand for green funds is growing. In line with the sustainability strategy, we are working to support our customers more actively in the green shift through advice and new products and services.

Well-equipped for an uncertain future

It is still uncertain how long this ongoing pandemic will last and what the consequences of it will be in the both the short and long term, although low interest rates, interest-only periods and government support schemes are making positive contributions for companies and private individuals.

SpareBank 1 BV has little exposure to industries that are particularly vulnerable during the pandemic and has a good prospect of emerging from the Covid-19 situation relatively unscathed.

And in spite of the situation, we have great faith in our market area with its good development opportunities, positive net migration, and good infrastructure.

Rune Fjeldstad
(CEO)

SpareBank 1 BV– Strategic and financial targets

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.

The SpareBank 1 BV Group

SpareBank 1 BV

EiendomsMegler 1 BV AS 100%	SpareBank 1 Regnskapshuset BV AS 100%	Z Eiendom AS 55%	SpareBank 1 Gruppen AS 3.04% (indirect)	BN Bank ASA 5.00%
SpareBank 1 Boligkreditt AS 6.07%	SpareBank 1 Næringskreditt AS 11.68%	SpareBank 1 Kredittkort 6.35%	SpareBank 1 SMN Finans AS 6.10%	SpareBank 1 Betaling AS 4.73%
SpareBank 1 Markets AS 1.47%				

The Group

SpareBank 1 BV is a regional financial institution with a geographical market area that covers parts of Viken, centred around Kongsberg and Drammen, as well as what was formerly Vestfold County.

The Group's head office and registered business address are in Tønsberg and it has a widespread presence throughout its market area with branches in Kongsberg, Drammen, Mjøndalen, Lier, Holmestrand, Horten, Tønsberg, Nøtterøy, Sandefjord and Larvik.

SpareBank 1 BV offers traditional banking services such as money transfer, credit, saving products and insurance, as well as accounting services and estate agency services for both personal and corporate customers. The Group is part of the SpareBank 1 Alliance, which is a banking, product and service collaboration between 14 independent, locally-based Norwegian banks. The purpose of collaborating in such an alliance is to develop and deliver attractive products and services with a focus on good customer experiences that contribute to the SpareBank 1 banks' competitiveness and profitability. The Bank achieves economies of scale through the collaboration, including in IT development.

The Bank has a long and proud history and is a result of a number of local mergers. In Viken, the Bank has roots from Sandsvær Sparebank, which was established in 1883, while in Vestfold and Telemark its roots stem from Nøtterø Sogns Sparebank and Sandeherreds Sparebank, which were established in 1857 and 1859, respectively. The largest owners of the Bank are SpareBank 1 Stiftelsen BV and Sparebankstiftelsen Nøtterøy-Tønsberg. The purpose of these foundations is to manage the equity capital certificates they were given upon their establishment, and to exercise and maintain a substantial, long-term and stable ownership of SpareBank 1 BV.

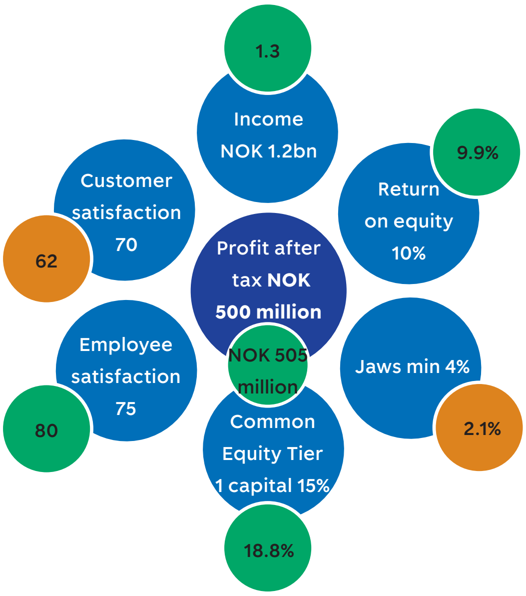
Local, close and digital

SpareBank 1 BV shall be a solid and ambitious local player, which creates values in the region of which the Group is a part. The aim is to deliver good customer experiences with a combination of a local presence, solid expert advice, knowledge of the market areas and good accessibility, both physical and via good digital solutions. The Group's strengths are built on its proximity to customers, efficient decision-making processes and good digital solutions for customers. The Group's is thus managing to maintain and increase its market shares both in the retail and the corporate markets in the region.

Group objectives 2020

One of the goals in the strategy for 2017-2020 was to create a powerful SpareBank 1 in South-Eastern Norway and position ourselves for the future in this part of the country. We had an ambition of together building the foundations for a bank that was greater than the merged banks.

The Group has focused on putting the customer first, digitalisation, strengthening its corporate culture, delivering results in line with our vision and further developing our performance-based culture. Improving digital channels, streamlining internal work processes and developing digital skills have been key in achieving this objective.
As have insights into changes in customer behaviour and technological advances.

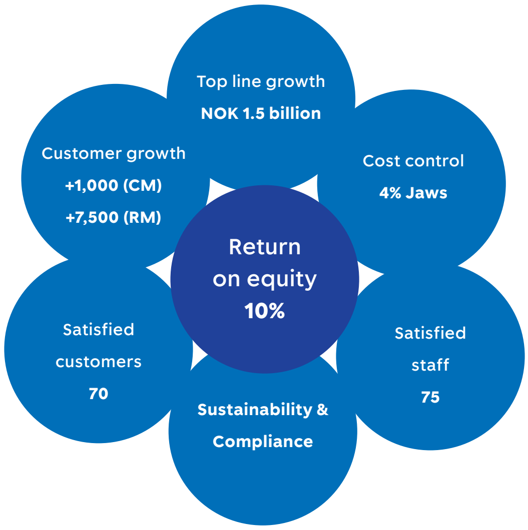


The 2020 results in relation to the targets for 2020 (blue circles). SpareBank 1 BV's aim is to create financial results which provide a good and stable return on equity and provide a competitive return in the form of dividends and appreciation of the Bank's equity certificates.

Group objectives 2023

The Group's overarching vision for 2023 emphasises the following:

- Profitable growth in both the retail and corporate markets
- Earnings growth will be greater than the growth in expenses
- Customer numbers will be increased
- Customer satisfaction will be improved
- Employee satisfaction will be maintained
- Sustainability and compliance will be important priority areass



Vision and values

The Group's vision is: "Together we create value".
This is done through the Group's values and the importance of the Group's values has been described above for some stakeholders.

How should the owners perceive the Group?

- The Group is innovative, adaptable and understands your needs.
- The Group is energetic, visible and acts professionally.
- The Group keeps shareholders informed and creates and maintains relationships.

How should customers experience the Group's values?

- The Group's employees are interested in their customers and, therefore, find the best solutions.
- The Group's employees enjoy helping their customers and take relevant initiatives.
- The Group and its employees are present and keep their promises.

How should society experience the Group?

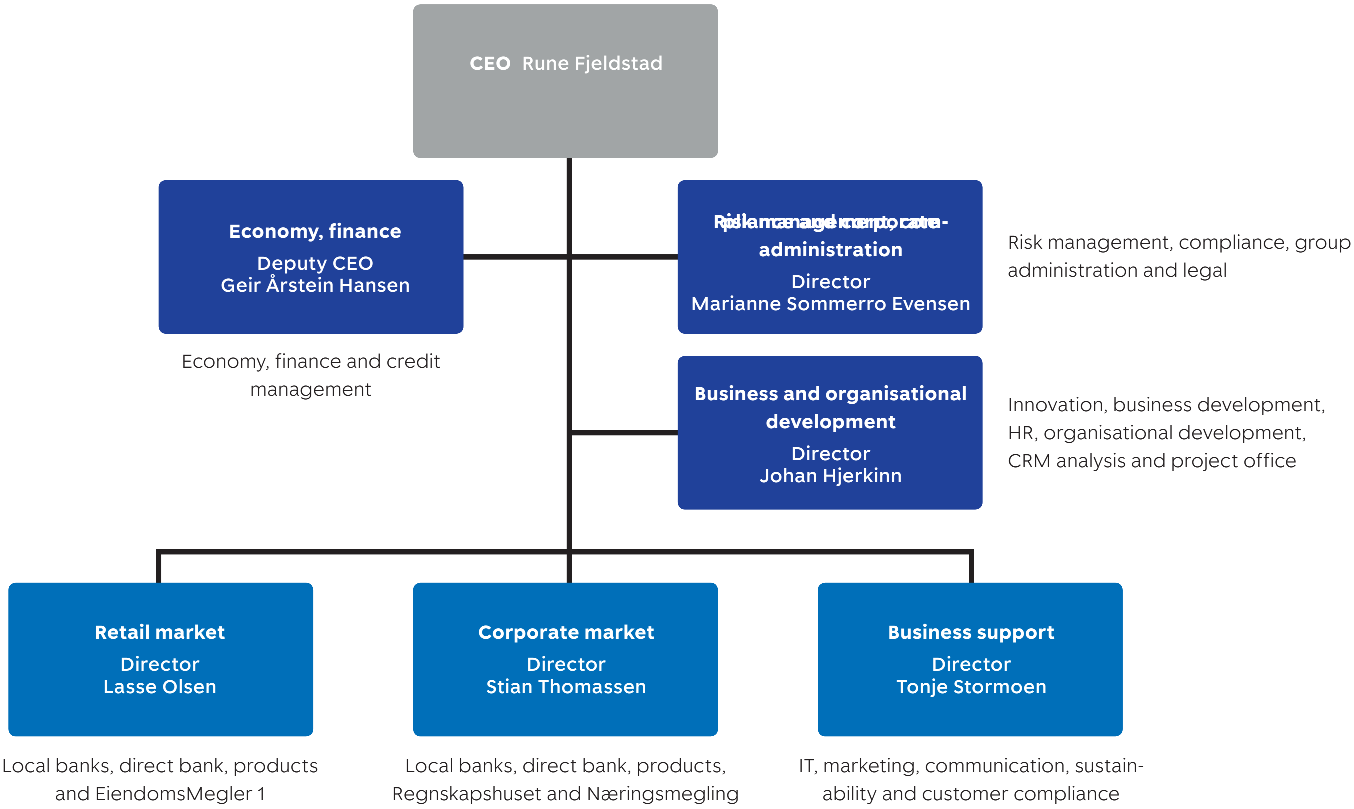
- The Group is interested and up-to-date on local developments and encourages interaction.
- The Group fulfils its corporate social responsibility, is visible and participates in relevant arenas in the local community.
- The Group supports the development of local culture, housing and business.

What do these values mean for the Group's employees?

- Employees learn by quickly acquiring new knowledge, sharing with others and are confident enough to try and to do.
- Employees are engaged by taking the initiative, awarding recognition and producing results.
- Employees are close by being involved and helpful to colleagues.


ELEKTRO

Organisation and management



Presentation of the executive management team

Rune Fjeldstad (1962) – CEO

Rune Fjeldstad has been the CEO of SpareBank 1 BV since May 2015. He has a master's degree in economics and Master of Management from BI Norwegian Business School. He has previously held executive positions in Sparebanken NOR, Postbanken and several divisional director positions in DNB. He was also Group CEO of Nets and then a partner in the consulting firm Bene Agere.

He has board experience from more than 20 companies, both nationally and internationally.

He currently sits on the boards of BN bank, EiendomsMegler 1 Næringsmegling AS, SpareBank 1 Betaling AS, and SpareBank 1 SamSpar AS.

Number of equity certificates in BV: 94,928

Geir Årstein Hansen (1959) – Deputy CEO (responsibility for economy, finance and credit management)

Geir Årstein Hansen has a master's degree in business and economics from NHH Norwegian School of Economics in Bergen, with additional education from BI Norwegian Business School in strategic change management and high-performance management. He has worked for the Bank since 1985 in various managerial positions in many business areas.

Prior to this he worked in estate agency and education. He has extensive board experience and is currently Chairman of the Board of Z-Eiendom AS and deputy board member of Samarbeidende Sparebanker AS, Samarbeidende Sparebanker Utvikling DA, Samarbeidende Sparebanker Bankinvest and SpareBank 1 SamSpar AS.

Number of equity certificates in BV: 9,464

Marianne Sommerro Evensen (1970) – Director Risk Management, Compliance and Group Administration

Marianne Sommerro Evensen is a state-authorised public accountant from the Norwegian School of Economics in Bergen (NHH). She has worked for the Bank since 2003 and had several managerial positions and as sector adviser for the corporate market, project management, risk, compliance and group management.

She has previously had 10 years of experience from auditing and consulting activities in KPMG and Møller & co, both as manager and sector adviser. She has board experience as current Secretary to the Group Board of Directors and previously as a board member of a financial undertaking. Has currently no directorships.

Number of equity certificates in BV: 7,574

Lasse Olsen (1975) – Director Retail Market

Lasse Olsen is a qualified economist from BI Norwegian Business School with specialisation in information technology and management.

He has worked in the Bank since 2008 and has held various management positions in the retail market division. He has 20 years of experience from the banking and finance sectors, including asset management, special consultant and bank manager. He took up the position as Director of the Retail Market in November 2015.

He is currently Chairman of the Board of EiendomsMegler 1 BV.

Number of equity certificates in BV: 17,363

Stian Thomassen (1976) – Director Corporate Market

Stian Thomassen has a master's degree in business and economics (MBE) from BI Norwegian Business School, as is also an Authorised Financial Analyst/Certified European Financial Analyst (AFA/CEFA) and Executive MBA from the Norwegian School of Economics in Bergen (NHH).

He has extensive experience from Nordea in various managerial positions including as bank manager for the large corporate customer department in the corporate market, before he came to SpareBank 1 BV in 2016.

Today he is Chairman of the Board of SpareBank 1 Regnskapshuset BV and a board member of EiendomsMegler 1 Næringsmegling AS.

Number of equity certificates in BV: 9,370

Tonje Stormoen (1965) – Director Business Support

Tonje Stormoen has a bachelor's degree in business management from BI Norwegian Business School, with specialisation in marketing and international management. She has additional education in change management and project management.

She has held several previous managerial positions, including various executive positions in Intrum Justitia AS, Branch Bank Manager, head of business development and Marketing Director of SpareBank 1 Nøtterøy-Tønsberg. Employee of SpareBank 1 BV since 2017.

She has board experience from various companies in estate agency, finance, media and debt recovery. Has currently no directorships.

Number of equity certificates in BV: 9,620

Johan Hjerkinn (1970) – Director ofBusiness and Organisational Development

Johan Hjerkinn has a master's degree in business and economics from the Norwegian School of Economics (NHH) in Bergen, as well as the NHH Executive Programme "Strategic business understanding".

He has 25 years of banking experience from Postbanken BA (1996-99) and DNB (1999-17), of which 15 years as manager with responsibility for strategy and major change projects in DNB. Joined BV in 2017.

Former board member of Netaxept AS (2004-08). He currently has no directorships.

Number of equity certificates in BV: 13,481

Presentation of the Board of Directors

Finn Haugan (1953)
– Chair of the Board

Haugan lives in Trondheim and has a master's degree in business and economics from BI Norwegian Business School. He has been the CEO of SpareBank 1 SMN (formerly Sparebanken Midt-Norge) since 1991. He has previously served in leading positions in Forretningsbanken and Fokus Bank. His last position here was deputy managing director, from 1989-1991. Haugan has held a number of board positions in recent years in the financial services industry, including the role of chair of the boards of SpareBank 1 Gruppen AS, the Norwegian Banks' Guarantee Fund, Finance Norway and the Norwegian Savings Banks Association. Today he is chairman of the board of Sinkaberg-Hansen AS Fiskeoppdrett, Norbit AS and Elekt AS, deputy chairman of LL Holding, and a board member of Okea ASA.

Number of equity certificates in BV: 30,000

Heine Wang (1963)
– Deputy Chair

Wang lives on Nøtterøy and is a lawyer. He has held various board positions, including as former president of NHO. He has been the CEO of Nokas, a business he helped to build up and which currently has a turnover of about NOK 8,3 billion and 17,000 employees in six countries. Wang became a board member of SpareBank 1 Nøtterøy-Tønsberg in 2015 and was Deputy Chair from 2016 until the merger with SpareBank 1 BV.

Number of equity certificates in BV: 27,000

Elisabeth Haug (1977)
– Board Member

Haug lives in Oslo and has a master's degree in business and economics from BI Norwegian Business School. She has strategic and operational management experience from digital technology companies such as Vipps, where she was first deputy CEO and now heads the newly launched Vipps Mobil AS. Haug was the CEO of mCash before the merger between mCASH and Vipps in 2017. She has previously served in executive positions in FINN and Schibsted. She is also a board member of Farmasiet AS.

Number of equity certificates in BV: 2,700

Janne Sølvi Weseth (1979)
– Board Member

Weseth lives in Kongsberg and is a graduate economist with specialisation in accounting, taxes and fees. In addition, she has education in management competence at board level from BI Norwegian Business School.
She has previously been a financial controller in Kongsberg Defence & Aerospace AS, Aerostructure Division. Weseth is currently a programme director in Kongsberg Defence & Aerospace AS, Missile Systems Division. She has been a board member of SpareBank 1 BV since 2016.

Number of equity certificates in BV: 4,500

Gisle Dahn (1959)

– Board Member

Dahn lives in Sandefjord, is a qualified civil engineer and holds a master's degree in business and economics. He is the general manager of the SpareBank 1 Stiftelsen BV foundation and has management experience from both the private sector and the public sector, including more than 13 years' experience as a councillor in Sandefjord Municipality. Dahn was the Chair of the Board of SpareBank 1 BV before the merger with SpareBank 1 Nøtterøy-Tønsberg in 2017.

Number of equity certificates in BV: 3,200

Hanne Myhre Gravdal (1964)

– Board member, employee representative

Gravdal lives in Sylling and is a graduate economist with further management competence at board level from BI Norwegian Business School. She has worked in the banking sector for several companies since 1984, including as a branch manager of Sparebanken Øst. Gravdal has worked for SpareBank 1 BV since 2004, and currently works as a senior investment adviser in the retail market. Her outside positions include sitting on the municipal council and the municipal executive board in Lier. She has been a board member of SpareBank 1 BV since 2011.

Number of equity certificates in BV: 6,871

Geir Arne Vestre (1964)

– Board member, employee representative

Vestre lives on Nøtterøy and is a graduate economist. He joined SpareBank 1 Nøtterøy-Tønsberg in 1989, before the bank was merged with SpareBank 1 BV in 2017. He has broad experience from the majority of customer-related departments, and currently works as an adviser on special exposures in the corporate market. Vestre has been a board member of SpareBank 1 Nøtterøy-Tønsberg (since 2008) and SpareBank 1 BV following the merger.

Number of equity certificates in BV: 3,586

THE SPAREBANK 1 ALLIANCE

The SpareBank 1 Alliance is a banking and product alliance in which the SpareBank 1 banks in Norway cooperate through the jointly owned companies SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA. The Alliance was established in 1996 in the wake of the banking crisis in the early 1990s. The SpareBank 1 Alliance is Norway's second largest financial services grouping in terms of total assets. The Alliance currently consists of 14 independent savings banks that provide a full range of financial products and services to private individuals, companies and organisations. On 15.03.2021, the Alliance will grow to 15 banks when Helgeland Sparebank becomes a SpareBank 1 bank.

The aim of the Alliance is to secure the independence of each bank, regional roots, profitability and financial strength by sharing development expenses, achieving economies of scale and building up vital expertise. The Alliance has approximately 8,400 employees in total, of which around 1,900 are linked to SpareBank 1 Gruppen AS and SpareBank 1 Utvikling DA and their subsidiaries.

SpareBank 1

- SpareBank 1 BV
- SpareBank 1 Gudbrandsdal
- SpareBank 1 Hallingdal Valdres
- SpareBank 1 Lom og Skjåk
- SpareBank 1 Modum
- SpareBank 1 Nord-Norge
- SpareBank 1 Nordvest
- Sparebank 1 Østlandet
- SpareBank 1 Ringerike Hadeland
- SpareBank 1 SMN
- SpareBank 1 SR-Bank ASA
- SpareBank 1 Søre Sunnmøre
- SpareBank 1 Telemark
- SpareBank 1 Østfold Akershus

SpareBank 1 Gruppen AS

SpareBank 1 Gruppen AS is the parent company of nine subsidiaries, all of which develop and deliver products to the banks in the Alliance, which in turn offer these to their customers.

SpareBank 1 Utvikling DA

SpareBank 1 Utvikling DA delivers business platforms and common management and development services to the banks in the Alliance. The company also owns and manages the Alliance's intellectual property rights under the common brand name "SpareBank 1". SpareBank 1 Utvikling DA is 100% owned by the SpareBank 1 banks and SpareBank 1 Gruppen AS.

Ownership and company structure in the SpareBank 1 Alliance

SpareBank 1 SR-BANK	SpareBank 1 SMN	SpareBank 1 NORD-NORGE	SpareBank 1 SAMSPAR	SpareBank 1 ØSTLANDET
18%/19.5%	18%/19.5%	18%/19.5%	18%/19.5%	18%/12.4%

Alliance

SpareBank 1 Utvikling DA

- EiendomsMegler 1 Norge AS
- SpareBank 1 Kundesenter AS
- SpareBank 1 Verdipapirservice AS

SpareBank 1 Gruppen AS 9.6%

- SpareBank 1 Forsikring AS
- Fremtind Forsikring AS (65%)
- ODIN Forvalting AS
- LOfavør AS
- Modhi Finance AS
- SpareBank 1 Factoring AS
- SpareBank 1 Spleis AS

Directly owned by the banks

- SpareBank 1 Kredittkort AS
- SpareBank 1 Boligkreditt AS
- SpareBank 1 Næringskreditt AS
- SpareBank 1 Markets AS
- SpareBank 1 Betaling AS
- BN Bank ASA

SpareBank 1

Our employees

Every employee in our organisation is valuable and a diverse workforce strengthens the Group. Everyone who works for SpareBank 1 BV is an ambassador for the Group and must protect its interests. This means that we must always represent our place of work in a manner that engenders trust.

We want to create a learning culture at the heart of which are engagement, adaptability and proximity to our customers. We shall take responsibility, involve others, be professional and be interested in continuous improvement. In this way we will learn from our own experiences and from those of our colleagues and customers.

Digital workplace, changes and skills

2020 was a very different kind of year, including for SpareBank 1 BV, and our digital journey scaled new heights, partly due to the pandemic. The introduction of new digital interaction tools really took off when almost the entire workforce switched to working from home in March. The staff showed their resilience and adaptability, and quickly got to grips with the new tools so that they could carry out their duties and interact across the Group. Interdisciplinary cooperation was an important focus area in 2020. Working across disciplines to resolve defined issues was of great value in terms of building relationships, understanding each other better and, not least, higher quality work. The work on data driven customer engagement, which is a strategic focus area in the Bank, is one example that shows we have benefited from the interdisciplinary cooperation.

We are committed to continuous learning in an ever more digital workplace. As an employer, we believe it is important to help employees develop their skills, while at the same time we want to motivate employees to take responsibility for their own learning in their working life. This is in line with one of our values, “learning”, and vital for keeping up with developments.

SpareBank 1 BV believes that it is positive that employees want to develop and, therefore, also provides support for studying via further or continued education. Based on the study programme’s relevance to the individual’s job and the Group’s future skills needs, the company may pay all or part of the expenses associated with studying.

The development of formal qualifications in the Group is addressed through, among other things, membership of several industry-related authorisation schemes. In 2020, all of our banking and insurance advisers in the retail market were authorised via the new industry scheme for personal insurance.

The aim of the annual employee performance and career development reviews is to summarise results and performance in the past year, to have a dialogue around relationships and cooperation, and to set goals for the following year. The need for, and ambitions regarding, both learning and skills development are also discussed in reviews. Around 95% of all of the Bank’s employees had a performance and career development review in 2020.

Management development and employeeship

The management development programme started in 2018 continued in 2020. The programme aims to improve management by focusing on subjects such as trust, communication, building relationships, cooperation, motivation and change management. Digital communication workshops were conducted with managers in 2020 where we trained in communicating strategy plainly and clearly in an inspiring way, also digitally. We believe that this is an important quality for bringing employees with you and developing ownership of changes.

On a par with management development, an employeeship programme was established for all employees in 2019. The programme has a long-term horizon, and its cornerstones are communication and relationships with the aim of creating a common corporate culture across the Group. The programme also focuses on

strengthening the qualities needed to succeed in an ever changing labour market. Among other things, we continued the work with a module on cooperation and corporate culture in 2020. In March, when the Covid-19 pandemic put an end to in-person meetings at which employees from different departments could meet, we chose to conduct digital workshops to ensure continuity and also to refresh previous learning.

The working environment

In SpareBank 1 BV, we all have a shared responsibility to create a good working environment in which everyone thrives, acts respectfully and has a high degree of trust in each other. This year's employee survey achieved a very high score, which every employee has contributed to. The survey's main focus was on job engagement and satisfaction. Satisfied and engaged employees are crucial if BV is to successfully implement its strategy. With a score of no less than 80 in 2020, we were well above the Group's target of 75 for this strategy period.
The survey highlights improvements in important parameters such as corporate culture, job content, skills development and management, and the scores for engagement and interaction were very high. The employee survey was reviewed by all departments. It is important that the improvement work that follows in the wake of the results is an inclusive process in which employees can help to find good solutions. This will also reinforce the positive development of the working environment. A lot of work was done on corporate culture in 2020 and it is clear that the employeeship programme and work on management development have made their mark. Therefore, we want to continue to focus on this in 2021.

SpareBank 1 BV seeks to avoid discrimination in all contexts. No cases of discrimination were reported in 2020.

Health, safety and the environment (HSE)

The Group takes a systematic approach to HSE, primarily via a Cooperation Committee, which includes the Working Environment Committee, which focuses on the HSE work in operations. The main focus was on preventive measures aimed at ensuring the sick leave rate remains low. We actively work on follow-up and facilitation with those on long-term sick leave.
The Group's total sick leave rate for 2020 was 3.95%, which is well below the average for similar companies. It also represents a decrease from 2019, when the sick leave rate was 4.12%.
The Group strives to ensure employees feel that their health, safety and environmental needs are being met at all times. No occupational injuries were recorded in 2020.

A working group was established in 2020, which, together with the corporate health service, produced a thorough HSE risk analysis containing concrete measures for reducing risk for the Group and its employees. This is available in its entirety via the Bank's HSE manual. An AKAN committee led by the cooperate health service has also been established to tackle any substance abuse issues in the workplace.

The Group has had a crisis management team in place since Norway was struck by Covid-19. At times, this has met on a daily basis where they worked on an action plan in which HSE was an essential component. The Group's employees spent long periods of the year working from home. During these periods, we facilitated individual adaptations and needs in line with the government's applicable rules and recommendations at any given time. The Bank's employee representatives and chief safety representative have been kept continuously informed. The employer and employees demonstrated a high degree of flexibility and coped with a very different kind of year in a highly satisfactory way.

Recruitment and turnover

Eleven new employees were hired in 2020, six of whom are under 30 years old. Nine employees left their positions in the calendar year, two of whom retired. This indicates low and satisfactory turnover. At the end of 2020, the Group had a total of 354 permanent employees who represented 344 full-time equivalents (FTEs). The Group regards the market for recruitment as good and SpareBank 1 BV appears to be an attractive employer.

Diversity and equal opportunities

SpareBank 1 BV wants to achieve genuine gender equality and also wants a diverse workforce. This means that women, men and employees from different cultures should have the same rights and opportunities to get a job and develop in their job.

Our managers must actively seek to create positive attitudes to gender equality and diversity. Part-time work, compassionate, parental and childcare leave and other leave in line with legislation and internal guidelines should not prevent hiring, promotion or improvements in pay and working conditions.

The gender ratio in the Group was 57% women and 43% men in 2020. The average age was 46 and 35% of the executives in SpareBank 1 BV were women in 2020.

In the recruitment of new employees, we are committed to hiring competent employees regardless of gender or ethnic background, and to give young people the opportunity for a career in an exciting company. With an average age of 47 in the parent bank, recruiting new employees is an important arena for bringing in younger employees with complementary skills and varied backgrounds. In order to make life easier for younger employees with very young children, up to one hour of paid welfare leave is granted every day so that they can drop off/pick up their child during the child's first year in kindergarten.

The average age of new recruits in 2020 was 33. Two new managers were hired in 2020, one man and one woman.

Category	2019		2020	
	Parent bank	Group	Parent bank	Group
Diversity and equal opportunities				
Total number of employees	237	355	240	354
Number of FTEs	235	345	236	344
Proportion of women	55%	57%	55%	57%
Proportion of men	45%	43%	45%	43%
Employees aged under 30	10%	11%	11%	11%
Employees aged 30-50	40%	45%	41%	45%
Employees aged over 50	50%	44%	48%	44%
Proportion of women by position level				
Manager level 2	33%	33%	33%	33%
Manager level 3-4	33%	36%	32%	36%
Managers aged under 30	0%	0%	0%	0%
Managers aged 30-50	36%	39%	32%	37%
Managers aged over 50	30%	33%	32%	34%
Proportion of women on the Board	43%	38%	43%	38%
Proportion of female board members under 30	0%	0%	0%	0%
Proportion of female board members 30-50	100%	38%	100%	43%
Proportion of female board members over 50	20%	38%	20%	36%

Category	2019		2020	
	Parent bank	Group	Parent bank	Group
Average pay *)				
Average pay of executive personnel				
Women			950,500	951,515
Men			1,020,625	1,047,620
Women's pay as a % of men's pay			93%	91%
Average pay of other employees				
Women			537,881	558,606
Men			619,289	681,197
Women's pay as a % of men's pay			87%	82%
Sick leave				
Total	3.28%	4.12%	2.72%	3.95%
Employment *)				
Number of new employee hires			11	21
Turnover			4.63%	6.00%
Number of new employee hires, by age				
Number of new employee hires under 30			6	9
Number of new employee hires 30-50			5	11
Number of new employee hires over 50			0	1
Total number of employees who took parental leave			6	8
Total number of female employees who took parental leave (total eligible)			5 (5)	6 (6)
Total number of male employees who took parental leave (total eligible)			1 (1)	2 (2)
Parental leave, average number of weeks women			31	31
Parental leave, average number of weeks men			14	14

*) New reporting in line with the GRI standard. Reported from and including 2020.

Cooperation with employee organisations

The Group has a constructive cooperation with the employee organisations. They each make an appropriate contribution from their standpoint to ensure that the Group can achieve its goals.

Employee compensation

SpareBank 1 BV employs a performance-based compensation scheme to support the objectives of its strategy and to encourage target-based work in all units. The model has two components. Component 1 consists of pure profit sharing, with equal amounts for all employees. Component 2 consists of an individual component. The variable pay is awarded following an assessment of both financial and non-financial targets based on a balanced scorecard model. See more about compensation in the notes to the financial statements.

Guidelines:
HR is the responsible dept.

Sustainability strategy goals:
2.4: We will contribute to the green shift and innovation
2.6: We will become experts in sustainability
3.2: Help customers reduce their climate footprint

GRI indicators:
401-1, 2, 3, 404-1, 2, 3, 405-1, 2, 406
Training and education: 404-2, 3

SDG:
8.3, 8.5

Business areas

Retail market

Our pledge to customers, "We are together", provided important direction for our work in the retail market in 2020. Many of our customers were impacted in a variety of ways by the consequences of Covid-19. Following the national shutdown in March and during the spring, unemployment was at a record high and there was little activity in the economy. Our task became to create financial predictability for our customers at an otherwise uncertain time. At the end of the year, many of the extraordinary circumstances had normalised and the customers were very satisfied with how the Bank had handled a difficult year.

The government introduced strong measures and the banks played an important role as institutions in keeping liquidity available. When the key policy rate was set to a record low level, we chose to bring forward our interest rate cuts and adapt our terms and conditions to the new situation. Customers who needed help with interest and instalments were granted 6-month interest-only periods for the household's mortgage and a good number chose to take advantage of this. A record number of customers contacted us as well and our customer service centre and local branches handled 20,000 enquiries a month.

Mortgage customers

The housing market was another area of uncertainty when Covid-19 struck Norway. Sale times for properties increased to around 50 days[1] in April and May, before normalising from July onwards. For the year as a whole, prices rose by around 7-9% in most of our areas, while in Sandefjord they rose by no less than 10.4%. Lending grew by 4% in the past 12 months, while the general market growth was 4.9%.

[1] *Figures for Vestfold and Telemark combined. The figures for Drammen are about 35 days.*

SpareBank 1 BV has 78,000 active customers in the retail market, and about every sixth retail customer in the market area uses the Bank as their main bank. The mortgage lending volume is around NOK 37 billion and deposits from retail customers amount to around NOK 15 billion. The historically low interest rates also intensified competition for mortgage customers and the pressure on margins was significant. Our local presence in ten cities and our relationship with customers in our area contributes to a solid and profitable loan portfolio.

Good digital solutions and customer journeys

The proportion of customers using the Bank's digital solutions continues to rise and reached record levels in 2020. This was largely due to good digital solutions, customers who are used to managing their everyday banking themselves and the shutdown of society. SpareBank 1 has the highest scoring mobile bank app in the App Store, where around 186,000 customers have rated it 4.6 out of a possible 5. The Bank also enabled customers who needed to speak to an adviser in person to do so via digital meetings. The digital solutions for saving via funds made a good contribution to the positive trends in both savings agreements and volume. The number of savings agreements increased by 17% and the amount being saved increased by 15%, with more than 95% being completed fully digitally in the online or mobile bank. The positive trends in premiums and sales of non-life insurance products also continued in2020. Premiums increased by about 10%, and digital sales increased by 22%.

The Bank is committed to developing our customer journeys and work on this never stops. Much of it takes place in the Alliance, although there is also some in-house development in the Bank. In 2020, activation of the mobile solution was simplified, the app was upgraded to let customers view their student loan from the Norwegian State Educational Loan Fund, and simple functionality was developed for transferring between accounts. These solutions have been very well received by customers.

In the area of savings, the digital adviser solutions were improved, and we now offer the same range of products in the self-service solution and our serviced channels. Letting customers ask their own questions and receive advice digitally will improve the customers' expertise. This will help them make good choices, including with respect to own pension accounts, which will be launched in 2021.

At the same time, we are systemically processing data so that in the future we can develop customer journeys and initiatives that are experienced as even more relevant and right for the individual customer. Priority areas for the Bank include using data and customer insights in our customer service. In 2020, we started a programme for testing new insights and segmentation with a view to providing better customer experiences and proactivity. During the year, we also took the initiative in relation to customers more than 25,000 times based on data and insights and will also focus heavily on this going forward. We want to become known for contributing to sustainable development in Norwegian local communities.

Subsidiaries

EiendomsMegler 1 BV provides service within commercial estate agency, property settlement, advice, and purchases and sales of holiday homes, new builds and used homes. The company offers a broad range of services, everything from digital house sales ("Lettsolgt") to farm valuations. EiendomsMegler 1 BV contributes with interaction and personal customer service.

Our market areas saw good activity and high price rises and EiendomsMegler 1 BV maintained its position in the Group's market area with a market share of around 20%. The company has 53 employees and is part of the national EiendomsMegler 1 chain. Overall, EiendomsMegler 1 has been a market leader for 11 consecutive years. EiendomsMegler 1 BV is represented in all of the Group's branches and knows the local property market well.

The company has come a long way as far as digitalisation is concerned, which was very useful when Covid-19 struck. Its proportion of digital property settlements and deed packages are among the highest in the EiendomsMegler 1 alliance, and the trend is growing. In 2020, EiendomsMegler 1 BV sold 1,721 properties with a combined value of NOK 5,437 million. The Bank owns 55% of Z-Eiendom AS, which is co-located with the Bank in Tønsberg and on the island of Nøtterøy. Z-Eiendom AS sold 643 properties with a combined value of NOK 2,198 million and has a market share of around 23%.

Corporate market

The corporate market was quickly able to adapt to the highly usual situation caused by Covid-19. Company owners, companies and the Bank have worked non-stop on mitigating the negative consequences by finding solutions in the short term, while also focusing on what the more long-term effects will be. The direct impact on customers' day-to-day operations has varied considerably, from less activity and shutdowns to new opportunities and higher turnover.

Our focus has been on staying close to our corporate customers the whole time, both as an adviser and to hear more clearly the consequences Covid-19 has had for each company. In March, we offered our corporate customers 3-month interest-only periods for those who applied for them. These were intended to help give companies that needed it some breathing space in the unusual and uncertain situation they found themselves in. A large proportion of our customers wanted to take advantage of these. Then came the government measures, one of which involved banks being able to offer government guaranteed liquidity loans to ensure that viable companies had access to the liquidity they required when they experienced challenges due to Covid-19.

SpareBank 1 BV processed and granted a substantial number of such applications. This was a necessary and important measure for many companies. With the exception of some industries, which were particularly hard hit by shutdowns and changed behaviour due to Covid-19, most of our customers made it through the year. During the autumn of 2020, we received far fewer enquiries than we did in the early summer with the exception of some industries that still faced major challenges. A significant part of the Bank's lending to the corporate market involves financing property that is leased to companies. With a few exceptions, our property customers have so far not been significantly directly affected by Covid-19.

Corporate market

The corporate market offers financing for investments and operations, advice, money transfer services, investment services for surplus liquidity, and insurance cover for personnel, buildings and movable property for the business sector, as well as accounting and advice services. Much of the activity takes place in a close cooperation between the corporate market, the retail market, subsidiaries and associated companies that offer leasing and factoring. The activities are physically located throughout the Bank's market areas to ensure proximity to the customers.

The corporate market customer portfolio consists of about 9,000 active SME customers with accounts with the Bank. Some 786 new customers were registered in the corporate market in 2020. The bulk of the loan portfolio is within property, although the focus on other industries means that their share is increasing. In 2020, lending grew by 3.2% in the corporate market. Similarly, deposits grew by 9.0%, which can largely be attributed to strong growth in the SME segment in line with the strategy of growing and gaining many more customers in this segment. The heavy focus on interaction between business areas ensures that customers are offered an integrated product range.

Good digital sales and self-service solutions

SpareBank 1 BV offers companies financial services packages. The Group is continuously striving to put in place more digital sales and self-service solutions for our corporate customers. New in 2020 was the ERP system "SpareBank 1 Regnskap" which we now offer to the SME market.
This provides customers with an efficient, modern accounting system, and access to help from an accountant when they need it.

CM Digital has developed into a key business area in the corporate market, providing customers with good follow-up and relevant advice on choosing products and services, as well as the use of digital services. Our customers report very high satisfaction when using CM Customer Support.

There is a heavy focus on the digitalisation of products and processes, and we are constantly trying to streamline customer journeys. The service concept allows corporate customers to receive good follow-up and relevant advice when choosing products and services through user-friendly digital solutions. 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 Group is very focused on delivering on what is associated with the SpareBank 1 brand; easy to deal with, accessible, important contributors and socially involved.

Subsidiary – SpareBank 1 Regnskapshuset BV AS

The company provides services within accounting, payroll, annual reports and financial statements, and financial advice. Service delivery is supported by modern digital solutions, and more than 60% of the company's customers are fully digital. This facilitates optimally adapted solutions, and a practical division of labour between customers and the accounting firm.

Regnskapshuset, which consists of five departments and had a total of 43 employees as at 31.12.2020 has seen good, positive development in recent years. The year 2020 was no exception, and the company saw growth in both turnover and profit. Regnskapshuset is optimistic about its future development and its growth strategy involves both organic growth and acquiring other firms.

Innovation

SpareBank 1 BV is constantly working to adapt the Group's activities to match the customers' expectations and a competitive picture that is constantly changing. This change is driven by, among other things, changes in framework conditions and the use of new technology. The goal is to create good customer experiences, reinforce the top line and increase productivity.

