



2021 Interim Report Q1

Together we create value



Business concept, vision, values and goals

Business concept

Business areas

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

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

Market area

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

The SpareBank 1 BV Group's registered head office is in Tønsberg and it has branches in Drammen, Mjøndalen, Lier, Kongsberg, Holmestrand, Horten, Tønsberg, Nøtterøy, Sandefjord and Larvik.

Resource management

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

Vision, values and goals

Vision

Together we create value.

Our core values

Customer first – together we are best.

Our values

Learning – engaged – close.

Main strategic objective

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

04	BUSINESS AREAS	31	8. LOAN TO CUSTOMERS BY SECTOR AND INDUSTRY
07	BOARD OF DIRECTORS' INTERIM REPORT	32	9. CAPITAL ADEQUACY
	INTERIM FINANCIAL STATEMENTS	34	10. DERIVATIVES
17	SUMMARY OF RESULTS AND KEY FIGURES	34	11. NET RESULT FROM OTHER FINANCIAL INVESTMENTS
19	INCOME STATEMENT IFRS	35	12. SECURITIES ISSUED AND SUBORDINATED LOAN CAPITAL
20	STATEMENT OF FINANCIAL POSITION	36	13. SEGMENT INFORMATION
21	RESULTS FROM QUARTERLY FINANCIAL STATEMENTS	38	14. CRITICAL ACCOUNTING ESTIMATES AND DISCRETIONARY VALUATIONS
22	CHANGE IN EQUITY	38	15. SALE OF LOANS
24	CASH FLOW STATEMENT	38	16. LIQUIDITY RISK
	NOTES TO THE FINANCIAL STATEMENTS	39	17. MEASURING FAIR VALUE OF FINANCIAL INSTRUMENTS
26	1. ACCOUNTING POLICIES	42	18. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE
26	2. LOSSES ON LOANS AND GUARANTEES	43	DECLARATION BY THE BOARD OF DIRECTORS AND THE CEO
27	3. IMPAIRMENT PROVISIONS FOR LOANS AND GUARANTEES	44	THE BANK'S EQUITY CERTIFICATES
29	4. LOANS TO CUSTOMERS BY STAGES 1, 2 AND 3	47	STATEMENTS CONCERNING FUTURE EVENTS
29	5. OTHER ASSETS		
30	6. OTHER LIABILITIES		
30	7. DEPOSITS FROM CUSTOMERS BY SECTOR AND INDUSTRY		



Business areas

Retail market

Our promise to customers that “We are together” has provided important direction for our work in the retail market during the pandemic. Many of our customers were impacted in a variety of ways by the consequences of Covid-19. Following the national shutdown in March 2020 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. By the start of 2021, 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 days¹ 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 3,2% 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. 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 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 were launched in the first quarter of 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, which has been a market leader in Norway for 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 the first quarter of 2021, EiendomsMegler 1 BV sold 474 properties with a total value of NOK 1,388 million. The Bank owns 55% of Z-Eiendom AS, which shares premises with the Bank in Tønsberg and Nøtterøy. Z-Eiendom AS sold 142 properties with a combined value of NOK 503 million and has a market share of around 23%.

Corporate market

The corporate market was quickly able to adapt to the highly unusual 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 2020, 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 and into 2021. 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.

Activities

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. The bulk of the loan portfolio is within property, although the focus on other industries means that their share is increasing. In the past 12 months, lending grew by 5.7% in the corporate market. Similarly, deposits grew by 8.3%, 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 financial services package to businesses. The Group is continuously striving to put in place more digital sales and self-service solutions for our corporate customers. The “SpareBank 1 Regnskap” ERM system is now available 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 has 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 58 employees as at 31.03 has seen good, positive development in recent years. Regnskapshuset is optimistic about its future development and its growth strategy involves both organic growth and acquiring other firms. Regnskapsdata Kongsberg AS was acquired with effect from 01.01.2021.





Board of Directors' Interim Report for Q1



The SpareBank 1 BV Group

The SpareBank 1 BV Group is a regional business, and its market area is Nedre Buskerud and Vestfold. The Group's main activity consists of the parent bank, as well as the wholly owned subsidiaries EiendomsMegler 1 BV AS and SpareBank 1 Regnskapshuset BV AS. It also owns 55% of Z-Eiendom AS. The companies are located in Kongsberg, Mjøndalen, Drammen, Lier, Norway, Horten, Tønsberg, Vestfold, Sandefjord and Larvik.

The interim financial statements have been prepared in accordance with IAS 34 Interim reporting. The financial statements have not been audited.

The comments and figures below refer to the Group unless explicitly stated otherwise. Figures in brackets relate to the corresponding period last year.