Covid-19 contributed to an increased focus on adapting our core activities to a more digital society. Digital customer meetings became as natural as in-person meetings over night, and mobile phones abruptly became the primary channel for talking to customers. The other major focus we saw in 2020 was on cooperation. By cooperating with other SpareBank 1 banks, the public sector, competitors and fintech companies, we have developed a number of new and innovative services.

Group strategy

A new Group strategy for the period up to 2023 was agreed in 2020. The strategy was adopted by the Board of Directors in the fourth quarter and presented to all employees during a digital strategy week designed as a TV series. SpareBank 1 BV will continue to strengthen the value of a local presence, high level of trust, strong brand and simple and efficient digital services – with the goal of attracting ever more customers.

The strategy has looked at six important trends that will impact our business over the next few years:

- High street shops dying off faster and the digitalisation of shopping
- ERP players increasing their dominance
- Growth in niche banking
- From climate awareness to climate action
- Permanent shift in digital interaction
- More important to know your customers

A higher degree of digitalisation and ensuring sustainable development will mark the coming strategy period. In the retail market, the number of active customers will be increased, and SpareBank 1 BV will consolidate its position in its current market areas. The Group wants to be known for its competitive, simple and user-friendly services. SpareBank 1 BV wants to be the best in class on insights and data driven customer engagement, and customers will experience both more and more relevant initiatives. In the corporate segment, the goal is to reinforce the focus on accounting and position SpareBank 1 BV as a partner for regional business. Interdisciplinary cooperation and efficient digital tools will mark our corporate culture and how we work.

Focus on attractive services

In 2020, SpareBank 1 BV was particularly keen to provide an even better overview of our retail customers' personal finances. "Min økonomi" ["My economy"] in the digital bank now provides customers with a simple overview of their spending. The trend from owning towards leasing means that more and more of retail customers' daily spending takes place through various subscriptions. In addition to providing an overview, the customers can easily terminate unwanted subscriptions. Thanks to a good collaboration with the Norwegian State Educational Loan Fund, we can now show student loan balances in the digital bank. SpareBank 1 BV also piloted displaying Coop members' balances in the digital bank.

The housing journey is one of four strategic battles in the SpareBank 1 Alliance. The digitalisation of financing and concept development in the customer journey, where banking and housing interact, are central. In 2019, SpareBank 1 BV launched a simpler and more digital estate agency service "Lettsolgt" and is seeing continued interest in the industry despite the fact that we have adjusted our investments in the service in the past half-year. There are many similar competing concepts from larger and smaller players. It is, therefore, gratifying that our product is receiving so much attention from customers, trade unions and competitors. We will continue striving to make the estate agency service different.

The digital bank for corporate customers underwent major improvements and updates in 2020 in order to provide customers with a better and faster overview of their company's financial situation. The SpareBank 1 banks also joined forces to focus on accounting services in the banks. The feedback from customers was clear that they wanted tighter integration between banking services and accounting systems.
The SpareBank 1 banks implemented a number of strategic initiatives and jointly acquired, with another Norwegian bank, two-thirds of the financial and accounting services provider, Uni Micro. SpareBank 1 BV launched the "SpareBank 1 Regnskap" product in the fourth quarter. "Bank+Accounting" provides corporate customers with everything they need to manage their company's finances.

Changes in customer behaviour

The fact that customers are quickly adopting new customer-friendly solutions is the best proof that we have succeeded. In January 2018, 10% of all mortgages were started in the mobile bank or online bank. In 2020, that share was just under 90%. In the same period, the proportion of digital loan applications from corporate customers increased from 0 to more than 30%. SpareBank 1 BV introduced digital property settlements in summer 2019.
Today, the service has become the new standard and competitors are following our lead. The savings market has also been digitalised with customers signing savings agreements via the digital bank. The fight for savings customers is expected to intensify in 2021 with the establishment of own pension accounts.
SpareBank 1 BV is well prepared for this.

Sustainability

The Bank has been an important local supporter for more 160 years and has helped to ensure the survival of local communities. Sustainable development has become more and more important in recent years and the Bank's ambition is to noticeably reinforce our positive, and reduce our negative, impacts on people, the environment and society. Given our proximity to customers and good local knowledge, the Bank wants to contribute to value creation and sustainable development in our market area.

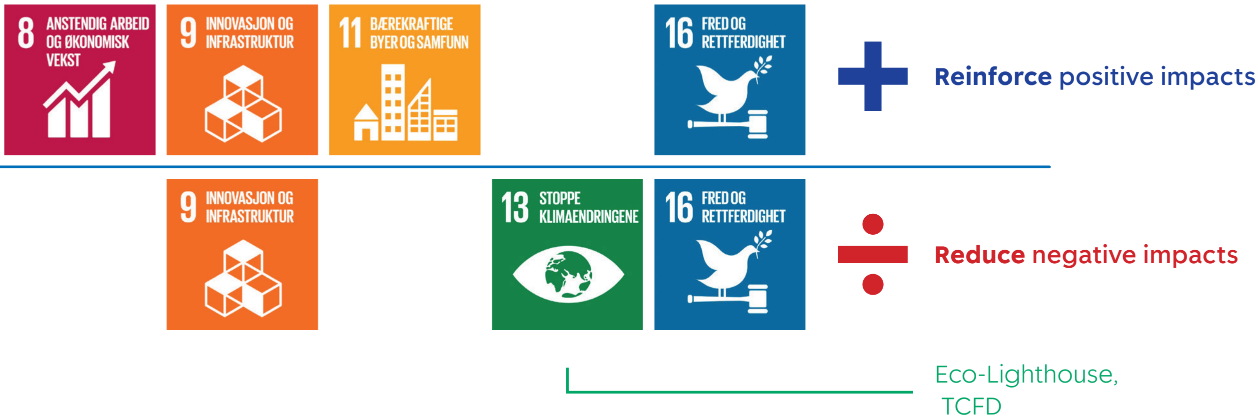
PRB: 5.1-3

The Bank's sustainability work was intensified 2020. Sustainability has now been established its own area with the appointment of both its own leader and an adviser in the area. An ambitious sustainability strategy has been developed with clear goals and measures. The strategy process has provided key people in operations, management, the executive management team and the Board of Directors with far greater insight into climate and sustainability risk, as well as the business opportunities that exist. A governance structure has been established in which risk reporting on climate and sustainability risk occurs as part of regular risk reporting to the executive management team and the Board of Directors, and where the Board reviews the sustainability strategy on an annual basis. It is important for the Bank to involve all of our employees in the sustainability work, and almost all of the Group's employees have now received an introduction into sustainability. See our sustainability policy on our website for details about our sustainability work.

Framework for our sustainability work

UN Global Compact

SpareBank 1 BV's ambition is to *"noticeably reinforce our positive, and reduce our negative, impacts on the environment, social conditions and governance (ESG)* in accordance with the UN Principles for Responsible Banking (PRB)."



Relationship between the UN Sustainable Development Goals and targets and SpareBank 1 BV's own goals and targets in our sustainability strategy

WE WILL MAKE SUSTAINABILITY PART OF OUR DNA

GOAL	TARGET	UN SUSTAINABLE DEVELOPMENT GOALS (SDG)
1 We must prevent and detect financial crime	**1.1** Prevent and detect money laundering and terrorist financing **1.2** Prevent and deal with cyber fraud and information security incidents **1.3** Demonstrate corporate social responsibility by actively combating incidents	16.4, 16.5
2 We will be the sustainability bank in our area	**2.1** Offer sustainable products, services and adapt the portfolio **2.2** Support companies' green shift and innovation **2.3** Become experts in sustainability	8.3, 8.4 / 9.3, 9.4 / 11.a / 13.a
3 We will go on the offensive for the climate and help customers do the same	**3.1** Reduce our climate footprint **3.2** Help customers reduce their climate footprint **3.3** Identify climate risk and opportunities	9.2 / 11.b / 13.1, 13.a

SpareBank 1 BV's **main** social and sustainability issues

Materiality analysis conducted with various internal and external stakeholders

IMPORTANCE TO EXTERNAL STAKEHOLDERS	IMPORTANT	MORE IMPORTANT	MOST IMPORTANT
MOST IMPORTANT	New green products and green innovation	Policy/guidelines for responsible lending Financial suppliers Positive screening	**IMPORTANT SUSTAINABILITY ISSUES** Financial crime Employee development Ethics and anti-corruption Local business development
MORE IMPORTANT	Managing climate risk	Contributions to local communities Stakeholder engagement Diversity and equal opportunities Supply chain follow-up Negative screening and exclusion	Banking practice
IMPORTANT	Paper consumption Waste management Energy consumption and savings Measures for people excluded Greenhouse gas emissions (CO2)	Health, safety and the environment (HSE)	Privacy and information security Marketing of products and services

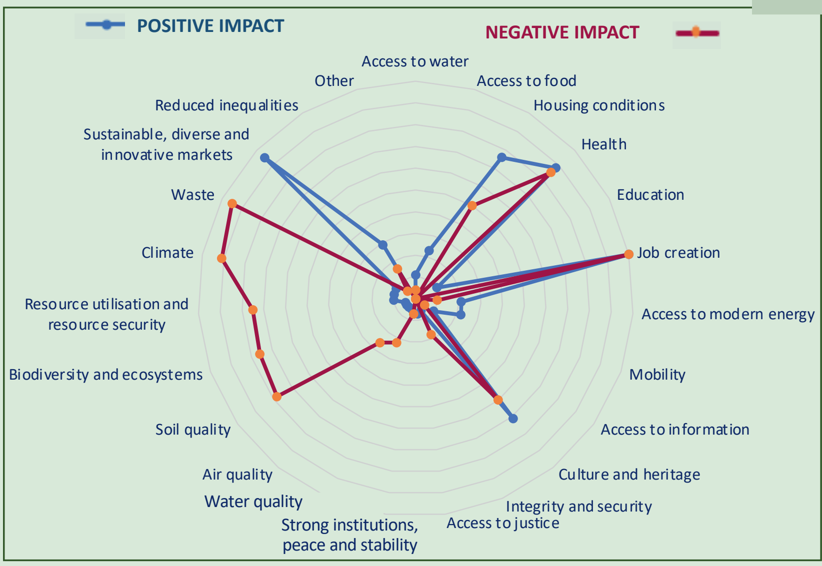
IMPORTANCE FOR SPAREBANK 1 BV

Areas in which SpareBank 1 BV has the greatest chance of reinforcing **positive** – and reducing **negative – impacts**

GREATEST IMPACT

Sustainable markets
Job creation
Waste
Climate

Impact analysis showing where the Bank can have the greatest impact



Results from the corporate market

The framework is a tool for ensuring that our work on sustainability is coherent and complete. See the Appendix "GRI index".

Guidelines

Sustainability strategy goals

GRI

PRB

UN Sustainable Development Goals (SDG)

Eco-Lighthouse

Our contributions to the global effort

SpareBank 1 BV is taking part in the shared global effort to achieve the UN Sustainable Development Goals by 2030 and the Paris Agreement. It is important for the Bank to support sustainability work in the financial services sector and other sectors, while at the same time quality assuring our own work. That is why we support a number of global initiatives and comply with various frameworks in our sustainability work.

PRB: 1.2

Global initiatives we support

UN Sustainable Development Goals (SDG)

SpareBank 1 BV supports the UN Sustainable Development Goals, which are the world's action plan for a sustainable future. The Bank has picked five UN Sustainable Development Goals (SDG) where we have a real chance of having a positive impact, and/or risk of having a negative impact. These are SDG 8, 9, 11, 13 and 16. Relevant targets have been identified and linked to the goals of our *sustainability strategy*. SDG 17 about partnerships will be an overarching goal for us in our work.

UN Global Compact

SpareBank 1 BV has been affiliated with the UN Global Compact since 2019. The Global Compact is the world's largest corporate social responsibility initiative. The Bank has undertaken to "operate responsibly, in alignment with universal sustainability principles; take actions that support the society around you; commit to the effort from your organisation's highest level, pushing sustainability deep into your DNA; report annually on your ongoing efforts; and engage locally where you have a presence." In the Appendix "*GRI index*" we show how we are delivering on the UN Global Compact's ten principles.

UN Principles for Responsible Banking

SpareBank 1 BV was one of the banks that signed up to the Principles for Responsible Banking (PRB) when they were first launched in 2019. This committed us to tailoring our strategy to the UN Sustainable Development Goals and the Paris Agreement, analysing our (positive and negative) impacts within sustainability, and setting goals, measures and milestones for improvements. The focus will be on the Bank's core business (the retail market and corporate market), and sustainability challenges in our market area. As part of our work on following up the principles, the Bank has conducted an impact analysis (see diagram for the corporate market illustrating the threats and opportunities for the rest of our business, in "*Framework for our sustainability work"*). The analysis shows that we have a negative impact in the areas of waste, climate, biodiversity and resource use, mainly through lending in the corporate market. Our strategy includes ambitious targets and measures for cutting greenhouse gas emissions in the loan portfolio. Our sustainability strategy also commits us to mapping challenges within the circular economy and natural disaster risk. The corporate market strategy includes sustainable housing and business development as one of three main pillars in order to reinforce our positive impact in these areas. We have marked the sections of the Annual Report that show how we are living up to the principles (also see the Appendix "*GRI index*").

The frameworks we comply with

Global Reporting Initiative (GRI)

From 2020 onwards, SpareBank 1 BV will report in line with the GRI standard, the leading international standard for sustainability reporting recommended by the Oslo Børs. The GRI standard consists of principles, guidance and result indicators that can be used by companies to measure and report on financial, environmental and social conditions.

Eco-Lighthouse

Eco-Lighthouse is an environmental management system that helps us work systematically over time in order to improve in areas like our working environment, waste management, energy use, purchasing and transport. All of our branches were Eco-Lighthouse certified in line with the new banking and finance criteria in 2020. This ensures that we take into account climate and environmental factors related to granting credit, financing, savings and investing customers' deposits, and managing the Group's own assets. Every year, the Bank assesses whether or not it has achieved the Eco-Lighthouse goals we set for operations, whether the measures have worked, and whether we are operating in line with the banking and finance criteria. The Eco-Lighthouse reporting provides the basis for the Bank's energy and climate accounts (Scopes 1-3), see the Appendix "Energy and climate accounts 2020".

Our main social and sustainability issues

PRB: 4.1

Materiality analysis and stakeholder engagement

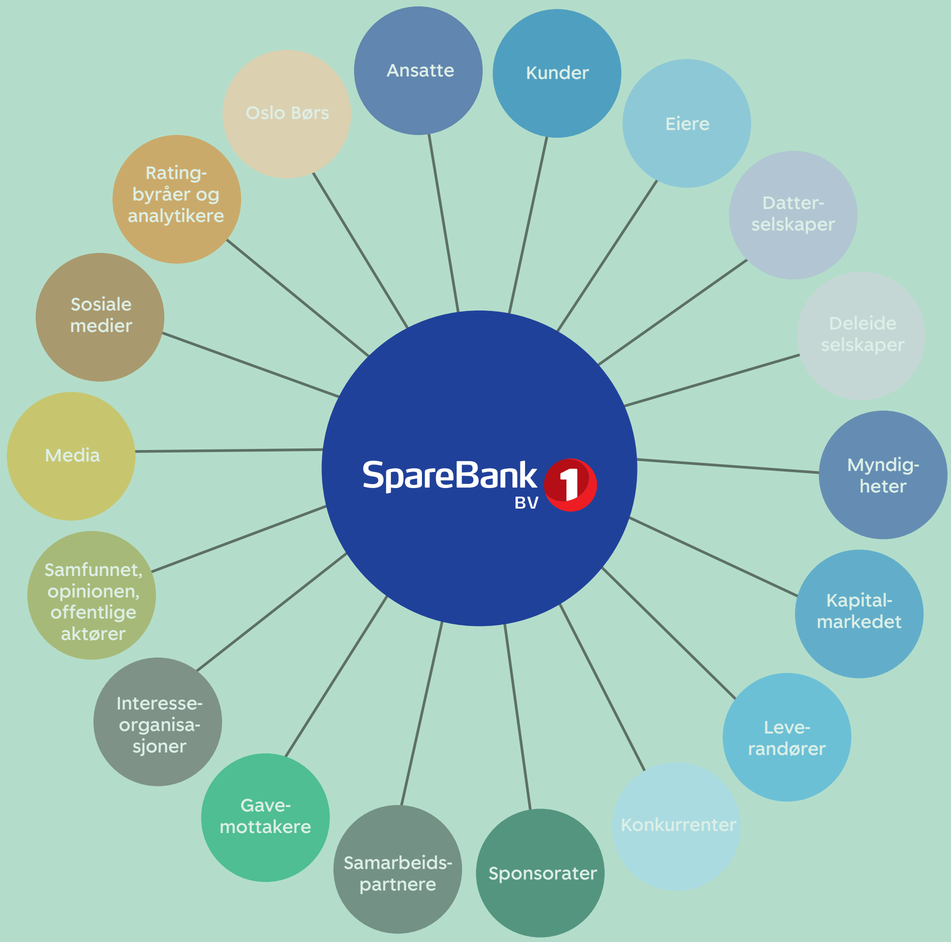
Dialogue and cooperation make us better and help us contribute to sustainable development in our local communities. In 2018, the Bank conducted a materiality analysis based on extensive stakeholder engagement. The Bank was in contact with stakeholders in various arenas throughout 2020. Our stakeholders are increasingly interested in how SpareBank 1 BV is fulfilling its social mission and delivering on sustainability.

The main issues to emerge from the analysis were:

- Combating financial crime
- Employee development
- Working on ethics and anti-corruption
- Stimulating local business development

Read more about the main issues in the engagement with our stakeholders in 2020 in the Appendix *"Stakeholder engagement"*.

Stakeholder chart



PRB: 2.1

Impact analysis

SpareBank 1 BV conducted an impact analysis for 2020. The analysis shows areas where the Bank has the greatest chance of having positive and negative impacts. The Bank used the Portfolio Impact Analysis Tool for Banks developed by the United Nations Environment Programme Finance Initiative (UNEP FI). The Bank only operates in Norway and the analysis covers the Bank's market area, Nedre Buskerud and Vestfold. The analysis looks at the Bank's main business areas, the retail market (about 70%) and the corporate market (about 30%). The analysis shows that:

- Within the retail market, the Bank has the greatest chance of having positive impacts within job creation, housing and sustainable markets, and negative impacts in relation to waste, the climate and resource security.
- Within the corporate market, the Bank has the greatest chance of having positive impacts within sustainable markets and job creation, and negative impacts in relation to waste, the climate and job creation (see the figure in "Framework for our sustainability work").

See our website for further information about the impact analysis.

The materiality analysis and impact analysis provide the basis for prioritising issues in the Bank's sustainability work. Covid-19 was, of course, important for many of our stakeholders in 2020. Retail customers were interested in interest-only periods and interest rate changes, as well as questions related to travel insurance. Corporate customers wanted advice and information about government loan guarantees and government compensation schemes. In addition to the issues that emerged from the materiality analysis, we chose to include the issues of responsible lending, sustainable fund management and sustainable purchasing. The risk assessments and impact analysis we conducted show that, as a Bank, we have a big opportunity to amplify our positive, and reduce our negative, impacts on people, the environment and local communities in these areas.

Responsible lending

8 ANSTENDIG ARBEID OG ØKONOMISK VEKST

9 INNOVASJON OG INFRASTRUKTUR

11 BÆREKRAFTIGE BYER OG SAMFUNN

13 STOPPE KLIMAENDRINGENE

16 FRED OG RETTFERDIGHET

PRB: 1.1

Why is this issue important to the Bank?

Responsible lending is an important component of the Bank's social mission and has, therefore, been made a top priority in our sustainability work. The Bank's core business involves providing loans to retail customers and corporate customers, and it is important for the Bank to be a driving force for sustainable development. The Bank is actively striving to reduce its climate footprint from operations. More importantly, the Bank is in a position to encourage all of its customers and suppliers to reduce their climate footprint.

Our risk assessments and impact analyses tell us that we have the greatest chance of having positive impacts and the greatest risk of having negative impacts in our largest industry, property rental. However, we also have some exposure within property projects. Many other industries (such as building and construction, operating companies, transport companies and agriculture) are exposed to near-term transition risk due to customers and the government demanding zero-emission solutions. The focus in the corporate market (CM) is on SDG 8, 9, 11, 13 and 16. The focus in the retail market (PM) is on SDG 8 and 13.

PRB: 3.1-2

What did we achieve in 2020?

The Bank fully integrated sustainability into the loan process in 2020:

- Separate project groups assessed risk related to sustainability in the credit process in the RM and the CM
- We started a dialogue on sustainability risks and opportunities with customers
- Risk analyses were conducted of all central business areas in the Bank
- We now offer better terms and conditions for sustainable commercial property and have building inspectors to check that projects are taking labour rights, HSE and other social and governance conditions seriously.
- We launched green mortgages in September 2020 with more favourable interest terms for housing with energy class A or B. At the end of 2020, these had been granted for 14 mortgages with a combined lending volume of NOK 39.1 million.
- We have products and services with a social profile that provide economic benefits for customers:
    - Restart is offered to customers experiencing temporary financial difficulties
    - Deposit loans for young people/LOfavør deposit loans for young people are an offer for young customers who want to enter the rental market

We have decided that we do not want to provide loans to companies that:

8 ANSTENDIG ARBEID OG ØKONOMISK VEKST

- Produce pornographic materials
- Have a particularly high risk of committing, or are involved in specific suspected cases of, serious and systematic violations of human and labour rights

9 INNOVASJON OG INFRASTRUKTUR

- Start operations in areas already experiencing water shortages or where such operations would have conflicted with the needs of local communities
- Are involved in trading animal and plant species that violates CITES' requirements or which threatens populations of red-listed species
- Produce tobacco or components explicitly intended for similar products

13 STOPPE KLIMAENDRINGENE

- Have a particularly high risk of committing, or are involved in specific suspected cases of, serious environmental harm or that lack the financial capacity to carry out required environmental measures and to comply with environmental requirements

16 FRED OG RETTFERDIGHET

- Export weapons, or components exclusively intended for use in weapons, to areas with systematic and gross violations of human rights, widespread corruption, or civil war
- Are involved in the development, testing, production, storage, or transport of controversial weapons, or components exclusively intended for such weapons, including cluster munitions, antipersonnel mines, nuclear weapons, chemical weapons and biological weapons

- Mortgages for young people and LOfavør mortgages for young people are discounted products designed to help young homebuyers enter the housing market
- First mortgages and LOfavør first mortgages are our most affordably priced loans for first-time buyers of any age
- Wage guarantee fund LO loans are loans charged at mortgage rates for customers whose employer is going to declare bankruptcy and aimed at tiding them over while waiting for a payout from the wage guarantee fund
- LOfavør conflict loans are loans charged at mortgage rates for customers who end up in prolonged labour disputes in connection collective bargaining agreements.

Climate and sustainability risk

SpareBank 1 BV wants to better understand our climate risks and opportunities. The Bank, therefore, started reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures» (TCFD) in 2020. For more information about governance, strategy, risk management and the goals for our integrated work on climate and sustainability risk, see the Appendix "Climate risk".

In 2020, the Group adopted research-based targets for cutting emissions from both operations and the loan portfolio by 7% a year in order to help realise SDG 13 and the Paris Agreement's goal of preventing a global temperature rise of more than 2°C.

We have drawn up reporting routines for climate and sustainability risk incidents. See our sustainability policy on our website for more information.

PRB:
2.2-4
3.1-2
6.1

What is the way forward?

The Group's strategy for 2021-2023 reflects the fact that we want to provide guidance and support for our customers in their work on sustainability and corporate social responsibility. We will also

- Introduce risk based ESG assessments in new loan cases in the CM via a separate module that advisers can access
- Map current greenhouse gas emissions from the RM and CM loan portfolios and make decisions about various loan concepts within property and zero-emission solutions
- Map climate risk in the current loan portfolio and follow-up with measures if necessary
- Report on our green asset ratio for loans and other exposures in line with the EU taxonomy and regulations on sustainability- related disclosures
- Investigate the potential for green bonds and establish a green product framework

In 2021, the Bank will also set targets for the green segment and for capital that will be allocated to activities in line with the EU taxonomy. The Bank's green segment will primarily consist of loans and other income linked to:

- Energy efficient homes and commercial buildings
- Companies whose activities are all or partly in areas classified as sustainable, such as producers of new renewable energy and environmental technology companies
- Low and zero-emission vehicles (partly handled via SMN Finans)

Training and education

Almost all of the Group's employees have now received an introduction into sustainability and have also reviewed specific issues related to their department. Since we seek to link training and education to specific products, tools or processes that are being introduced, RM staff who are going to work with green mortgages have received detailed training in the background for such loans and how energy labelling works.

Our sustainability risk assessments indicate that we need to improve our in-house skills in order to be able to advise customers. We will become experts in sustainability, and the sustainability strategy emphasises employee development. Employee development is described for each issue below. You can read more about our employees in the Chapter "*Employees*".

Guidelines:
Sustainability strategy

Sustainability strategy goals:
2.1: Offer sustainable products, services and adapt the portfolio
2.2: Funding from stakeholders with a sustainability mandate
2.6: We will become experts in sustainability
3.2: Cutting emissions in the portfolio
3.4 Reducing physical climate risk

GRI indicators:
201-2, FS7, FS8
Training and education: 404-2, 3

SDG:
8.3, 9.2, 9.3, 9.4, 11.a, 16.4

Eco-Lighthouse:
2066-70, 2072

Combating financial crime

Why is this issue important to the Bank?

Combating financial crime has been highlighted in the sustainability strategy. It is natural that, as a bank, we assume responsibilities beyond what is required by law. We have the expertise, resources, opportunities to have positive impacts and need to mitigate risk. Financial crime is a societal problem that impacts both individuals and business. It is, therefore, important for SpareBank 1 BV to be proactive in this area in order for customers and society in general to have confidence in us. SpareBank 1 BV both wants and is obliged to implement measures to prevent and detect fraud, money laundering and terrorist financing. This work is linked to SDG 16, target 16.4 regarding reducing illicit financial and arms flows and combating all forms of organised crime.

What did we achieve in 2020?

SpareBank 1 BV intensified its work on combating money laundering and terrorist financing in 2020. The Bank has employed a head of financial crime and established a broader subject area. The focus has expanded from complying with the Money Laundering Act to the entire subject of financial crime. In 2020, we:

- Adopted an updated and improved Anti-Money Laundering (AML) Policy
- Established a group approach in which subsidiaries were included in the governance structure and risk analyses
- Conducted risk workshops and implemented measures for mitigating identified risks
- Included risks associated with Covid-19 in our new risk assessments
- Worked actively through the media to teach existing and potential customers about financial crime
- Improved the quality of data and streamlined the work on following up customers
- Introduced machine learning and upgraded our automation so we can better identify unsafe transactions
- Linked the digital loan process to AML

5777

Transactions identified for further checks

67

Cases reported to the National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM)

PRB: 2.2-4, 6.1

What is the way forward?

SpareBank 1 BV will intensify its efforts to combat financial crime. We are constantly working to improve routines and frameworks in order to better detect and deal with such criminality. In 2021, we will:

- Establish a web-based dashboard for ongoing follow-up in the area
- Update our control routines and take account of the risk Covid-19 has brought with it
- Fulfil our social responsibility by reaching out to senior citizens and teaching them about financial crime

Training and education

In 2020, the Bank conducted awareness campaigns and training for both managers and employees regarding financial crime. In the area of AML, employees in customer-related roles in the retail market and corporate market conducted case-based e-learning courses based on updates to AML legislation throughout the year.

The Group participates in the SpareBank 1 Alliance's information security awareness programme, which consists of monthly mini courses distributed to all employees via email. This has helped raise awareness about financial crime issues, such as online fraud. In addition, we also posted several awareness raising articles on our intranet about the problem of fraud.

Guidelines:
Policy on measures for combating money laundering and terrorist financing
Routines for anti-money laundering and terrorist financing
Anti-fraud pledge

Sustainability strategy goals:
1.1: Prevent and detect money laundering and terrorist financing
1.2: Prevent and deal with cyber fraud and information security incidents
1.3: Demonstrate corporate social responsibility by actively combating incidents
2.6: We will become experts in sustainability

GRI indicators:
SB1BV-1, 205-1, 2
Training and education: 404-2, 3

SDG:
16.4

Ethics and anti-corruption

16 FRED OG RETTFERDIGHET

Why is this issue important to the Bank?

Having the trust of customers, investors and other stakeholders in society is important for us as a bank. We must address the needs and interests of our customers in line with good advice practice. Our employees must provide professional and responsible advice and not breach our Code of Conduct. Our decisions and conduct must support the Bank's strategy and goals for corporate social responsibility and sustainability.

Privacy protection

SpareBank 1 BV processes large amounts of personal data and protecting this data is a very important task. The processing of personal data is regulated by law, and in 2018 the General Data Protection Regulation (GDPR) was implemented in the Bank. We have established a privacy framework and appointed a dedicated data protection officer.

What did we achieve in 2020?

The Bank actively strives to detect and manage adverse incidents that could diminish trust in the Bank. In 2020, we:

- Improved guidelines, work processes and routines for preventing corruption, bribery, influence trading and instances of facilitation money
- Conducted internal control measures to prevent, detect and handle such cases
- Launched a new Code of Conduct
- The Bank has whistleblowing channels, both internal and external, which can be used to anonymously report concerns, issues and wrongdoing

PRB: 2.2-4, 6.1

What is the way forward?

special policy will be drawn up for anti-corruption to intensify the work further. Employee development will continue during the strategy period in order to develop a good advice culture and competent, confident employees.

Training and education

All employees have signed our Code of Conduct. All of our advisers in the retail market who are authorised within credit, non-life insurance, personal insurance, and savings and investments receive annual refreshers on ethics under the auspices of the authorisation scheme for financial advisers (FinAut). When it comes to privacy, all of the Bank's employees have undergone training in issues such as their duty of confidentiality and accessing customer data, in the form of nanolearning courses.

0

Number of known cases of corruption

6

Number of complaints concerning breaches of privacy

Guidelines:

Code of Conduct
Conflicts of Interest Policy

Sustainability strategy goals:

1.2 Prevent and deal with cyber fraud and information security incidents
1.3: Demonstrate corporate social responsibility by actively combating incidents
2.6: We will become experts in sustainability

GRI indicators:

205-2, 3 and 418-1
Training and education: 404-2, 3

SDG:

16.5

Local corporate social responsibility and business development

Why is this issue important to the Bank?

The Bank wants to go on the offensive and contribute to value creation in our market area. It is important to us, and our customers, that we have a local presence, sound expertise in providing advice and knowledge of the market areas. The Group's main strategic objective is to create value for its customers and our region. With its proximity to customers and good local knowledge, the Group contributes to social development through value creation and sustainable development.

Local supporter

SpareBank 1 BV wants to help develop the society of which we are a part. The Bank is heavily involved in local communities and sponsors and works with many teams/associations and events. Following the merger in 2017, part of the merging banks' profits was channelled into two foundations, Sparebankstiftelsen Nøtterøy-Tønsberg and SpareBank 1 Stiftelsen BV. Each year, these provide grants to local voluntary organisations, sports clubs and cultural institutions.

What did we achieve in 2020?

Sustainable business development has been made a priority in the corporate market strategy for 2021-23. In 2020, the Bank:

- Contributed to SpareBank 1 BV Stiftelsen funding a preliminary project for green industry in Kongsberg
- Employed a master's student in a 2-year, 50%-position via a partnership with the University of South-Eastern Norway
- Contributed to a greater focus on sustainability in the foundations' grant giving
- Awarded scholarships to talented young athletes, musicians and artists in local communities
- Used digital channels in marketing

In 2020, Sparebankstiftelsen Nøtterøy Tønsberg distributed NOK 11,216,400 in grants and SpareBank 1 Stiftelsen BV distributed NOK 24,200,000. These funds were awarded for culture, sports, volunteering, skills training and business development.

We have complied with the requirements for communication, marketing, information and labelling products and services. No breaches of the regulations and guidelines for product and service information and labelling were reported in 2020. No failures to comply with regulations and/or voluntary guidelines for marketing, including advertising, promotions and sponsorships were reported either.

Grants in 2020

Sparebankstiftelsen Nøtterøy - Tønsberg

NOK 11.2 million

SpareBank 1 Stiftelsen BV

NOK 24.2 million

NOK 35.4 million

PRB: 2.2-4, 6.1

What is the way forward?

The Bank will continue to contribute to local business development in 2021 by:

- Launching the Business Barometer to share knowledge in our market area
- Supporting startups by offering them new/bespoke products
- Strengthening our network for startup environments such as Kongsberg Innovation, Silicia and Gründeriet, as well as university environments
- Using sustainability criteria for major sponsorships and partnership agreements
- Drawing up guidelines for integrating sustainability into marketing and brand building

Training and education

The CM has established a special expert group that will focus on entrepreneurial environments. We want to better understand how these environments think through discussions based on providing advice to customers and through talks by external parties. Our corporate advisers will learn more about various sustainability issues and how our customers can switch to sustainable solutions. These issues include which support schemes companies can apply to in order to become greener, how they work and switching to electrification.

Guidelines:
Sustainability strategy
Code of Conduct

Sustainability strategy goals:
1.3: Demonstrate corporate social responsibility by actively combating incidents
2.2: Support companies' green shift and innovation
2.5: Customers will learn that we are the sustainability bank
3.2: Help customers reduce their climate footprint

GRI indicators:
203-1 and 417-2,3
Training and education: 404-2, 3

SDG:
8.3, 8.5, 9.2, 9.4, 11.a, 13.a

Sustainable fund management

Why is this issue important to the Bank?

Our customers invest significant funds in the securities funds we distribute. This, therefore, gives us an opportunity, through the Spare-Bank 1 Alliance, to encourage the funds to place greater emphasis on the environment, social conditions and governance (ESG) in their investments. SpareBank 1 BV complies with the SpareBank 1 Alliance's guidelines for sustainable distribution and recommending securities funds. The Bank requires managers to sign a distribution agreement and document that they stipulate sustainability requirements for the investments they make. SpareBank 1 wants to clearly flag the funds that do, and do not, comply with our guidelines. Fund managers have to sign the UN Principles for Responsible Investment and report how they comply with them.

What did we achieve in 2020?

The head of sustainability in SpareBank 1 BV is part of the expert group for sustainability under the Saving and Investment Committee (SIC) in SpareBank 1 Utvikling. He was involved in launching ESG labelling for funds in 2020 and in revising SIC's guidelines for distributing and recommending securities funds so that stricter ESG requirements are stipulated for the funds we distribute.

Fund labelling is based an annual sustainability analysis the Governance Group conducts of all 285 securities funds the SpareBank 1 Alliance distributes (SpareBank 1 BV distributed 188 funds at the end of 2019). The table below shows the number of funds that satisfy the various criteria in the survey:

NEGATIVE SCREENING

Exclusion of companies that:

- Invest in controversial weapons – **234** funds
- Invest in weapons or military equipment for restrictive countries – **230** funds
- Receive a significant share of their income from thermal coal or that base significant parts of their activities on thermal coal – **187** funds
- Contribute to serious environmental damage – **206** funds
- At an aggregated company level, produce unacceptable levels of greenhouse gases – **181** funds
- Are involved in serious violations of human rights – **211** funds
- Are involved in serious violations of individual rights in war and conflict – **207** funds
- Are involved in gross corruption – **207** funds
- Invest in the production of pornography – **189** funds
- Invest in tobacco production – **208** funds

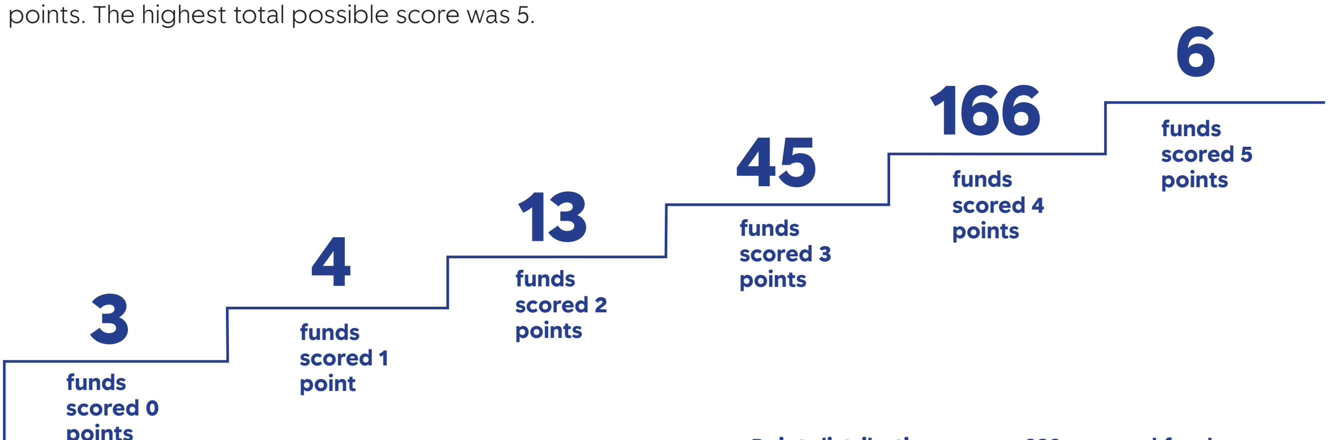
POSITIVE SCREENING

- Funds that carry out the positive selection of companies based on socially useful non-financial factors – **9** funds

ACTIVE OWNERSHIP

- Funds that, as part of their ownership, communicate with companies about ESG (**228** funds) and vote in general meetings (**229** funds)
- Funds that publicly disclose how their active ownership is exercised – **213** funds

In the survey, negative screening scored up to 2 points, positive screening 1 point and active ownership up to 2 points. The highest total possible score was 5.



Point distribution among 239 mapped funds

Our questionnaire survey increases the funds' awareness of sustainability requirements. The score per fund was positive compared with the corresponding survey conducted in 2019:

PRB: 2.2-4, 6.1

What is the way forward?

- Work to ensure that the funds SpareBank 1 distributes report on their green proportion in line with the EU taxonomy
- Adapt the guidelines and labelling scheme for funds recommended and distributed by SpareBank 1 to the requirements of the EU taxonomy
- Challenge securities funds to calculate and publish their climate footprint

Training and education

We believe we can avoid significant negative impacts and correspondingly increase our positive impacts through the advice we give customers about fund investments. All authorised financial advisers in the retail market will, therefore, receive training in the sustainability labelling of funds in early 2021. The course will also be offered to other advisers in the Bank. The Bank's head of sustainability has participated in the work on developing the professional content of, and qualification criteria for, a new separate sustainability subject in the 2021 course plan for savings and investments for authorised financial advisers.

Guidelines:
Guidelines for sustainable distribution and recommending securities funds.

Sustainability strategy goals:
2.3: Our capital management will be sustainable
2.6: We will become experts in sustainability

GRI indicators:
FS10 and FS11
Training and education: 404-2, 3

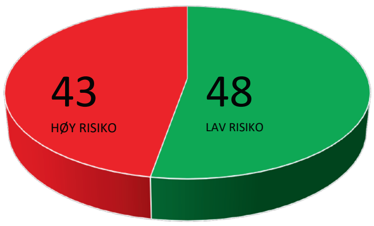
SDG:
8.3, 9.4, 13.a, 16.4

Eco-Lighthouse:
2067, 2069

Sustainable purchasing

Why is this issue important to the Bank?

The SpareBank 1 Alliance is a significant purchaser of goods and services through agreements made on behalf of the alliance banks, including SpareBank 1 BV. SpareBank 1 requires suppliers to have sustainability guidelines and for these to have been translated into action. Thanks to the purchasing power of the SpareBank 1 Alliance, we can influence whether, and how, our suppliers work to reduce negative impacts on ESG throughout their supply chains. In other words, in this arena we have an opportunity to detect and prevent violations of human rights and labour rights.



SpareBank 1 BV included sustainability more clearly as a criterion for approving products we use and offer to customers in 2020. We have also paid more attention to risk in relation to outsourcing. One of the risks is that the supplier's activities could be moved to countries where violations of labour rights and human rights are more common than in Norway.

What did we achieve in 2020?

In 2019, SpareBank 1 conducted risk assessments of 249 suppliers:

- Some 91 had an increased risk of having a negative impact
- They were asked whether they have ESG guidelines, whether they can document their use of an environmental management system, and whether they have mapped their main negative impacts in ESG
- Some 43 were identified as requiring further follow-up

SpareBank 1 BV included sustainability more clearly as a criterion for approving products we use and offer to customers in 2020. We have also paid more attention to risk in relation to outsourcing. One of the risks is that the supplier's activities could be moved to countries where violations of labour rights and human rights are more common than in Norway.

PRB: 2.2-4, 6.1

What is the way forward?

SpareBank 1 will continue to raise awareness of the risks of negative impacts on the environment, social conditions and conduct from its operations and those of its subcontractors. This involves examining the individual supply chains in detail rather than analysing the breadth of the portfolio.

Sustainable purchasing activity plan

Goals for 2020	Profit 2020	Goals for 2021	Goals for 2021-2023
• Complete the follow-up of suppliers from 2019 • Based on the follow-up of suppliers, identify suppliers and categories requiring further follow-up	• Complete follow-up and identify categories for further follow-up • Start the action plan for 2021-2022	• Finalise an action plan and follow-up certain categories in Q1 • Follow-up other suppliers Q2-Q4 • Introduce system support into sustainability work	• Evaluate and further develop the work on sustainable purchasing • Improve systems and follow-up of suppliers

Guidelines:
Sustainability strategy
Guidelines for sustainable purchasing

Sustainability strategy goals:
1.3: Demonstrate corporate social responsibility by actively combating incidents
2.1: Offer sustainable products, services and adapt the portfolio
3.3: Identify climate risk and opportunities

GRI indicators:
308-1,2 and 414-1,2

SDG:
9.2, 13.a, 16.4

Equity certificates

The legal provisions for equity certificates establish limits that are largely consistent with those that apply for shares in commercial banks.

Acts and regulations

The equity certificates are regulated by the Financial Institutions Act, Chapter 10. Equity certificates are freely negotiable and can be quoted on the Oslo Børs. Equity certificates listed on the Oslo Børs must be registered in the Norwegian Central Securities Depository (VPS). The equity certificate holders elect 38% of the representatives to the Bank's Supervisory Board.

Annual dividends from equity certificates may be distributed from the annual profit in accordance with the company's financial statements for the last financial year. The amount of the dividend is proposed by the Bank's Board of Directors and is approved by the Supervisory Board.

The current tax regulations mean that the dividend payment will be taxed. The basis for the taxation is the dividend in percentage minus a fixed percentage, the so-called dividend tax exemption.

Equity certificates as an equity instrument
An equity certificate is an equity instrument that savings banks use to raise equity capital. It has many similarities to shares. The differences primarily concern ownership of the equity and influence in governing bodies. The return on equity certificates is divided into two sections, an annual cash dividend and price appreciation of the equity certificate. Equity capital is secured in the event of any losses in the Bank in that it has priority over Sparebankens fond.

Earnings per equity certificate for 2020 were NOK 3.62. Based on the Bank's dividend policy, the Board of Directors proposes to pay a dividend of NOK 1.90 per equity certificate for 2020. The risk equalisation fund will be credited with NOK 1.72 per equity certificate.

Dividends and investor 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 for a minimum 50% of the equity certificate holders' share of each year's profit to 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

Financial calendar for 2021

- Ex-dividend date: 09.04.2021
- Q1 12.05.2021
- Q2 12.08.2021
- Q3 10.11.2021

Dividend last 3 years

Year	Dividends	Price 31.12	Direct return
2018	2.95	35.6	8.3%
2019	2.42	39.6	6.1%
2020	1.90	41.3	4.6%

Ownership

At the end of 2020, there were 4,218 registered equity certificates holders. The 10 largest equity certificate holders are:

Name	Quantity	%
SpareBank 1 Stiftelsen BV	13,642,787	21.62
Sparebankstiftelsen Nøtterøy-Tønsberg	10,925,503	17.31
Verdipapirfondet Eika	2,291,750	3.63
Pareto Invest AS	1,532,868	2.43
Landkreditt Utbytte	1,000,000	1.58
Wenaasgruppen AS	907,432	1.44
Melesio Capital AS	853,368	1.35
Bergen Kommunale Pensjonskasse	750,000	1.19
Catilina Invest AS	731,950	1.16
Foretakskonsulenter AS	621,230	0.98

Information for the market

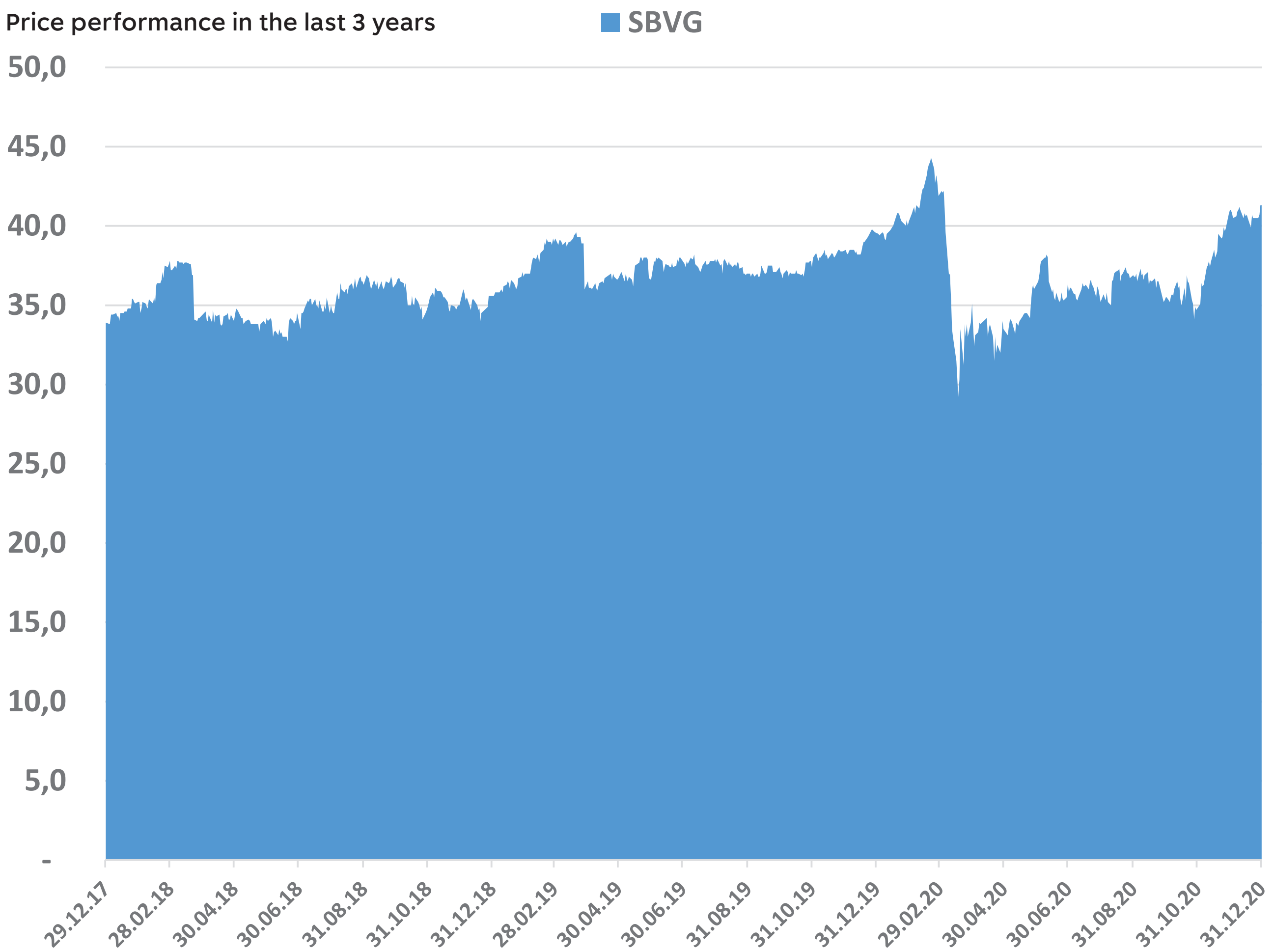
Clear, easily understood and timely information supports the relationship of trust between the owners, the Board of Directors and management, and ensures that the Bank's stakeholders can both assess and deal with the Bank at all times. Therefore, the Bank's information policy emphasises the importance of an extensive dialogue with the Bank's various stakeholders, where the focus is on openness, predictability and transparency. The Bank also attaches great importance to ensuring it provides correct, relevant and up-to-date information about the Bank's performance and earnings in order to gain the trust of the investor market. Information for the market is provided through quarterly interim reports and semi-annual investor presentations. All interim reports, press releases and presentations can be found on www.s1bv.no.

Stock exchange listing

SpareBank 1 BV equity certificates are listed on the Oslo Børs under ticker code SBVG.

A further specification of the equity certificates is provided in a separate note.

Price performance in the last 3 years



The Supervisory Board and auditing of accounts

Supervisory Board

Chair: Lars Ole Bjørnsrud
Deputy Chair: Tom Mellow

Employee-elected representatives:

Lars Ole Bjørnsrud
Bjørn Hoffstad
Knut Holter
Thale Knudsen
Tom Mellow
Kjell E. Nilsen
Kristin Storhaug
Ingebjørg Tollnes
Inger Joh. Toset

Equity certificate holders' representatives:

Vigdis Askjem
Petter Bjærtnes
Torben Hedegart
Bjørn R. Hellevammen
Iver A. Juel
Bjørn Solheim
Sindre Iversen
Ole Vinje
Reidun Sundal

Employee representatives:

Inger Kristin Eide
Kenneth Aashildrød
Henning Pedersen
Tom Stensrud
Hege V. Simonsen
Britt Westlin

External auditor:

KPMG AS
State-authorised public accountant Svein Arthur Lyngroth

Internal auditor:

Ernst & Young AS
State authorised accountant Kjetil Kristensen

Board of Directors' Report 2020

Board of Directors' Report 2020

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 EiendomsMegler 1 BV AS and SpareBank 1 Regnskapshuset BV AS. It also owns 55% of Z-Eiendom AS. The companies are located in Kongsberg, Mjøndalen, Drammen, Lier, Norway, Horten, Tønsberg, Vestfold, Sandefjord and Larvik.

SpareBank 1 BV is listed on the Oslo Børs and therefore presents the parent company's financial statements and consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

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 2020

- Good return on equity.
- Good profit from core operations in light of ongoing pandemic.
- Reduced income from financial assets.
- Increased losses on loans and guarantees.
- Satisfactory growth in lending volume.
- Good growth in deposit volume.
- Solid financial strength and very good liquidity.

General framework conditions

International economy

Covid-19 left its mark on the international economy in 2020 and will do so again in 2021. The outbreak of the virus, with the subsequent shutdowns and restrictions, resulted in a sharp slowdown in activities and higher unemployment in spring 2020. Infection rates were reduced before the summer and there were, in combination with a broad range of public support schemes, signs of an increase in activities among Norway's trading partners after the summer. Higher infection rates towards the end of 2020 again resulted in many countries imposing shutdowns and restrictions that sharply slowed down activities. Positive news about vaccines, combined with public support schemes, provide hope for growth in 2021 and a return of activities back to their pre-pandemic level before the end of 2021.

Shutdowns and restrictions have dampened inflation due to lower demand and higher unemployment. The latter has also resulted in pressure on wages. Higher rates of saving and lower income expectations reinforced the fall in demand. The service sector has been especially hit hard.

Clarification of the elections in the USA combined with continued public support schemes have had a positive impact on the economy. Long-term US rates have increased slightly, and price inflation has held up. Countries in Europe have practised an expensive monetary policy through asset purchase programmes. Long-term interest rates in the eurozone have recently fallen slightly. Price inflation is at an historic low.

There is also some uncertainty surrounding the consequences of the UK no longer being part of the EU single market from 2021 (Brexit). Further negotiations and clarifications regarding agreements with the EU and EEA countries will take place during a transition period. The final results of the negotiations are giving rise to uncertainty and could affect growth going forward.

Norwegian economy

Like the rest of our trading partners, Norway was heavily affected by Covid-19's impact on the economy. Norway has had the advantage of a substantial oil fund, which has enabled it to practise a highly expansive fiscal policy aimed at stimulating and supporting vulnerable businesses and workers. Increased activity is expected in the Norwegian economy in 2021 due to low interest rates, the use of savings and higher exports.

House prices grew strongly in the second half of 2020. Continued growth is expected in 2021. The trend in house prices has largely been driven by historically low mortgage rates after the central bank set its key policy rate to 0% in spring 2020. Higher interest rates are expected in the second half of 2021.

The Norwegian business sector has, like our trading partners, been negatively impacted by the pandemic. Investment has fallen and is expected to continue falling, although there is more optimism than before. Falls in investment are also expected in the petroleum sector in the immediate future. The imminent completion of large developments will reinforce the fall in investment in the petroleum sector, although temporary tax cuts will increase investment again in the long term.

The Norwegian economy saw a marked increase in unemployment in spring 2020. Unemployment fell again in the second half of 2020. The recent increases in infection rates have again resulted in slightly higher unemployment, although the labour market is expected to improve later in 2021.

Developments in SpareBank 1 BV's market areas

The Bank's profit and growth prospects largely depend on general developments within SpareBank 1 BV's primary market areas in Nedre Buskerud and Vestfold. The regions have for many years seen net migration and forecasts indicate that this trend will continue. The infrastructure within the Bank's areas is continuously improving. From Oslo, there is now a well-developed road network towards the Bank's market areas in Drammen/Kongsberg and through Vestfold. In addition, Sandefjord airport, with daily departures to Copenhagen, is important for business and industry in the region. Nedre Buskerud and Vestfold are attractive areas for banking and financial activities. All the major financial players are established in our regions and the competition is fierce.

Financial performance

Profit

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

The Group's annualised return on equity was affected by gains related to the insurance merger (Fremtind) of NOK 53.0 million in 2020 and NOK 71.9 million in 2019, respectively. Excluding these items, the Group's annualised return on equity was 8.8% (9.8%). SpareBank 1 BV's target for the return on equity is a minimum of 10%.

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

Net interest income

Net interest income amounted to NOK 649.1 million (656.5 million). Net interest income as a percentage of average total assets was 1.63% (1.72%).

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

Net commission and other income

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

Net commission income

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

Other operating income

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

Net income from financial assets

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

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

Operating expenses

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

Personnel expenses

Personnel expenses amounted to NOK 359.4 million (344.2 million). The average number of FTEs in the Group increased by eight compared with the same period last year.

Other operating expenses

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

Losses on loans and impairment provisions

Net impairment of loans and guarantees amounted to NOK 30.7 million (2.3 million). Net impairments as a percentage of average gross lending amounted to 0.10% (0.01%). The net decrease in impairment provisions in Stage 3 amounted to NOK 12.6 million. In addition to this, NOK 24.4 million in previously recognised impairments in Stage 3 were recognised as losses. Provisions in Stage 1 and Stage 2 increased by NOK 10.8 million and NOK 8.3 million, respectively.

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

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

As a result of the Covid-19 outbreak and abrupt shutdown of the Norwegian economy from 12.03.2020, the credit risk picture has changed. The Bank's IFRS model was not designed to be able to estimate on the basis of a sharp negative shift in general conditions since the model is largely based on historical data. Given this, the Bank conducted comprehensive reviews in every quarter in 2020 of the retail and corporate market portfolios with an emphasis on the most vulnerable industries. Customers with weak operations and liquidity have been identified and individual impairment provisions have been made. The PD and LGD levels in the IFRS model have not been recalibrated, although the loss

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

assessments were based on a review of the portfolio where some customers, as well as gyms and the entire hotel and restaurant industry, were moved from Stage 1 to Stage 2. The volume for entire industries and individual customers that have been transferred to Stage 2 amounted to NOK 489 million at the end of the year.

In addition to expanded individual loss assessments, the Bank assessed the model's scenario weightings in this quarter as well. The following scenario weightings have been used throughout the year:

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

Reference is also made to the sensitivity analysis of the loss model linked to scenarios and PD levels in Note 11.

Balance sheet performance

The Group's total assets amounted to NOK 40,455 million. This represents an increase of NOK 1,633 million over the past 12 months. The Group's business capital (total assets including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) amounted to NOK 53,868 million (51,705 million).

Lending and deposit performance

Gross lending (including volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 45,999 million. The past 12 months have seen an increase of NOK 1,707 million, equivalent to growth of 3.9%. Some NOK 1,447 million, equivalent to 4.0%, of the growth came in the retail market and NOK 260 million, equivalent to 3.2%, in the corporate market. The retail market's share of lending (including SpareBank 1 Boligkreditt) at the end of the quarter was 82% (82%).

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

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

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

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

Subsidiaries

Apart from Z-Eiendom AS, the Bank has a 100% interest in all of its subsidiaries and subsidiaries of these. The Bank owns a 55% stake in Z-Eiendom AS.

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

EiendomsMegler 1 BV AS includes the joint venture EiendomsMegler 1 Næringsmegling AS (the commercial estate agency 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 estate agency, 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.

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

SpareBank 1 Regnskapshuset BV AS has accounting offices in Larvik, Sandefjord, Vestfold, Drammen and Kongsberg. The company offers a broad range of services, including accounting, payroll, annual reports and accounts and advisory services. The company focuses on good customer experiences from simplifying and digitalising accounting services, and offers several different systems adapted to different industry needs. On 10.02.2021, the Board of SpareBank 1 BV decided to acquire Regnskapsdata Kongsberg AS. The company has around 15 FTEs and an annual turnover of about NOK 14 million.

Liquidity

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

The Bank can report an LCR of 189% (230%) as at 31.12.2020.

At the end of the year, mortgage loans totalling NOK 12,660 million had been transferred to SpareBank 1 Boligkreditt AS, an increase of NOK 620 million from 2019. As at 31.12.2020, the Bank had a portfolio of loans approved for transfer to SpareBank 1 Boligkreditt AS worth NOK 13,800 million. The Bank had also transferred NOK 752 million of loans to SpareBank 1 Næringskreditt AS as at 31.12.2020.

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

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

Equity

Capital adequacy

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

On 13.03.2020, the Ministry of Finance decided to reduce the countercyclical buffer from 2.5% to 1% with immediate effect. Based on this, the regulatory requirement for Common Equity Tier 1 capital is a minimum of 11%. In September 2018, the Financial Supervisory Authority of Norway set a new Pillar 2 requirement for SpareBank 1 BV of 1.9% effective from 31.12.2018, but at least NOK 457 million above the minimum requirement and buffer requirement in Pillar 1. The current total requirement for Common Equity Tier 1 capital is thus 12.9%. The Group's target for Common Equity Tier 1 capital ratio is a minimum of 15.5%. From 31.12.2021, the internal target will increase to 16.0%. The Financial Supervisory Authority of Norway has stated that, given the merger decision on 25.03.2021, they will set a new Pillar 2 requirement in connection with their assessment.

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

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

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

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

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

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

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

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

If the merger is approved, the Financial Supervisory Authority of Norway will establish a new MREL requirement and a plan for the introduction of the requirement for subordination.

For further information, see Note 5.

Equity certificates

As at 31.12.2020, the Bank had equity share capital of NOK 946,520,295 consisting of 63,101,353 equity certificates with a nominal value of NOK 15. The equity certificate's closing price on the Oslo Børs at the end of the year was NOK 41.30. The Bank has a market making agreement with SpareBank 1 Markets AS, which entails, for example, that the company must provide prices for a limited number of equity certificates for at least 85% of the Oslo Børs's opening hours. The number of equity certificate holders as at 31.12.2020 was 4,218 compared with 4,089 as at 31.12.2019.

Allocation of the annual result

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 the equity capital and primary capital based on their relative share of the Bank's equity. In determining the size of the annual dividend account is taken of the Bank's financial strength, earnings performance, external framework conditions and long-term goal of stable ownership fractions.

Coverage of paid interest to additional Tier 1 capital investors	NOK 8,932,321
Transferred to fund for unrealised gains	NOK -6,028,350
Transferred to Sparebankens fond	NOK 188,897,496
Transferred to the risk equalisation fund, NOK 1.72 per equity certificate	NOK 108,534,327
Dividend payment in 2021, NOK 1.90 per equity certificate	NOK 119,892,571

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

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

The Board of Directors proposes that the parent bank's profit at the disposal of SpareBank 1 BV, NOK 420,228,365, be used as follows:
In the opinion of the Board, following the proposed allocations and other implemented capital measures, SpareBank 1 BV will enjoy good financial strength and have the flexibility required to support the Group's planned activities going forward.

In accordance with the Financial Institutions Act Norway Section 10-17, SpareBank 1 BV has calculated the corrected annual result in the company accounts to NOK 417,324,365. Based on the corrected subordinated capital as at 01.01.2020, the share of corrected annual profit allocated to equity certificate holders (54.69%) is estimated to be NOK 3.62 per equity certificate.

Corporate social responsibility, sustainability and other matters

Information about the Group's work on fulfilling its corporate social responsibility is described in separate themed chapters in the annual report (Chapter 5 and Chapter 7). These contain information about factors such as the working environment, gender equality, sustainability, and measures in relation to the external environment.

Corporate governance

Corporate governance in SpareBank 1 BV covers the goals and general principles in accordance with which the Group is managed and controlled to protect the interests of the equity certificate holders, depositors, employees and other groups. The Group's corporate governance must ensure prudent asset management and provide extra assurance that the communicated goals and strategies are achieved and realised.

The Bank follows the Norwegian Code of Practice for Corporate Governance as far as it is suitable for savings banks with equity certificates. The Bank particularly emphasises:

- a structure that ensures goal-oriented and independent management and control
- systems that ensure measurement and accountability
- effective risk management
- complete information and effective communication to reinforce the relationship of trust between the Supervisory Board, Board and executive management team
- equal treatment of equity certificate holders and a balanced relationship with other stakeholders
- compliance with laws, rules and ethical standards

In accordance with section 3-3b of the Norwegian Accounting Act, the Bank has prepared a separate report that deals with the policies and practice related to corporate governance. The report is published on the Bank's website under the link www.sparebank1.no/nb/bv/om-oss/investor/virksomhetsstyring.html.

Employees and working environment

The SpareBank 1 BV Group's employees are its most important resource for creating value for the benefit of customers, local communities, the region and the Group. The Group's organisation and working environment surveys for 2020 show that employees are satisfied and have a positive view of the Group as an employer. The survey was reviewed and followed up by all units to ensure positive change and strengthen a healthy working environment characterised by a long-termism, transparency, honesty and safety in line with the Group's core values.

Please refer to Chapter 5 and Note 20 for further information on skills, the working environment, equal opportunities and pay.

Risk management

The core business of SpareBank 1 BV is to achieve value creation by assuming deliberate and acceptable risk. The Group works systematically to develop risk management systems and processes in line with leading practice.

SpareBank 1 BV will produce financial and strategic added value by:

- having a strong risk culture characterised by high awareness of risk management and the Group's core values
- having a good understanding of the risks that are drivers for earnings, expenses and losses
- to the greatest possible extent, pricing services and products in line with the underlying risk
- having adequate financial strength in relation to long-term strategic goals, initiatives and the chosen risk profile, while aiming for optimal capital allocation in the different business areas
- exploiting synergy and diversification effects
- avoiding unexpected individual incidents being able o seriously damage the Group's financial position

The Group's risk is quantified by, amongst other things, calculations of expected loss and risk-adjusted capital in order to be able to cover unexpected losses. Expected losses indicates the amount one must statistically expect to lose during a 12-month period. The risk-adjusted capital describes how much capital the Group believes it needs to cover the actual risk the Group is exposed to.

The most significant risks in the Group are discussed in more detail below. For further details please refer to the Pillar 3 documents published on the Bank's website.

Corporate social responsibility and sustainability risk

The Group's goal is to contribute to sustainable social development. The Group's activities must not, either directly or indirectly, contribute to violations of human or labour rights, corruption, serious environmental harm, or other acts that could be perceived an unethical. This applies both internally and in relation to society as a whole. Corporate social responsibility and sustainability are key elements of the Group's strategy and have been incorporated into the framework for credit and investment/management. Please refer to Chapter 7 on sustainability for more information.

Credit risk

Credit risk is managed through the framework for credit granting, exposure monitoring and portfolio management. The overall credit strategy stipulates that the Group shall have a moderate risk profile.

The quality of the corporate market portfolio is good and stable. Business activity in the Buskerud and Vestfold region has, despite the Covid-19 situation, held up relatively well and at the end of 2020 only a few of the Bank's credit customers were reporting financial challenges as a result of the crisis. Given the expectations that vaccination of the adult population will result in the phasing out of infection control measures and that society will be reopened during the summer, it is assumed that the risk in the corporate market portfolio will remain relatively stable and that the level of defaults and losses will stay at a moderate to low level. The property sector portfolio represents the Group's greatest concentration within a single industry. A substantial proportion of this portfolio is based on financing commercial property for rent. This portfolio is characterised by long-term leases and financially sound tenants.

The quality of the retail market portfolio is very good and 2020 was characterised by stable development in the loan to asset value ratio and risk profile. Unemployment in the region is expected to fall further in connection with the reopening of society in 2021. Most of the portfolio is secured by collateral in real estate, nd borrowing is generally moderate compared with secured assets. This indicates a limited loss potential as long as these values are not significantly reduced. House prices developed positively throughout the region in 2020 and this trend is expected to persist.

Market risk

The management of market risk is based on conservative limits for positions in the interest rate market, as well as investments in shares and bonds. The limits are reviewed and approved by the Board of Directors annually.

Part of the Group's market risk is linked to investments in bonds and certificates. At the end of 2020, the Group's holding of liquid assets in the form of bonds and certificates amounted to NOK 4.4 billion. The risk associated with the liquidity portfolio is quantified by calculations made in line with the Financial Supervisory Authority of Norway's model for market risk.

Trading in interest rates and securities takes place within the applicable adopted limits, authorisations and credit lines of counterparties. SpareBank 1 BV takes limited interest rate positions in connection with trading activities. As far as possible, the Bank's income is generated in the form of customer margins. This aim is to contribute to a stable earnings profile. The Group's risk exposure within the area of market risk is considered to be low.

Liquidity risk

The Bank's framework for managing liquidity risk must reflect the Bank's conservative risk profile. Liquidity risk should be low. The Group's lending is primarily financed by customer deposits and long-term securitised debt, and by the sale of residential mortgage portfolios to SpareBank 1 Boligkreditt AS. The liquidity risk is limited in that the securitised debt is distributed between different markets, funding sources, instruments and maturities.

At the end of 2020, SpareBank 1 BV had good liquidity and expects to have continued good access to long-term financing at competitive prices. The Group seeks to achieve an even maturity structure on loans and emphasises good relationships with investors and banks. The liquidity buffer was NOK 5.2 billion at the end of 2020 and would cover normal operations for 18 months with closed markets. The Bank's liability from debt financing falling due in the next 12 months amounts to NOK 1.2 billion. In addition to the liquidity buffer, the Bank has NOK 13.8 billion in mortgages ready for covered bond financing.

In the last year, the Group has continued a high percentage of long-term financing. The Net Stable Funding Ratio at the end of 2020 was 155% for the Bank.

Operational risk

As far as possible, the operational risk management process in SpareBank 1 BV must ensure that no single events caused by operational risk can seriously damage the Group's financial position. SpareBank 1 BV takes a risk-based approach where its risk management is based on knowledge and an understanding of what creates and drives operational risk in the Group, and must, to the greatest possible extent, match efficient processes with the desired level of risk exposure.

The Group uses a systematic process to identify and quantify operational risks to which the Group is exposed at any given time. Processes have also been established for continuous improvement, including the development of the organisation's expertise, innovation and capability, special systems for reporting undesired events and structured follow-up of improvement measures. This is one reason why SpareBank 1 BV remains a robust and profitable organisation over time, through correct prioritisation and continuous improvement.

Targeted malicious attacks against the financial services industry's IT systems have increased both internationally and in Norway. Cybercrime/hacking poses a significant risk to the industry and in the last few years collaborations have been entered into both within the financial services industry and across different industries to find good solutions to managing the risk. At the same time, increased digitalisation and the associated increased pace of change in the industry are changing its exposure to operational risk. The risk of cyber-attacks and hacking is one of the Group's top priority risks. As a key part of quality assurance efforts in recent years, the Group has strengthened its processes for combating and handling money laundering and terrorist financing, handling personal data, monitoring outsourcing agreements and approving new products, processes and services.

Ownership risk

Ownership risk is the risk that SpareBank 1 BV could incur negative results from interests in strategically owned companies and/or has to supply new equity to these companies.

SpareBank 1 BV has ownership risk primarily through indirect interests in SpareBank 1 Gruppen AS (3.04%), as well as direct interests in BN Bank ASA (5.00%), SpareBank 1 Boligkreditt AS (6.07%), SpareBank 1 Næringskreditt AS (11.68%), SpareBank 1 Kreditt AS (6.35%), SpareBank 1 SMN Finans AS (6.10%), SpareBank 1 Betaling AS (4.73%) and SpareBank 1 Markets AS (1.47%).

Compliance

SpareBank 1 BV works constantly to further develop good processes to ensure compliance with applicable laws and regulations. SpareBank 1 BV has effective first-line control, an independent compliance function and an independent internal audit function (three lines of defence). The Board of Directors approves the Group's compliance policy every year and this describes the main principles for methods, responsibility and organisation.

Compliance risk is the risk of the Group incurring reputational harm, public sanctions or other financial loss as a result of failing to comply with regulations and/or breaching the conditions of its licence. The compliance function is tasked with detecting and preventing risk related to compliance with external and internal regulations. The compliance function contributes to good risk assessment processes that form the basis for control plans and recommendations concerning measures that promote a healthy risk culture and compliance with regulations. Observations from control activities are reported to the Board of Directors and executive management team every 6 months. Compliance also conducts training activities and advises the organisation on new and current regulations.

The EU's efforts to fully harmonise regulations within the EU/EEA results in new regulations to which the Group must adapt. The best means of adapting to new rules and regulations are assessed continuously in order to ensure both compliance and efficiency in the Group. New rules and regulations that affect the Group's operations must be incorporated into routines and guidelines immediately.

In 2020, the main focus was on ensuring compliance with the Money Laundering Act, General Data Protection Regulation (GDPR), MiFID II and the Group's responsibility to monitor its outsourced services. New policies for the area of sustainability and managing competition legislation were also introduced. The Group revised its Code of Conduct, which promotes high ethical standards that are clearly communicated and understood in the organisation.

Capital management

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

Capital management shall ensure:

- an effective funding and capital allocation in relation to the Group's strategic objectives and adopted business strategy
- competitive return on equity
- a satisfactory capital adequacy based on the chosen risk profile and the current requirements from the authorities and market players
- competitive terms and a long-term good access to borrowing in the capital markets
- exploitation of growth opportunities in the Group's defined market area

An annual capital plan is drawn up to ensure long-term and effective capital management. These forecasts take into account the expected development in the next few years, as well as a situation with a serious economic decline over several years. An important tool for analysing a situation with a serious economic decline, is the use of stress tests. There will be stress tests of individual factors and scenario analyses in which the Group is exposed to various negative macroeconomic events over several years.

SpareBank 1 BV has also drawn up crisis and contingency plans to ensure that it is as prepared as possible to deal with crises should they nevertheless occur.

The going concern assumption

The Bank has good financial strength and Tier 1 capital, and the Bank's capital adequacy exceeds the internal solvency target and the authorities' minimum requirement. The annual financial statements and the consolidated financial statements have been prepared on the basis of a going concern assumption. The Bank's operations and position compared with the Bank's short-term and long-term forecasts for the years to come justify such an assumption.

Merger of SpareBank 1 BV and SpareBank 1 Telemark

The boards of the banks have approved a plan for the merger of the banks. SpareBank 1 BV will be the taking over bank from a legal and accounting perspective and will thus take over all of SpareBank 1 Telemark's assets, rights and liabilities upon completion of the merger. The parties have agreed an exchange ratio of 60.0% for SpareBank 1 BV and 40.0% for SpareBank 1 Telemark. The merged bank will continue under the name SpareBank 1 Sørøst-Norge.

The completion of the merger is contingent on, among other things, the supervisory boards passing the right resolutions in meetings on 25.03.2021, the Financial Supervisory Authority of Norway giving the permission needed for completion, and the Norwegian Competition Authority not stipulating terms that significantly change the conditions on which the banks have based the agreement. The plan is to complete the legal merger on 01.06.2021.

The goal is for the merged bank to create a more attractive and powerful bank in the new combined market area of Vestfold-Telemark and Nedre Buskerud.

Future outlook

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

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

In the calculation of capital adequacy, the weighting of exposures linked to financing property development for the purpose of resale has been changed to 150%. The change results in a competitive disadvantage for standard banks. The Financial Supervisory Authority of Norway has indicated that advance sales, equity and advance payments from customers will not be taken into account until 2023 with the introduction of Basel III. Norwegian standard banks have initiated a dialogue with the Ministry of Finance regarding the disagreement on how this regulation should be interpreted.

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

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

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

Thank you

The Board of Directors would like to thank the Group's employees and elected officers for their excellent efforts and positive cooperation in 2020.

The interaction between residents, businesses and the Bank is important for the development of the Group's market area. In this context, the Board of Directors would like to thank the Group's customers, owners and other partners for their excellent support of the SpareBank 1 BV Group in 2020. The Bank will focus on continuing this good cooperation in 2021.

Tønsberg, 16.03.2021
The Board of Directors of SpareBank 1 BV

Finn Haugan Chair	Heine Wang Deputy Chair	Elisabeth Haug
Janne Sølvi Weseth	Gisle Dahn	Hanne Myhre Gravdal Employee representative
Geir A. Vestre Employee representative	Rune Fjeldstad CEO	Ørjan Larsen Chief Financial Officer

Annual financial statements

Statement of profit

Parent bank				Group	
2019	**2020**	(NOK thousands)	Note	**2020**	**2019**
151,610	95,905	Interest income - assets measured at fair value	17	95,905	151,610
974,467	883,421	Interest income - assets measured at amortised cost	17	884,456	975,018
468,398	331,147	Interest expenses	17	331,285	470,104
657,679	**648,179**	**Net interest income**	**17**	**649,075**	**656,524**
296,832	330,850	Commission income	18	330,850	296,832
16,617	19,151	Commission expenses	18	19,151	16,617
5,983	8,793	Other operating income	18	165,195	146,849
286,198	**320,492**	**Net commission and other income**		**476,893**	**427,065**
128,793	66,820	Dividends	19	31,164	25,522
7,536	1,907	Net result from ownership interests	19	101,142	125,437
20,916	1,512	Net result from other financial investments	19	1,512	20,916
157,245	**70,239**	**Net income from financial assets**	**19**	**133,817**	**171,875**
1,101,122	**1,038,909**	**Total net income**		**1,259,786**	**1,255,464**
239,064	249,882	Personnel expenses	20	359,366	344,184
218,627	212,752	Other operating expenses	21	239,711	244,150
457,691	**462,634**	**Total operating expenses**		**599,077**	**588,334**
643,431	**576,275**	**Profit before losses and tax**		**660,710**	**667,130**
2,718	35,104	Impairment of loans and guarantees	11	30,694	2,318
640,713	**541,171**	**Profit before tax**		**630,016**	**664,812**
124,997	120,943	Tax expense	23	125,296	126,247
515,717	**420,228**	**Profit before other comprehensive income**		**504,720**	**538,564**
-	-	Controlling interest's share of profit		503,360	537,930
-	-	Non-controlling interest's share of profit		1,360	634
		Items reversed through profit or loss			
8,318	2,590	Change in value of loans classified at fair value		2,590	8,318
		Items not reversed through profit or loss			
(2,275)	(647)	Estimation difference, IAS 19 Pensions		(635)	(3,479)
6,043	**1,943**	**Total other comprehensive income recognised as equity**		**1,955**	**4,838**
521,759	**422,171**	**Total comprehensive income**		**506,676**	**543,403**
-	-	Controlling interest's share of profit		505,316	542,768
-	-	Non-controlling interest's share of profit		1,360	634
4.43	**3.62**	**Earnings per equity certificate before other comprehensive income**	**37**	**4.34**	**4.63**

Statement of financial position

Parent bank				Group	
31.12.2019	**31.12.2020**	(NOK thousands)	Note	**31.12.2020**	**31.12.2019**
94,784	101,364	Cash and receivables from central banks		101,364	94,784
1,034,557	1,035,432	Loans to and receivables from financial institutions	7	1,073,679	1,070,874
31,286,021	32,464,299	Net lending to customers	8, 9, 10, 11	32,443,528	31,265,305
4,129,073	4,432,993	Certificates, bonds and other securities measured at fair value	24	4,432,993	4,129,073
1,418,440	1,371,658	Shareholdings and other equity interests	27	1,371,658	1,418,440
36,682	36,916	Interests in group companies	35	-	-
454,943	485,298	Interests in joint ventures and associated companies	35	713,394	615,878
97,271	74,314	Tangible assets	29	102,145	121,536
-	-	Goodwill	28	24,654	24,654
9,872	11,207	Deferred tax assets	23	11,612	10,829
56,593	168,891	Other assets	30	180,455	71,068
38,618,237	**40,182,372**	**Total assets**		**40,455,483**	**38,822,442**
-	200,000	Deposits from financial institutions	7	200,000	-
24,463,240	25,902,538	Deposits from customers	31	25,863,568	24,443,290
8,279,389	7,908,931	Liabilities from the issuance of securities	32	7,908,931	8,279,389
125,688	120,662	Tax payable	23	124,709	128,257
288,831	372,201	Other liabilities	33, 22	420,633	333,927
444,404	400,802	Subordinated loan capital	34	400,802	444,404
33,601,552	**34,905,134**	**Total liabilities**		**34,918,643**	**33,629,268**
946,501	946,519	Equity capital	37, 38	946,519	946,501
1,026,427	1,026,427	Share premium fund		1,026,427	1,026,427
536,885	645,066	Risk equalisation fund		645,066	536,885
6,540	6,540	Endowment fund		6,540	6,540
2,072,392	2,260,996	Sparebankens fond		2,260,996	2,072,392
25,234	21,796	Fund for unrealised gains		21,796	25,234
250,000	250,000	Additional Tier 1 capital		250,000	250,000
152,705	119,893	Other equity		377,528	328,019
-	-	Unallocated		-	-
-	-	Non-controlling interest's share		1,968	1,175
5,016,685	**5,277,237**	**Total equity**	**5**	**5,536,841**	**5,193,174**
38,618,237	**40,182,372**	**Liabilities and equity**		**40,455,483**	**38,822,442**

Change in equity

Group

(NOK thousands)	Ownership interest [1]	Share premium fund	Risk equalisation fund	Endowment fund	Sparebanken fund	Fund for unrealised gains	Hybrid capital	Other equity	Non-controlling interest's share	**Total equity**
Equity as at 31.12.2018	**946,516**	**1,026,427**	**411,299**	**6,540**	**1,855,062**	**9,879**	**250,000**	**341,129**	**1,581**	**4,848,433**
Employee equity certificate savings scheme	(15)	-	-	-	-	-	-	-	-	(15)
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	(10,783)	-	(10,783)
Additional Tier 1 capital issued	-	-	-	-	-	-	150,000	-	-	150,000
Buy-back and maturity of subordinated bond	-	-	-	-	-	-	(150,000)	-	-	(150,000)
Dividends from 2018, for payment 2019	-	-	-	-	-	-	-	(186,149)	(1,040)	(187,189)
Change in carrying amount 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**
Items reversed through profit or loss:										
Change in value of loans classified at fair value	-	-	-	-	-	8,318	-	-	-	8,318
Items not reversed through profit/ loss:										
Estimation difference, IAS 19 Pensions	-	-	(1,277)	-	(998)	-	-	(1,205)	-	(3,479)
Equity as at 31.12.2019	**946,501**	**1,026,427**	**536,885**	**6,540**	**2,072,392**	**25,234**	**250,000**	**328,019**	**1,175**	**5,193,174**
Equity as at 31.12.2019	**946,501**	**1,026,427**	**536,885**	**6,540**	**2,072,392**	**25,234**	**250,000**	**328,019**	**1,175**	**5,193,174**
Employee equity certificate savings scheme	19	-	-	-	-	-	-	-	-	19
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	(8,932)	-	(8,932)
Additional Tier 1 capital issued	-	-	-	-	-	-	100,000	-	-	100,000
Buy-back and maturity of subordinated bond	-	-	-	-	-	-	(100,000)	-	-	(100,000)
Dividend from 2019, for payment in 2020	-	-	-	-	-	-	-	(152,705)	(634)	(153,340)
Change in carrying amount of subsidiaries, joint ventures and associated companies	-	-	-	-	-	-	-	(823)	68	(756)
Profit before other comprehensive income	**-**	**-**	**108,534**	**-**	**188,897**	**(6,028)**	**-**	**211,957**	**1,360**	**504,720**
Items reversed through profit or loss:										
Change in value of loans classified at fair value	-	-	-	-	-	2,590	-	-	-	2,590
Items not reversed through profit/ loss:										
Estimation difference, IAS 19 Pensions	-	-	(354)	-	(293)	-	-	12	-	(635)
Equity as at 31.12.2020	**946,519**	**1,026,427**	**645,066**	**6,540**	**2,260,996**	**21,796**	**250,000**	**377,528**	**1,968**	**5,536,841**

1. Equity capital as at 31.12.2020 has been deducted 1,000 in own holdings

Parent bank

(NOK thousands)	Ownership interest [1]	Share premium fund	Risk equalisation fund	Endowment fund	Sparebanken fund	Fund for unrealised gains	Hybrid capital	Other equity	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**
Items reversed through profit or loss:									
Change in value of loans classified at fair value	-	-	-	-	-	8,318	-	-	8,318
Items not reversed through profit/loss:									
Estimation difference, IAS 19 Pension adjustment	-	-	(1,277)	-	(998)	-	-	-	(2,275)
Equity as at 31.12.2019	**946,501**	**1,026,427**	**536,885**	**6,540**	**2,072,392**	**25,234**	**250,000**	**152,705**	**5,016,685**
Equity as at 31.12.2019	**946,501**	**1,026,427**	**536,885**	**6,540**	**2,072,392**	**25,234**	**250,000**	**152,705**	**5,016,685**
Employee equity certificate savings scheme	19	-	-	-	-	-	-	-	19
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	(8,932)	(8,932)
Additional Tier 1 capital issued	-	-	-	-	-	-	100,000	-	100,000
Buy-back and maturity of subordinated bond	-	-	-	-	-	-	(100,000)	-	(100,000)
Dividend from 2019, for payment in 2020	-	-	-	-	-	-	-	(152,705)	(152,705)
Profit before other comprehensive income	**-**	**-**	**108,534**	**-**	**188,897**	**(6,028)**	**-**	**128,825**	**420,228**
Items reversed through profit or loss:									
Change in value of loans classified at fair value	-	-	-	-	-	2,590	-	-	2,590
Items not reversed through profit/loss:									
Estimation difference, IAS 19 Pension adjustment	-	-	(354)	-	(293)	-	-		(647)
Equity as at 31.12.2020	**946,519**	**1,026,427**	**645,066**	**6,540**	**2,260,996**	**21,796**	**250,000**	**119,893**	**5,277,237**

1. Equity capital as at 31.12.2020 has been deducted 1,000 in own holdings

Cash flow statement

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

Notes to the financial statements

Note 1 – General information

The SpareBank 1 BV Group is a regional business that provides banking, real estate and accounting services within in its market area of Nedre Buskerud and Vestfold.