Highlights January – March

- Profit after tax: NOK 131.4 million (93.9 million).
 - The result for financial assets was NOK 35.1 million higher than for the same period last year.
 - Net losses on loans and guarantees decreased by NOK 25.4 million compared with the same period last year.
- Annualised return on equity: 9.8% (7.7%).
- Net interest income: NOK 149.2 million (179.5 million).
- Net commission and other income: NOK 125.1 million (109.7 million).
- Net income from financial assets: NOK 42.3 million (7.2 million).
 - Last year, including share of capital gains from the insurance merger (pension insurance products): NOK 53.0 million.
- Operating expenses: NOK 154.3 million (153.5 million).
- Net losses on loans and guarantees: NOK 1.9 million (27.2 million).
- Total growth in lending in the past 12 months, including portfolio transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS: 3.7% (7.5%).
- Deposit growth in past 12 months: 5.3% (3.3%).
- Tier 1 capital ratio, proportional consolidation: 19.6% (19.5%).
- Common Equity Tier 1 capital, proportional consolidation: 18.4% (18.1%).
- Leverage ratio, proportional consolidation: 8.6% (8.3%).

Financial performance

Cumulative figures as at 31.03 unless explicitly stated otherwise.

Profit

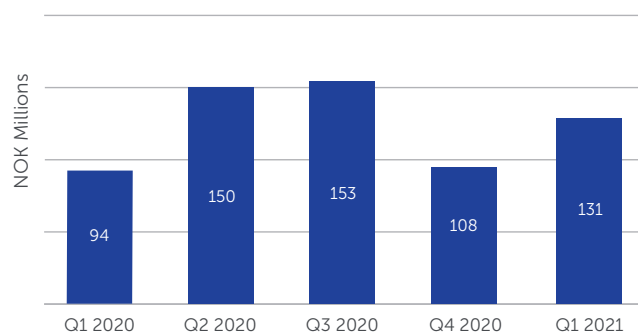
The SpareBank 1 BV Group achieved a profit from ordinary operations before losses of NOK 162.2 million (143.0 million). Profit after tax was NOK 131.4 million (93.9 million), which represents 1.31% (0.97%) of average total assets. The Group's annualised return on equity was 9.8% (7.7%).

In the first quarter last year, the Group's annualised return on equity included gains related to the insurance merger (Fremtind) of NOK 53.0 million. Excluding this one-off item in 2020, the Group's annualised return on equity amounted to 3.4%. Last year also saw substantial impairment provisions and negative changes in value as a result of the pandemic.

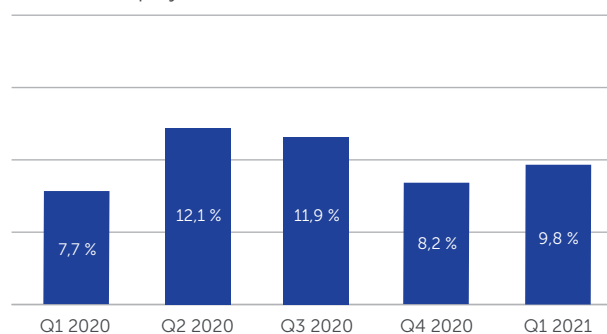
Earnings per equity certificate in the parent bank were NOK 0.91 (0.55) and in the Group NOK 1.08 (0.84).

Quarterly performance of profit after tax and return on equity:

Profit after tax



Return on equity

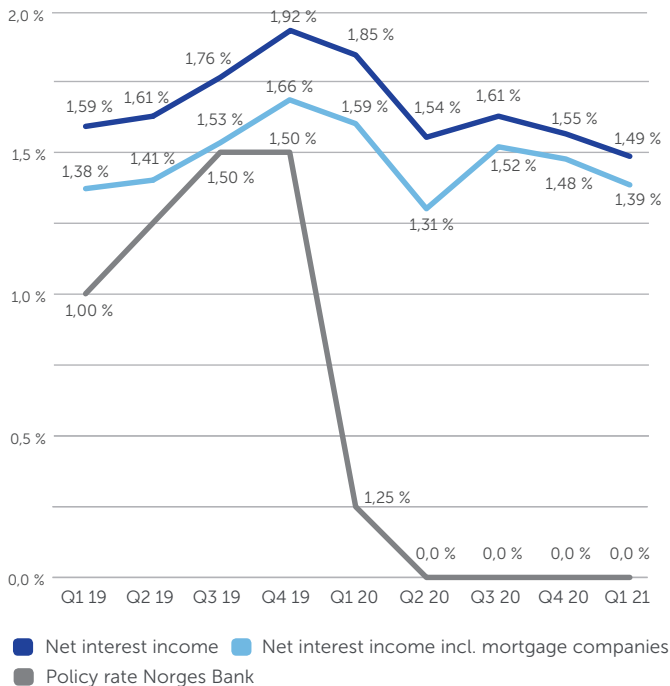


Net interest income

Net interest income amounted to NOK 149.2 million (179.5 million). Net interest income annualised as a percentage of average total assets was 1.49% (1.85%). The reduction in net interest income was mainly due to Norges Bank cutting its policy rate to 0.0% in the second quarter of 2020, which in turn resulted in significantly weakened deposit margins. Furthermore, the pressure on residential mortgage margins has been persistent due to strong competition in the segment. Interest rates are at record low levels, while at the same time money market rates rose in the last quarter.