The Group's main activity consists as at 31.12.2020 of the parent bank, as well as the wholly owned subsidiaries EiendomsMegler 1 BV AS and SpareBank 1 Regnskapshuset BV AS. The Bank also owns 55% of Z-Eiendom AS. The Group has branches in Kongsberg, Mjøndalen, Lier, Drammen, Holmestrand, Horten, Tønsberg, Nøtterøy, Sandefjord and Larvik.

For the complete corporate structure of subsidiaries, joint ventures and associated companies, see Note 35.

SpareBank 1 BV is part of the SpareBank 1 Alliance.

SpareBank 1 BV is a supplier of package solutions for products and services within the areas at:

- Financing
- Savings and investment
- Insurance
- Payment services
- Real estate
- Accounting and financial advice services

The consolidated financial statements were finally approved by the Board on 16 .03.2021 and by the Supervisory Board on 08.04.2021.

A presentation of the Board of Directors can be found in Chapter 4, and a presentation of the Bank's Supervisory Board can be found in Chapter 9.

Note 2 – Accounting policies

The basis for the preparation of the annual financial statements

The parent company's financial statements and the consolidated financial statements have been prepared in accordance with international accounting standards (IFRS), which are approved by the EU and adopted in Norway pursuant to IFRS regulations and the Norwegian Accounting Act, for the financial year starting 01.01.2020 or later.

The parent company and consolidated financial statements have been prepared under the going concern assumption.

Change to accounting policies in 2020

The Bank has not changed accounting policies with effect for 2020 financial year.

IFRS standards and interpretations that have been approved but have not yet entered into force in 2020.

New and changed accounting standards and interpretations issued by IASB may affect the Group's future reporting. All possible effects of the new standards have not been reviewed but no changes that may conceivably materially affect the Group's future reporting have been identified.

Other changes to IFRS

IASB has published some new or changed standards that are not considered to have an impact on the Group.

The following describes the most important accounting policies applied in the preparation of the parent bank's financial statements and the consolidated financial statements. These policies were applied in the same manner in all the periods presented, unless otherwise stated in the description.

Reporting currency

The reporting currency is Norwegian kroner (NOK) which is also the Bank's functional currency. All amounts are stated in NOK thousands unless otherwise specified.

Consolidation policies

The consolidated financial statements include the Bank and its subsidiaries. Subsidiaries are all companies of which the Bank has control, i.e. full decision-making authority to govern a company's financial and operational policies with the intent to achieve benefits from the company's activities.

Subsidiaries are consolidated from the date the Bank takes over control, and consolidation is withdrawn from the date the Bank releases control.

All balances, income and expenses between group companies are eliminated in full.

With takeover of control in a company (business combination) all identifiable assets and liabilities are measured at fair value in accordance with IFRS 3. A positive difference between the fair value of the purchase cost and fair value of identifiable assets and liabilities is recognised as goodwill.
Any negative difference is recognised immediately. Recognition of goodwill after initial recognition is discussed under the section on intangible assets.

Ownership interests in companies in which the Group has a controlling influence, together with others (joint ventures), or a significant influence (associated companies) are measured using the equity method.

In the parent bank's financial statements, investments in subsidiaries, joint ventures and associated companies are recognised at historical cost. A test for impairment is carried out if there are any indications of a fall in value.

Segment reporting

A business segment is a part of the operations that delivers products or services that are subject to risks and returns that are different from other business areas. A geographical market (segment) is a part of the operations that delivers products and services within a limited geographical area that is subject to risks and returns that are different from other geographical markets. SpareBank 1 BV currently bases its reporting on business segments.

Events after the balance sheet date

The financial statements are regarded as approved for publication once the Board of Directors has considered them. The Supervisory Board and regulatory authorities will then be able to refuse to approve the financial statements, but not change them.

Events occurring up to the time the financial statements are regarded as approved for publication and which involve issues which were already known on the balance sheet date will be included in the information that forms the basis for determination of accounting estimates and thus be fully reflected in the financial statements. Events concerning matters which were not known at the balance sheet date, will be disclosed if they are significant.

Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits in Norges Bank.

Financial instruments

IFRS 9 deals with recognition, classification and measurement, impairment, derecognition and hedge accounting.

Classification and measurement

Financial assets

In accordance with IFRS 9 financial assets are classified in three categories:

- fair value with value changes through profit or loss
- fair value with value changes through other comprehensive income (OCI) with and without reclassification
- amortised cost

For financial assets, a distinction is made between debt instruments, derivatives and equity instruments. Debt instruments are all financial assets that are not derivatives or equity instruments.

Debt instruments

Debt instruments with contractual cash flows that are only payments of interest and the principal on given dates and that are held in a business mode for the purpose of receiving contractual cash flows are measured at amortised cost.

Debt instruments with contractual cash flows that are only payments of interest and the principal on given dates and that are held in a business model, both in order to receive contractual cash flows and for sale, are measured at fair value with changes in value through other comprehensive income (OCI), with interest income and any write-downs presented in the ordinary result. Value changes recognised over other comprehensive income (OCI) are to be reclassified as ordinary profit from the sale or disposal of the assets.

Other debt instruments shall be measured at fair value with value changes through profit or loss. This applies to the debt instruments with cash flows that are not just payments of normal interest and principal, and debt instruments that are held in a business model where the objective is not primarily receipt of contractual cash flows.

1. **Loans to and receivables from financial institutions**
   Loans to and receivables from financial institutions are measured at amortised cost.

2. **Loans to and receivables from customers with a variable interest rate**
   In Norway, the terms are currently the normal ones for loans made to the retail market and to parts of the corporate market. The terms are normally standardised and apply equally to all loans of this type. The borrower's right to early redemption and the competition between banks means that the lenders' cash flow may differ little from what is defined as payment of interest and principal on given dates in IFRS 9.

   Therefore, the Bank's assessment is that these lenders' terms are consistent with measurement and classification at amortised cost.

3. **Loans to and receivables from customers with a variable interest rate secured by mortgages in residential property**
   Instruments with contractual cash flows that are only payments of interest and the principal on given dates and that are held in a business model, both in order to receive contractual cash flows and for sale, must generally be measured at fair value with changes in value through other comprehensive income (OCI), with interest income, currency translation effects and any write-downs presented in the ordinary result.

   Value changes recognised through OCI must be reclassified to through profit or loss upon the sale or other disposal of the assets. This has resulted in the entire RM portfolio, with the exception of fixed rate loans pursuant to IFRS 9, being reclassified as measured at fair value through OCI.

4. **Loans to and receivables from customers with a fixed interest rate**
   Loans to and receivables from customers with a fixed interest rate are measured and classified at fair value with value changes through profit or loss (fair value option).

5. **Interest-bearing securities**
   The Group's portfolio of interest-bearing securities includes both certificates and bonds. Interest-bearing securities are assessed and classified at fair value with value changes through profit or loss.

Derivatives

All derivatives are measured in principle at fair value with value changes through profit or loss, but derivatives designated as hedging instruments are accounted for in accordance with the principles for hedge accounting.

1. **Hedge accounting**
   The Bank has chosen to continue hedging accounting

according to IAS 39. The Bank uses fair value hedging in order to manage its interest rate risk for liabilities on issuance of securities with fixed interest rates. The Bank assesses and documents hedging efficiency, both upon initial classification and on an ongoing basis. With fair value hedging, the hedging instrument is recognised at fair value and the hedged item is recognised at amortised cost adjusted for changes in fair value of the hedged risk. Changes in these values are recognised through profit or loss. The application of hedge accounting requires that the hedging be highly effective. Hedging is considered to be very efficient if it upon the signing of the product and in the term to maturity it can be expected that changes in fair value of the hedging instrument will largely compensate for changes in fair value of the hedged item in relation to the risk that is hedged. With retrospective calculation of hedging efficiency, the fair value of the hedged instruments is measured and compared with the change in fair value of the hedged item.

Only hedging related to the Bank's funding activities is defined as "fair value hedging".

The Bank does not have any contracts that qualify for cash flow hedging.

Equity Instruments

Investments in equity instruments are measured and classified at fair value with value change through the income statement.

1. **Shares, equity certificates and units**
   The Bank classifies and measures shares and units at fair value through profit or loss. If an active market cannot be found for a financial asset (or the asset is unlisted), the Group can calculate fair value using various valuation models. If the asset cannot be valued reliably, cost price is considered the most reliable approach.

Financial liabilities

The Group's financial liabilities are recognised at amortised cost.

1. **Deposits**
   Deposits from customers are measured at amortised cost.

2. **Long-term borrowing (liabilities from the issuance of securities and deposits from financial institutions)**
   Loans are initially recognised at borrowing cost. This is the fair value of the consideration received less transaction expenses.
   Variable rate loans are subsequently measured at amortised cost and any premium/discount will be accrued over the term.

   Fixed rate loans that have been swapped to variable rate hedging are recognised (fair value hedging) with discounting according to the current yield curve.

Impairment provisions on gross lending and guarantees

In accordance with IFRS 9 impairment provisions are recognised based on expected credit losses (ECL). The general model for provisions for impairment of financial assets in IFRS 9 applies for financial assets that are measured at amortised cost or at fair value with value changes through other comprehensive income (OCI), and which did not have real loss on the initial balance sheet. In addition, loan offers and financial guarantee contracts that are not measured at fair value through profit or loss are included.

The measurement of provisions for expected losses in the general model depends on whether the credit risk has increased materially since the initial balance sheet. Upon initial recognition on the balance sheet and when the credit risk has not increased significantly after initial recognition on the balance sheet, provisions should be made for 12 months' expected loss. A 12-month expected loss is the loss that is expected to occur over the life of the instrument, but that can be attributed to the events that will occur over the next 12 months. If the credit risk has increased significantly after initial recognition, allocation should be made for expected losses through the useful life.

Expected credit losses are calculated based on the present value of all cash flows over the remaining expected useful life, i.e. the difference between the contractual cash flows in accordance with the contract and the cash flow which the Bank expects to receive, discounted by the effective interest rate on the instrument.

Impairment model

The loss estimate is calculated on a monthly basis, and is based on data in the data warehouse, which has the history of account and customer data for the entire credit portfolio, loans, credit and guarantees. The loss estimates are calculated based on the 12-month and lifetime probability of the customer's default (probability of default – PD), the loan's loss in the event of default (loss given default - LGD) and the loan's exposure at default (exposure at default – EAD).

The data warehouse contains the history of observed probability of default (PD) and observed loss given default (LGD). This will form the basis for producing estimates of future values for PD and LGD.

The Bank considers macroeconomic factors such as unemployment, GDP growth, interest rates, housing prices and economic forecasts in order to be able to provide future-oriented information. Expected term to maturity of loans is also included in the estimates for future-oriented information. As far as the Bank's financial credit models are concerned, monthly reports are produced for validation and stress testing, which contain the history of observed PD and observed LGD. These are validated at least annually. ECL calculations are made using the same models calibrated for this purpose. These are important analyses for making good estimates of future PD and LGD that the ECL model requires. The stress tests include different scenarios for the main macroeconomic aggregates and how these can affect the estimates of PD, LGD, EAD, EL (expected loss) and UL (unexpected loss) in both regulatory and economic credit models. The base scenario from the stress tests was based on, among other things, the benchmark scenario from the monetary policy report from Norges Bank and historical losses. This provides a basis for creating a base scenario for IFRS 9 calculations.

The definition of default in Stage 3 (see below) concurs with the internal risk management and capital adequacy calculations. Here, 90 days of being overdrawn are used as an important criterion for default. The criteria for a significant increase in credit risk are described in Stages 1 and 2 below. Significant increase in credit risk is measured for each individual loan. Impairment provisions in Stages 2 and 3 are calculated and reported in the groups of financial instruments. For the lending portfolio, differentiation is made between the retail and corporate markets.

Stage 1
This is the starting point for all financial assets covered by the general loss model. All of the assets which do not have any significantly higher credit risk than at initial recognition are given a provision for loss corresponding to the 12-month expected losses. All assets that have not been transferred to Stages 2 or 3.

The following criteria must be met to establish that there has not been a significant increase in credit risk:
- PD has increased by less than 150% since approval, and/or
- PD < 0.60%

Stage 2
In Stage 2 of the loss model are assets which have had a significant increase in credit risk since initial recognition, but where there is no credit deterioration (risk rating is not J or K). For these assets provision shall be made for expected losses throughout the useful life. Limitation to Stage 1 depends on whether there has been a significant increase in credit risk. A significant change to the credit risk is deemed to have occurred if payment is delayed by 30 days irrespective of the level of PD, or assets are linked to customers who have been placed on the watchlist. As a rule, customers on the watchlist have a significant increase of credit risk if PD has increased by at least 150% since approval, and PD is higher than 0.60%.

Thus, the following criteria must be met to establish that there has not been a significant increase in credit risk:
- PD has increased by at least 150% since granting, and
- PD > 0.60% or
- at least 30 days past due

Stage 3
In Stage 3 of the loss model are assets which have had a significant increase in credit risk since approval, and where there is credit deterioration on the balance sheet date. For these assets provision shall be made for expected losses throughout the useful life. The Bank has defined the existence of credit deterioration as when a loan is in default (risk class J or K). This definition is in line with the definition that applies for internal risk management and regulatory capital adequacy calculation for IRB banks. Also see Note 8 for a more detailed description and distribution of risk classes.

Default is defined as the following:
- 90 days of being overdrawn and amounts over NOK 1,000.
- Impairment provisions/actual loss
- Bankruptcy/debt settlement

When it is highly probable that the losses will be finally classified as actual losses.

Recognition and derecognition of financial assets and liabilities
Financial assets and liabilities are recognised on the trade date, i.e. the date that the Bank becomes party to the instruments' contractual terms and conditions.
Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the rights to the cash flows from the asset are transferred in such a way that the risks and returns related to the ownership are for the most part transferred.

Financial liabilities are derecognised when the contractual conditions have been met, cancelled or have expired.

Modified assets and liabilities
If modifications or changes are made to the terms of an existing financial asset or liability, the instrument is treated as a new financial asset if the renegotiated terms are significantly different from the previous terms. If the terms are substantially different, the old financial asset or liability is derecognised, and a new financial asset or liability is recognised. In general a loan is considered to be a new financial asset if new loan documentation is issued, at the same time as a new credit process is carried out with determination of new loan terms.

If the modified instrument is not considered to be significantly different from the existing instrument, it shall be regarded for accounting purposes as a continuation of the existing instrument. With a modification that is recorded as a continuation of an existing instrument, the new cash flows are discounted with the instrument's original effective interest rate and any difference compared with the existing carrying amount is taken to income.

Transfer of loan portfolios
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.
The Bank considers that practically all the risks and returns related to the sold loans have been transferred. All the transferred loans are derecognised on the Bank's balance sheet. In accordance with the management agreement entered into with these two companies in the Alliance, the Bank manages the loans and maintains customer contact. In addition to the sales price, the Bank receives a payment in the form of regular commission for the loans. Reference is made to more details in Note 9.

Property, plant and equipment
Property, plant and equipment are initially recognised at cost and subsequently depreciated on a straight-line basis over their expected useful life in accordance with IAS 16. In determining the depreciation plan, the individual assets are split to the extent necessary into components with different useful lives, and account is taken of the estimated residual value for the Bank's and the Group's assets. Land and art are not depreciated but are periodically tested for impairment when a fall in value is indicated. Property, plant and equipment that are depreciated, are subject to an impairment test in accordance with IAS 36, when circumstances indicate this.
The Bank does not have classified assets according to IAS 40 (investment property).

Leases
IFRS 16 Leases was implemented with effect from 01.01.2019. The standard primarily impacts the lessor's accounts and means that substantial leases for the Group are now capitalised. The standard eliminates the former distinction between operational and financial leases and requires the calculation of a right-of-use asset (the right to use the leased asset) and a financial obligation to pay rent for significant leases.

SpareBank 1 BV has used the exemptions in IFRS 16 for short-term leases (under 12 months) and leases of low value (under USD 5,000).

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

The income statement is also affected because operating expenses are replaced with interest on the lease liability and amortisation on the right-of-use asset. Interest expenses are calculated using the discounted rate on the lease liability.

SpareBank 1 BV only had operational leases as at 31.12.2020.

Intangible assets
Goodwill
Goodwill is the difference between the acquisition cost for the purchase of a business and the fair value of the Group's share of the net identifiable assets of the business on the acquisition date. Goodwill arising from the acquisition of a subsidiary is classified as an intangible asset. Goodwill is tested annually for impairment and is capitalised at acquisition cost with deduction for impairment. Write-downs of goodwill are not reversed. Gains or losses on the sale of a business includes the carrying amount of goodwill of the sold business.

Pensions

Defined benefit schemes

Pension liabilities and expenses for defined benefit pension schemes are calculated according to the insurance core principles of an independent actuary. Pension expenses consist of the period's pension benefits earned for those employees who are included in the scheme, interest rates of net liabilities, as well as any plan changes. There will be a premium for both the employer's contributions and financial tax in the calculation of the annual pension cost and in the calculation of the net pension liabilities.

In calculating net liabilities (present value liabilities less the fair value of pension funds) there can arise actuarial gains and losses (estimated deviation) as a result of changes in assumptions or empirical deviation. Actuarial gains or losses are recognised through OCI in the period in which they occur.

Defined contribution schemes

Defined contribution pension schemes means that the Bank does not promise future pension of a certain size but pays an annual contribution to the employees' pension savings. The future pension will depend upon the size of the contribution and the annual return on pension savings. Contributions to the scheme are recognised as expenses directly. Premiums for the contractual early retirement scheme (AFP) are also treated as a defined-contribution scheme.

Please see Note 22 for a more detailed description of and changes to the Bank's pension schemes.

Unsecured liabilities

The Bank issues financial guarantees as part of its ordinary operations. Loss assessments take place as part of the assessment of losses on loans and according to the same principles and are reported together with these.

Provisions are made for other unsecured liabilities if the balance of probabilities is that the liability is realised, and the economic consequences can be calculated reliably.

Provisions for restructuring expenses when the Bank has a contractual or legal obligation.

Subordinated loans and additional Tier 1 capital

Subordinated loans have priority after all other liabilities. Subordinated loans are classified as liabilities in the balance sheet and are measured at amortised cost in the same way as other long-term loans.

Subordinated bonds are classified as hybrid capital under equity. The interest expense on the subordinated bond is not presented as an interest expense in the income statement but is recognised directly in equity with deduction for tax.

Dividends

Allocated dividends for the Bank's equity certificate holders are classified as equity until the date the dividend is finally determined by the Bank's Supervisory Board.

Interest income and expenses

Interest income and expenses related to assets and liabilities that are measured at amortised cost, are recognised through profit or loss on an ongoing basis based on the effective interest rate method. The effective interest rate is determined by discounting contractual cash flows within the expected term to maturity. All fees related to interest-bearing borrowings and loans are included in the calculation of the effective interest rate and are amortised over the expected term to maturity. For interest-bearing instruments that are measured at fair value, the interest rate will be classified as interest income or expense, whereas the effect of changes in value is classified as income/ expenses from other financial investments or through OCI.

IFRS 9 introduced a change to IAS 1.82 with effect from 01.01.2018. As a result of this change, interest income calculated using the effective interest method is presented separately in the income statement. This means that the interest income on financial assets measured at amortised cost and financial assets measured at fair value through OCI are presented on the line 'Interest income, amortised cost'. Interest income on financial assets measured at fair value through profit and loss is presented on the line 'Interest income – assets measured at fair value'.

If a financial asset or a group of similar assets are written down as a result of value loss, the interest income is recognised through profit or loss using the interest rate that future cash flows are discounted with to calculate the value loss.

Commission income and expenses

Commission income and expenses are generally recognised on an accruals basis in correlation with a service being provided. Fees relating to interest-bearing instruments are not recognised as commissions but are included in the calculation of the effective interest rate and recognised accordingly. Fees for advice services are earned in accordance with the agreement for the advice services, usually as the service is provided. The same applies to ongoing management services. Fees and charges for the sale or brokerage of financial instruments, property or other investment objects that do not generate balance sheet items in the Bank's accounts, are taken to income when the transaction is completed.

Transactions and holdings in foreign currency

Transactions in foreign currency are converted to Norwegian kroner at the exchange rate on the transaction date. Gains and losses related to completed transactions, or to the conversion of holdings of monetary items on the balance sheet day, are recognised through profit or loss.

Tax

Tax recognised on the profit and loss account consists of the current tax (tax payable) and changes to deferred tax. Current tax is tax calculated on taxable income for the year.

Deferred tax is recognised according to the liability method in accordance with IAS 12. A liability or asset is calculated by deferred tax on temporary differences, which is the difference between the carrying amount and taxable value of assets and liabilities. However, a liability or asset is not calculated on deferred tax for goodwill that does not provide tax deductions, nor on initially recognised items that neither affect the profit/loss for accounting purposes nor taxable profit/loss.

A deferred tax asset is calculated on carried forward tax losses. A deferred tax asset is recognised only to the extent that there are expected future taxable profits that make it possible to exploit the associated tax advantage.

Wealth tax is not regarded as tax according to IAS 12 and is recognised as an operating expense.

Note 3 – Important estimates and assessments regarding the use of accounting policies

Impairment of loans and guarantees

The Bank reviews its entire corporate market portfolio annually. Large and risky exposures, as well as defaulted and doubtful exposures are reviewed on an ongoing basis. Exposures that are more than 30 days past due are assessed in relation to measures and/or the need for impairment.

Loans to individuals are reviewed when they are in default and no later than after 90 days, or if they have a particularly poor payment history.

The measurement of ECL (expected credit losses) in accordance with IFRS 9 requires assessment of when there has been a significant increase in credit risk and on determination of the level of impairment, especially with regard to the estimation of the amount and the date of future cash flows and security values. These estimates are driven by a number of factors where changes may result in different levels of Impairment provisions. Elements of the ECL model that contain assessments and estimates include:

- The internal PD model, which states the probability of default
- Criteria that evaluate whether there has been a significant increase in credit risk, so as to estimate the lifetime expected credit losses
- The use of future-oriented information on macroeconomic factors, as well as weighting of various probabilities and how they might affect the estimates for PD, LGD and EAD.

Please see Note 2 for a more detailed description of the principles/new loss model in accordance with IFRS 11.

Fair value

Assets that are valued at fair value through profit or loss will normally be sold in active markets and the value will thus be able to be determined with reasonable certainty.

With the exception of a few shares, the Norwegian equity market is not particularly liquid. Share prices will in most cases be the last traded price. In some cases where the liquidity is poor and there are greater unexplained price movements around year-end, the price could be determined as the volume-weighted average over a period of time, usually December.

Correspondingly, the fair values of assets and liabilities are recognised at amortised cost and as stated in the notes, may be estimates based on discounted expected cash flows, multiplier analyses or other calculation methods. These may be subject to considerable uncertainty.

Fair value derivatives

The fair value of derivatives is usually determined by using valuation models where the price of underlying factors, such as interest rates and currency, are obtained in the market. The volatility of options will either be observed implicit volatility or calculated volatility based on historical share price movements for the underlying. Where the Bank's risk position is approximately neutral, average share prices will be used. A neutral risk position means, for example, that the interest rate risk within a term constraint is virtually zero. In the opposite case, the relevant purchase or sales price is used to assess the net position.

For derivatives where the counterparty has a weaker credit rating than the Bank, the price will reflect an underlying credit risk.

Liquidity portfolio

The Bank's liquidity portfolio is classified and measured at fair value through profit or loss in accordance with IFRS 9.4.1.4 based on the purpose of the portfolio. For the instruments where there are directly observable prices in the market, these are used for the valuation. The remaining part of the portfolio is valued by calculating the present value of the estimated cash flow based on the observable yield curve, including an indicated credit spread for the issuer from a reputable brokerage firm or Reuters/Bloomberg pricing services.

Fixed-rate loans

The fair value of fixed interest rate loans to customers is calculated as the fair value of the agreed cash flows discounted with an observable yield curve with the addition of a calculated margin.

Variable rate loans secured by mortgages in residential property

Loans to and receivables from customers with a variable interest rate secured by mortgages in residential property are measured and classified at fair value with value changes through other comprehensive income, (OCI). This is because the business model's purpose is considered to be to receive contractual cash flows and sales of loans (transfer of mortgages to SB1 Boligkreditt AS).

The fair value of such mortgages is understood to be:

- Loans in loss category 1 - the loan's nominal value (not equal to amortised cost)

- Loan in loss category 2, and 3J - the loan's nominal value decreases by the expected losses (= amortised cost)
- Loans in loss category 3K - the loan's nominal value decreases by individual impairment provisions (= amortised cost)

Goodwill and other intangible assets

Write-down of goodwill is assessed annually, or more often if there are events or changed circumstances indicating possible impairment. For all assessment units, an assessment of the valuation is made to verify whether the value continues to be present. An assessment unit may include goodwill from several transactions and an impairment test is carried out on the total capitalised goodwill in the valuation unit. Future cash flows are based on historic results, as well as budgets.

Note 4 – 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, authorisations and procedures. The reporting of segments is divided into the following areas: Retail market (RM) and corporate market (CM) customers, which include the parent bank and subsidiaries related to real estate and accounting services. Other subsidiaries include subsidiary companies that manage property. Group eliminations are shown together with undivided operations in a separate column (non-reportable segments).

GROUP 31.12.2020 (NOK thousands)

Profit	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit					
Net interest income	388,850	242,155	651	17,419	649,075
Net commission and other income	370,749	113,703	183	126,075	610,711
Operating expenses	411,728	164,879	3,996	18,474	599,077
Profit before losses	**347,872**	**190,979**	**(3,162)**	**125,020**	**660,710**
Impairment of loans and guarantees	7,203	23,287	-	204	30,694
Profit before tax	**340,669**	**167,693**	**(3,162)**	**124,817**	**630,016**
Balance sheet					
Net lending to customers	24,474,764	7,229,306	-	739,459	32,443,528
Other assets	91,440	36,390	18,086	7,866,039	8,011,955
Total assets per segment	**24,566,203**	**7,265,696**	**18,086**	**8,605,498**	**40,455,483**
Deposits from and liabilities to customers	16,131,800	9,281,034	-	450,735	25,863,568
Other equity and liabilities	8,434,404	(2,015,338)	18,086	8,154,764	14,591,915
Total equity and debt per segment	**24,566,203**	**7,265,696**	**18,086**	**8,605,498**	**40,455,483**

GROUP 31.12.2019 (NOK thousands)

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

Note 5 – Capital adequacy

SpareBank 1 BV uses the standard method for calculating capital adequacy. This means that the capital requirement, in respect of credit risk, is calculated according to the standardised risk weightings for the various exposure categories. Operational risk is calculated using the basic method.

SpareBank 1 BV conducts an annual review of internal targets, in which the requirement for financial strength is one of the main areas. Targets have been prepared for both capital adequacy and the Common Equity Tier 1 capital ratio.

As at 31.12.2020, the capital conservation buffer requirement was 2.5%, the systemic risk buffer 3.0%, and the countercyclical buffer 1.0%. These requirements are additional to the Common Equity Tier 1 capital requirement of 4.5%, meaning that the overall minimum requirement is 11.0%. The Financial Supervisory Authority of Norway has also set a specific Pillar 2 requirement for SpareBank 1 BV of 1.9%. Consequently, the Bank's minimum requirement for the Common Equity Tier 1 capital ratio is 12.9%.

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

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

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

	31.12.2020	31.12.2019
Primary capital		
Common Equity Tier 1 capital	4,906,635	4,579,309
Tier 1 capital	5,232,972	4,949,864
Primary capital	5,744,496	5,464,363
Basis for calculation	26,155,755	24,780,728
Capital adequacy		
Common Equity Tier 1 capital ratio	18.76%	18.48%
Tier 1 capital ratio	20.01%	19.97%
Capital adequacy	21.96%	22.05%
Leverage ratio	8.59%	8.52%

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		
Primary capital	**31.12.2020**	**31.12.2019**
Equity capital	946,520	946,501
Share premium fund	1,026,427	1,026,427
Risk equalisation fund	645,066	536,885
Sparebankens fond	2,260,996	2,072,392
Fund for unrealised gains/losses	21,796	25,234
Endowment fund	6,540	6,540
Allocated dividend classified as equity	119,893	152,706
Total capitalised equity (excluding additional Tier 1 capital)	**5,027,238**	**4,766,686**
Value adjustments on shares and bonds measured at fair value (AVA)	(7,595)	(7,425)
Deduction for non-material interests in the financial sector	(956,245)	(953,926)
Dividends allocated for distribution, classified as equity	(119,893)	(152,706)
Total Common Equity Tier 1 capital	**3,943,505**	**3,652,629**
Additional Tier 1 capital	250,000	250,000
Additional Tier 1 capital	-	24,000
Allowance for non-material interests in the financial sector	-	-
Total Tier 1 capital	**4,193,505**	**3,926,629**
Supplementary capital in excess of Tier 1 capital		
Time-limited regulatory capital*	400,000	400,000
Allowance for non-material interests in the financial sector	(4,817)	(4,926)
Net primary capital	**4,588,688**	**4,321,703**
Risk-weighted basis for calculation		
Assets not included in the trading portfolio	18,734,655	17,445,731
Operational risk	1,944,534	2,048,828
CVA surcharge (counterparty risk on derivatives)	78,611	27,781
Total basis for calculation	**20,757,801**	**19,522,341**
Common Equity Tier 1 capital	19.00%	18.71%
Tier 1 capital	20.20%	20.11%
Capital adequacy	22.11%	22.14%
Leverage ratio	10.15%	10.05%
Buffer requirements		
Capital conservation buffer (2.50%)	518,945	488,059
Countercyclical buffer (1.0%/2.50%/2.00%)	207,578	488,059
Systemic risk buffer (3.00%)	622,734	585,670
Total buffer requirement for Common Equity Tier 1 capital	1,349,257	1,561,788
Minimum requirement for Common Equity Tier 1 capital (4.50%)	934,101	878,505
Available Tier 1 capital in excess of minimum requirement and buffer requirement	1,660,147	1,212,336

	31.12.2020	31.12.2019
Local and regional authorities	58,521	83,717
Publicly owned companies	10,129	10,134
Institutions	163,701	111,259
Companies	2,118,471	2,655,744
Mass market	2,759,706	2,197,800
Mortgaged against residential and holiday property	8,239,757	8,504,153
Mortgaged against commercial property	2,251,926	2,040,958
Exposures past due	74,970	150,127
High-risk exposures	1,279,609	-
Covered bonds	296,383	203,526
Receivables from institutions and companies with short-term ratings	146,086	145,911
Shares in mutual funds	42,548	25,858
Equity items	1,159,907	1,196,286
Other exposures	132,942	120,258
Total credit risk	**18,734,655**	**17,445,731**

The rules on regulatory capital include transitional provisions for additional Tier 1 capital and subordinated loans taken out before the regulations entered into force. During the period from 01.01.2015 to 31.12.2021, capital instruments that are taken up before 31.12.2011 and that do not meet the requirements contained in part B of the calculation regulation, can be included in the following proportions:

2015: 70%
2016: 60%
2017: 50%
2018: 40%
2019: 30%
2020: 20%
2021: 10%

Note 6 – Financial risk management

SpareBank 1 BV's risk and capital management shall produce financial and strategic added value by:

- having a strong risk culture characterised by high awareness of risk management and the Group's core values.
- having a good understanding of the risks that are drivers for earnings, expenses and losses.
- to the greatest possible extent price services and products in line with the underlying risk.
- having adequate financial strength in relation to long-term strategic goals, initiatives and the chosen risk profile, while aiming for optimal capital allocation in the different business areas.
- exploiting synergy and diversification effects
- avoiding unexpected individual incidents being able to seriously damage the Group's financial position

In order to ensure an effective and appropriate process for risk and capital management, the business management is based on the following framework:

- The Group's strategic goals
- Organisation and corporate culture
- Risk surveys
- Risk analysis
- Financial extrapolation and stress tests
- Risk strategies (determination of risk capacity and risk appetite)
- Capital management (including risk-adjusted return and capital requirement assessments)
- Reporting and follow-up
- Evaluation and measures
- Contingency plans
- Crisis management, contingency plans and recovery plans
- Compliance

SpareBank 1 BV is exposed to various types of risk

The core business of the banking industry is to create value by assuming deliberate and acceptable risk. SpareBank 1 BV expends substantial resources on developing processes for comprehensive risk management in line with leading practice.

SpareBank 1 BV is exposed to various types of risk, the most important are listed below:

Credit risk: the risk of losses as a result of customers or other counterparties being unable or unwilling to fulfil their obligations.

Concentration risk: the risk of incurring an accumulation of exposure to an individual customer, branch or geographical area.

Liquidity risk: the risk that the Group is unable to refinance its debt or is unable to finance increases in assets without significant extra expenses.

Market risk: the risk of loss due to changes in observable market variables such as interest rates, foreign exchange rates and securities markets.

Operational risk: the risk of losses resulting from inadequate or failed internal processes or systems, human error or external events.

Compliance risk: the risk that the Group incurs public sanctions/fines or financial losses due to failure to comply with laws and regulations.

ESG risk: ESG risk is the risk of loss due to:

- changes in natural, climate or environmental conditions (E) having a direct or indirect negative effect for the Group
- non-compliance with regulatory requirements or the market's expectations linked to human rights, labour rights and conduct (S)
- non-compliance with regulatory requirements or the market's expectations linked to governance and control (G).

Business risk: the risk of unexpected fluctuations in income and expenses as a result of changes in external circumstances such as the market situation or government regulations.

Reputation risk: the risk of a drop in earnings and capital access due to a lack of confidence and reputation in the market, i.e. with customers, counterparties, the share market and/or authorities.

Strategic risk: the risk of losses resulting from erroneous strategic decisions.

Ownership risk: the risk that SpareBank 1 BV could incur negative results from interests in strategically owned companies and/or has to supply new equity to these companies.

Risk exposure in SpareBank 1 BV

The Group aims for a moderate to low risk profile and to achieve such a high quality in their risk follow-up that no single events can cause serious damage the Bank's financial position. The Bank's risk profile is quantified by targets for risk-adjusted return, expected loss, capital requirements and regulatory requirements for capital adequacy.

The Group believes it is important to have a control and management structure that promotes targeted and independent management and control.

The risk groups that affect financial reporting to the greatest extent are described below in more detail. For a further description of the risk situation and risk management, please refer to the Pillar 3 report and the report on corporate governance policies and practices. The reports are available on the Bank's website under investor relations (IR) https://www.sb1bv.no.

Credit risk

Credit risk is managed through the framework for credit approval, exposure monitoring and portfolio management, which are reviewed and approved by the Board of Directors at least annually.

The Group's credit strategy consists of the overall strategic credit limits aimed at ensuring a diversified portfolio and a satisfactory risk profile. This includes limits for the probability of default, expected loss, risk-adjusted capital and the proportion of total lending exposure to the corporate market. In order to avoid unwanted concentration risk, the credit-strategic limits also set limitations related to exposure and risk profile at the portfolio level, and for various sectors and individual customers. These limits are additional to the limits set by the Norwegian "Regulations relating to major exposures".

The credit policy guidelines determine the minimum requirements that apply to all types of financing, except for exposures granted as part of the exercise of special credit hedging authorisations. In addition to the general credit policy guidelines, a set of more specific credit policy guidelines have been prepared relating to the sectors or segments which may entail a special risk. For example, with respect to property exposures, minimum requirements are set for equity, advance sales of housing projects and level of financing in relation to rental income from property for rent.

The Board of Directors is responsible for the Group's loan- and credit approvals, but delegates credit authorisation, within certain limits, to the CEO, who in turn can delegate these within his own authorisations. The delegated credit authorisations are personal and linked to the individual exposure's probability of default and security coverage.

The Group uses the credit models for risk classification, risk pricing and portfolio management. The risk classification system is based on the following main components:

1. Probability of default. (PD):
Customers are classified into default classes based on the probability of default during a 12-month period based on a long-term outcome. The probability of default is calculated on the basis of historical data series for financial key figures linked to earnings and consumption, as well as on the basis of non-financial criteria such as behaviour and age. In order to classify customers according to the probability of default, nine different default classes are used (A-I). In addition, the Group has two default classes (J and K) for customers with defaulted and/or impaired exposure.

2. Exposure at default (EAD):
This is a calculated amount that calculates the Group's probable exposure to the customer in the event of default. This exposure comprises lending volume, guarantees and approved undrawn facilities. Guarantees and approved undrawn facilities on customers are multiplied by a conversion factor.

3. Loss given default (LGD):
This is an estimate of how much it is assumed that the Group could potentially lose if the customer defaults on its obligations. The assessment takes into account the value of underlying securities and the expenses the Group has incurred by collecting the defaulted exposure.
The Group determines the realisable value of securities provided on the basis of its own experience over time, and so that, based on a conservative assessment, these reflect the assumed realisation value in a cyclical downturn. Seven different classes are used (1) for the classification of exposures in accordance with the loss given default.

The Group carries out continuous further development and verification of the risk management system and credit approval process in order to ensure good quality over time. The quantitative validation shall ensure that the estimates used for the probability of default, exposure at default and loss given default maintain a sufficiently good quality. Analyses are conducted which assess the models' ability to rank customers according to risk (discrimination ability), and the ability to determine the correct level of risk parameters. In addition, stability is analysed in the models' estimates and the models' sensitivity to cyclical fluctuations. The quantitative validation is also supplemented by more qualitative assessments. In addition to the credit risk in the loan portfolio, the Group has credit risk through the liquidity portfolio. This portfolio consists primarily of securities with low risk which qualify for access to borrowing in Norges Bank.

Please see Notes 7-14 for a more detailed description of the portfolio as at 31.12.2020.

Liquidity risk is managed via the Group's overall liquidity strategy, which is revised and adopted by the Board of Directors at least annually. Liquidity management is based on frameworks and reflects the Group's agreed risk profile. The strategy establishes a framework for the size of the liquidity reserves and the duration of the time period that the Bank should be independent of new market financing.

The Group's lending is primarily financed by customer deposits and long-term securitised debt. Liquidity reserves consist of cash, securities lodged as securities in Norges Bank, non-utilised committed credit facilities, housing loans that have been prepared for sale to SpareBank 1 Boligkreditt AS and listed securities. The sale of well secured home loans to SpareBank 1 Boligkreditt AS contributes to calming funding requirements and thus SpareBank 1 BV's liquidity risk. Crisis management and recovery plans have been established. These include contingency plans for dealing with liquidity and solvency crises.

The Finance Department is responsible for day-to-day risk management, while the controller function in the Finance Department and the Department for Risk Management and Compliance monitors and reports to the Board of Directors the utilisation of limits in accordance with the liquidity strategy .

Please see Note 16.

Market risk is managed via the strategy for market risk with specification of risk limits, reporting lines and authorisations are reviewed and approved by the Board of Directors at least annually. In determining the size of the limits and the calculation of capital requirements relating to market risk, stress tests and analyses of negative market movements are used.

Interest rate risk is the risk of loss arising with changes in interest rates. The Group's interest rate risk is regulated by limits for maximum change in value from a change in interest rates of 2%. Interest rate fixing on the Group's instruments is mainly short-term and the Group's interest rate risk is low.

Spread risk is defined as the risk of changes in market value of bonds as a result of general changes in credit spreads. The credit spread risk expresses the loss potential on the bond portfolio which affects bankruptcy risk.

Foreign exchange risk is the risk of loss from changes in foreign exchange rates. Since SpareBank 1 BV is a currency agent and the Group has entered into an agreement with SpareBank 1 SMN related to the delivery of foreign currency transactions to the Group's customers, currency risk will consist of guarantees provided to SpareBank 1 SMN for some of the Group's customers that have taken up currency loans or entered into agreements on currency derivatives, as well as a limited currency exposure in foreign currency notes in the Group's branches. Stricter requirements are established for advice and assessment of the customer's competence when guarantees for foreign currency loans are to be granted.

Exchange rate risk on securities is the risk of loss arising from changes in the value of bonds, certificates and equity instruments in which the Group has invested. The Group's risk exposure to this type of risk is regulated through limits for maximum investments in the various portfolios.

Please see Notes 15, 16 and 26 for a more detailed description of the portfolio as at 31.12.2020.

Operational risk is managed through the risk strategy that is determined annually by the Board of Directors to define the Group's risk appetite.

SpareBank 1 BV considers corporate culture to be the single most important factor in operational risk management.
Organisation surveys are carried out regularly that measure the organisation's satisfaction and risk culture.

In order to ensure that it is managed according to an updated and relevant risk picture, the Group has a risk-based and dynamic approach to the management of operational risk, where risk analyses will be updated, and risk-reducing measures will be implemented on an ongoing basis. In addition, annual documentation of operational risk in the Group is carried out in cooperation between the risk management unit and the process- and risk owners for the various business areas.

ESG risk is a relatively new concept in a risk context, and processes for managing these risk areas are being developed in the Group. Please refer to the discussion in the introductory part of the Annual Report.

Ownership risk is the risk that SpareBank 1 BV could incur negative results from interests in strategically owned companies and/or has to supply new equity to these companies.

SpareBank 1 BV has ownership risk primarily through indirect interests in SpareBank 1 Gruppen AS (3.04%), as well as direct interests in BN Bank ASA (5.00%), SpareBank 1 Boligkreditt AS (6.07%), SpareBank 1 Næringskreditt AS (11.68%), SpareBank 1 Kreditt AS (6.35%), SpareBank 1 SMN Finans AS (6.10%), SpareBank 1 Betaling AS (4.73%) and SpareBank 1 Markets AS (1.47%).

Compliance risk is managed through the framework for compliance that is set out in the Bank's compliance policy and shall ensure that the Group does not incur public sanctions/fines or financial loss as a result of the lack of implementation and compliance with laws, and regulations. The Group's compliance policy is approved by the Board of Directors and describes the main principles for responsibility and organisation.

SpareBank 1 BV works constantly to establish and have good processes to ensure compliance with applicable laws and regulations. Focus areas are monitoring compliance with regulatory requirements and ensuring that the Group has the best adaptation to future changes in the regulations.

SpareBank 1 BV's compliance function is organisationally independent of the business units. The department bears overall responsibility for the framework, monitoring and reporting within the compliance area.

Note 7 – Change in receivables from and liabilities to financial institutions

Parent bank			Group	
2019	**2020**	(NOK thousands)	**2020**	**2019**
729,557	730,432	Lending and receivables without agreed maturity or notice period	768,679	765,874
305,000	305,000	Lending and receivables with agreed maturity or notice period	305,000	305,000
1,034,557	**1,035,432**	**Total**	**1,073,679**	**1,070,874**

Interest rate: variable

Parent bank			Group	
2019	**2020**	(NOK thousands)	**2020**	**2019**
-	-	Loans to and deposits from financial institutions with no agreed maturity or notice period	-	-
-	200,000	Loans to and deposits from financial institutions with agreed maturity or notice period	200,000	-
-	**200,000**	**Total**	**200,000**	**-**

Interest rate: variable

Note 8 – Loans to and receivables from customers

The Bank's credit portfolio to customers is distributed between the BM and PM segments. Exposures are risk classified according to the IRB models that have been developed in the SpareBank 1 Alliance.
Please see Note 6 for a more detailed description of the risk classification system.

The Bank's experience with the risk classification model is good and the profile of the exposure distribution is supported by other exposure assessments. The portfolio appears as stable over time.

For more details of loss provisions in accordance with IFRS 9, please see Note 2.

	Parent bank		Group	
Gross lending to and receivables from customers (NOK thousands)	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Lowest risk	12,312,022	11,996,572	12,312,022	11,996,572
Low risk	11,555,246	10,770,761	11,555,246	10,770,761
Moderate risk	6,962,703	6,736,839	6,953,966	6,726,743
High risk	788,615	797,047	788,615	797,047
Very high risk	774,408	857,640	774,408	857,640
Default and impaired	222,691	276,771	202,100	261,175
Gross lending to and receivables from customers	**32,615,686**	**31,435,630**	**32,586,358**	**31,409,938**

Gross lending to and receivables from customers at amortised cost and at fair value through OCI

	31.12.2020				31.12.2019			
Parent bank	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Lowest risk	11,252,411	53,541	-	11,305,951	11,020,461	12,608	-	11,033,069
Low risk	10,879,581	230,125	-	11,109,705	10,209,547	72,846	-	10,282,393
Moderate risk	5,757,073	1,010,818	-	6,767,891	5,480,671	984,400	-	6,465,071
High risk	307,903	476,953	-	784,856	452,617	326,966	-	779,583
Very high risk	289,806	474,552	-	764,358	277,632	550,415	-	828,047
Default and impaired	-	-	218,984	218,984	-	-	273,126	273,126
Total gross lending to and receivables from customers at amortised cost and at fair value through OCI	**28,486,773**	**2,245,988**	**218,984**	**30,951,745**	**27,440,928**	**1,947,235**	**273,126**	**29,661,289**

	31.12.2020				31.12.2019			
Group	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Lowest risk	11,252,411	53,541	-	11,305,951	11,020,461	12,608	-	11,033,069
Low risk	10,879,581	230,125	-	11,109,705	10,209,547	72,846	-	10,282,393
Moderate risk	5,748,335	1,010,818	-	6,759,153	5,470,576	984,400	-	6,454,976
High risk	307,903	476,953	-	784,856	452,617	326,966	-	779,583
Very high risk	289,806	474,552	-	764,358	277,632	550,415	-	828,047
Default and impaired	-	-	198,393	198,393	-	-	257,529	257,529
Total gross lending to and receivables from customers at amortised cost and at fair value through OCI	**28,478,035**	**2,245,988**	**198,393**	**30,922,416**	**27,430,833**	**1,947,235**	**257,529**	**29,635,597**

Gross lending to and receivables from customers at fair value (fixed rate)

Parent bank and Group	31.12.2020	31.12.2019
Very low	1,006,071	963,503
Low	445,541	488,368
Moderate	194,812	271,768
High	3,759	17,464
Very high	10,051	29,593
Default and impaired	3,707	3,645
Total gross lending to and receivables from customers at fair value (fixed rate)	**1,663,941**	**1,774,341**

Guarantees	31.12.2020				31.12.2019			
Parent bank and Group	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Very low	108,959	2,170	-	111,129	204,551	790	-	205,341
Low	82,094	11,567	-	93,661	168,781	3,660	-	172,441
Moderate	103,996	89,063	-	193,059	137,506	18,575	-	156,081
High	23,244	10,818	-	34,063	24,899	10,662	-	35,561
Very high	35,235	18,215	-	53,450	26,454	11,889	-	38,343
Default and impaired	-	-	4,196	4,196		-	9,672	9,672
Total guarantees	**353,529**	**131,833**	**4,196**	**489,558**	**562,191**	**45,576**	**9,672**	**617,439**

	31.12.2020				31.12.2019			
Undertakings (loans and guarantees)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Very low	294,321	-	-	294,321	307,266	-	-	307,266
Low	206,805	-	-	206,805	217,911	-	-	217,911
Moderate	628,103	15,000	-	643,103	77,123	-	-	77,123
High	8,476	-	-	8,476	105,945	-	-	105,945
Very high	52,334	-	-	52,334	51,638	177	-	51,815
Default and impaired	-	-	-	-	-	-	-	-
Total undertakings	**1,190,040**	**15,000**	**-**	**1,205,040**	**759,883**	**177**	**-**	**760,060**

Parent bank					Group			
2019		2020		Loans by geographical area	2020		2019	
Gross share	Lending	Gross share	Lending	(NOK thousands)	Lending	Gross share	Lending	Gross share
60.9%	19,128,917	59.5%	19,599,725	* Vestfold og Telemark	19,579,134	57.2%	19,103,225	60.8%
28.5%	8,951,025	27.6%	10,397,438	* Viken	10,388,701	30.4%	8,951,025	28.5%
10.4%	3,283,024	12.8%	2,548,125	Rest of Norway	2,548,125	12.2%	3,283,024	10.5%
0.2%	72,664	0.2%	70,398	Abroad	70,398	0.2%	72,664	0.2%
100.0%	**31,435,630**	**100.0%**	**32,615,686**	**Total gross lending by geographical area**	**32,586,358**	**100.0%**	**31,409,938**	**100.0%**

* Vestfold and Telemark became a single country on 01.01.2020. At the same time Buskerud became part of Viken County. Geographical distribution has not been reworked for 2019.

Parent bank 2019	Parent bank 2020	Exposure by sector and industry	Group 2020	Group 2019
25,175,048	25,967,386	Salaried staff, etc.	25,967,386	25,175,048
268,090	251,920	Agriculture and forestry	251,920	268,090
345,039	393,188	Industry and production	393,188	345,039
548,305	533,095	Building and construction	533,095	548,305
540,959	537,771	Wholesale and retail trade/hotels and restaurants	537,771	540,959
6,083,699	6,252,331	Property management and other business services	6,218,001	6,052,554
398,302	507,809	Transport and service Industries	507,809	398,302
26,842	1,094	Public administration	1,094	26,842
263,184	366,937	Abroad and others	366,937	263,184
33,649,468	**34,811,529**	**Total**	**34,777,199**	**33,618,323**

Parent bank 2019	Parent bank 2020	Gross lending by sector and industry	Group 2020	Group 2019
24,140,703	24,966,804	Salaried staff, etc.	24,966,804	24,140,703
236,036	215,075	Agriculture and forestry	215,075	236,036
277,769	327,397	Industry and production	327,397	277,769
324,524	277,804	Building and construction	277,804	324,524
348,044	383,136	Wholesale and retail trade/hotels and restaurants	383,136	348,044
5,513,943	5,789,031	Property management and other business services	5,759,702	5,488,251
346,830	369,657	Transport and service Industries	369,657	346,830
1.843	1,094	Public administration	1,094	1.843
245,938	285,688	Abroad and others	285,688	245,938
31,435,630	**32,615,686**	**Total**	**32,586,358**	**31,409,938**
8,353,979	8,251,907	- Of which, measured at amortised cost	8,222,578	8,328,288
21,307,310	22,699,838	- Of which, measured at fair value through OCI	22,699,838	21,307,310
1,774,241	1,663,941	- Of which, measured at fair value	1,663,941	1,774,341
(149,609)	(151,388)	Loss provisions on loans	(142,830)	(144,634)
31,286,021	**32,464,299**	**Net lending**	**32,443,528**	**31,265,305**

Parent bank 2019	Parent bank 2020		Group 2020	Group 2019
31,435,630	**32,615,686**	**Gross lending**	**32,586,358**	**31,409,938**
12,039,621	12,660,202	Gross lending transferred to SB1 Boligkreditt	12,660,202	12,039,621
842,787	752,332	Gross lending transferred to SB1 Næringskreditt	752,332	842,787
44,318,037	**46,028,221**	**Gross lending including SB1 Boligkreditt and Næringskreditt**	**45,998,892**	**44,292,346**

Loans with forbearance

Loans where forbearance has been granted to relieve a customer's financial problems must, according to IFRS 9, be classified as Stage 2 or 3.

Loans that have experienced significantly increased credit risk since their initial recognition must be classified as Stage 2. Credit impaired loans are classified as Stage 3.

Gross lending with forbearance:	Parent bank/Group			
31.12.2020	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross lending with forbearance without individual impairment	-	144,529	-	144,529
Gross lending with forbearance with individual impairment	-	-	58,477	58,477
	-	144,529	58,477	203,006

Gross lending with forbearance:	Parent bank/Group			
31.12.2019	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross lending with forbearance without individual impairment	-	264,788	2,383	267,171
Gross lending with forbearance with individual impairment	-	-	129,369	129,369
	-	264,788	131,752	396,540

Interest-only periods in connection with the Covid-19 pandemic.

Interest-only periods were granted to retail and corporate customers from March 2020 onwards in connection with the pandemic.
These loans are not classified as ordinary forbearance (ref. table above) although their development is closely monitored by the Bank. The interest-only periods were generally for 6 months in the retail market and 3 months in the corporate market. The trend in numbers of applications for interest-only periods was clearly downwards in the second half-year.

Quarterly development in volume of interest-only periods 2020 (NOK million)	31.03.2020	30.06.2020	30.09.2020	31.12.2020
Retail market	2,592	3,167	2,340	888
Corporate market	635	1,895	312	203
Total	**3,227**	**5,062**	**2,652**	**1,091**

Note 9 – Transfer of loans to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS

SpareBank 1 Boligkreditt AS

SpareBank 1 Boligkreditt AS is owned by the savings banks that are part of the SpareBank 1 Alliance and shares premises with SpareBank 1 Næringskreditt AS in Stavanger. The Bank owned a 6.07% stake as at 31.12.2020. The purpose of the mortgage company is to ensure banks in the Alliance have access to stable, long-term financing for mortgages at competitive prices. SpareBank 1 Boligkreditt's bonds are rated Aaa by Moody's and AAA by Fitch. SpareBank 1 Boligkreditt acquires loans secured by mortgages in residential property and issues covered bonds in line with the regulations established for these in 2007. As part of the Alliance, the Bank can transfer loans to the company, and as part of the Bank's financing strategy, loans have been transferred to the company. Loans transferred to SpareBank 1 Boligkreditt AS are secured by mortgages in residential property up to 75% of appraised value. Transferred loans are legally owned by SpareBank 1 Boligkreditt AS and the Bank has, besides the right to perform management and the right to take over fully or partially written down loans (at the written down values), no right to the use of the loans. At the end of December 2020, the value of transferred loans amounted to NOK 12.660 million. The Bank is in charge of the management of the transferred loans and receives a commission based on the net value of the return on the loans the Bank has transferred and the expenses to the company.

Payments received for loans that have been transferred to SpareBank 1 Boligkreditt AS are equivalent to the nominal value of the transferred loan and are measured at almost equal to the loans' fair value at the end of 2020 and 2019. Loans transferred to SpareBank 1 Boligkreditt AS are very well secured and have a very small probability of loss.

The Bank has also entered into a shareholder agreement with the shareholders of SpareBank 1 Boligkreditt AS. This means, among other things, that the Bank must contribute to SpareBank 1 Boligkreditt AS having a Common Equity Tier 1 capital ratio that matches the requirements set by the authorities (incl. the requirements for buffer capital and Pillar 2 calculations) and, if necessary, supply Tier 1 capital if it falls to a lower level. SpareBank 1 Boligkreditt AS has internal guidelines regarding the Tier 1 capital ratio that exceed the authorities' requirements, as well as a management buffer of 0.4%. Based on a concrete assessment, the Bank has chosen not to hold capital for this liability because the risk of the Bank being forced to contribute is regarded as very small. In connection with this, a number of alternative approaches may also be relevant should such a situation occur.

Together with the other owners of SpareBank 1 Boligkreditt AS, the Bank has entered into an agreement to establish a liquidity facility for SpareBank 1 Boligkreditt AS. This means that the banks have committed to buy covered bonds in the event that SpareBank 1 Boligkreditt AS is unable to refinance its operations in the market. The purchase of bonds is conditional on the institution's collateral not having ceased payments such that it is actually able to issue such bonds. Therefore, no credit guarantee is available that can be invoked in the event that the institution or collateral is insolvent. The purchase is limited to the total value of the next 12 months' maturity in the company at any given time. Previous purchases under this agreement are deducted from future purchase obligations. 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 the Bank. According to its internal policy, SpareBank 1 Boligkreditt AS holds liquidity for the next 6 months' maturity. This is deducted when assessing the banks' liability. It is therefore only if SpareBank 1 Boligkreditt AS does not have liquidity for the next 12 months' maturity that the Bank will report some exposure here in relation to capital adequacy or major exposures.

SpareBank 1 Næringskreditt AS

The loans transferred to SpareBank 1 Næringskreditt AS are very well secured and have a very small probability of default.

SpareBank 1 Næringskreditt was established in 2009 and has a licence from the Financial Supervisory Authority of Norway to operate as a mortgage company.
The Bank owned a 11.68% stake as at 31.12.2020. SpareBank 1 Næringskreditt's bonds are rated Aaa by Moody's. The company is owned by the savings banks that are part of the SpareBank 1 Alliance and shares premises with SpareBank 1 Boligkreditt AS in Stavanger. The purpose of the mortgage company is to ensure banks in the Alliance have access to stable, long-term financing for commercial property at competitive prices. SpareBank 1 Næringskreditt AS acquires loans secured by mortgages in commercial property and issues covered bonds in line with the regulations established for these in 2007. As part of the Bank's financing strategy, loans have been transferred to the company. Loans transferred to SpareBank 1 Næringskreditt AS are secured by mortgages in commercial property up to 60% of appraised value. Transferred loans are legally owned by SpareBank 1 Næringskreditt AS and the Bank has, besides the right to perform management and the right to take over fully or partially

impaired loans (at the impaired value), no right to the use of the loans. At the end of December 2020, the value of transferred loans amounted to NOK 752 million. The Bank is in charge of the management of the transferred loans and receives a commission based on the net value of the return on the loans the Bank has transferred and the expenses to the company.

Payments received for loans that have been transferred to SpareBank 1 Næringskreditt AS are equivalent to the nominal value of the transferred loan and are measured at almost equal to the loans' fair value at the end of 2020 and 2019. Loans transferred to SpareBank 1 Næringskreditt AS are very well secured and have a very small probability of loss.

The Bank has also entered into a shareholder agreement with the shareholders of SpareBank 1 Næringskreditt AS. This means, among other things, that the Bank must help to ensure that SpareBank 1 Næringskreditt AS's Tier 1 capital ratio is at least 11.0%, and potentially supply Tier 1 capital if it falls to a lower level. SpareBank 1 Næringskreditt AS has internal guidelines regarding the Tier 1 capital ratio that exceed the authorities' requirements, as well as a management buffer of 0.4%. Based on a concrete assessment, the Bank has chosen not to hold capital for this liability because the risk of the Bank being forced to contribute is regarded as very small. In connection with this, a number of alternative approaches may also be relevant should such a situation occur.

Together with the other owners of SpareBank 1 Næringskreditt AS, the Bank has entered into an agreement to establish a liquidity facility for SpareBank 1 Næringskreditt AS. This means that the banks have committed to buy covered bonds in the event that SpareBank 1 Næringskreditt AS is unable to refinance its operations in the market. The purchase of bonds is conditional on the institution's collateral not having ceased payments such that it is actually able to issue such bonds. Therefore, no credit guarantee is available that can be invoked in the event that the institution or collateral is insolvent. The purchase is limited to the total value of the next 12 months' maturity in the company at any given time. Previous purchases under this agreement are deducted from future purchase obligations. 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 the Bank. According to its internal policy, SpareBank 1 Næringskreditt AS holds liquidity for the next 6 months' term to maturity. This is deducted when assessing the banks' liability. It is therefore only if SpareBank 1 Næringskreditt AS no longer has liquidity for the next 12 months' maturity that the Bank will report some exposure here in relation to capital adequacy or major exposures.

Note 10 – Age distribution of loans past due

The table shows overdue instalments on loans divided by the number of days after the due date.

Group **2020** (NOK thousands)	**Under 30 days**	**31 – 90 days**	**Over 91 days**	**Total**
Loans to and receivables from customers				
Retail market	983	84	44,019	45,086
Corporate market	149	1,783	20,711	22,644
Total	**1,133**	**1,867**	**64,730**	**67,729**

Group **2019** (NOK thousands)	**Under 30 days**	**31 – 90 days**	**Over 91 days**	**Total**
Loans to and receivables from customers				
Retail market	1,173	6,120	36,221	43,513
Corporate market	4,543	8,363	24,132	37,038
Total	**5,716**	**14,482**	**60,353**	**80,551**

(Figures have not been prepared for the parent bank, since they are identical to the consolidated figures)

Note 11 – Impairment of loans, guarantees etc.

2019	2020	(NOK thousands)	2020	2019
6,337	10,792	Change in impairment provisions in the period, Stage 1	10,792	6,337
4,427	8,342	Change in impairment provisions in the period, Stage 2	8,342	4,427
(9,655)	(9,043)	Change in impairment provisions in the period, Stage 3	(12,626)	(10,055)
859	24,702	Losses for the period with previous impairments	24,399	859
1,496	1,687	Losses for the period without previous impairments	1,687	1,496
(565)	(443)	Previously recognised impairments at start of period.	(443)	(565)
(181)	(934)	Other corrections/amortisation of impairments	(1,458)	(181)
2,718	**35,104**	**Impairment of loans and guarantees for the period**	**30,694**	**2,318**
10,284	10,637	Interest income recognised on impaired loans	10,637	10,284

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

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

Loans to customers by Stages 1, 2 and 3

	Parent bank			
Loans to customers by Stages 1, 2 and 3	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
01.01.2020	**27,440,928**	**1,947,235**	**273,126**	**29,661,289**
Loans transferred to Stage 1	583,350	(581,344)	(2,006)	-
Loans transferred to Stage 2	(1,058,499)	1,074,077	(15,577)	-
Loans transferred to Stage 3	(19,798)	(44,754)	64,552	-
New financial assets issued or purchased	14,485,209	616,262	23,418	15,124,889
Increase existing loans	304,808	41,109	1,515	347,433
Reduction existing loans	(1,121,143)	(141,867)	(54,094)	(1,317,104)
Financial assets that have been deducted	(12,127,966)	(664,728)	(39,556)	(12,832,250)
Changes due to recognised impairments (recognised losses)	(117)	-	(32,394)	(32,511)
31.12.2020	**28,486,773**	**2,245,988**	**218,984**	**30,951,745**
Impairment provisions as % of gross lending	0.18%	2.22%	35.53%	0.58%
Of which RM	22,456,850	1,201,588	79,284	23,737,722
Of which CM	6,029,923	1,044,401	139,699	7,214,023

	Group			
Loans to customers by Stages 1, 2 and 3	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
01.01.2020	**27,430,833**	**1,947,235**	**257,529**	**29,635,597**
Loans transferred to Stage 1	583,350	(581,344)	(2,006)	-
Loans transferred to Stage 2	(1,058,499)	1,074,077	(15,577)	-
Loans transferred to Stage 3	(19,798)	(44,754)	64,552	-
New financial assets issued or purchased	14,485,209	616,262	23,418	15,124,889
Increase existing loans	304,607	41,109	1,329	347,045
Reduction existing loans	(1,119,584)	(141,867)	(54,094)	(1,315,546)
Financial assets that have been deducted	(12,127,966)	(664,728)	(39,556)	(12,832,250)
Changes due to recognised impairments (recognised losses)	(117)	-	(37,201)	(37,318)
31.12.2020	**28,478,035**	**2,245,988**	**198,393**	**30,922,416**
Impairment provisions as % of gross lending	0.18%	2.22%	34.91%	0.55%
Of which RM	22,456,850	1,201,588	79,284	23,737,722
Of which CM	6,021,185	1,044,401	119,109	7,184,694

2019	**2020**	**Losses by sector and industry**	**2020**	**2019**
7,932	7,407	Salaried staff, etc.	7,407	7,932
(15)	334	Agriculture and forestry	334	(15)
869	7,203	Industry and mining	7,203	869
125	(3,756)	Building and construction	(3,756)	125
151	424	Wholesale and retail trade/hotels and restaurants	424	151
(5,893)	12,956	Property management and other business services	8,545	(6,293)
(339)	9,639	Transport and service Industries	9,639	(339)
(112)	898	Abroad and others	898	(112)
2,718	**35,104**	**Losses on loans to customers**	**30,694**	**2,318**

Sensitivity analysis – loss model

The model calculates impairments on exposures in three different scenarios where the probability of the individual scenario occurring is weighted. The base scenario for the IFRS 9 calculations is mainly based on historical losses and 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 exposures and industries that we believe will experience specific problems making it through the crisis. PD/LGD levels cannot be recalibrated in the model as per 31.12.
In addition to expanded individual loss assessments, the Bank changed the model's scenario weighting based on an assessment. The scenario weightings remain unchanged from the previous quarter and were last changed on 30.06.2020. Please see the overview below for information on how the scenario weightings have developed throughout the year.

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

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

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

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

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

Note 12 – Credit risk exposure for each internal risk rating

Parent bank and Group

(NOK thousands)	Historical default in %	Average unsecured exposure in %	Total amount	Average unsecured exposure in %	Total amount
		2020	**2020**	**2019**	**2019**
Lowest risk	-	0.00%	-	0.00%	-
Low risk	-	0.09%	28,630	0.15%	46,484
Moderate risk	-	0.64%	208,679	0.97%	305,705
High risk	-	0.19%	62,272	0.22%	68,967
Highest risk	-	0.31%	100,325	0.17%	54,709
In default and impaired	11.4%	0.12%	37,961	0.16%	49,371
Total			**437,868**		**525,236**

The note describes the Bank's total credit exposure in the lowest collateral class (unsecured exposure). Historical default as a percentage is based on the average unsecured exposure share in risk classes J and K, which are reserved for default and doubtful exposures.

Note 13 – The maximum credit risk exposure, not taking into account collateral security

The table below shows the maximum exposure to credit risk for the components in the balance sheet, including derivatives. Exposure is shown gross prior to any collateral security and allowed set-offs.

Parent bank			Group	
Gross exposure			Gross exposure	
2019	**2020**	(NOK thousands)	**2020**	**2019**
		Assets		
94,784	101,364	Cash and receivables from central banks	101,364	94,784
1,034,557	1,035,432	Loans to and receivables from financial institutions	1,073,679	1,070,874
31,435,630	32,615,686	Gross lending to and receivables from customers	32,586,358	31,409,938
6,039,138	6,326,865	Securities - at fair value	6,518,045	6,163,391
19,418	125,378	Derivatives	125,378	19,418
144,318	129,034	Other assets	193,488	208,670
38,767,846	**40,333,759**	**Total assets**	**40,598,312**	**38,967,075**
		Liabilities		
		Contingent liabilities		
257,676	160,058	- Payment guarantees	160,058	257,676
318,720	302,037	- Contractual guarantees	302,037	318,720
18,740	3,840	- Loan guarantees	3,840	18,740
22,303	23,622	- Other guarantee liabilities	23,622	22,303
1,773,927	1,912,627	Unutilised credit facilities	1,907,627	1,768,485
2,391,366	**2,402,185**	**Total financial guarantees**	**2,397,185**	**2,385,924**
39,385,285	**40,823,317**	**Total credit risk exposure excluding. unutilised credit facilities**	**41,087,870**	**39,655,899**

		Credit risk exposure relating to loans, by country		
2019	**2020**	**Credit exposure relating to loans, including. unutilised credit facilities**	**2020**	**2019**
33,134,768	34,455,223	Norway	34,450,223	33,103,634
74,789	73,091	Abroad	73,091	74,789
33,209,557	**34,528,314**	**Total**	**34,525,334**	**33,178,423**

With regard to credit exposure, only the loan item is divided by geographical area, ref. Note 8.

Collateral per security class

The table below shows the total value of collateral distributed per security class in the Bank's risk classification system.
The value is calculated based on an average of the intervals within each class.

Parent bank and Group	Average percentage per class	2020	2019
Collateral class 1	120%	3,952,233	4,014,142
Collateral class 2	110%	5,237,961	5,014,366
Collateral class 3	90%	7,791,995	7,516,921
Collateral class 4	70%	9,796,670	9,281,385
Collateral class 5	50%	1,438,803	1,594,294
Collateral class 6	30%	200,640	139,587
Collateral class 7	10%	43,635	52,594
Total collateral from risk classification		**28,461,937**	**27,613,290**

Note 14 – The maximum credit risk exposure, not taking into account collateral security

The credit quality of financial assets is handled by the SpareBank 1 Alliance using its internal guidelines for credit ratings.

The table below shows the credit quality per class of assets for the loan-related assets in the balance sheet, based on the Bank's own credit rating system.

		Neither fallen due nor written down						
2020 Parent bank	**Notes**	**Lowest risk**	**Low risk**	**Moderate risk**	**High risk**	**Highest risk**	**Fallen due or individually written down**	**Total**
Loans to and receivables from financial institutions	7	1,035,432	-	-	-	-	-	1,035,432
Loans to and receivables from customers:								
Retail market	8	10,852,300	9,839,418	3,744,364	181,679	283,381	65,662	24,966,804
Corporate market	8	1,851,474	1,571,650	3,055,868	569,745	461,034	139,111	7,648,882
Total gross lending		**13,739,206**	**11,411,068**	**6,800,231**	**751,424**	**744,415**	**204,773**	**33,651,118**
Financial investments								
Listed government bonds	24	207,790	-	-	-	-	-	207,790
Other listed bonds	24	304,029	2,828,505	-	-	-	-	3,132,534
Unlisted bonds	24	7,385	-	1,077,638	-	-	-	1,085,023
Total financial investments		**519,204**	**2,828,505**	**1,077,638**	**-**	**-**	**-**	**4,425,347**
Accrued interest		**7,646**	**-**	**-**	**-**	**-**	**-**	**7,646**
Total financial investments		**526,850**	**2,828,505**	**1,077,638**	**-**	**-**	**-**	**4,432,993**
Total		**14,266,056**	**14,239,573**	**7,877,869**	**751,424**	**744,415**	**204,773**	**38,084,111**

		Neither fallen due nor written down						
2019 Parent bank	**Notes**	**Lowest risk**	**Low risk**	**Moderate risk**	**High risk**	**Highest risk**	**Fallen due or individually written down**	**Total**
Loans to and receivables from financial institutions	7	1,034,557	-	-	-	-	-	1,034,557
Loans to and receivables from customers:								
Retail market	8	10,646,796	8,817,852	4,020,905	204,660	372,965	77,527	24,140,703
Corporate market	8	1,349,776	1,952,909	2,715,935	592,387	484,675	199,245	7,294,927
Total gross lending		**13,031,129**	**10,770,761**	**6,736,839**	**797,047**	**857,640**	**276,771**	**32,470,187**
Financial investments								
Listed government bonds	24	752,740	-	-	-	-	-	752,740
Other listed bonds	24	423,781	1,987,928	-	-	-	-	2,411,709
Unlisted bonds	24	7,348	-	943,215	-	-	-	950,563
Total financial investments		**1,183,869**	**1,987,928**	**943,215**	**-**	**-**	**-**	**4,115,013**
Accrued interest		**14,060**	**-**	**-**	**-**	**-**	**-**	**14,060**
Total financial investments		**1,197,929**	**1,987,928**	**943,215**	**-**	**-**	**-**	**4,129,073**
Total		**14,229,058**	**12,758,689**	**7,680,055**	**797,047**	**857,640**	**276,771**	**36,599,260**

2020 Group	Notes	Neither fallen due nor written down: Lowest risk	Low risk	Moderate risk	High risk	Highest risk	Fallen due or individually written down	Total
Loans to and receivables from financial institutions	7	1,073,679	-	-	-	-	-	1,073,679
Loans to and receivables from customers:								
Retail market	8	10,852,300	9,839,418	3,744,364	181,679	283,381	65,662	24,966,804
Corporate market	8	1,851,474	1,571,650	3,047,130	569,745	461,034	118,520	7,619,554
Total gross lending		**13,777,453**	**11,411,068**	**6,791,494**	**751,424**	**744,415**	**184,182**	**33,660,037**
Financial investments								
Listed government bonds	24	207,790	-	-	-	-	-	207,790
Other listed bonds	24	304,029	2,828,505	-	-	-	-	3,132,534
Unlisted bonds	24	7,385	-	1,077,638	-	-	-	1,085,023
Total financial investments		**519,204**	**2,828,505**	**1,077,638**	**-**	**-**	**-**	**4,425,347**
Accrued interest		**7,646**	**-**	**-**	**-**	**-**	**-**	**7,646**
Total financial investments		**526,850**	**2,828,505**	**1,077,638**	**-**	**-**	**-**	**4,432,993**
Total		**14,304,303**	**14,239,573**	**7,869,132**	**751,424**	**744,415**	**184,182**	**38,093,030**

2019 Group	Notes	Neither fallen due nor written down: Lowest risk	Low risk	Moderate risk	High risk	Highest risk	Fallen due or individually written down	Total
Loans to and receivables from financial institutions	7	1,070,874	-	-	-	-	-	1,070,874
Loans to and receivables from customers:								
Retail market	8	10,646,796	8,817,852	4,020,905	204,660	372,965	77,527	24,140,703
Corporate market	8	1,349,776	1,952,909	2,705,840	592,387	484,675	183,648	7,269,235
Total gross lending		**13,067,446**	**10,770,761**	**6,726,745**	**797,047**	**857,640**	**261,174**	**32,480,812**
Financial investments								
Listed government bonds	24	752,740	-	-	-	-	-	752,740
Other listed bonds	24	423,781	1,987,928	-	-	-	-	2,411,709
Unlisted bonds	24	7,348	-	943,215	-	-	-	950,563
Total financial investments		**1,183,869**	**1,987,928**	**943,215**	**-**	**-**	**-**	**4,115,013**
Accrued interest		**14,060**	**-**	**-**	**-**	**-**	**-**	**14,060**
Total financial investments		**1,197,929**	**1,987,928**	**943,215**	**-**	**-**	**-**	**4,129,073**
Total		**14,265,375**	**12,758,689**	**7,669,960**	**797,047**	**857,640**	**261,174**	**36,609,885**

Note 15 – Market risk related to interest rate risk

Market risk is the risk that the fair value or the Bank's future cash flows from financial instruments will fluctuate as a result of changes in interest rates, foreign exchange rates, market prices, or rates of equity instruments.

Interest rate risk is the probability that the changes in the market interest rate will affect cash flows or the fair value of the Bank's financial instruments. The Board of Directors has set limits for the Bank's interest rate exposure.

Continuous monitoring and reporting are carried out of the Bank's interest rate exposure. The Bank uses instruments to ensure that the exposure is within the defined limits. Effect on equity will be approximately equal to the calculations as specified in the table below.

Parent bank			Group	
2019	2020		2020	2019
Sensitivity of net interest expenses	Sensitivity of net interest expenses	Increase in basis points	Sensitivity of net interest expenses	Sensitivity of net interest expenses
(4,958)	(1,721)	+25	(1,721)	(4,958)
(9,915)	(3,443)	+50	(3,443)	(9,915)
(19,830)	(6,885)	+100	(6,885)	(19,830)
(39,660)	(13,771)	+200	(13,771)	(39,660)

The Bank's risk exposure is shown in Notes 12 and 13.

Method used for sensitivity analysis

BankRisk is a system for the management of interest rate risk and liquidity in banks. It has standard reports for the calculation of the interest rate and liquidity risk. Calculations are made

of duration, summaries, etc. of bond holdings, borrowing in bonds and investments and loans in the money market and interest rate swaps.

From 2020 onwards, sensitivity is only calculated for interest-based balance sheet items and the figures from 2019 are, therefore, not directly comparable.