At the end of the quarter, the Bank had transferred mortgages worth NOK 12,704 million (12,601 million) to SpareBank 1 Boligkreditt AS, and NOK 656 million (832 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 35.0 million (26.4 million).

Quarterly change in net interest income:



Net commission and other income:

Net commission and other income totalled NOK 125.1 million (109.7 million).

Net commission income

Net commission income amounted to NOK 80.9 million (71.2 million). The increase in commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS accounts for NOK 8.6 million of this.

Other operating income

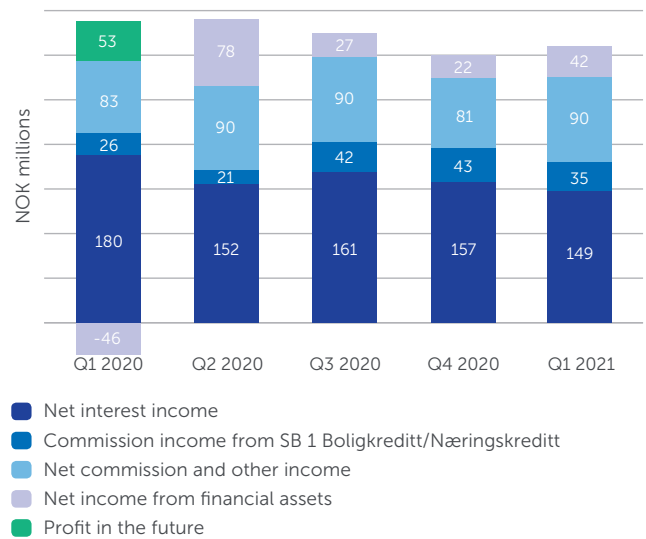
Other operating income amounted to NOK 44.2 million (38.5 million). The change from last year was mainly due to increased income from subsidiaries.

Net income from financial assets

Net income from financial assets amounted to NOK 42.3 million (7.2 million). The key items in the first quarter consist of dividends received totalling NOK 10.0 million (15.4 million) and net income from ownership interests of NOK 16.6 million (38.5 million). The latter item includes the share of the gains from the insurance merger for personal risk products (Fremtind) amounting to NOK 0.0 million (53.0 million), as well as the Bank's NOK 10.3 million (17.5 million) share of the result in SpareBank 1 Gruppen AS.

In addition, the Bank's net result from other financial investments amounted to NOK 15.7 million (-46.6 million).

Quarterly change in income (NOK millions):



Operating expenses

Total operating expenses were NOK 154.3 million (153.5 million). Operating expenses as a percentage of total operating income for the Group came to 48.7% (51.8%). The corresponding cost-income ratio for the parent bank was 45.2% (52.2%).

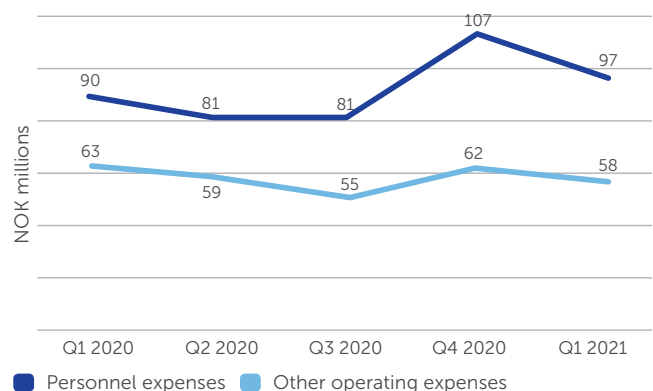
Personnel expenses

Personnel expenses amounted to NOK 96.7 million (90.4 million). The average number of FTEs in the Group increased by 14 compared with the same period last year. The increase in FTEs was entirely due to the acquisition of Regnskapsdata Kongsberg AS, while the increase in costs was due to the additional employees and a higher proportion of commission-based pay in the estate agency companies.

Other operating expenses

Other operating expenses amounted to NOK 57.7 million (63.1 million).