Note 16 – The maturity analysis of assets and liabilities/liquidity risk

2020 Parent bank

(NOK millions)	At call/ without residual maturity	Under 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Cash and receivables from central banks	101	-	-	-	-	101
Loans to and receivables from financial institutions	-	730	305	-	-	1,035
Loans to and receivables from customers	-	67	385	1,674	30,490	32,616
Impairment provisions for Stages 1 and 2	-	-	-	(74)	-	(74)
Impairment provisions for Stage 3	-	-	(77)	-	-	(77)
Bonds/certificates - designated at fair value through profit or loss	8	7	166	4,252	-	4,433
Shares	1,894	-	-	-	-	1,894
Derivatives	-	8	(4)	65	56	125
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	74	-	-	-	-	74
Tax asset	11	-	-	-	-	11
Other assets	-	44	-	-	-	44
Total assets	**2,088**	**856**	**775**	**5,917**	**30,546**	**40,182**
Of which foreign currency	2	-	-	-	-	-
Liabilities						
Liabilities to financial institutions	-	200	-	-	-	200
Deposits from and liabilities to customers	22,318	3,259	297	28	1	25,903
Liabilities from the issuance of securities	-	147	916	5,356	1,490	7,909
Derivatives	-	62	(1)	53	9	123
Liabilities at current tax	-	-	121	-	-	121
Other liabilities	-	162	11	-	75	248
Subordinated loan capital	-	-	-	401	-	401
Allocated dividend classified as equity	-	-	120	-	-	120
Allocated to gifts as equity	-	-	-	-	-	-
Additional Tier 1 capital as equity	-	-	-	250	-	250
Equity	4,907	-	-	-	-	4,907
Total liabilities and equity	**27,225**	**3,830**	**1,464**	**6,088**	**1,575**	**40,182**
Net liquid exposure on balance sheet items	**(25,137)**	**(2,974)**	**(689)**	**(171)**	**28,971**	**-**

Repayment loans are distributed over time according to the current repayment plan. Granted lines of credit are grouped under the remaining term to maturity under 3 months.

2020 Group

(NOK millions)	At call/ without residual maturity	Under 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Cash and receivables from central banks	101	-	-	-	-	101
Loans to and receivables from financial institutions	39	730	305	-	-	1,074
Loans to and receivables from customers	-	67	385	1,674	30,461	32,587
Impairment provisions for Stages 1 and 2	-	-	-	(74)	-	(74)
Impairment provisions for Stage 3	-	-	(69)	-	-	(69)
Bonds/certificates - designated at fair value through profit or loss	8	7	166	4,252	-	4,433
Shares	2,085	-	-	-	-	2,085
Derivatives	-	8	(4)	65	56	125
Intangible assets	-	-	-	-	25	25
Property, plant and equipment	102	-	-	-	-	102
Tax asset	11	-	-	-	-	11
Other assets	-	55	-	-	-	55
Total assets	**2,346**	**867**	**783**	**5,917**	**30,542**	**40,455**
Liabilities						
Liabilities to financial institutions	-	200	-	-	-	200
Deposits from and liabilities to customers	22,279	3,259	297	28	1	25,864
Liabilities from the issuance of securities	-	147	916	5,356	1,490	7,909
Derivatives	-	62	(1)	53	9	123
Liabilities at current tax	-	-	125	-	-	125
Other liabilities	-	210	11	-	75	296
Subordinated loan capital	-	-	-	401	-	401
Allocated dividend classified as equity	-	-	120	-	-	120
Allocated to gifts as equity	-	-	-	-	-	-
Additional Tier 1 capital as equity	-	-	-	250	-	250
Equity	5,167	-	-	-	-	5,167
Total liabilities and equity	**27,446**	**3,878**	**1,468**	**6,088**	**1,575**	**40,455**
Net liquid exposure on balance sheet items	**(25,100)**	**(3,011)**	**(685)**	**(171)**	**28,967**	**-**

Repayment loans are distributed over time according to the current repayment plan. Granted lines of credit are grouped under the remaining term to maturity under 3 months.

Liquidity risk – cash flows related to liabilities

2020 Parent bank

(NOK millions)	At call/ without residual maturity	Under 3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities to financial institutions	-	200	-	-	-	200
Deposits from and liabilities to customers	22,318	3,259	297	28	1	25,903
Liabilities from the issuance of securities	-	147	916	5,356	1,490	7,909
Derivatives	-	62	(1)	53	9	123
Liabilities at current tax	-	-	121	-	-	121
Other liabilities	-	162	11	-	75	248
Subordinated loan capital	-	-	-	401	-	401
Additional Tier 1 capital as equity	-	-	-	250	-	250
Allocated dividend classified as equity	-	-	120	-	-	120
Allocated to gifts as equity	-	-	-	-	-	-
Total liabilities and equity	**22,318**	**3,830**	**1,464**	**6,088**	**1,575**	**35,275**

Liquidity risk – cash flows related to liabilities

2020 Group

(NOK millions)	At call/ without residual maturity	Under 3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities to financial institutions	-	-	200	-	-	200
Deposits from and liabilities to customers	22,279	3,259	297	28	1	25,864
Liabilities from the issuance of securities	-	147	916	5,356	1,490	7,909
Derivatives	-	62	(1)	53	9	123
Liabilities at current tax	-	-	128	-	-	128
Other liabilities	-	210	11	-	75	296
Subordinated loan capital	-	-	-	401	-	401
Additional Tier 1 capital as equity	-	-	-	250	-	250
Allocated dividend classified as equity	-	-	120	-	-	120
Allocated to gifts as equity	-	-	-	-	-	-
Total liabilities and equity	**22,279**	**3,678**	**1,671**	**6,088**	**1,575**	**35,291**

Note 17 – Net interest income

Parent bank			Group	
2019	**2020**	(NOK thousands)	**2020**	**2019**
		Interest income		
21,408	11,721	Interest and similar income from loans to and receivables from financial institutions	11,721	21,408
1,014,169	913,869	Interest and similar income from loans to and receivables from customers	913,388	1,013,640
94,597	58,383	Interest and similar income from certificates, bonds and other interest-bearing securities	58,383	94,597
(4,097)	(4,647)	Other interest income and similar income	(3,131)	(3,017)
1,126,077	**979,326**	**Total interest income**	**980,361**	**1,126,628**
		Interest expenses		
129	685	Interest and similar expenses for liabilities to financial institutions	685	129
255,485	176,123	Interest and similar expenses for deposits from and liabilities to customers	176,115	255,468
180,793	123,827	Interest and similar expenses for issued securities	123,828	180,794
15,291	10,058	Interest and similar expenses for subordinated loan capital	10,058	15,291
16,699	20,452	Other interest expenses and similar expenses	20,599	18,422
468,398	**331,147**	**Total interest expenses**	**331,285**	**470,104**
657,679	**648,179**	**Net interest income**	**649,075**	**656,524**

2019	**2020**	**Average interest rates and average interest-bearing assets and liabilities**	**2020**	**2019**
		Assets		
29,205,098	31,213,888	Average interest-bearing balance, lending to customers	31,213,888	29,205,098
3.37%	2.90%	Average interest rate, lending to customers	2.90%	3.37%
4,523,875	4,195,405	Average interest-bearing balance, securities placements	4,195,405	4,523,875
2.10%	1.39%	Average interest rate, securities placement	1.39%	2.10%
		Liabilities		
23,431,314	25,047,178	Average interest-bearing balance, deposits	25,047,178	23,431,314
1.05%	0.68%	Average interest rate, deposits	0.68%	1.05%
8,262,433	7,900,302	Average interest-bearing balance, borrowed securities	7,900,302	8,262,433
2.32%	1.87%	Average interest rate, borrowed securities	1.87%	2.32%

Note 18 – Net commission and other income

Parent bank			Group	
2019	2020	(NOK thousands)	2020	2019
		Commission income		
6,287	6,660	Guarantee commission	6,660	6,287
1,018	773	Interbank commission	773	1,018
8,695	7,842	Credit brokerage	7,842	8,695
17,982	20,462	Securities trading and management	20,462	17,982
104,782	100,478	Payment services	100,478	104,782
50,557	55,435	Insurance services	55,435	50,557
6,059	6,497	Other commission income	6,497	6,059
101,451	132,703	Commission from Boligkreditt and Næringskreditt	132,703	101,451
296,832	**330,850**	**Total commission income**	**330,850**	**296,832**
		Commission expenses		
1,271	864	Interbank fees	864	1,271
12,142	11,774	Payment services	11,774	12,142
3,204	6,514	Other commission expenses	6,514	3,204
16,617	**19,151**	**Total commission expenses**	**19,151**	**16,617**
280,216	**311,699**	**Total net commission income**	**311,699**	**280,216**
		Other operating income		
-	-	Operating income from real estate	134	240
-	4,028	Profit from the sale of fixed assets	8,403	-
5,983	4,765	Other operating income	3,491	3,736
-	-	Operating income from estate agency business	115,483	107,202
-	-	Operating income from Regnskapshus	37,683	35,671
5,983	**8,793**	**Total other operating income**	**165,195**	**146,849**
286,198	**320,492**	**Total net commission and other operating income**	**476,893**	**427,065**

Note 19 – Net income from financial assets

Parent bank			Group	
2019	**2020**	(NOK thousands)	**2020**	**2019**
128,793	**66,820**	**Total dividend from shares**	**31,164**	**25,522**
7,536	1,907	Dividends from subsidiaries	-	-
-	-	Income from interests in joint ventures	101,142	125,437
-	-	Impairment of financial assets in subsidiaries	-	-
7,536	**1,907**	**Total net income from ownership interests**	**101,142**	**125,437**
		Net income from other financial investments:		
(6,430)	7,571	Bonds and certificates - at fair value through profit or loss	7,571	(6,430)
(6,430)	**7,571**	**Total income from bonds and certificates**	**7,571**	**(6,430)**
(2,888)	(14,106)	Net revaluation of covered bonds and derivatives	(14,106)	(2,888)
(1,318)	5,292	Net revaluation of secured fixed interest rate loans and derivatives	5,292	(1,318)
6,364	(9,865)	Net revaluation of other financial derivatives	(9,865)	6,364
2,158	**(18,679)**	**Total income from financial derivatives**	**(18,679)**	**2,158**
33,643	(2,460)	Shares - at fair value through profit or loss	(2,460)	33,643
-	-	Realised instruments available for sale	-	-
(14,544)	1,655	Impairment of instruments available for sale	1,655	(14,544)
19,099	**(805)**	**Total income from shares**	**(805)**	**19,099**
6,088	13,425	Net profit on transactions	13,425	6,088
6,088	**13,425**	**Total net income from foreign exchange trading**	**13,425**	**6,088**
157,245	**70,239**	**Net income from financial assets**	**133,817**	**171,874**

Note 20 – Personnel expenses and compensation for executive personnel and elected officers

Introduction

The Board's statement on the determination of salaries and other compensation for 2020 is in accordance with the regulations relating to financial institutions, section 15.2.

SpareBank 1 BV's compensation scheme

SpareBank 1 BV's compensation policy for 2020 was approved by the Board of Directors on 16.01.2020. The guidelines cover the parent bank, SpareBank 1 BV. The guidelines cover fixed salary, variable compensation and employee benefits (pensions, insurance and other benefits). There are special rules for executive personnel. Separate guidelines exist for the subsidiaries.

SpareBank 1 BV's policy for compensation must:

- contribute to target achievement and desired behaviour
- help to attract and retain relevant competence
- promote and provide incentives for good management and control of the Bank's risk, counter high risk-taking and help to avoid conflicts of interest
- comply with the applicable regulations

The compensation package should be competitive but not a pacesetter in the market. Compensation should be based on the principle of equal pay, regardless of gender.

Compensation Committee

The Board of Directors of SpareBank 1 BV has established a compensation committee, which consists of three Board members, of which one is the employee representative. The committee shall prepare cases for the Board of Directors and is primarily responsible for:

- review annually and propose total salary and other compensation for the CEO
- review annually the Group's policy for compensation incl. a model for performance-based bonus
- recommend the framework for performance-based bonuses
- ensure that the practice of the Group's compensation scheme is in accordance with the applicable regulations.

The committee shall also be able to be used as an advisory body for the CEO in determining terms and conditions for the executive management team.

Indicative guidelines for the accounting year

Compensation to the CEO

The CEO's compensation package consists of fixed salary (the main element), variable compensation, benefits in kind and pension and insurance schemes. Fixed salary and variable compensation are determined annually by the Board of Directors following recommendation from the Compensation Committee. The assessment is based on results achieved on defined target areas in accordance with the balanced scorecard, individual achievement and wage development in comparable positions.

Variable compensation can be earned annually but must be based on results and achieved targets over the last 2 years. The CEO can receive a performance-based bonus on a par with other employees, based on the approved model for performance-based bonuses. Benefits in kind follow the same practice as other executive personnel .

A separate pension agreement has been entered into with the CEO. The pension agreement means a payout of pension of 70% of the annual salary without deduction until the age of 67, with the opportunity to resign from the age of 62 years. From the age of 67 the amount is shortened proportionately in relation to the number of qualifying years < 30 years. Calculated pension liabilities are invested in funds that have been pledged in favour of the CEO. A supplementary agreement has been drawn up in connection with the conclusion of the letter of intent regarding the merger with SpareBank 1 Telemark.

The CEO is subject to a normal period of notice of 6 months. The CEO has an agreement concerning 12 months' severance pay in return for waiving termination protection. The agreement includes an option for a reduction to 6 months after the age of 59 on certain terms and conditions.

Compensation for the rest of the executive management team

The CEO determines the compensation for members of the executive management team following consultation with the Chair of the Board. The compensation is determined on the basis of an assessment of achieved results, individual performance and conditions in the market for the different areas.

The CEO can receive a performance-based bonus on a par with other employees, based on the approved model for performance-based bonuses. Group directors are members of the Bank's general pension scheme for salaries up to 12G. One of the directors has an early retirement agreement involving the right to retire at 62 with 70% of pensionable earnings, as well as an additional pension of 70% of pay over 12G. No directors have severance pay agreements.

Model for performance-based bonuses

The model for performance-based bonuses (variable bonuses) applies to all employees of the parent bank. The result is assessed on the basis of prior established financial and non-financial criteria (weighted balanced scorecard). Variable compensation is based on a combination of the assessment of the Bank as a whole, the individual departments and the employee's target achievement. Total compensation can be a maximum of 10% of gross salary.

The model for performance-based bonuses has two components. The Board of Directors adopts the final limit based on an overall assessment of target achievement. The parameters for risk, liquidity and financial strength are also considered in the measurement of results and target achievement. 50% of the awarded framework is paid as bonus to all employees in the parent bank with an equal krone amount for all employees. The remaining 50% of the awarded framework is distributed as individual compensation, based on results and target achievement in accordance with the balanced scorecard for the team, department, or unit. The payment is made annually and in arrears after the annual accounts have been discussed by the Board of Directors.

compensation for executive personnel

The executive director of the individual business area is responsible for the management and control of risk in its own operations through their management. A total of 19 people are defined as executive personnel or risk takers. The heads of subsidiaries are not considered risk takers.

Variable compensation for identified employees is based on the model for performance-based reward described above. The basis for assessment of variable compensation is based on the company's results in a period of at least 2 years.

Employees with control functions (risk management and compliance) as well as elected officers are included in the ordinary model for performance-based bonuses. Compensation for employees with control functions is independent of the results in the business they control.

Half of the individual bonus will be paid out as salary in the first year. The remainder is distributed over 3 years and is thus not at the free disposal of the individual. Total variable compensation for identified employees follows the adopted model for performance-based bonuses including the rule of a maximum of 10% of gross salary.

The total compensation for executive personnel amounted to NOK 27.4 million in 2020, of which NOK 1.3 million was variable pay and NOK 1.4 million was benefits in kind. Accrued pension expenses amounted to NOK 9.5 million. An overview of the compensation for the executive management team is provided below.

Benefits in kind

Other benefits for the CEO and executive personnel may be awarded to the extent that the benefits are related to their function in the Group and are in line with general market practice. Members of the executive management team, excluding the CEO, have a car arrangement and can choose either a fixed allowance or a company car.

Pensions

The Group has established a joint defined contribution pension scheme effective from 01.09.2018. Employees who have previously had defined benefit pensions have been given a separate compensation scheme. Annual contributions are calculated individually in order to give the same amount as the former defined benefit agreement would have had at the agreed retirement age.

Statement

The Board of Directors confirms that the guidelines for the determination of salaries and other compensation for 2020 have been followed.

Parent bank			Group	
2019	**2020**	**Personnel expenses**	**2020**	**2019**
164,213	168,657	Salary	258,598	250,127
25,619	32,175	Pension expenses (Note 22)	37,673	31,032
49,232	49,051	Social security expenses	63,095	63,025
239,064	**249,882**	**Total personnel expenses**	**359,366**	**344,184**
		Employee		
230	235	Average number of FTEs	345	337
235	236	Number of FTEs at 31.12	344	345
237	240	Number of employees at 31.12	351	355

For further information regarding close associates see Note 36.
For information relating to equity certificates owned by executive personnel, the Board of Directors and members of the Supervisory Board, please see Note 38.

Loans and guarantees for employees and employee representatives:	**2020**	**2019**
Loans to employees of the parent bank	552,922	552,244
Loans to employees in subsidiaries	241,557	229,899

2020: Loans to employees of the parent bank, permanent employees only. Pensioners are excluded and account for NOK 90,787

Compensation for the executive management team:

Breakdown of benefits/loans

Executive Management Team 2020	Salary	Performance-based bonuses paid	Benefits in kind	Total compensation	Accrued pension expenses	Present value of pension liability as at 31.12.2020	Loans *	Number of equity certificates
Rune Fjeldstad **	3,002	176	51	3,229	5,989	26,549	5,648	94,928
Geir Årstein Hansen	1,616	99	185	1,900	895	12,675	4,486	9,464
Marianne Sommerro Evensen	1,372	101	51	1,524	304	-	3,985	7,574
Johan Hjerkinn	1,462	86	141	1,689	185	-	-	13,481
Stian Thomassen	1,687	99	117	1,903	176	-	1,865	9,370
Tonje Stormoen	1,228	79	161	1,468	190	-	2,470	9,620
Lasse Olsen	1,809	104	34	1,947	179	-	1,861	17,363
Total compensation to the executive management team	**12,176**	**744**	**740**	**13,660**	**7,918**	**39,224**	**20,315**	**161,800**

Other executive personnel 2020	Salary	Performance-based bonuses paid	Benefits in kind	Total compensation	Accrued pension expenses	Loans *	Number of equity certificates
Total compensation for other executive personnel	**12,469**	**530**	**698**	**13,697**	**1,609**	**40,503**	**36,025**

* Loans to executive personnel are subject to the same terms and conditions as ordinary employee loans, with an interest rate of 1.10% within a framework of NOK 5.0 million as at 31.12.2020.
Ordinary customer terms and conditions are followed outside this framework.

** The CEO's pension agreement was renegotiated in 2020. This year's accrued pension expense includes NOK 2.0 million in plan changes (ex. aga/fs)

The Board of Directors 2020	Fees	Loans	Number of equity certificates
Finn Haugan, Chair of the Board	500	-	30,000
Heine Wang, Deputy Chair	285	-	27,000
Elisabeth Haug	150	-	2,700
Gisle Dahn	235	-	3,200
Janne Sølvi Weseth	185	7,891	4,500
Hanne Myhre Gravdal, Member - employee representative	150	4,911	6,871
Geir Arne Western, Member - employee representative	150	1,659	3,586
Total compensation to the Board of Directors	**1,655**	**14,461**	**77,857**

Gisle Dahn represents the SpareBankstiftelsen BV foundation. Number of equity certificates 13,642,787

Supervisory Board 2020	Fees	Loans
Lars Ole Bjørnsrud, Chair	80	1,820
Other representatives Supervisory Board/Nomination Committee	171	32,701
Total compensation to the Supervisory Board	**251**	**34,521**

Breakdown of benefits/loans

Executive management team 2019	Salary	Performance-based bonuses paid	Benefits in kind	Total compensation	Accrued pension expenses	Present value of pension liability as at 31.12.2020	Loans *	Number of equity certificates
Rune Fjeldstad	2,920	149	39	3,108	3,875	19,163	5,809	62,399
Geir Årstein Hansen	1,572	83	194	1,849	717	12,125	1,907	8,789
Marianne Sommerro Evensen	1,189	85	22	1,296	304	-	4,251	6,899
Johan Hjerkinn	1,399	75	143	1,617	185	-	-	12,806
Stian Thomassen	1,639	85	135	1,859	176	-	-	8,695
Tonje Stormoen	1,221	69	26	1,316	190	-	2,470	8,945
Lasse Olsen	1,764	91	29	1,884	179	-	2,578	16,688
Total compensation to the executive management team	**11,704**	**637**	**588**	**12,929**	**5,626**	**31,288**	**17,015**	**125,221**

* Loans to executive personnel are subject to the same terms and conditions as ordinary employee loans, with an interest rate of 2.25% within a framework of NOK 5.00 million as at 31.12.2019. Ordinary customer terms and conditions are followed outside this framework.

The Board of Directors 2019	Fees	Loans	Number of equity certificates
Finn Haugan, Chair of the Board from June 2019	187	-	10,000
Øyvind Birkeland, Chair of the Board until June 2019	134	-	2,000
Heine Wang, Deputy Chair	223	-	27,000
Elisabeth Haug, new member from June 2019	77	-	2,700
Gisle Dahn, member from June 2019	119	-	3,200
Janne Sølvi Weseth	160	3,115	4,500
Kristin Søia Barkost, member until June 2019	69	-	-
Eric Sandtrø, member until June 2019	74	-	15,000
Hanne Myhre Gravdal, Member - employee representative	132	4,878	5,344
Geir Arne Western, Member - employee representative	145	1,783	3,181
Total compensation to the Board of Directors	**1,320**	**9,776**	**72,925**

Gisle Dahn represents the SpareBankstiftelsen BV foundation. Number of equity certificates 13,642,787

Supervisory Board 2019	Fees	Loans
Lars Ole Bjørnsrud, Chair	47	5,783
Other representatives Supervisory Board/Nomination Committee	199	37,706
Total compensation to the Supervisory Board	**246**	**43,489**

Note 21 – Other operating expenses

Parent bank			Group	
2019	2020	(NOK thousands)	2020	2019
93,210	96,684	IT expenses	105,372	100,997
20,852	19,116	Market expenses	20,485	23,334
21,626	21,303	Ordinary depreciation (Note 29)	28,481	28,370
3,501	3,500	Wealth tax	3,500	3,501
18,956	15,889	Building/operating expenses	20,375	24,609
60,481	56,261	Other operating expenses	61,498	63,340
218,627	**212,752**	**Total operating expenses**	**239,711**	**244,150**

		Auditor's fees (NOK thousands)		
805	843	Ordinary auditing	1,133	1,069
19	36	Other certification services	66	54
88	46	Tax advice	77	118
388	235	Other services in addition to auditing	269	408
1,301	**1,160**	**Total compensation for external auditor ex. VAT**	**1,545**	**1,649**

Note 22 – Pension liabilities

The Group is obliged to have an occupational pension scheme pursuant to the Mandatory Occupational Pensions Act. The Bank's pension scheme satisfies the requirements of this Act.

The Bank's collective defined benefit schemes were discontinued in 2018 and replaced by the defined contribution pension scheme.

A compensation scheme was established on the basis of a historical qualifying period within the discontinued defined benefit schemes. The compensation scheme only applies to active employees and accrues until the age of 67, or until the employment relationship is terminated for other reasons than: illness, transition to work assessment allowance, or permanent disability. Some 96 employees were covered by this scheme as at 31.12.2020.

A new contractual early retirement scheme (AFP) was established in 2010 as a replacement for the old one. The scheme is treated in the accounts as a defined contribution pension scheme, where the premium payments are recognised on an ongoing basis, and no provisions are made in the financial statements.

In addition, the Bank has pension obligations in relation to seven people as at 31.12.2020, which are financed directly through operations.

The estimated liability at the balancing of the accounts is used for the measurement of accrued pension liabilities. Employer contributions on uninsured benefits are recognised on an ongoing basis. The companies' pension liabilities are greater than the pension funds. This under-financing is shown in the balance sheet as a provision for accrued expenses and liabilities.

As at 31.12.2020, the parent bank had a common defined contribution pension scheme. The scheme which covers a total of 241 employees, is charged to operations and is compensated with:

Salaries up to 12G:	7.0%
Supplement for salaries between 7.1 and 12 G:	15.0%

As at 31.12.2020, the subsidiaries have defined contribution pensions, charged to operations, which cover 111 employees. These schemes vary in compensation from 4.0% to 5.8% (between 0G and 7.1G) and 4.0% to 8.0% (between 7.1G and 12G).

Actuarial assumptions:

Parent bank and Group	2020	2019
Economic assumptions		
Discount rate (covered bonds)	1.50%	1.80%
Expected return on assets	1.50%	1.80%
Expected future wage development	2.00%	2.25%
Expected adjustment of G	1.75%	2.00%
Expected pension adjustment	1.75%/2.00%	2.00%
Employer contributions	14.10%	14.10%
Financial activities tax (parent bank)	5.00%	5.00%
Demographic assumptions		
Voluntary retirement under 50 years	0.00%	0.00%
Voluntary retirement over 50 years	0.00%	0.00%
Disability table used	IR02/IR73	IR02/IR73
Mortality table used	K2013 BE/UM	K2013 BE/UM

Parent bank			Group	
2019	**2020**	(NOK thousands)	**2020**	**2019**
		Members		
111	109	Number of people in the pension scheme	115	117
101	97	- of which active	99	103
10	12	- of which pensioners/not active	16	14
		Net pension liabilities on the balance sheet		
-	-	Present value of pension liabilities in fund-based schemes	7,419	7,306
51,906	62,865	Present value of other defined benefit schemes	62,865	51,906
-	-	Fair value of pension assets	(7,135)	(6,888)
9,863	12,007	Accrued employer contributions/financial activities tax	12,047	9,922
61,769	**74,872**	**Net pension liabilities on the balance sheet**	**75,196**	**62,246**
		Accrued pension expenses		
9,108	9,547	Defined benefit pensions earned during the period	9,717	9,255
1,040	836	Net interest expenses, pension liabilities	843	1,022
-	2,017	Effect of changes to/winding up of scheme	2,017	-
1,867	2,302	Accrued employer contributions	2,328	1,885
12,015	**14,702**	**Net defined benefit pension expenses taken to profit/loss**	**14,905**	**12,162**
		Movement in net pension liabilities on the balance sheet		
46,957	56,518	Net pension liabilities on the balance sheet 1.1	57,131	47,896
2,887	5,250	Actuarial gains/losses recognised in other operating income and expenses as at 1.1	5,113	1,205
12,015	14,702	Net defined benefit pension expenses taken to profit/loss	14,905	12,162
(2,453)	(2,461)	Amount paid to defined benefit schemes/paid for through operations	(2,801)	(2,926)
2,363	863	The year’s actuarial gains/losses recognised in other operating income and expenses	847	3,908
61,769	**74,872**	**Net pension liabilities on the balance sheet 31.12**	**75,196**	**62,246**
		Movement in gross pension liability on the balance sheet (before e.c./financial tax)		
41,937	51,906	Gross pension liabilities on the balance sheet 1.1	59,213	47,868
9,108	9,547	Pensions earned in the year	9,686	9,224
980	780	Interest on pension liabilities	914	1,136
-	2,017	Effect of changes to/winding up of scheme	2,017	-
(2,103)	(2,109)	Pensions paid (incl. paid over operations)	(2,308)	(2,312)
1,984	725	Actuarial loss/(gain)	763	3,297
51,906	**62,866**	**Gross pension liability on the balance sheet 31.12 (before e.c./financial tax)**	**70,285**	**59,213**
		Movement in fair value of pension assets on the balance sheet		
-	-	Fair value of pension assets on the balance sheet, 1.1	6,888	6,580
-	-	Paid to fund-based schemes	261	363
-	-	Net interest income from funds	95	144
-	-	Effect of changes to/winding up of scheme	-	-
-	-	Paid pensions	(162)	(158)
-	-	Actuarial (loss)/gain	53	(41)
-	**-**	**Fair value of pension assets on the balance sheet, 31.12**	**7,135**	**6,888**
	-	**Expected payment to defined benefit schemes in 2020 (before employer’s contribution/financial activities tax)**	**335**	

Note 23 – Tax

Parent bank			Group	
2019	**2020**	(NOK thousands)	**2020**	**2019**
640,713	541,171	Profit before tax	630,016	664,812
3,500	3,500	Wealth tax	3,500	3,500
(3,033)	(863)	Items recognised directly in equity	(863)	(3,033)
(157,294)	(80,746)	+/- permanent differences	(148,835)	(169,306)
4,509	5,340	+/-change in temporary differences in accordance with specification	783	2,705
488,395	**468,401**	**Tax basis/taxable income**	**484,600**	**498,678**
122,099	117,100	Tax payable 25%	121,150	124,670
88	61	Withholding tax	61	88
3,500	3,500	Wealth tax 0.15%	3,500	3,500
125,688	**120,662**	**Tax payable on the balance sheet**	**124,709**	**128,258**
25	(1,334)	+/-change in deferred tax	(1,021)	25
3,594	2,978	Tax on additional Tier 1 capital/ items posted directly to equity	2,978	3,594
(88)	(61)	Withholding tax	(61)	(88)
(722)	2,199	Too (much)/little tax set aside in previous years	2,191	(2,041)
128,497	**124,444**	**Tax expenses incl. wealth tax**	**128,796**	**129,747**
3,500	3,500	Wealth tax	3,500	3,500
124,997	**120,943**	**Tax expenses excl. wealth tax**	**125,296**	**126,247**

2019	**2020**	**Composition of deferred tax/deferred tax assets capitalised and taken to profit/loss**	**2020**	**2019**
		Temporary differences on:		
(2,881)	(4,219)	Tangible assets	(5,426)	(4,255)
4,452	8,592	Profit/Loss Account	8,643	4,577
11,296	49,553	Value adjustment lending	49,553	11,296
(61,765)	(74,872)	Pension liabilities	(75,196)	(62,241)
9,081	20,333	Securities	20,333	9,081
3,970	(39,219)	Financial derivatives	(39,219)	3,970
(3,644)	(4,998)	Other temporary differences	(5,135)	(5,034)
-	-	Tax loss carry forward	-	(711)
(39,490)	**(44,831)**	**Total temporary differences**	**(46,446)**	**(43,316)**
(9,872)	**(11.207)**	**+ Deferred tax/- Deferred tax assets**	**(11,612)**	**(10,829)**

2019	**2020**	**Reconciliation of tax for the period taken to profit/loss and profit before tax**	**2020**	**2019**
160,178	135,293	25% of profit before tax	157,504	166,203
(39,323)	(19,527)	Permanent differences	(37,376)	(42,326)
4,863	2,978	Tax on additional Tier 1 capital/ items posted directly to equity	2,978	4,413
(722)	2,199	Too (much/little) tax set aside in previous years	2,191	(2,041)
124,996	**120,943**	**Tax on ordinary profit/loss**	**125,296**	**126,247**
19.40%	**22.20%**	**Tax expenses in percent**	**19.78%**	**18.89%**

2019	**2020**	**Tax expenses on comprehensive income**	**2020**	**2019**
124,997	120,943	Total tax expenses taken to profit/loss	125,296	126,247
2,014	3,419	Tax on items through OCI	3,419	1,749
127,011	**124,361**	**Total tax expenses on comprehensive income**	**128,715**	**127,996**

Note 24 – Certificates, bonds and other securities at fair value

General description

All bonds and certificates are measured at fair value through profit or loss

Parent bank		Certificates and bonds distributed by issuer sector	Group	
2019	**2020**	(NOK thousands)	**2020**	**2019**
		State		
750,000	200,000	- face value	200,000	750,000
752,740	207,790	- fair value	207,790	752,740
		Other public issuer		
509,000	374,000	- face value	374,000	509,000
510,394	375,417	- fair value	375,417	510,394
		Financial companies		
2,800,369	3,778,369	- face value	3,778,369	2,800,369
2,831,653	3,821,900	- fair value	3,821,900	2,831,653
		Non-financial companies		
20,000	20,000	- face value	20,000	20,000
20,226	20,240	- fair value	20,240	20,226
4,115,013	**4,425,347**	**Total certificates and bonds, fair value:**	**4,425,347**	**4,115,013**
14,060	**7,646**	**Accrued interest**	**7,646**	**14,060**
4,129,073	**4,432,993**	**Total certificates and bonds, including accrued interest:**	**4,432,993**	**4,129,073**

Certificates and bonds by maturity

31.12.2020	**< 6 months**	**6-12 months**	**1-3 years**	**3-5 years**	**< 5 years**
State	-	-	207,790	-	-
Other public issuer	-	75,344	244,854	55,219	-
Financial companies	42,931	54,639	1,647,299	1,996,486	80,545
Non-financial companies	-	-	-	20,240	-

31.12.2019	**< 6 months**	**6-12 months**	**1-3 years**	**3-5 years**	**< 5 years**
State	548,920	-	-	203,820	-
Other public issuer	114,992	-	260,020	135,382	-
Financial companies	7,386	49,780	870,832	1,775,873	127,782
Non-financial companies	-	-	-	20,226	-

Parent bank		Certificates and bonds measured at fair value	Group	
2019	**2020**	(NOK thousands)	**2020**	**2019**
702,701	207,790	Valuation based on prices in an active market	207,790	702,701
3,412,312	4,217,557	Valuation based on observable market data	4,217,557	3,412,312
-	-	Valuation based on other than observable market data	-	-
4,115,013	**4,425,347**	**Certificates and bonds, trading purposes**	**4,425,347**	**4,115,013**

Certificates and bonds measured at fair value	Valuation based on prices in an active market	Valuation based on observable market data	Valuation based on other than observable market data	Total
Trading purpose				
Opening balance 01.01.2020	702,701	3,412,312	-	4,115,013
Purchase, sale in 2020	(498,881)	801,105	-	302,224
Value adjustment in 2020	-	-	-	-
- value adjustment via profit/loss	3,970	4,140	-	8,110
Closing balance 31.12.2020	**207,790**	**4,217,557**	**-**	**4,425,347**

Note 25 – Fair value of financial instruments

Parent bank					Group			
2019		2020		(NOK thousands)	2020		2019	
Change to fair value	Book value	Change to fair value	Book value		Book value	Change to fair value	Book value	Change to fair value
				Assets				
94,784	94,784	101,364	101,364	Cash and receivables from central banks	101,364	101,364	94,784	94,784
1,034,557	1,034,557	1,035,432	1,035,432	Loans to and receivables from financial institutions	1,073,679	1,073,679	1,070,874	1,070,874
8,353,979	8,353,979	8,251,907	8,251,907	Loans to and receivables from customers at amortised cost	8,222,578	8,222,578	8,328,288	8,328,288
21,307,310	21,307,310	22,699,838	22,699,838	Loans to and receivables from customers at fair value through OCI *	22,699,838	22,699,838	21,307,310	21,307,310
1,774,341	1,774,341	1,663,941	1,663,941	Loans to and receivables from customers at fair value	1,663,941	1,663,941	1,774,341	1,774,341
4,129,073	4,129,073	4,432,993	4,432,993	Certificates, bonds and other securities at fair value	4,432,993	4,432,993	4,129,073	4,129,073
1,418,440	1,418,440	1,371,658	1,371,658	Shareholdings and other securities at fair value through profit and loss	1,371,658	1,371,658	1,418,440	1,418,440
19,418	19,418	125,378	125,378	Derivatives	125,378	125,378	19,418	19,418
38,131,902	**38,131,902**	**39,682,511**	**39,682,511**	**Total assets**	**39,691,429**	**39,691,429**	**38,142,528**	**38,142,528**
				Liabilities				
-	-	200,000	200,000	Liabilities to financial institutions	200,000	200,000	-	-
24,463,240	24,463,240	25,902,538	25,902,538	Deposits from and liabilities to customers at amortised cost	25,863,568	25,863,568	24,443,290	24,443,290
5,494,408	5,494,408	5,084,136	5,084,136	Securitised debt at amortised cost	5,084,136	5,084,136	5,494,408	5,494,408
2,784,981	2,784,981	2,824,795	2,824,795	Securitised debt at fair value	2,824,795	2,824,795	2,784,981	2,784,981
37,447	37,447	122,691	122,691	Derivatives	122,691	122,691	37,447	37,447
444,404	444,404	400,802	400,802	Subordinated loan capital at amortised cost	400,802	400,802	444,404	444,404
33,224,480	**33,224,480**	**34,534,962**	**34,534,962**	**Total liabilities**	**34,495,992**	**34,495,992**	**33,204,530**	**33,204,530**
				Liabilities and guarantee exposures off the balance sheet				
4,870,000	4,870,000	4,975,000	4,975,000	Liabilities (interest rate swaps)	4,975,000	4,975,000	4,870,000	4,870,000
617,439	617,439	489,558	489,558	Guarantee liabilities	489,558	489,558	617,439	617,439
263,792	263,792	869,281	869,281	Assets pledged as security	869,281	869,281	263,792	263,792

Financial instruments measured at amortised cost

The Bank's loans and borrowing can mainly not be traded in an active market. Transfers of funding loans, for example, to another party will require approval from each customer. The Bank's risk mark-up on loans is changed only with major changes in market conditions. Such loans are considered mainly to have variable interest rate terms. The Bank's credit premium for these loans was unchanged at the end of the year. The same margin would be used for new loans on the balance sheet date.

The Bank adjusted the credit risk premium during 2020 for loans with index-based terms as a result of volatility in credit spreads throughout the year. At the end of the year, the Bank reassessed credit risk and determined that a repricing of the loans would have involved the same premiums. Customers can settle this type of loan at face value. Therefore, the Bank considers that loans with index-based conditions recognised at amortised cost represent the best estimate of fair value.

Securitised debt and subordinated loan capital measured at amortised cost represent the best estimate of fair value. The instruments have a variable interest rate and there are no changes in credit spreads.

Principles used to determine fair value of financial instruments that are not recognised at fair value:

Assets that are considered to have a fair market value equal to the book value
The book value is deemed to correspond to the fair value of financial assets and liabilities that are liquid or have a short term to maturity (less than three months).

Financial instruments measured at fair value
Financial instruments at fair value are classified at different levels.

Level 1: Valuation based on quoted prices on an active market. The fair value of financial instruments traded on active markets is based on the market price at the balance sheet date. A market is considered to be active if the market prices are easily and regularly available from a stock exchange, dealer, broker, economic grouping, pricing service or regulatory authority, and these prices represent actual and regularly occurring market transactions at arm's length. The category includes listed shares and units in mutual funds, treasury bills, government bonds and certificates that are traded in active markets.

Level 2: Valuation based on observable market data. Level 2 consists of instruments which are valued using information other than quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, and also include listed prices in a non-active market.

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

Level 3: Valuation based on other than observable data. If no valuation is available in relation to level 1 and 2, valuation methods based on non-observable information are used.

- Fair value of fixed rate deposits and loans: The Bank uses the base rate/reference rate on the loans, and discounts using its own swap curve to calculate the funding margin. The Bank has no 'day 1 profit'. For valuations at later dates, the Bank reads in reads customer interest and adjusts for funding and customer margins. The swap interest will be charged on the discount date. This is then compared with the swap rate on the calculation date taking account of the remaining term to maturity. Changes to the customer margin (administrative mark-up, mark-up for anticipated losses and return on equity) in the term of the loan are not assessed/taken into account.
- Equity investments are valued at fair value under the following conditions: 1. Price at the time of the last capital increase or last sale between independent parties, adjusted for changes in market conditions since the capital increase/sale. 2. Fair value based on expected future cash flows for the investment.
- On the remaining financial instruments, fair value is determined on the basis of value estimates obtained from external parties. For those unlisted shares where 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, housing loans and the Bank's own fixed rate loans.

The fair value of mortgages is understood to be: Loans in loss category 1 - the loan's nominal value (not equal to amortised cost). Loan in loss category 2, and 3J - the loan's nominal value decreases by the expected losses (= amortised cost) Loans in loss category 3K - the loan's nominal value decreases by individual impairment provisions (= amortised cost)

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

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

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
- Fixed rate deposits	-	-	-	-
- Securities issued at fair value	-	2,824,795	-	2,824,795
- Derivatives	-	122,691	-	122,691
Total liabilities	**-**	**2,947,486**	**-**	**2,947,486**

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

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
- 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 through profit or loss				
- Fixed rate deposits	-	-	-	-
- Securities issued at fair value	-	2,784,981	-	2,784,981
- Derivatives	-	37,447	-	37,447
Total liabilities	**-**	**2,822,428**	**-**	**2,822,428**

*) Please see note 2 for comments regarding revaluation/changes in measurement method as at 31.12.2019.