Quarterly change in operating expenses:

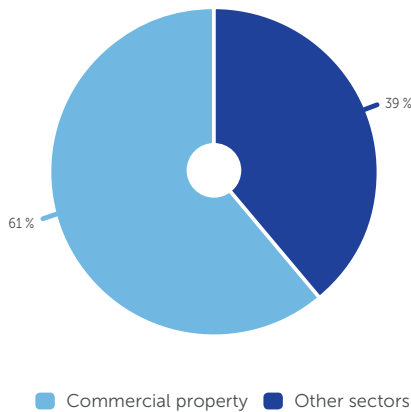


Losses and impairment provisions

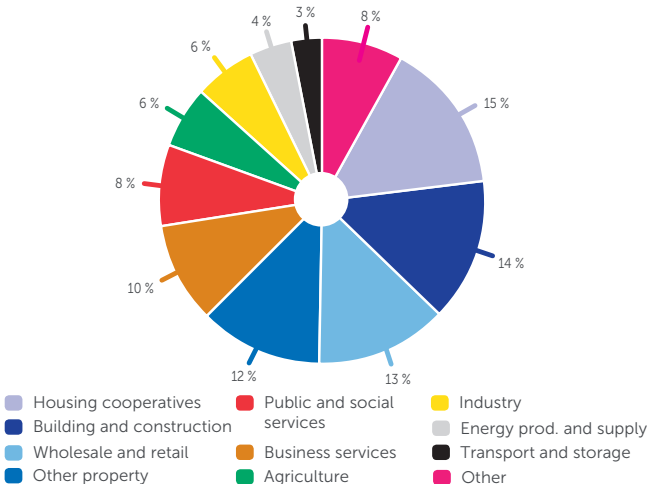
Net losses on loans and guarantees amounted to NOK 1.9 million (27.2 million) as at 31.03. Net losses as a percentage of average gross lending amounted to 0.01% (0.09%). The net decrease in impairment provisions in Stage 3 amounted to NOK 1.8 million. In addition to this, NOK 4.5 million in previously recognised impairments in Stage 3 were recognised as losses. In Stage 1, provisions increased by NOK 2.7 million and in Stage 2 provisions were reduced by NOK 5.0 million.

Mortgages for retail customers account for around 80% of the Bank's total lending. The Bank has no direct exposure to the oil industry and has relatively little direct loan exposure within industries such as hotels, restaurants, tourism, services and the transport industry. These industries have been especially hard hit by the pandemic.

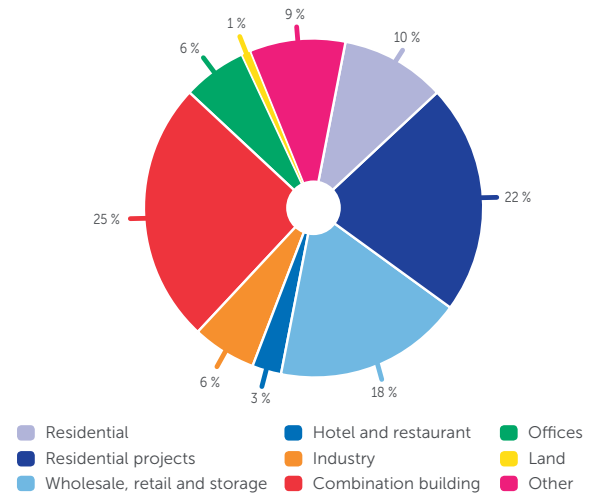
CM – volume in commercial property and other industries:



Other industries:



Commercial property:

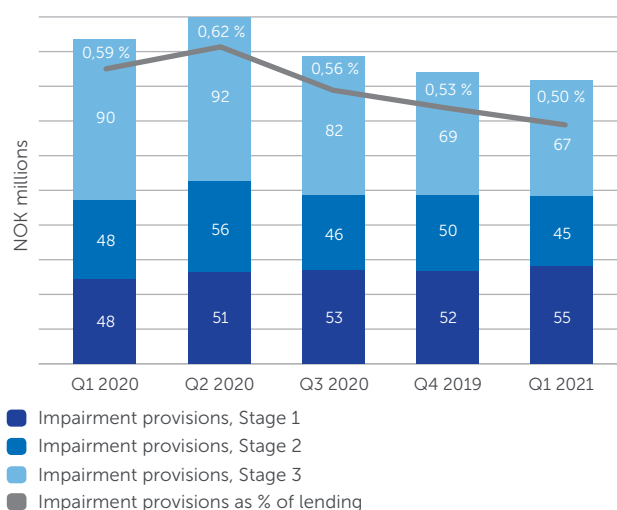


As a result of the Covid-19 outbreak and abrupt shut-down of the Norwegian economy from 12.03.2020, the credit risk picture has changed. The Bank's IFRS model was not designed to be able to estimate on the basis of a sharp negative shift in general conditions since the model is largely based on historical data. Given this, the Bank has, in each of the last five quarters, conducted comprehensive reviews of the retail and corporate market portfolios with an emphasis on the most vulnerable industries. Customers with weak operations and liquidity have been identified and individual impairment provisions have been made. Few commitments requiring individual impairment were identified in the first quarter. The PD and LGD levels in the IFRS model have not been recalibrated, although the loss assessments were based on a review of the portfolio where some customers, as well as gyms and the entire hotel and restaurant industry, were moved from Stage 1 to Stage 2. As at 31.03, the volume for entire industries and individual customers that have been transferred to Stage 2 amounted to NOK 442 million. The Bank's corporate customers will release their audited accounting figures for 2020 in the coming quarters. These figures will be included in the model calculations as they become available and the estimates for the risk of losses in the portfolio will thus again be based, to a greater extent, on updated publicly available information.

In addition to expanded individual loss assessments, the Bank assessed the model's scenario weighting in this quarter as well. Given the relatively unchanged risk picture, the weighting from the 31.12.2020 has been maintained. The following scenario weighting has been used throughout the year:

	31.03.2020		30.06.2020		30.09.2020		31.12.2020		31.03.2021	
	RM	CM	RM	CM	RM	CM	RM	CM	RM	CM
Normal scenario	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Worst scenario	15%	15%	15%	20%	15%	20%	15%	20%	15%	20%
Best scenario	5%	5%	5%	0%	5%	0%	5%	0%	5%	0%

Quarterly change in impairment provisions:



Statement of financial position performance

The Group's total assets amounted to NOK 40,890 million. This represents an increase of NOK 1,573 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 54,249 million (52,750 million).

Lending and deposit performance

Gross lending (including volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 46,765 million. The past 12 months have seen an increase of NOK 1,671 million, equivalent to growth of 3.7%. Some NOK 1,193 million, equivalent to 3.2%, of the growth came in the retail market and NOK 478 million, equivalent to 5.7%, in the corporate market. The retail market's share of lending (including SpareBank 1 Boligkreditt) at the end of the quarter was 81% (81%).

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. There was a clear downward trend in numbers of applications for interest-only periods in the corporate market in the last quarter.

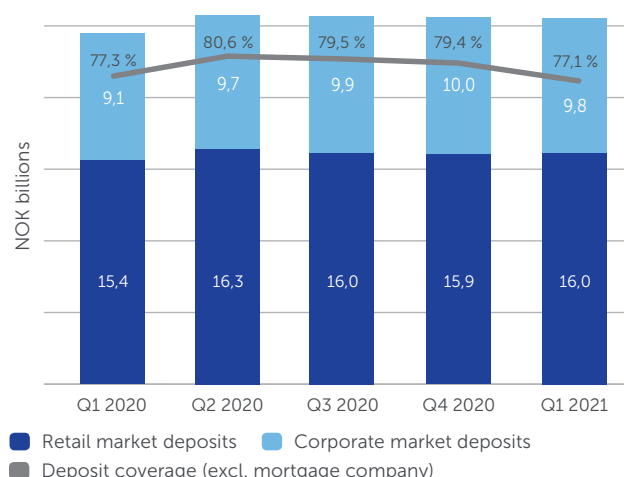
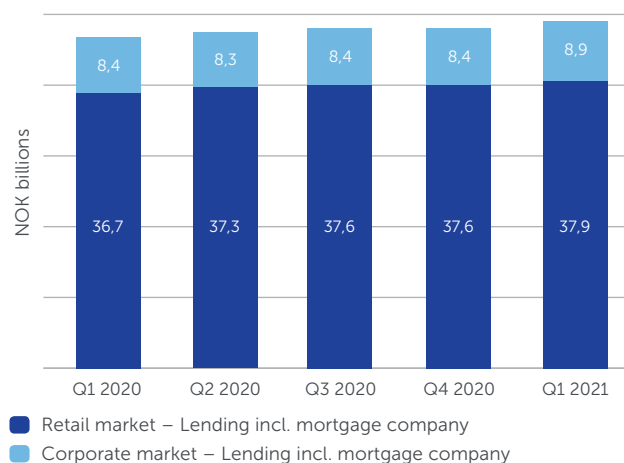
Volume of interest-only periods in NOK million at the end of the month:

	March 2020	June 2020	September 2020	December 2020	March 2021
Retail market	2,592	3,167	2,340	888	921
Corporate market	635	1,895	312	203	181

At the end of the quarter, the Group had a deposit volume of NOK 25,766 million (24,478 million) with deposit growth of 5.3% in the past 12 months. Some NOK 534 million, equivalent to 3.5%, of the growth came in the retail market and NOK 754 million, equivalent to 8.3%, in the corporate market. The Group had a deposit

coverage ratio of 77.1%, compared with 77.3% 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 55.1% (54.3%). The retail market's share of deposits at the end of the quarter was 62% (63%).