Changes in instruments classified as Level 3 as at 31.12.2020

	Fixed rate loans	Equity Instruments	Loans at fair value through OCI
Opening balance 01.01.2020	1,774,341	1,177,757	21,307,310
Change as a result of the transition to IFRS 9	-	-	-
Additions	297,212	492	12,661,747
Disposals	(442,116)	(7,879)	(11,269,219)
Net gain/loss on financial instruments	34,504	(12,234)	-
Closing balance 31.12.2020	**1,663,941**	**1,158,136**	**22,699,838**

Changes in instruments classified as Level 3 as at 31.12.2019

	Fixed rate loans	Equity Instruments	Loans at fair value through OCI
Opening balance 01.01.2019	1,686,961	1,051,757	-
Change as a result of the transition to IFRS 9	-	-	-
Additions	369,958	154,575	21,307,310
Disposals/reclassification	(277,112)	(20,098)	-
Net gain/loss on financial instruments	(5,466)	(8,477)	-
Closing balance 31.12.2019	**1,774,341**	**1,177,757**	**21,307,310**

Note 26 – Financial derivatives

Financial derivatives

General description: The table below shows the fair value of the Bank's financial derivatives recognised as assets and liabilities, as well as the nominal value of the contracts. Positive market value of the contracts is recognised as an asset, while the negative market value is recognised as liabilities. The contract volume, shows the size of the derivatives' underlying assets, and is the basis for the measurement of changes in the fair value of the Bank's derivatives. Derivative transactions are related to the ordinary banking operations and implemented to reduce risk related to the Bank's liquidity portfolio and the Bank's borrowing in the financial markets and to identify and reduce risk related to customer-related activities. Only hedging related to the Bank's funding activities is defined as 'fair value hedging' in accordance with IFRS standard IAS 39.

Fair value hedging

Net gain related to hedging instruments at fair value hedging was NOK 116 million in 2020, compared with net loss of NOK 19.3 million in 2019. Net loss on hedging objects related to the hedged risk was NOK 117.3 million in 2020, compared with net gain of NOK 23.45 million in 2019.

The Bank's Board of Directors has set limits for the maximum risk on the Bank's positions for the Bank's balance sheet. Routines have been established to ensure that the stipulated positions are held.

Figures have not been prepared for the parent bank, since they are identical with the Group figures.

Group

Securing of customer-related assets At fair value through profit or loss	**2020**			**2019**		
	Contract sum	**Fair value**		**Contract sum**	**Fair value**	
Interest-bearing instruments		**Assets**	**Liabilities**		**Assets**	**Liabilities**
Interest rate swap agreements/swap	1,925,000	43,798	56,266	1,980,000	23,793	17,247
Total non-standardised contracts	**1,925,000**	**43,798**	**56,266**	**1,980,000**	**23,793**	**17,247**
Standardised interest rate contracts (futures)	-	-	-	-	-	-
Total interest-bearing instruments	**1,925,000**	**43,798**	**56,266**	**1,980,000**	**23,793**	**17,247**

Hedging of borrowings

At fair value through profit or loss

	Contract sum	**Fair value**		**Contract sum**	**Fair value**	
Interest-bearing instruments		**Assets**	**Liabilities**		**Assets**	**Liabilities**
Interest rate swap agreements/swap (also covers cross currency)	3,050,000	81,580	66,425	2,890,000	(4,375)	20,200
Total non-standardised contracts	**3,050,000**	**81,580**	**66,425**	**2,890,000**	**(4,375)**	**20,200**
Standardised interest rate contracts (futures)	-	-	-	-	-	-
Total interest-bearing instruments	**3,050,000**	**81,580**	**66,425**	**2,890,000**	**(4,375)**	**20,200**
Total interest-bearing instruments	**4,975,000**	**125,378**	**122,691**	**4,870,000**	**19,418**	**37,447**

	Fair value		**Fair value**	
Financial derivatives at fair value	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Valuation based on prices in an active market	-	-	-	-
Valuation based on observable market data	125,378	122,691	19,418	37,447
Valuation based on other than observable market data	-	-	-	-
Financial derivatives at fair value	**125,378**	**122,691**	**19,418**	**37,447**

Note 27 – Shareholdings, units, bonds and other equity interests

General description

The Bank classifies and measures shares at fair value through profit or loss. If an active market cannot be found for a financial asset (or the asset is unlisted), the Group can calculate fair value using various valuation models. If the asset cannot be valued reliably, cost price is considered the most reliable approach, cf. IFRS 9. All bonds and certificates are measured at fair value through profit or loss.

Parent bank		Shareholdings	Group	
2019	**2020**	(NOK thousands)	**2020**	**2019**
220,220	193,696	Short-term investments	193,696	220,220
220,220	193,696	- at fair value through profit or loss	193,696	220,220
1,198,220	1,177,962	Long-term investments	1,177,962	1,198,220
1,198,220	1,177,962	- at fair value through profit or loss	1,177,962	1,198,220
1,418,440	**1,371,658**	**Total shareholdings**	**1,371,658**	**1,418,440**

Parent bank/Group

Short-term investments	Market value/ Book value 2020	Market value/ Book value 2019
Listed equity certificates	51,675	95,825
Listed shares	3,274	3,598
Unlisted shares/equity certificates	-	-
Mutual funds	-	-
Combination funds	34,737	18,153
Bond funds	104,010	102,644
At fair value through profit or loss parent bank/Group	**193,696**	**220,220**

Long-term investments	Market value/ book value 2020	Market value/book value 2019
Unlisted shares/holdings within the SpareBank 1 Alliance	1,130,992	1,138,380
Miscellaneous other unlisted shares	46,970	59,840
At fair value through profit or loss parent bank/Group	**1,177,962**	**1,198,220**

Parent bank		Shareholdings at fair value	Group	
2019	**2020**	(NOK thousands)	**2020**	**2019**
220,220	193,696	Valuation based on prices in an active market	193,696	220,220
-	-	Valuation based on observable market data	-	-
-	-	Valuation based on other than observable market data	-	-
220,220	**193,696**	**Shares, units short-term placement**	**193,696**	**220,220**
20,463	19,826	Valuation based on prices in an active market	19,826	20,463
-	-	Valuation based on observable market data	-	-
1,177,757	1,158,136	Valuation based on other than observable market data	1,158,136	1,177,757
1,198,220	**1,177,962**	**Shares, units long-term placement**	**1,177,962**	**1,198,220**

Shareholdings at fair value	Valuation based on prices in an active market	Valuation based on observable market data	Valuation based on other than observable market data	Total
Short-term placement				
Opening balance 01.01.2020	220,220	-	-	220,220
Purchase, sale in 2020	(19,995)	-	-	(19,995)
Value adjustment in 2020	-	-	-	-
- value adjustment via profit/loss	(6,529)	-	-	(6,529)
Closing balance 31.12.2020	**193,696**	**-**	**-**	**193,696**
Long-term placement				
Opening balance 01.01.2020	20,463	-	1,177,757	1,198,220
Purchase, sale in 2020	-	-	(13,800)	(13,800)
Value adjustment in 2020	-	-	-	-
- value adjustment via profit/loss	(637)	-	(5,821)	(6,458)
Closing balance 31.12.2020	**19,826**	**-**	**1,158,136**	**1,177,962**

Note 28 – Goodwill

Parent bank			Group	
2019	2020	(NOK thousands)	2020	2019
		Goodwill		
-	-	Acquisition cost as at 1.1	36,512	36,512
-	-	Additions	-	-
-	-	Disposals	-	-
-	-	Acquisition cost as at 31.12	36,512	36,512
-	-	Cumulative impairments 01.01	11,858	11,858
-	-	Impairments for the year	-	-
-	-	Disposals	-	-
-	-	Cumulative impairments 31.12	11,858	11,858
-	**-**	**Capitalised goodwill as at 31.12**	**24,654**	**24,654**

2019	2020	The carrying amount consists of:	2020	2019
-	-	Merger between EiendomsMegler 1 Vestfold and EiendomsMegler 1 Buskerud in 2009	2,548	2,548
-	-	Acquisition of bookkeeping agencies - the subsidiary's purchase of 100% of the shares in 2013	15,148	15,148
-	-	Z Eiendom AS - from merger with SpareBank 1 Nøtterøy-Tønsberg in 2017	6,958	6,958
-	**-**	**Carrying amount 31.12**	**24,654**	**24,654**

2019	2020	Impairments for the year:	2020	2019
-	**-**	**Impairments for the year**	**-**	**-**

Goodwill items are reviewed annually and are written down if there is a basis for it after a specific assessment.

Note 29 – Property, plant and equipment

Parent bank					Group			
Right-of-use asset IFRS 16	Buildings and other real estate	Machinery, fixtures and fittings and vehicles	Total	**2020** (NOK thousands)	Right-of-use asset IFRS 16	Buildings and other real estate	Machinery, fixtures and fittings and vehicles	Total
89,251	12,647	36,128	138,026	Acquisition cost or adjusted value as at 01.01.2020	109,104	25,747	48,119	182,970
2,469	-	4,096	6,565	Additions	2,469	-	5,583	8,052
-	(10,651)	(12,957)	(23,608)	Disposals	-	(11,851)	(14,302)	(26,153)
91,720	**1,996**	**27,267**	**120,983**	**Acquisition cost or adjusted value as at 31.12.2020**	**111,573**	**13,896**	**39,400**	**164,869**
(15,934)	(3,434)	(21,387)	(40,755)	Cumulative depreciation and impairment 01.01.2020	(19,794)	(10,035)	(31,605)	(61,434)
(16,419)	(155)	(4,729)	(21,303)	Depreciation for the year	(22,184)	(155)	(6,142)	(28,481)
-	2,487	12,900	15,387	Depreciation related to discontinued assets	-	2,487	12,900	15,387
(32,353)	(1,102)	(13,216)	(46,671)	Cum. depreciation and impairment adjusted for objects written down to 0 as at 31.12.2020	(34,353)	(7,703)	(20.668)	(62,724)
59,367	**894**	**14,051**	**74,312**	**Carrying amount as at 31.12.2020**	**77,217**	**6,193**	**18,735**	**102,145**

Parent bank					Group			
Right-of-use asset IFRS 16	Buildings and other real estate	Machinery, fixtures and fittings and vehicles	Total	**2019** (NOK thousands)	Right-of-use asset IFRS 16	Buildings and other real estate	Machinery, fixtures and fittings and vehicles	Total
-	12,647	37,584	50,231	Acquisition cost or adjusted value as at 01.01.2019	-	25,747	47,724	73,471
89,251	-	4,678	93,929	Additions	109,189	-	7,299	116,488
-	-	(6,134)	(6,134)	Disposals	(85)	-	(6,904)	(6,989)
89,251	**12,647**	**36,128**	**138,026**	**Acquisition cost or adjusted value as at 31.12.2019**	**109,104**	**25,747**	**48,119**	**182,970**
-	(3,225)	(22,164)	(25,389)	Cumulative depreciation and impairment 01.01.2019	-	(8,100)	(30,452)	(38,552)
(15,934)	(279)	(5,413)	(21,626)	Depreciation for the year	(19,794)	(2,005)	(6,571)	(28,370)
-	70	6,190	6,260	Depreciation related to discontinued assets	-	70	5,418	5,488
(15,934)	(3,434)	(21,387)	(40,755)	Cum. depreciation and impairment adjusted for objects written down to 0 as at 31.12.2019	(19,794)	(10,035)	(31,605)	(61,434)
73,317	**9,213**	**14,741**	**97,271**	**Carrying amount as at 31.12.2019**	**89,310**	**15,712**	**16,514**	**121,536**

The Bank has not mortgaged or accepted other disposal restrictions for its fixed assets.

Gross value of fully depreciated assets still in use:
The gross value of fixed assets that are fully depreciated, is calculated to be obsolete. Obsolete fixed assets are valued as no longer being in use.

Revaluations:
The Bank has not carried out ongoing revaluations of fixed assets.

Liabilities:
As at 31.12.2020 the Bank has no binding agreements relating to the procurement of new fixed assets.

Note 30 – Other assets

Parent bank			Group	
2019	2020	(NOK thousands)	2020	2019
11,235	16,320	Accounts receivable and advance payments	20,052	14,348
6,346	7,360	Accrued, not received income	13,915	15,536
14,712	15,706	Other prepaid expenses	16,983	16,884
4,882	4,127	Provisions and internal accounts	4,127	4,882
19,418	125,378	Financial derivatives	125,378	19,418
56,593	**168,891**	**Total other assets**	**180,455**	**71,068**

Note 31 – Deposits from customers

Parent bank					Group			
2019		2020			2020		2019	
Share	Deposits	Share	Deposits	(NOK thousands)	Share	Deposits	Deposits	Share
82.1%	20,082,217	85.1%	22,031,845	Deposits from and liabilities to customers with no agreed term to maturity	21,992,875	85.0%	20,062,267	82.1%
17.9%	4,381,023	14.9%	3,870,693	Deposits from and liabilities to customers with agreed term to maturity	3,870,693	15.0%	4,381,023	17.9%
100.0%	**24,463,240**	**100.0%**	**25,902,538**	**Total deposits from customers**	**25,863,568**	**100.00%**	**24,443,290**	**100.00%**
Share	**Deposits**	**Share**	**Deposits**	**Deposits by sector and industry**	**Share**	**Deposits**	**Deposits**	**Share**
62.5%	15,285,830	61.3%	15,884,790	Employees, etc.	15,884,790	61.4%	15,285,830	62.5%
0.8%	188,906	0.9%	222,819	Agriculture/forestry	222,819	0.9%	188,906	0.8%
1.3%	307,646	1.5%	385,014	Production (manufacturing)	385,014	1.5%	307,646	1.3%
2.6%	633,708	2.8%	716,429	Building and construction	716,429	2.8%	633,708	2.6%
3.1%	754,043	4.1%	1,073,360	Wholesale and retail trade/hotels and restaurants	1,073,360	4.2%	754,043	3.1%
13.1%	3,197,454	12.7%	3,290,849	Property management/business services, etc.	3,251,879	12.6%	3,177,504	13.0%
5.8%	1,412,784	6.5%	1,672,566	Transport and service Industries	1,672,566	6.5%	1,412,784	5.8%
8.1%	1,969,637	7.2%	1,857,541	Public administration	1,857,541	7.2%	1,969,637	8.1%
2.9%	713,232	3.1%	799,170	Abroad and others	799,170	3.1%	713,232	2.9%
100.0%	**24,463,240**	**100.0%**	**25,902,538**	**Total deposits by sector and industry**	**25,863,568**	**100.0%**	**24,443,290**	**100.0%**
Share	**Deposits**	**Share**	**Deposits**	**Deposits distributed by geographic areas**	**Share**	**Deposits**	**Deposits**	**Share**
60.5%	14,790,757	61.6%	15,949,172	* Vestfold og Telemark	15,920,741	61.6%	14,770,807	60.4%
26.3%	6,430,733	29.4%	7,626,281	* Viken	7,615,742	29.4%	6,430,733	26.3%
12.1%	2,963,258	7.6%	1,980,753	Rest of Norway	1,980,753	7.7%	2,963,258	12.1%
1.1%	278,492	1.3%	346,333	Abroad	346,333	1.3%	278,492	1.1%
100.0%	**24,463,240**	**100.0%**	**25,902,538**	**Total deposits distributed by geographical areas**	**25,863,568**	**100.0%**	**24,443,290**	**100.0%**

* Vestfold and Telemark became a single country on 01.01.2020. At the same time Buskerud became part of Viken County. Geographical distribution has not been reworked for 2019.

Note 32 – Liabilities from the issuance of securities

Parent bank					Group			
2019		2020			2020		2019	
Amount	Average interest rate%	Amount	Average interest rate%	(NOK thousands)	Amount	Average interest rate%	Amount	Average interest rate%
-		-		Certificate debt	-		-	
8,279,389	2.26%	7,908,931	1.83%	Bond debt	7,908,931	1.83%	8,279,389	2.26%
8,279,389		**7,908,931**		**Total liabilities from the issuance of securities**	**7,908,931**		**8,279,389**	
Amount	**Share**	**Amount**	**Share**	**Bond debt distributed by maturity**	**Amount**	**Share**	**Amount**	**Share**
986,056	12%	-	0%	2020	-	0%	986,056	12%
1,997,054	24%	1,019,249	13%	2021	1,019,249	13%	1,997,054	24%
1,500,229	18%	1,500,088	19%	2022	1,500,088	19%	1,500,229	18%
1,148,830	14%	1,374,862	17%	2023	1,374,862	17%	1,148,830	14%
869,854	11%	910,651	12%	2024	910,651	12%	869,854	11%
887,888	11%	1,569,057	20%	2025	1,569,057	20%	887,888	11%
-	0%	450,310	6%	2026	450,310	6%	-	0%
833,252	10%	1,040,534	13%	2027	1,040,534	13%	833,252	10%
56,226	1%	44,180	1%	Accrued interest	44,180	1%	56,226	1%
8,279,389		**7,908,931**		**Bond debt and other long-term borrowing**	**7,908,931**		**8,279,389**	
2019		**2020**		**Liabilities distributed by significant currencies**	**2020**		**2019**	
8,279,389		7,908,931		NOK	7,908,931		8,279,389	
				Liabilities from the issuance of securities at fair value				
-		-		Valuation based on prices in an active market		-		-
2,784,981		2,824,795		Valuation based on observable market data		2,824,795		2,784,981
-		-		Valuation based on other than observable market data		-		-
2,784,981		**2,824,795**		**Liabilities from the issuance of securities measured at fair value**		**2,824,795**		**2,784,981**

Note 33 – Other liabilities and exposures

Parent bank			Group	
2019	**2020**	(NOK thousands)	**2020**	**2019**
		Other liabilities		
61,765	74,872	Pension liabilities (Note 22)	75,196	62,241
9,385	14,243	Provisions for losses on guarantees (Note 11)	14,243	9,385
20,310	18,139	Accounts payable	23,784	26,314
113,743	101,275	Other liabilities	123,445	136,438
20,103	12,889	Accruals	19,822	23,467
17,746	18,860	Holiday pay	28,676	26,973
8,332	9,231	Employer contributions	12,777	11,662
37,447	122,691	Financial derivatives (Note 26)	122,691	37,447
288,831	**372,201**	**Total other liabilities and exposures**	**420,633**	**333,927**
		Guarantees provided, etc. (agreed guarantee amount)		
257,676	160,058	Payment guarantees	160,058	257,676
318,720	302,037	Contractual guarantees	302,037	318,720
18,740	3,840	Loan guarantees	3,840	18,740
22,303	23,622	Other guarantee liabilities	23,622	22,303
617,439	**489,558**	**Total guarantees provided**	**489,558**	**617,439**
		Other liabilities		
1,773,927	1,912,627	Unutilised credit facilities	1,907,627	1,768,485
2,680,197	**2,774,386**	**Total liabilities**	**2,817,819**	**2,719,851**
		Secured debt		
263,792	869,281	Securities	869,281	263,792

Contingent liabilities

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

Note 34 – Subordinated loan capital

Parent bank			Group	
2019	**2020**	(NOK thousands)	**2020**	**2019**
		Time-limited:		
250,000	250,000	2027 3-month NIBOR + 1.50 (call option 2022)	250,000	250,000
150,000	150,000	2028 3-month NIBOR + 1.44 (call option 2023)	150,000	150,000
(1)	(1)	+ share premium/discount subordinated loans	(1)	(1)
1,469	803	Accrued interest	803	1,469
401,468	**400,802**	**Total time-limited subordinated loans**	**400,802**	**401,468**
40,000	-	2099, interest 8.25% (call option 2020)	-	40,000
142	-	+ share premium/discount subordinated loans	-	142
2,794	-	Accrued interest	-	2,794
42,936	**-**	**Total regulatory capital, perpetual**	**-**	**42,936**
444,404	**400,802**	**Total regulatory capital**	**400,802**	**444,404**
		Average interest rate NOK		
3.00%	2.39%	Average interest rate time-limited	2.39%	3.00%
8.25%	-	Average interest rate perpetual	-	8.25%

Note 35 – Interests in group companies, joint ventures and associated companies

Subsidiaries	Type	Acquired	Registered office	Ownership interest	Share of votes
EiendomsMegler 1 BV AS	Subsidiary	Jan. 2000	Nøtterøy	100%	100%
Imingen Holding AS	Subsidiary	Nov. 2006	Kongsberg	100%	100%
Larvik Marina AS	Subsidiary	Jan. 2017	Nøtterøy	100%	100%
SpareBank 1 Regnskapshuset BV AS	Subsidiary	Sept. 2012	Drammen	100%	100%
Z Eiendom AS***	Subsidiary	Jan. 2017	Nøtterøy	55%	55%

Joint ventures and associated companies	Type	Registered office	Ownership interest	Share of votes
Samarbeidende Sparebanker AS*	Joint ventures	Oslo	15.57%	10.00%
BN Bank ASA**	Associated companies	Trondheim	5.00%	5.00%
EiendomsMegler 1 Næringsmegling AS	Joint ventures	Nøtterøy	50.00%	50.00%

	Parent bank		Group		
Investments in joint ventures and associated companies	BN Bank ASA	Samarbeidende Sparebanker AS	BN Bank ASA	Samarbeidende Sparebanker AS	EiendomsMegler 1 Næringsmegling AS
Carrying amount 01.01	**105,281**	**349,663**	**206,274**	**407,247**	**2,357**
Capital increase	-	30,355	-	30,355	-
Equity adjustment	-	-	-	1,675	-
Eliminated dividend received 2020	-	-	(5,250)	(30,406)	-
Profit share 2020	-	-	17,716	83,290	135
Carrying amount 31.12	**105,281**	**380,017**	**218,740**	**492,162**	**2,492**

* Samarbeidende Sparebanker AS (SamSpar) is owned jointly by 10 participating savings banks. Please also refer to Chapter 4 of the annual report for a more detailed description of the Alliance cooperation. The Bank is represented on the board and has considerable influence in the company.

** The Bank is represented on the board and has considerable influence in BN Bank ASA.

*** The remaining 45% of Z-Eiendom AS is owned by the individual employees in the company.

Note 36 – Close associates

Loans to subsidiaries, associated companies and joint-venture companies are given at ordinary customer terms and conditions. Loans to other close associates also comply with the Bank's other customer terms and conditions.

All figures are parent bank.

	Subsidiaries, joint ventures and associated companies	
Loans (NOK thousands)	**2020**	**2019**
Loans outstanding as at 1.1.	26,408	44,672
Net lending in the period	2,907	(18,264)
Outstanding loans as at 31.12.	**29,315**	**26,408**
Interest income	707	875
Impairment of loans recognised in profit and loss	4,410	400
Deposits (NOK thousands)	**2020**	**2019**
Deposits as at 1.1.	30,040	28,217
Net lending in the period	27,121	1,824
Deposits as at 31.12.	**57,161**	**30,040**
Interest expenses	53	233
Issued guarantees	-	-

Note 37 – Earnings per equity certificate and calculation of the equity certificate fraction

Earnings per equity certificate are calculated by dividing the portion of the profit/loss for the year that is assigned to the company's equity certificate holders (minus own equity certificates) by a weighted average of the number of equity certificates over the year.

Earnings per equity certificate[1]

(NOK thousands)	**31.12.2020**	**31.12.2019**
Adjusted profit for the year		
Profit for the year in accordance with the annual financial statements	420,228	515,717
- corrected for negative goodwill	-	-
- corrected for interest on additional Tier 1 capital recognised directly against equity	-8,932	-10,783
- corrected for income recognised through profit or loss - transferred to/from FUG	6,028	-7,037
- adjusted for the implementation effect of IFRS 9	-	-
Adjusted profit for the year	**417,324**	**497,897**
Equity certificate holders' share of corrected result	228,255	279,593
Profit/loss for the year allocated to the company's equity certificate holders	228,255	279,592
Number of equity certificates issued	63,101	63,101
Earnings per equity certificate	3.62	4.43
Par value	15.00	15.00

1. Ref. Act on financial institutions and financial groups, section 10-17.

Calculation of equity certificate fraction [2]

Adjusted primary capital	**01.01.2020**	**01.01.2019**
Regulatory capital in relation to the accounts	5,016,685	4,691,873
+ fund pension adjustment IAS 19	-	-
- fund for unrealised gains (FUG)	-25,234	-9,879
- additional Tier 1 capital	-250,000	-250,000
- subordinated loan capital	-	-
- allocated dividends classified as equity	-152,705	-186,149
Total adjusted primary capital	**4,588,745**	**4,245,845**
Equity certificate fraction		
Equity certificate capital	946,501	946,516
Share premium fund	1,026,427	1,026,427
Risk equalisation fund	536,885	411,299
Total equity certificate holders	**2,509,813**	**2,384,242**
Equity certificate fraction	54.69%	56.15%

2. Ref. Act on financial institutions and financial groups, section 10-17.

Proposed dividend for 2020

(NOK thousands)	**31.12.2020**
Proposed dividend prior to publication, not recognised as distribution to the owners in the period	**119,893**
Proposed dividend per equity certificate	NOK 1.90

Note 38 – Equity certificate holders and distribution of equity certificates

Dividend policy

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

Each year's profit will be distributed proportionately between 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

Equity certificate holders

There were 4,218 equity certificate holders as at 31.12.2020 and the 20 largest were as follows:

	Quantity	%
1. SpareBank 1 Stiftelsen BV	13,642,787	21.62%
2. Sparebankstiftelsen Nøtterøy-Tønsberg	10,925,503	17.31%
3. Verdipapirfondet Eika	2,291,750	3.63%
4. Pareto Invest AS	1,532,868	2.43%
5. Landkreditt Utbytte	1,000,000	1.58%
6. Wenaasgruppen AS	907,432	1.44%
7. Melesio Capital AS	853,368	1.35%
8. Bergen Kommunale Pensjonskasse	750,000	1.19%
9. Catilina Invest AS	731,950	1.16%
10. Foretakskonsulenter AS	621,230	0.98%
11. Sanden AS	588,000	0.93%
12. SpareBank 1 Markets	434,498	0.69%
13. Hausta Investor AS	420,000	0.67%
14. JAG Holding AS	400,000	0.63%
15. Johansen Kjell Petter	372,000	0.59%
16. Salt Value AS	343,071	0.54%
17. Verdipapirfondet Nordea Norge	336,849	0.53%
18. Norgesinvestor Proto AS	300,000	0.48%
19. T. D. Veen AS	280,000	0.44%
20. Lindvard Invest AS	277,000	0.44%
Total 20 largest equity certificate holders	**37,008,306**	**58.65%**
Other equity certificate holders	**26,093,047**	**41.35%**
Total number of equity certificates (par value NOK 15)	**63,101,353**	**100.00%**

The Bank's own holdings amounted to 55.

Equity certificates held by executive personnel, the Board of Directors and Supervisory Board members

The Board of Directors:	
Finn Haugan	30,000
Heine Wang (Wang Invest AS)	27,000
Gisle Dahn *	3,200
Elisabeth Haug	2,700
Janne Sølvi Weseth	4,500
Geir Vestre	3,586
Hanne Myhre Gravdal	6,871

* General manager of the SpareBank 1 Stiftelsen BV foundation

The Supervisory Board:	
Ole Vinje	418
Bjørn Hellevammen	19,004
Iver A. Juel	274,012
Petter Bjertnæs (Pebje Holding AS)	135,135
Torben Hedegart	20,000
Vigdis Askjem	6,176
Reidun Sundal	15,094
Sindre Iversen (Espedal & Co AS)	276,877
Knut Holter	500
Bjørn Hoffstad	9,613
Kjell E. Nilsen	949
Inger Kristin Eide	1,749
Henning Pedersen	2,019
Tom Stensrud	10,319
Britt Westlin	1,511

Executive personnel:	
Rune Fjeldstad	94,928
Geir A. Hansen	9,464
Marianne Sommerro Evensen	7,574
Tonje Stormoen	9,620
Lasse Olsen	17,363
Stian Thomassen	9,370
Johan Hjerkinn	13,481

Note 39 – IFRS 16 Leases

IFRS 16 Leases was implemented with effect from 01.01.2019. The standard will primarily affect the lessee's accounting and will result in the Group's substantial leases being brought onto the balance sheet. The standard eliminates the former distinction between operational and financial leases and requires the calculation of a right-of-use asset (the right to use the leased asset) and a financial obligation to pay rent for significant leases.

IFRS 16 includes an option to omit calculating the right-of-use asset and the accompanying lease liability for leases if the lease is short-term (under 12 months) or the value of the lease of the asset is low. The Group has taken advantage of this exemption.

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

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

The lessor's accounting will remain essentially unchanged from IAS 17. The lessor will continue to recognise leases either as operational or financial leases depending on whether the lease essentially transfers risks and returns related to the ownership of the underlying asset to the lessee.

Parent bank		Balance sheet	Group	
31.12.2019	**31.12.2020**	(NOK thousands)	**31.12.2019**	**31.12.2019**
74,028	60,470	Lease liabilities	74,317	90,178
73,318	59,368	Right-of-use asset	73,075	89,311

Parent bank		Income Statement IFRS 16	Group	
31.12.2019	**31.12.2020**	(NOK thousands)	**31.12.2020**	**31.12.2019**
15,939	16,419	Depreciation	20,523	19,799
1,604	1,342	Interest	1,646	1,961
17,543	**17,761**	**Total**	**22,169**	**21,760**

		Effect of IFRS 16 vs IAS 17		
16,829	17,331	Reduction in operating expenses under IAS 17	21,645	20,887
17,543	17,761	Increase in expenses under IFRS 16	22,169	21,760
(714)	(430)	Changes in pre-tax profit in the period	(524)	(873)

Note 40 – Events after the balance sheet date

No events with a material bearing on the financial statements have occurred since the balance sheet day. Please refer to the Chapters "General framework conditions" and "Future outlook" in the Board of Directors' Report for a discussion surrounding the general uncertainty associated with the ongoing pandemic.

Corporate governance policy

In accordance with section 3-3b of the Norwegian Accounting Act, the Bank has prepared a separate report that deals with the policies and practice related to corporate governance. The report is referred to in a separate paragraph in the annual report, while the full report is published on the Bank's website.

www.sparebank1.no/nb/bv/om-oss/investor/virksomhetsstyring.html

Statement by the Board of Directors and CEO

We confirm that the annual accounts for the period 01.01.2020 to 31.12.2020, to the best of our knowledge, have been prepared in accordance with applicable accounting standards and that the information in the financial statements gives a true and fair view of the parent bank's and the Group's assets, liabilities, financial position and results as a whole and that information in the annual report provides a true and fair view of the financial performance and position of the parent bank and the Group, along with a description of the most important risk and uncertainty factors faced by the Group.

Tønsberg, 16.03.2021
The Board of Directors of SpareBank 1 BV

Finn Haugan
Chair

Heine Wang
Deputy Chair

Elisabeth Haug

Janne Sølvi Weseth

Gisle Dahn

Hanne Myhre Gravdal
Employee representative

Geir A. Vestre
Employee representative

Rune Fjeldstad
CEO

Ørjan Larsen
Chief Financial Officer

Auditor's report 2021

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To the Board of Representatives of SpareBank 1 BV

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SpareBank 1 BV, which comprise:

- The financial statements of the parent company SpareBank 1 BV (the Company), which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of SpareBank 1 BV and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. *Expected credit loss on loans and guarantees to the corporate market*

Reference is made to note 2 Accounting policies, note 3 Important estimates and assessments regarding the use of accounting policies, note 8 Loans to and receivables from customers, note 11 Impairment of loans, guarantees etc. and the Board of Directors' annual report, paragraph Impairments and impairment provisions.

The Key Audit Matter	*How the matter was addressed in our audit*
Expected credit loss on loans and guarantees to the corporate market that are not credit-impaired amounts to MNOK 65,0 for the Company and MNOK 65,0 for the Group as of 31 December 2020. Expected credit losses on loans and guarantees to the corporate market that are credit-impaired amounts to MNOK 52,3 for the Company and MNOK 43,8 for the Group as of 31 December 2020. IFRS 9 requires that the Group recognise expected credit loss equal to 12-month expected credit losses for loans and guarantees that doesn't have a significant increase in credit risk (stage 1), and lifetime expected credit loss for loans and guarantees that has a significant increase in credit risk (stage 2). The Group apply models for calculating expected credit loss for stage 1 and 2. The models are complex and includes large amounts of data. At the same time, management exercise judgement, particularly related to the following parameters; • Probability of default (PD) • Loss given default (LGD) • Exposure at default (EAD) • Definition of significant increase in credit risk • Weighing of different forward-looking macroeconomic scenarios. For loans and guarantees where there is significant increase in credit risk and where the engaement is credit-impaired (stage 3), the Group calculates the lifetime expected credit loss based on an individual assessment. Determining the expected credit loss entails a high degree of management judgment. Key factors in management's assessments are: • identification of credit-impaired loans and guarantees • assumptions for determining the size of expected cash flows, including valuation of collaterals. There is an increased inherent risk when calculating ECL as of 31 December 2020 due to increased estimation uncertainty as a result of COVID-19.	We gained an understanding of the Groups definitions, methods and control procedures for measuring and recognition of expected credit loss. We have also formed an understanding of how management has assessed and handled the increased estimation uncertainty as a result of COVID-19 We have obtained an assurance report with reasonable assurance (ISAE 3000) from an independent auditor which has evaluated: • whether PD, LGD and EAD included in the model are calculated correctly • whether data input used in the model is correct, and • whether the model calculating expected credit losses are in accordance with the requirements in IFRS 9. We have assessed the independent auditor's competence and objectivity. We have, with assistance from our specialist, evaluated the reports results in order to assess possible deviations and consequences for our audit. We have further conducted our own procedures in order to test the completeness and accuracy of data input in the model calculated expected credit loss. In order to challenge management's judgements and parameters that have been used in the calculation of the expected credit loss for stage 1 and 2, we have; • Assessed the applied definition of significant increase in credit risk and weighing of different scenarios. • Assessed model-calculated expected credit losses against comparable banks We have assessed the reasonableness of management's overlays related to the COVID-19 consequences. For a selection of credit-impaired loans and guarantees, we have challenged management's judgment by assessing the size of cash flows and testing the valuation of collaterals against internal and external valuations.

Based on the size of the gross lending, inherent credit risk, complexity of the models and degree of management judgment, we consider the expected credit losses to be a key audit matter.	We have challenged management's process for identifying credit-impaired loans and guarantees by developing our own view on loans and guarantees that are credit impaired by using external credit information and other available public information. We assessed whether note disclosures related to IFRS 9 and ECL was sufficient in accordance with the requirements of IFRS 7.

2. *IT-systems and application controls*

The Key Audit Matter	*How the matter was addressed in our audit*
The Group is dependent on the IT infrastructure in the financial reporting. The Group uses a standard core system delivered and operated by an external service provider. Sound governance and control over the IT systems is critical to ensure accurate, complete and reliable financial reporting. Furthermore, the IT systems support regulatory compliance for financial reporting to authorities, which is central to licensed businesses. The system calculates interest rates on borrowing and lending (application controls) and the Group's internal control systems are based on system-generated reports. Due to the importance of the IT systems for the Group's operations, the IT environment supporting the financial reporting process is considered a key audit matter.	In connection with our audit of the IT-system in the Company, we have gained an understanding of the control environment and tested that selected general IT controls are functioning as intended and support important application controls. In our control testing, we have focused on access management controls. The independent auditor of the external service provider has assessed and tested the effectiveness of internal controls related to the IT systems outsourced to external service provider. We have obtained the attestation report (ISAE 3402) from the independent auditor to evaluate whether the external service provider has satisfactory internal control in areas of significant importance to the Group. We have assessed the independent auditor's competence and objectivity, as well as evaluated the report in order to assess possible deviations and consequences for our audit. We have requested the independent auditor of the service provider to test a selection of standard reports and application controls in the core-system to assess whether: • standard system reports contain all relevant data, and • the application controls, including controls related to interest rate-, annuity- and fee calculations, is functioning as intended. We have inquired management regarding their evaluation and review of the independent auditor’s attestations report, in order to evaluate if findings are sufficiently followed up. We have used our IT audit specialist in the work to understand the control environment, test controls and examine the reports.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s and the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the

Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 16 March 2021
KPMG AS

Svein Arthur Lyngroth
State Authorised Public Accountant

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

Further facts about our sustainability work

Climate and sustainability risk

REPORTING ON TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

a) Describe the board's oversight of climate-related risks and opportunities:

The Board of Directors' role:
- The Board plays a participatory role and has insights into climate and sustainability risk. See the sustainability policy under "Sustainability" on our website for a more detailed explanation of the Board's role.

The Board of Directors has:

- Approved the sustainability strategy
- Approved the climate targets and measures in the strategy
- Approved a structure for the annual revision of the sustainability strategy (including the climate goals) and the structure for reporting on sustainability and the climate

Climate and sustainability risk has been a topic in two board meetings.

The Board of Directors has gained an insight into:

- The TCFD framework
- Climate scenarios based on the Network for Greening the Financial System and the general implications of these
- A description of how scenario analyses will be conducted in the Alliance in order to better manage climate risk among customers
- A situational analysis of sustainability and the climate – opportunities and risks

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term:

The Group assessed sustainability risks and opportunities as part of the strategy work in 2020. We determined that the Bank may be exposed to climate risk mainly through loans to the corporate market. The Bank is exposed to sustainability risk, although it also has great opportunities to have positive impacts within property (both projects and rental) where the Bank has collateral in real estate. The Bank needs better data in order to obtain a better picture of both the climate risks and opportunities, with a particular focus on how energy efficient and exposed to the climate the commercial buildings in the loan portfolio are.

Physical climate risk could primarily have an impact in the long term (generally 10+ years), for example in relation to commercial properties or homes located in places at increased risk of flooding due to rain, landslides or storm surges.

In the medium to long term, the Bank may experience higher credit risk due to the risk of not finding new tenants for properties increasing. For example: a borrower rents out a building with a low technical standard that does not satisfy the sustainability and climate requirements of the rental market in the future. In these circumstances, if the borrower has not set aside sufficient funds to upgrade the building such that it satisfies the requirements of potential new tenants, the building could be left standing empty, and the Bank's collateral could be substantially weakened.

Our loan portfolio has a relatively small carbon footprint. The estimated emissions are greatest in the industry, transport and property project segments and emissions intensity is highest in the first two of these. However, the Bank is relatively underexposed in relation to loans to industry and transport

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

a) Describe the organisation's processes for identifying and assessing climate-related risks:

At an overarching level and operational risk:
Special working groups identify and systemise potential sustainability and climate risk for each of the Group's key business areas (retail market, corporate market, finance, accounting services, estate agency, and internal operations).

In the loan portfolio:
The head of risk management and the head of sustainability have conducted an overarching risk analysis of physical climate risk and transition risk for the industries in our loan portfolio, based on the two-digit NACE code. This has provided us with a provisional overview of our climate risk. Both physical climate risk and transition risk have been assessed in this work. Within transition risk we assess political and legal risk, reputational risk, market risk and climate driven technological innovation. We arrive at the climate risk by assessing likelihood, vulnerability and exposure.

Customer advisers are involved in the above-mentioned risk analyses. This results in the staff who interact with customers in their day-to-day work building up knowledge about the issue, while at the same time contributing first-hand knowledge about customers to the analysis.

The SpareBank 1 Alliance assesses both internal and external solutions for modules that help advisers assess a loan's sustainability risk. The Bank's head of sustainability led the work.

At a customer level:
A more systematic approach to dialogue with customers in both the retail and corporate markets on sustainability and climate risk

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process:

For a complete overview of our goals and measures within climate risk, see our sustainability policy.

The Group aims to cut greenhouse gas emissions per unit of value creation from the Group's operations by 7% per year from 2020 levels and do the same for the loan portfolio in line with the science-based 1.5°C target in the Paris Agreement. We depend on input factors that, for the time being, do not have zero emissions. The remaining emissions from operations, as well as any difference between the cuts achieved in the loan portfolio and the target for that year, are offset by purchasing high-quality climate quotas or, if possible, investing the equivalent amount in local climate projects.