Quarterly change in loans and deposits:



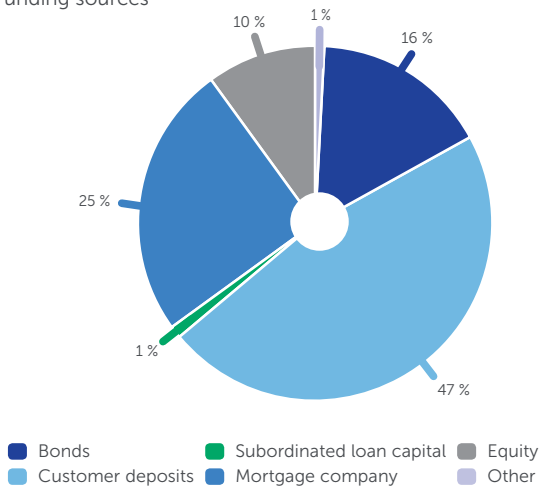
Liquidity

The Bank's liquidity situation at the end of the quarter was very good. The Bank's liquidity portfolio was valued at NOK 4,282 million as at 31.03. The Bank aims to keep its 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 31.03, the Bank was well above this target.

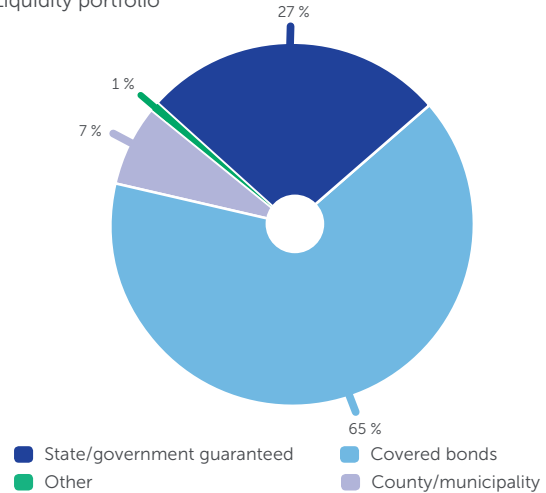
The Bank can report an LCR of 187% (183%) as at 31.03.

At the end of the quarter, mortgages totalling NOK 12,704 million had been transferred to SpareBank 1 Boligkreditt AS, an increase of NOK 44 million from the start of year. As at 31.03, the Bank had a portfolio of loans approved for transfer to SpareBank 1 Boligkreditt AS worth NOK 14,300 million. The Bank had also transferred NOK 656 million of loans to SpareBank 1 Næringskreditt AS as at 31.03.

Funding sources



Liquidity portfolio



In 2021, the Group’s target is to increase the average time to maturity of its bond debt to a minimum of 3.0 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, 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 the Common Equity Tier 1 capital ratio is a minimum of 16.0%.

At the end of the quarter, the Common Equity Tier 1 capital ratio was 18.4% (18.1%), excluding profit from the first quarter. The leverage ratio was 8.6% (8.3%) at the end of the quarter. The regulatory requirement for the leverage ratio is 5.0%.

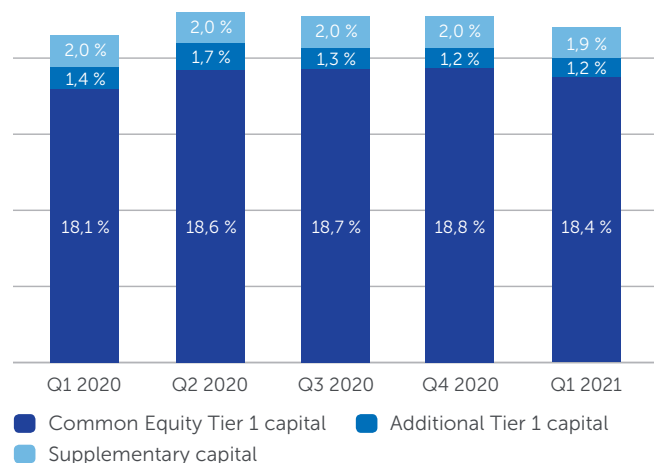
On 10.12.2020, the Financial Supervisory Authority of Norway published a circular on assessing loans that should be considered high risk. The Financial Supervisory Authority of Norway’s interpretation of the current CRR rules indicates that property development

projects constructed for the purpose of resale at a profit should be regarded as speculative investments and be risk weighted at 150%.

The Bank has implemented the policy changes included in the Financial Supervisory Authority of Norway’s circular in the Bank’s capital adequacy calculation as at 31.03.2021 and has thus changed the risk weights for all of the Bank’s property development projects to 150%. The policy change resulted in a 0.5 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.

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 Financial Supervisory Authority of Norway will set new MREL and Pillar 2 requirements in connection with, or after, the merger with Sparebanken Telemark.

Quarterly change in capital adequacy (proportional consolidation):



Subsidiaries

Excluding parent bank eliminations NOK millions	EiendomsMegler 1 BV AS		Z-Eiendom AS		SpareBank 1 Regnskapshuset BV AS		Other subsidiaries		Total subsidiaries	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Operating income	21.8	17.2	6.9	6.0	14.5	11.2	-	0.1	43.2	34.4
Operating expenses	(19.3)	(16.9)	(6.3)	(6.3)	(12.7)	(9.2)	(6.3)	(0.2)	(44.6)	(32.6)
Financial items	0.5	(0.4)	(0.0)	0.0	(0.1)	(0.1)	(0.3)	(0.0)	(0.0)	(0.5)
Profit before tax	2.9	(0.1)	0.6	(0.3)	1.7	1.9	(6.7)	(0.2)	(1.4)	1.3

* Inclusive subgroup figures

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 real estate brokering and accounting/consulting services segments developed positively in the first quarter.

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. 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.

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. 100% of the shares in Regnskapsdata Kongsberg AS were acquired with effect from 01.01.2021. The new subsidiary had around 15 FTEs and an annual turnover of about NOK 14 million in 2020.

Transactions with close associates

Apart from the transaction related to the transfer of personal risk products discussed section below, the Group has not carried out any transactions with close

associates that had a significant impact on the company's position or results during the reporting period.

SpareBank 1 Helgeland has become a SpareBank 1 bank

SpareBank 1 Helgeland now owns 3% of the SamSpar companies, Samarbeidende Sparebanker Utvikling DA and Samarbeidende Sparebanker AS. The transaction was completed on 15.03.2021. SpareBank 1 BV's gain from the transaction amounted to NOK 8.3 million.

Merger of SpareBank 1 BV and Sparebanken Telemark

On 25.03.2021, the supervisory boards of SpareBank 1 BV and Sparebanken Telemark decided to merge the banks under a new name, SpareBank 1 Sørøst-Norge. The Norwegian Competition Authority approved the merger on 09.04.2021. Both banks have attractive market areas, and the goal is to create a powerful bank and be well-positioned for the future. In November 2020, estimated annual income and cost synergies in the range of NOK 75-120 million were announced to the market. These will be phased in gradually in the period up to 2024. The transaction and implementation costs that will be incurred by realising these synergies are expected to accrue in 2021-2022 and provisional estimates expect them to total NOK 110-130 million. The goals are to become a better bank for our retail and SME customers, to strengthen our professional environments and service offering, and to achieve better terms in the capital markets based on scale and profitability. The legal merger is scheduled to be completed on 01.06.2021, assuming it is approved by the Financial Supervisory Authority of Norway.

In the letter of intent concerning the merger of SpareBank 1 BV and Sparebanken Telemark, it was agreed that the CEO of the merged bank would come from Sparebanken Telemark.

At his own request, CEO Rune Fjeldstad has exercised his right to step down early. This option was set out in his contract of employment. Fjeldstad has been appointed the Group CEO of BaneNOR and will therefore be leaving as of 01.07.2021. His duties in the future merged bank will be carried out by Deputy CEO Geir Årstein Hansen. The Board would like to thank Rune Fjeldstad for the good work he has done in the development of SpareBank 1 BV as a profitable and well-run bank in the past 6 years.

Covid-19

The infection rate in the Bank's areas was high in the first quarter, resulting in shops, restaurants and gyms having to close, little activity at Torp Airport, and no ferry services to Sweden/Denmark. This resulted in many people being out of work, either as fully unemployed or on furlough. Even though the infection rate is falling and the proportion of people who have been vaccinated is rising, some uncertainty remains concerning how the ongoing pandemic will spread and how long it will last. This also means that in the longer term there also will be some uncertainty about the consequences the pandemic will have on the development of the Norwegian economy, including its impact on the Group's loss picture. The low interest rates and support measures established by the government are having a positive impact for those corporate and retail customers who have been hit hardest by the pandemic. It is highly likely that it will be possible to successfully reopen society in 2021 and that this will result in a significant recovery of the Norwegian economy.

Future outlook

In light of the extraordinary situation, the Board of Directors is very satisfied with the first quarter's profit and an annualised return on equity of 9.8%. The Bank's liquidity is very good, and its financial strength is well above the Bank's internal target Common Equity Tier 1 capital ratio of 16%. At the end of the first quarter, the Common Equity Tier 1 capital ratio was 18.4% and the leverage ratio 8.6%.