The Group uses the Eco-Lighthouse environmental management system and is certified according to the banking and finance criteria. See the Annual Report, Chapter "Sustainability", Section "The frameworks we comply with" for details. The Bank has published estimated emissions from the corporate loan portfolio (Scope 3) in this annual report, although it stresses that the estimates are based on aggregated sector figures for Norway not specific data obtained from our loan customers.

In the situational analysis for the sustainability strategy, as well as in risk assessments for selected loan cases, the Group has used the industry-level climate scenario analyses developed by the CICERO Centre for International Climate Research as part of the Sustainable Edge project, which the Group participated in through SamSpar. The analysis is at the two-digit NACE code level.

The Group has signed up to the UN Principles for Responsible Banking and conducted an impact compared with the Bank's total percentage of Norwegian loans. Relative overexposure exists in relation to property projects as well as building and construction, which both have emissions and transition risk, although on the other hand there is also relative overexposure in relation to property operation, which involves very low direct emissions. The Bank has no direct loan exposure to fossil energy production.

In the short and medium term, the Bank is exposed to transition risk related to electrification and the transition to zero-emission operations in several industries the Bank has little exposure to individually, but which together constitute an important share of the loan portfolio: building and construction, transport, operating companies and agriculture. There may also be business opportunities within financing here.

We also see potential for increased demand for green loans and ESG in capital management.

and opportunities has commenced.

New products/services:
ESG factors, where climate is an important factor prior to the launch of new products, processes and services, have been implemented in the policy for new and changed products, solutions and processes. Assessing ESG factors is a mandatory part of the routines. This applies to both products developed in-house and products the Bank receives from SpareBank 1 Utvikling.

analysis. It shows that our main impacts are within the climate, resource security and waste.
In 2021, we will ensure that the results of the analysis are in line with the sustainability strategy's goals and initiatives.

Governance

b) Describe management's role in assessing and managing climate-related risks and opportunities:

Responsibility for incorporating climate and sustainability risk into the Group's overall risk management lies with the head of sustainability, in cooperation with the head of risk management.

The executive management team has set the overarching ambitions and is monitoring the work closely. They discussed the issue in several meetings in 2020. Climate and sustainability risk were an important element in the discussions on the sustainability strategy.

All board matters are discussed in advance by the executive management team.

Strategy

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning:

One of the Group's UN Sustainable Development Goals is SDG 13: Climate action. The work is anchored in the sustainability strategy, the sustainability policy, the credit policy and the guidelines for distributing securities funds.

We have signed the UN Principles for Responsible Banking, and the sustainability strategy includes, among other things, measures to help retail and corporate customers in the climate change transition, through both reducing emissions and climate adaptation.

Together with the industry, SpareBank 1 BV is complying with the recommendations in the Roadmap for Green Competitiveness in the Norwegian Financial Sector, which was launched in June 2018. The Group aims to achieve the targets in the roadmap in this strategy period (2021-2023) despite the deadline for achieving the roadmap's targets being 2030.

Risk management

b) Describe the organisation's processes for managing climate-related risks:

In cooperation with the head of sustainability, the corporate marketing division has looked at which industries are the most carbon-intensive. This overview is used to see which industries will experience the biggest changes in the future and where the greatest transition risk is likely to be.

Commercial buildings that are Swan ecolabelled or BREEAM certified ("Paris-proof") can get more favourable borrowing terms and conditions. The Bank offers green mortgages. Both of these measures are expected to contribute to reducing climate risk in the applicable loan portfolios in the long term.

Operational risk:
The Bank is Eco-Lighthouse certified according to the industry rules for banking and finance, and climate accounts are being prepared. The Bank feels that it has the operational risk associated with the climate under control.

Metrics and targets

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks:

For climate accounts for Scope 1-3, excluding emissions from our suppliers, from loans, and from the fund portfolio: See the Appendix "Energy and climate accounts 2020" in the Annual Report.

A preliminary calculation has been made for Scope 3, the loan portfolio in the corporate market, see the Appendix "Calculations of carbon-related credit exposure by industry" in the Annual Report.

SpareBank 1 BV does not perform its own fund management instead it distributes funds from other providers. The emissions from the fund portfolio have not been calculated yet.

As far as other suppliers are concerned, a large part of the supply chain is handled centrally in SpareBank 1 Utvikling and suppliers beyond this are not regarded as being material in nature.

Strategy

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario:

Work on scenario analyses has started. So far, we have based it on some scenarios from the Network for Greening the Financial System (see the figure below):
"Orderly Scenario": with steady high transition risk and low physical climate risk; "Disorderly scenario": with sudden transition; and "Hot house world": with low transition risk and high physical climate risk.

The Bank initiated a common learning process for implementing TCFD in the SpareBank 1 Alliance. Common climate scenarios will be put together in 2021.

Overall, the Bank's market area has relatively low physicalclimate risk in an internationalcontext.

The analysis results show that the Group is:

- in the short term exposed to transition risk in segments that use fossil vehicles (machines)
- in the short and medium term exposed to limited physical climate risk.
- in the medium term exposed to transition risk linked to technology development and market changes (e.g. whether premises meet environmental requirements or whether you have the money to upgrade in line with environmental requirements)
- in the long term exposed to somewhat greater physical climate risk (in particular for loans to property rental projects).

Risk management

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management:

Sustainability, and more specifically climate risk, is a separate priority area for the Group in its overarching strategy for 2021-2023, which is also reflected by the establishment of a dedicated sustainability policy. Sustainability and climate are also integrated into the Bank's credit policy and its guidelines for distributing securities funds.

Responsibility for incorporating climate and sustainability risk into the Group's operational activities and comprehensive risk management lies with the head of sustainability, in cooperation with the head of risk management.

Climate has been integrated into the annual assessment of sustainability risks.

It is, therefore, felt that processes for identifying, assessing and managing climate-related risks have been well integrated into the Group's overall risk management, although this will remain a focus area going forward. We view it as an important area of our risk management and, therefore, pay a lot of attention to the issue.

Metrics and targets

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets:

The loan portfolio's greenhouse gas emissions are estimated, and in 2021 the industries and individual customers with the highest emissions will be mapped. The Bank differentiates mortgage pricing based on energy efficiency.
Activities that involve a particularly high risk of environmental harm, including climate risk, will not be granted loans.
In line with the Eco-Lighthouse's banking and finance criteria, targets, measures and exclusions are evaluated annually.

As part of the sustainability strategy, targets will be set for income from low carbon products and services, and the taxonomy proportion of credit within the retail and corporate markets.

Climate and sustainability risk will be a key subject on several levels in the Group's skills development.

SCENARIOS \ INDUSTRIES	PROPERTY PROJECT	PROPERTY RENTAL	INDUSTRIES THAT USE FOSSIL VEHICLES TODAY (TRANSPORT, BUILDING & CONSTRUCTION, OPERATING COMPANY)
ORDERLY	**Higher carbon price**/cost for emissions. **Expectations regarding shifting** to renewable energy only in new building standards. **Requirements for lifecycle mindset** in the building process increases costs.	**Higher requirements** in the building industry results in more expensive housing. Higher prices potentially result in fewer customers. **Changed consumer preferences** result in increased maintenance costs. **Requirement for older buildings** concerning renovation results in increased costs.	**Higher carbon price**/cost for emissions. **Higher requirements** in different industries results in exclusion or higher prices. For example requirements regarding zero-emission operations on building sites. **Changed consumer preferences** result in greater pressure to shift to energy efficiency and electrification
DISORDERLY	**Rapidly rising costs** for emissions (carbon price) for, for example, materials after 2030. **Requirements for new types of technology**/materials in the building results in increased costs. **Strong government means** are adopted to turn the trend, which cannot be fulfilled or result in very high price. **Reputational risk** if one does not adapt to regulatory requirements. **Compensation requirements** because of environmental impact	**Strong government means** are adopted to turn the tide, the industry cannot fulfil or the price is very high. **Changed consumer preferences** because of the government's requirements can result in the loss of customer groups. **Prohibition** against use of technical solutions for example, heating, materials, etc. results in increased costs. **Reputational risk** if one does not adapt to regulatory requirements.	**Strong means**, the industry cannot fulfil or the price is very high. **Changed consumer preferences** because of the government's requirements or climate can result in loss of customer groups.
HOT WORLD	**Extreme weather** makes development harder and more uncertain. Also sets higher requirements that in turn result in higher costs. **Serious climate change**, basis for activities disappears. No snow for slopes or cross-country trails. **Restrictions on travel activities** or obstacles due to impact on the infrastructure.	**Extreme weather** makes development harder, which results in fewer rental objects. **Serious climate change**, basis for activities disappears. No snow for slopes or cross-country trails. **Restrictions on travel activities** or obstacles due to impact on the infrastructure. **Maintenance costs** rise sharply because of extreme weather.	**Extreme weather** can damage roads and charging infrastructure, and hinder supply chains for components for vehicles. **Natural disasters** can increase amount of work for machinery operators.

SpareBank 1 BV

The purpose of this report is to provide an overview of the Group's greenhouse gas (GHG) emissions, which is an integral part of an overall climate strategy. Climate accounts are an important tool in the work on identifying specific measures for reducing your energy consumption and the associated GHG emissions. This annual report enables the organisation to measure its key figures and thus evaluate itself over time.

The report includes all of the activities of SpareBank 1 BV, the Group and the branches.

The information used in climate accounts is obtained from both external and internal sources and is converted into tonnes of CO2 equivalents (tCO2e). The analysis is based on the international standard "A Corporate Accounting and Reporting Standard", which was developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). This is the most commonly used method worldwide for measuring greenhouse gas emissions. ISO standard 14064-I is based on it.

Reporting Year Energy and GHG Emissions

Emission source	Description	Consumption	Unit	Energy (MWh)	Emissions tCO_2e	% share
Transportation total				**53.4**	**12.9**	**6.9 %**
Petrol		5,491.8	liters	52.7	12.7	6.8 %
Diesel (NO)		68.7	liters	0.7	0.2	0.1 %
Scope 1 total				**53.4**	**12.9**	**6.9 %**
Electricity total				**2,180.2**	**89.4**	**47.8 %**
Electricity Nordic mix		2,180,233.6	kWh	2,180.2	89.4	47.8 %
DH Nordic locations total				**441.7**	**11.3**	**6.0 %**
District heating Norway mix		441,693.0	kWh	441.7	11.3	6.0 %
Electric vehicles total				**9.5**	**0.4**	**0.2 %**
Electric car Nordic		9,538.0	kWh	9.5	0.4	0.2 %
Scope 2 total				**2,631.5**	**96.2**	**54.1 %**
Waste total				**-**	**12.0**	**6.4 %**
Residual waste, incinerated		22,777.0	kg	-	11.4	6.1 %
Paper waste, recycled		19,218.0	kg	-	0.4	0.2 %
Glass waste, recycled		319.0	kg	-	-	-
Metal waste, recycled		165.0	kg	-	-	-
Organic waste, recycled		4,346.0	kg	-	0.1	-
Plastic waste, recycled		408.0	kg	-	-	-
EE waste, recycled		976.0	kg	-	-	-
Wood waste, recycled		358.0	kg	-	-	-
Business travel total				**-**	**60.9**	**32.6 %**
Mileage all. el car Nordic		27,952.0	km	-	0.2	0.1 %
Continental/Nordic, RF		3,324.0	pkm	-	0.5	0.3 %
Intercontinental, RF		5,800.0	pkm	-	1.1	0.6 %
Nordic, RF		10,649.0	pkm	-	-	-
Mileage all. avg. car		344,983.0	km	-	59.1	31.6 %
Scope 3 total				**-**	**72.9**	**39.0 %**
Total				**2,684.9**	**186.8**	**100.0 %**
KJ				**9,665,646,242.4**		

Reporting Year Market-Based GHG Emissions

Category	Unit	2020
Electricity market-based	tCO_2e	573.4
Scope 2 market-based	tCO_2e	585.1
Total market-based	tCO_2e	670.8

In 2020, SpareBank 1 BV’s total greenhouse gas emissions amounted to 186.8 tCO2e. One important reason for the substantial reduction in emissions was less demand for transport and business travel due to travel restrictions because of Covid-19, and less waste, electricity consumption and district heating use due to mandatory working from home for parts of 2020.

Transport: Actual consumption of fossil fuels by the Group’s vehicles (owned, rented, leased). The use of diesel (B5) and petrol in 2020 accounted for emissions equivalent to 12.9 tCO2e. This is a 3.9 tCO2e reduction since 2019. SpareBank 1 BV has had a technical error in its reporting system that resulted in under-reporting the use of electric cars and over-reporting for fossil cars in 2019 and 2020. This will be adjusted in the future.

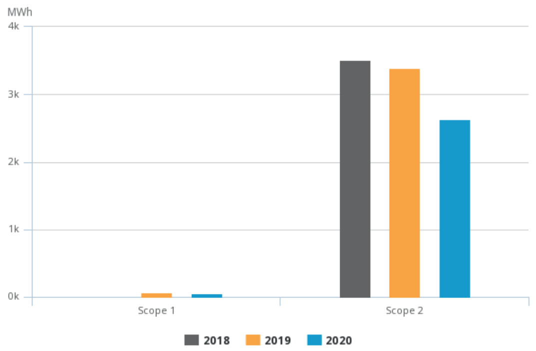
Electricity: Measured electricity consumption in leased premises/buildings. The table shows GHG emissions from electricity calculated using the location-based emission factor Nordic mix. The emissions from electricity were equivalent to 89.4 tCO2e and accounted for 54% of total emissions in 2020. This represents a reduction of 12.7 tCO2e since 2019.

District heating: Measured electricity consumption of district heating in leased premises/buildings. Emissions from district heating were equivalent to 11.3 tCO2e and accounted for 6% of total emissions in 2020.

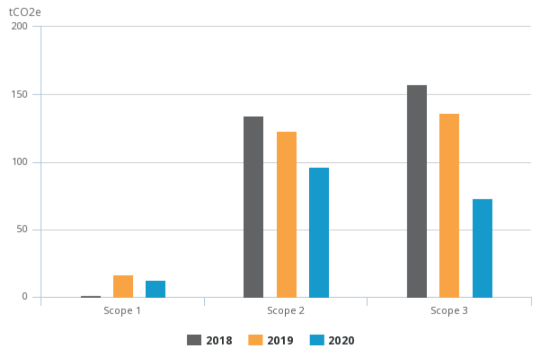
Air travel: Total emissions from flights dropped by 80% compared with 2019 and accounted for 1.6 tCO2e in 2020. Covid-19 was a key factor behind the very limited travel activity in 2020.

Km allowance: In 2020, km allowances were paid for a total of 344,983 km driven using a diesel/petrol car. This results in emissions of 59.1 tCO2e and accounted for 32% of total emissions. The km allowance paid for electric cars totalled 27,952 km, which results in 0.2 tCO2e of emissions.

Annual energy consumption (MWh) Scope 1 & 2



Annual GHG emission per scope



Annual Market-Based GHG Emissions

Category	Unit	2018	2019	2020
Electricity market-based	tCO_2e	655.2	533.9	573.4
Scope 2 market-based	tCO_2e	687.4	554.4	585.1
Total market-based	tCO_2e	846.4	707.7	670.8
Percentage change		**100.0 %**	**-16.4 %**	**-5.2 %**

Annual Key Energy and Climate Performance Indicators

Name	Unit	2018	2019	2020	% change from previous year
Scope 1 + 2 emissions (tCO2e)		135.6	139.4	113.9	-18.3 %
Total emissions (s1+s2+s3) (tCO2e)		293.2	275.9	186.8	-32.3 %
Total energy scope 1 +2 (MWh)		3,517.6	3,451.8	2,684.9	-22.2 %
kg CO2e (s1+s2+s3)/årsverk		875.0	799.6	543.1	-32.1 %

Annual GHG Emissions

Category	Description	2018	2019	2020	% change from previous year
Transportation total		**1.4**	**16.8**	**12.9**	**-23.3 %**
Petrol		0.5	16.2	12.7	-21.4 %
Diesel (NO)		0.9	0.6	0.2	-74.7 %
Scope 1 total		**1.4**	**16.8**	**12.9**	**-23.3 %**
Electricity total		**102.0**	**102.1**	**89.4**	**-12.4 %**
Electricity Nordic mix		102.0	102.1	89.4	-12.4 %
DH Nordic locations total		**32.1**	**18.8**	**11.3**	**-36.9 %**
District cooling NO/Arendal		0.7	1.2	-	-100.0 %
District heating Norway mix		31.5	17.6	11.3	-36.0 %
Electric vehicles total		**0.1**	**1.8**	**0.4**	**-78.0 %**
Electric car Nordic		0.1	1.8	0.4	-78.0 %
Scope 2 total		**134.2**	**122.6**	**101.0**	**-17.6 %**
Waste total		**13.8**	**15.2**	**12.0**	**-21.3 %**
Residual waste, incinerated		13.0	14.2	11.4	-19.6 %
Paper waste, recycled		0.6	0.8	0.4	-48.7 %
Glass waste, recycled		-	-	-	-54.9 %
Metal waste, recycled		-	-	-	-59.9 %
Organic waste, recycled		0.1	0.1	0.1	-30.5 %
Plastic waste, recycled		-	-	-	-29.8 %
EE waste, recycled		-	-	-	510.0 %
Wood waste, recycled		-	-	-	-47.4 %
Residual waste, recycled		0.1	-	-	-100.0 %
Plasterboard waste, recycled		-	-	-	-100.0 %
Business travel total		**143.7**	**121.3**	**60.9**	**-49.7 %**
Mileage all. el car Nordic		0.4	0.1	0.2	44.6 %
Continental/Nordic, RF		10.4	3.5	0.5	-85.3 %
Intercontinental, RF		-	4.5	1.1	-75.6 %
Nordic, RF		22.4	-	-	-
Mileage all. avg. car		110.5	113.1	59.1	-47.7 %
Scope 3 total		**157.6**	**136.5**	**72.9**	**-46.6 %**
Total		**293.2**	**275.9**	**186.8**	**-32.3 %**
Percentage change		**100.0 %**	**-5.9 %**	**-32.3 %**	

Calculations of carbon-related credit exposure by industry

Industry	Total loans to industry in Norway (NOK millions)[1]	Total emissions to air (1,000 tCO2e)[2]	CM portfolio's share (%) of Norwegian loans	Calculated emissions from the Bank's CM portfolio (1,000 tCO2e)	BV emission intensity tCO2e per NOK million of lending
Real estate, renting and business activities*	663,013	103	0.8%	0.9	0.2
Real estate development**	132,477	1,348	1.1%	14.2	10.2
Building and construction work beyond real estate development**	44,970	564	1.3%	7.3	12.5
Wholesale and retail trade, repair of motor vehicles	66,870	1,067	0.8%	8.4	16.0
Other service activities	45,378	389	0.9%	3.5	8.6
Professional and financial services	87,604	-	0.4%	0.0	0.0
Industry***	78,841	6,757	0.3%	22.3	85.7
Agriculture	54,561	557	0.4%	2.1	10.2
Transportation and storage****	60,216	7,104	0.3%	18.5	118.0
Electricity, gas, steam and air conditioning supply	48,926	1,590	0.3%	4.5	32.5
Information and communication	21,084	11	0.4%	0.0	0.5
Forestry	4,415	31	1.5%	0.5	7.0
Accommodation and food service activities	17,563	62	0.4%	0.2	3.5
Total	**1,325,918**	**19,583**	**0.7%**	**82.4**	**8.4**

[1] Source: Statistics Norway, Table 08116: "Financial corporations. Loans, by borrower industry" up to and including November 2020, updated 08.01.2021
[2] Source: Statistics Norway, Table 09288: "Greenhouse gases from Norwegian economic activity, by industry and pollutant" (2019), updated 04.11.2020

Method
The calculation is based on how large a proportion of the total lending of Norwegian banks and financial institutions SpareBank 1 BV accounts for in the individual industries. This proportion is then multiplied by total emissions (CO_2e) in the individual industry.

Assumptions
The estimate assumes that the borrowing requirements of each industry are equally distributed across the country and that the emission intensity of each industry is equally distributed across the country. Therefore, the model does not take into account regional differences in borrowing needs and emission intensity. The Bank may be both under-represented and over-represented in some industries.

Use of the results
The model provides a rough estimate of carbon-related credit exposure and carbon intensity in the industries to which the Bank lends money. The method is not precise enough to be used as a basis for comparisons with other banks.

Clarifications regarding industry allocation
The extraction of crude oil and natural gas and associated services, aviation and international shipping are excluded since the Bank has no exposure to these industries.

* Real estate, renting and business activities: Allocated emissions from heating of commercial buildings.
** Real estate development/building and construction work: Emissions related to building and construction are distributed between these industries by volume of loans.
*** Industry: Oil refining is excluded because the Bank has no exposure to the industry.
**** Transportation and storage: Domestic shipping is excluded because the Bank has no exposure to the industry.

Stakeholder engagement

Overview of significant elements of our stakeholder engagement in 2020

	MEETING PLACE	THEME	FOLLOW-UP
CUSTOMERS	• Customer and market surveys • Expectation surveys • Digital and physical channels • Webcasts and webinars	• How the group and activities are perceived by our customers • Customer satisfaction dropped slightly between 2019 and 2020 • Good digital solutions, responsible advice, local presence • Covid-19: interest-only periods, travel insurance, faster interest rate changes (RM), government loan guarantees and compensation schemes (CM)	• We must be learning, engaged and close • Immediate answers to questions
EMPLOYEES	• Management meetings, general meetings, departmental meetings • Annual organisational surveys and employee appraisal and performance interviews • Cooperation with trade unions • Departmental sustainability meetings • Manager and employee development	• Cooperation, engagement, working environment and well-being • Development and involvement • Sustainability issues • Need to improve internal expertise on sustainability	• Various departmental measures , see the different chapters in *Our main social and sustainability issues*
OWNERS INVESTORS	• Information meetings, investor presentations, themed presentations • Supervisory Board meetings • Stock exchange announcements and quarterly reports • Website	• Financial results, credit quality, strategic direction, return on equity certificate, dividend, results on score and ratings	• Interim result presentations targeted at existing owners, analysts and potential new investors
FOUNDATIONS	• Physical meetings • Email	• Dialogue about formulating criteria for awarding grants • Dialogue concerning PAH requirements for artificial turf pitches and playgrounds	• Sustainability criteria for awarding grants • Bank's grants to sustainability projects • Pilot project for green industry in Kongsberg
SUPPLIERS	• Email • Meetings	• Dialogue surrounding tenders • Follow-up of sustainability guidelines	• Clarification of what our sustainability requirements include
SPAREBANK 1 SISTER BANKS	• Digital meetings • Savings and investment committee (SIC) • Communication committee • Email	• Operationalisation of ESG assessments • Climate risk and TCFD reporting • EU taxonomy for sustainable activities • Guidelines for fund management, ESG labelling scheme for securities funds • Ethics and sustainability in purchasing • Experience from Eco-Lighthouse certification	• Expert group on sustainability established to support SIC, our bank took part • Forum for sustainability forwards issues of common interest to the Alliance and asks about specific measures.
AUTHORITIES	• Ministry of Finance, Financial Supervisory Authority of Norway, Norwegian Data Protection Authority, Innovation Norway • Corporate health service	• Operations • Questions and reporting regarding privacy and money laundering • Growth guarantee scheme • Sick leave, health promotion work	• Compliance with laws and regulations, including collecting proof of identity and updated information about customers • Growth guarantee for local SMEs in the area of sustainability • Improvement measures for reduced sick leave
CAPITAL MARKET	• SIC	• ESG issues linked to some companies and funds. • Follow-up of ESG in fund distribution.	• Common guidelines for SpareBank 1 revised • Process started for following up fund distribution in the SpareBank 1 Alliance • Engagement has resulted in managers having sold their holdings in some companies
RATING AGENCIES ANALYSTS	• Email • Digital meetings	• Briefing on the group's sustainability strategy, with a focus on the implications for credit quality.	• Recently completed, has not been any follow-up yet
COMPETITORS	• Different meetings places with other banks within areas of common interest to the industry (via, among others, Finance Norway, FinAut and VFF)	• Framework conditions for the banking industry. • EU taxonomy • Training needs within sustainability	• Cooperation on input for the development of detailed criteria for the implementation of the EU taxonomy • Contribution to source data for the impact analysis for Norwegian banks • Development of training requirements for sustainability for ac in the retail market within savings and investments
STAKEHOLDER ORGANISATIONS	• Written communication with NGOs • Digital meetings with, among others, the Norwegian Green Building Alliance, Zero, and Global Compact Norway • UNEP FI • Finance Sector Union of Norway • LO Finans	• Information about the ability to apply for funds from foundations targeted specifically at sustainability issues • BREEAM and the EU taxonomy • Clarification of role of UN Global Compact in the Norwegian financial services sector • Alternatives to purchasing quotas for climate neutrality	• Any applications to the foundations for grants for sustainability purposes • Process for coordinating EU requirements with BREEAMs
ACADEMIA	• Meetings and lectures • Emails • University of South-Eastern Norway (USN), Norwegian School of Economics (NHH)	• Our approach to sustainability • Our experience with the sustainability initiative • How a company should work with sustainability	• Improvements to our sustainability reporting • We attach great importance to academia and research. Participated, via SamSpar, in the "Sustainable Edge" research project with Cicero
SOCIETY AS A WHOLE	• Local chambers of commerce and business networks • Different conferences • Education environments and schools in the market area • The Student Welfare Organisation of Southeast Norway • Entrepreneurial environments in the market area • Miscellaneous meeting arenas with sports teams and associations	• The connection between sustainability and local business development • Opportunities for cooperation on the Business Barometer for our market area • Cooperation with the University of South-Eastern Norway • Cooperation opportunities with startup environments • Improving young people's understanding of personal finances • The Bank as a local supporter, contributor and source of inspiration.	• Co-arranger of seminars and conferences • Employed a student from USN to work on sustainability • Cooperation agreement with Kongsberg Innovation, support for Gründeriet (Sandefjord), continuation of cooperation with Silicia • Swap weekend • Information seminars and other events

GRI index

From 2020 onwards, the Group reports in line with the Global Reporting Initiative (GRI), the leading standard for reporting on sustainability. The GRI standard consists of principles, guidance and result indicators that companies can use to measure and report on financial, environmental and social conditions (see www.globalreporting.org for more information). Where relevant, the Group's GRI reporting is linked to its compliance with the UN Principles for Responsible Banking (PRB), the Group's compliance with the ten principles of the UN Global Compact (GC), and the UN Sustainable Development Goals (SDG) the Group is specifically focusing on.

GENERAL DISCLOSURES						
GRI indicator	**Description**	**Principles for Responsible Banking (PRB)**	**UN Global Compact (GC)**	**UN Sustainable Development Goal (SDG)**	**SpareBank 1 BV's reporting 2020**	**Partial reporting 2020**
Organisational profile						
102-1	Name of the organisation	1.1			SpareBank 1 BV	
102-2	Primary brands, products, and services				Annual Report, Chapter 4: "The Bank and its activities", Section "Strategic and financial targets" and Chapter 6: "Business areas"	
102-3	Location of the organisation's headquarters				Annual Report, Chapter 4: "The Bank and its activities", Section "Strategic and financial targets"	
102-4	Number of countries where the organisation operates				SpareBank 1 BV operates in Norway only. Annual Report, Chapter 4: "The Bank and its activities", Section "Strategic and financial targets"	
102-5	Ownership and legal form				Annual Report, Chapter 10: "Board of Directors' Report", Section "Corporate governance" and Chapter 16: "Corporate governance"	
102-6	Markets served				Annual Report, Chapter 4: "The Bank and its activities", Section "Strategic and financial targets"	
102-7	Scale of the organisation				Annual Report, Chapter 2: "Key figures" and "Annual financial statements"	
102-8	Total number of employees by employment contract (permanent and temporary), by gender				Annual Report, Chapter 5: "Employees", see Table	Number of employees per contract type has not been broken down by region.
102-9	Supply chain				Annual Report, Chapter 7: "Sustainability", Section "Sustainable purchasing"	

102-10	Significant changes to the organisation's size, structure, ownership, or supply chain.				First time reporting in 2020	
102-11	Whether and how the organisation applies the Precautionary Principle or approach		GC 7		Annual Report, Chapter 7: "Sustainability", Section "Responsible lending"	
102-12	A list of externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses			SDG 17	Annual Report, Chapter 7: "Sustainability", Section "Our contributions to the global effort"	
102-13	A list of the main memberships of industry or other associations, and national or international advocacy organisations			SDG 17	Finance Norway. Annual Report, Chapter 7: "Sustainability" and Chapter 19: "Further facts about our sustainability work", Appendix "Stakeholder engagement"	
Strategy						
102-14	A statement from the CEO	1.2			Annual Report, Chapter 3: "CEO"	
102-15	Key impacts, risks, and opportunities	2.1-4, 3.1-2		SDG 11.a, 13.1 and 13.a	Annual Report, Chapter 7: "Sustainability", Figure "Framework for our sustainability work", Section "Responsible lending" and Chapter 19: "Further facts about our sustainability work", Appendix "Climate and sustainability risk"	
Ethics and integrity						
102-16	Values, principles, standards, and norms of behaviour		GC 10	SDG 8.3 and 9.2	Annual Report, Chapter 4: "The Bank and its activities", Section "Strategic and financial targets" and Chapter 7: "Sustainability", Section "Ethics and anti-corruption". Our Code of Conduct is available from our website: https://www.sparebank1.no/nb/bv/om-oss/barekraft/retningslinjer-og-rammeverk/sosiale-forhold.html	
Governance						
102-18	Governance structure of the organisation, including committees of the highest governance body and committees responsible for decision-making on economic, environmental, and social topics	5.1			Annual Report, Chapter 4: "The Bank and its activities", Section "Strategic and financial targets", Chapter 10: "Board of Directors' Report", Section "Corporate governance" and Chapter 16: "Corporate governance"	

Stakeholder engagement						
102-40	A list of stakeholder groups engaged by the organisation	4.1		SDG 17	Annual Report, Chapter 7: "Sustainability", Section "Materiality analysis and stakeholder engagement", Figure "Stakeholder chart" and Chapter 19: "Further facts about our sustainability work", Appendix "Stakeholder engagement"	
102-41	Percentage of total employees covered by collective bargaining agreements		GC 3	SDG 8.5	100%	
102-42	The basis for identifying and selecting stakeholders with whom to engage			SDG 11.a and 17	Annual Report, Chapter 7: "Sustainability", Section "Materiality analysis and stakeholder engagement", Figure "Stakeholder chart" and Chapter 19: "Further facts about our sustainability work", Appendix "Stakeholder engagement"	
102-43	The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group					
102-44	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded					
Reporting practice						
102-45	A list of all entities included in the organisation's consolidated financial statements or equivalent documents				Annual Report, Note 1: "General information" and Note 35: "Interests in group companies, joint ventures and associated companies"	
102-46	An explanation of the process for defining the report content and the topic Boundaries, and has implemented the reporting principles				Annual Report, Chapter 7: "Sustainability", Section "Our main social and sustainability issues", Section "Materiality analysis and stakeholder engagement", Figure "Framework for our sustainability work"	
102-47	A list of the material topics identified in the process for defining report content				Annual Report, Chapter 7: "Sustainability", Figure "Framework for our sustainability work", Section "Our main social and sustainability issues"	
102-48	The effect of any restatements of information given in previous reports				First time reporting	
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries				First time reporting	
102-50	Reporting period				2020	
102-51	Date of most recent report				First report published in 2020	
102-52	Reporting cycle				Annual	
102-53	The contact point for questions regarding the report or its contents				Orjan.Larsen@sparebank1bv.no	

102-54	Claims of reporting in accordance with the GRI Standards				GRI standard Core level	
102-55	GRI index				Annual Report, Appendix "GRI index"	
102-56	External assurance				The report is externally verified by KPMG AS	

SPECIFIC DISCLOSURES						
GRI indicator	**Description**	**Principles for Responsible Banking (PRB)**	**UN Global Compact (GC)**	**UN Sustainable Development Goal (SDG)**	**SpareBank 1 BV's reporting 2020**	**Partial reporting 2020**
ECONOMY						
Management Approach						
103-1	Explanation of the material topic and its Boundary				Annual Report GRI 201-1: Chapter 4: "The Bank and its activities", Section "Strategic and financial targets" and Chapter 16: "Corporate governance". GRI 201-2: Figure "Framework for our sustainability work" and Chapter 19: "Further facts about our sustainability work", Appendix "Climate and sustainability risk" GRI 203-1: Chapter 7: Sustainability, Section "Local corporate social responsibility and business development"	
103-2	An explanation of how the organisation manages the topic					
103-3	Evaluation of the management system					
Economic Performance						
201-1	Direct economic value generated and distributed			SDG 8.5 and 9.4	Annual Report, Chapter 2: "Key figures" and Chapter 11: "Profit"	
201-2	Financial implications and other risks and opportunities due to climate change		GC 7, 8 and 10	SDG 11.b and 13.3	Annual Report, Chapter 7: "Sustainability", Section "Responsible lending" and Chapter 19: "Further facts about our sustainability work", Appendix "Climate and sustainability risk"	Reports and risks and opportunities as drivers behind innovation and product adaptation, although not methods and financial calculations.
Indirect Economic Impacts						
203-1	Infrastructure investments and services supported			SDG 8.3	Annual Report, Chapter 7: "Sustainability", Section "Responsible lending" and Chapter 19: "Further facts about our sustainability work", Appendix "Climate risk"	Investments in other services (disbursements from the Foundation, customer dividends, sponsorships, etc.) are reported on, not investments in infrastructure.

Financial crime and anti-corruption						
103-1	Explanation of the material topic and its Boundary				Annual Report, Chapter 7: "Sustainability", Section "Combating financial crime" and "Ethics and anti-corruption", Appendices "Climate and sustainability risk" and "Energy and climate accounts 2020"	
103-2	The management approach and its components					
103-3	Evaluation of the management system					
Anti-corruption						
205-1	Operations assessed for risks related to corruption		GC 10	SDG 16.5	Annual Report, Chapter 7: "Sustainability", Section "Combating financial crime" and "Ethics and anti-corruption"	Not broken down by business partners and regional affiliation.
205-2	Communication and training about anti-corruption policies and procedures					
205-3	Confirmed incidents of corruption and actions taken					
Financial crime						
SB1BV-1	Combating money laundering and terrorist financing			SDG 16.4	Annual Report, Chapter 7: "Sustainability", Section "Combating financial crime"	
ENVIRONMENT						
Emissions and compliance with environmental regulations						
103-1	Explanation of the material topic and its Boundary				Annual Report, Chapter 7: "Sustainability", Section "Responsible lending" and Chapter 19: "Further facts about our sustainability work" Appendices "Climate and sustainability risk" and "Energy and climate accounts 2020"	
103-2	The management approach and its components					
103-3	Evaluation of the management system					
Emissions						
305-1	Direct (Scope 1) GHG emissions		GC 7, 8 and 9	SDG 12.2, 12.6, 12.8, 13.3, 15.a and b	Annual Report, Chapter 19: "Further facts about our sustainability work", Appendices "Energy and climate accounts 2020" and "Calculations of carbon-related credit exposure by industry"	
305-2	Energy indirect (Scope 2) GHG emissions					
305-3	Other indirect (Scope 3) GHG emissions					
305-4	GHG emissions intensity					
305-5	Reduction of GHG emissions					
Environmental Compliance						
307-1	Non-compliance with environmental laws and regulations		GC 7 and 8	SDG 13.3 and 16.6	No failures to comply of which the Bank is aware.	
Follow-up of suppliers – the environment						
103-1	Explanation of the material topic and its Boundary				Annual Report, Chapter 7: "Sustainability", Section "Sustainable fund management" and "Sustainable purchasing"	
103-2	The management approach and its components					
103-3	Evaluation of the management system					

Follow-up of suppliers						
308-1	New suppliers that were screened using environmental criteria		GC 7, 8 and 9	SDG 13.3	Annual Report, Chapter 7: "Sustainability", Section "Sustainable fund management" and "Sustainable purchasing"	
308-2	Negative environmental impacts in the supply chain and actions taken					
SOCIETY						
Employee						
103-1	Explanation of the material topic and its Boundary				Annual Report, Chapter 5: "Employees"	
103-2	The management approach and its components					
103-3	Evaluation of the management system					
Employment						
401-1	New employee hires and employee turnover		GC 1 and 6	SDG 8.5, 8.8 and 16.b	Annual Report, Chapter 5: "Employees", see Table	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees				All permanent employees in a 20% position or more have the same rights and employee benefits. Temporary employees are only covered with the pension scheme and occupational injury insurance.	
401-3	Parental leave				Annual Report, Chapter 5: "Employees", see Table	
Training and education						
404-1	Average hours of training per year per employee			SDG 4.4, 4.7 and 8.5		Training and education have not been broken down by hours per employee.
404-2	Programmes for upgrading employee skills and transition assistance programmes				Annual Report, Chapter 5: "Employees", Section "Change and competence"	
404-3	Percentage of employees receiving regular performance and career development reviews				Annual Report, Chapter 5: "Employees", Section "Change and competence"	
Diversity and equal opportunity						
405-1	Diversity of governance bodies and employees		GC 6	SDG 8.5 and 16.b	Annual Report, Chapter 5: "Employees", Section "Diversity and equal opportunities"	We have no registered data of any form of diversity (such as minorities and vulnerable groups) for employees.
405-2	Ratio of basic salary and compensation of women to men				Annual Report, Chapter 5: "Employees", see Table	
Non-discrimination						
406-1	Incidents of discrimination and corrective actions taken		GC 1, 2 and 6	SDG 8.8 and 16.b	No known cases of discrimination.	

Follow-up of suppliers – social conditions						
103-1	Explanation of the material topic and its Boundary				Annual Report, Chapter 7: "Sustainability", Section "Sustainable fund management" and "Sustainable purchasing"	
103-2	The management approach and its components					
103-3	Evaluation of the management system					
Supplier Social Assessment						
414-1	New suppliers that were screened using social criteria		GC 1-6	SDG 12.6 and 16.6	Annual Report, Chapter 7: "Sustainability", Section "Sustainable fund management" and "Sustainable purchasing"	
414-2	Negative social impacts in the supply chain and actions taken					
Marketing and Labelling						
417-2	Incidents of non-compliance concerning product and service information and labelling		GC 2	SDG 9.4, 12.6, 12.8, 13.3 and 16.5	Annual Report, Chapter 7: "Sustainability", Section "Local corporate social responsibility and business development"	
417-3	Incidents of non-compliance concerning marketing communications					
Customer Privacy						
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data				Annual Report, Chapter 7: "Sustainability", Section "Ethics and anti-corruption"	
Product responsibility and active ownership						
103-1	Explanation of the material topic and its Boundary				Annual Report, Chapter 7: "Sustainability", Section "Responsible lending", "Sustainable fund management" and "Sustainable purchasing"	
103-2	The management approach and its components					
103-3	Evaluation of the management system					
Product liability						
FS7	Monetary value of products and services designed to deliver a specific social benefit		GC 1	SDG 8.10, 9.4, 11.a	Annual Report, Chapter 7: "Sustainability", Section "Responsible lending"	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit		GC 8 and 9	SDG 9.4, 11.a, 13.3		
Active ownership						
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues.		GC 8	SDG 8.10, 11.a, 12.6, 12.8, 13.3	Annual Report, Chapter 7: "Sustainability", Section "Sustainable fund management" and our sustainability policy on our website: https://www.sparebank1.no/nb/bv/om-oss/barekraft/retningslinjer-og-rammeverk.html	
FS11	Percentage of assets subject to positive and negative environmental or social screening		GC 1,2, 4-7			

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