Norges Bank reduced its policy rate from 1.5% to 0% in spring 2020. This contributed to a negative real interest rate for a longer period of time. If society fully reopens after the summer, higher growth in the Norwegian economy and a fall in unemployment are expected during the autumn. Given this, Norges Bank's policy rate is expected to be raised gradually and cautiously in the second half of 2021 and during 2022.

The growth in house prices in the Bank's market areas has been high in 2020 and the first quarter of the year. With the prospect of slightly higher interest rates, more moderate growth in house prices is expected.

The Board regards the planned merger with Sparebanken Telemark as having the potential to create a powerful and attractive bank in the banks' market areas with positive synergies for customers, employees, capital markets and local communities. The Board is satisfied that the preparatory activities relating to the merger are proceeding according to plan.

Tønsberg, 11.05.2021
The Board of Directors of SpareBank 1 BV

Finn Haugan
Chair of the Board

Heine Wang
Deputy Chair

Elisabeth Haug

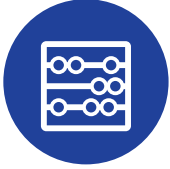
Janne Sølvi Weseth

Gisle Dahn

Hanne Myhre Gravdal
Employee representative

Geir Arne Vestre
Employee representative

Rune Fjeldstad
Managing Director



Interim financial statements



Summary of results and key figures (Group)

(NOK thousands)	31.03.2021	%	31.03.2020	%	31.12.2020	%
Net interest income	149,150	1.49	179,545	1.85	649,075	1.63
Net commission and other income	125,100	1.25	109,742	1.13	476,893	1.20
Net income from financial assets	42,289	0.42	7,239	0.07	133,817	0.34
Total net income	316,539	3.16	296,526	3.06	1,259,786	3.17
Total operating expenses	154,311	1.54	153,521	1.59	599,077	1.51
Operating profit before losses/profit before losses and tax	162,228	1.62	143,005	1.48	660,710	1.66
Losses on loans and guarantees	1,871	0.02	27,235	0.28	30,694	0.08
Profit before tax	160,357	1.60	115,771	1.20	630,016	1.59
Tax expense	28,975	0.29	21,853	0.23	125,296	0.32
Profit after tax	131,382	1.31	93,918	0.97	504,720	1.27
Total other comprehensive income recognised as equity	(758)	(0.01)	280	0.00	1,955	0.00
Total comprehensive income	130,624	1.31	94,198	0.97	506,676	1.28
	31.03.2021		31.03.2020		31.12.2020	
Profitability						
Return on equity, profit before other comprehensive income ¹	9.8%		7.7%		9.9%	
Return on equity, comprehensive income	9.7%		7.7%		9.9%	
Cost-income ratio ²	48.7%		51.8%		47.6%	
Cost-income ratio excl. financial investments	56.3%		53.1%		53.2%	
Statement of financial position figures						
Gross lending to customers	33,405,188		31,659,677		32,586,358	
Gross lending to customers incl. SpareBank 1 Boligkreditt/Næringskreditt	46,764,649		45,093,329		45,998,892	
Deposits from customers	25,766,368		24,478,042		25,863,568	
Deposit coverage	77.1%		77.3%		79.4%	
Liquidity coverage ratio (LCR), liquidity reserve	186.8%		183.0%		189.0%	
Lending growth incl. SpareBank 1 Boligkreditt/Næringskreditt in the past 12 months	3.7%		7.5%		3.9%	
Deposit growth in the past 12 months	5.3%		3.3%		5.8%	
Total assets	40,889,886		39,316,525		40,455,483	
Business capital (incl. SpareBank 1 Boligkreditt/Næringskreditt)	54,249,348		52,750,177		53,868,018	

	31.03.2021	31.03.2020	31.12.2020	
Losses				
Loss rate on lending ³	0.01%	0.09%	0.10%	
Loans in Stage 3 as % of gross lending	0.54%	0.86%	0.61%	
Losses (incl. SpareBank 1 Boligkreditt/Næringskreditt)				
Loss rate on lending ³ (incl. SpareBank 1 Boligkreditt/Næringskreditt)	0.00%	0.06%	0.07%	
Loans in Stage 3 as % of gross lending (incl. SpareBank 1 Boligkreditt/Næringskreditt)	0.39%	0.60%	0.43%	
Financial strength in terms of proportional consolidation				
Capital adequacy ratio	21.5%	21.6%	22.0%	
Tier 1 capital ratio	19.6%	19.5%	20.0%	
Common Equity Tier 1 capital ratio	18.4%	18.1%	18.8%	
Net primary capital	5,731,854	5,455,171	5,744,496	
Tier 1 capital	5,222,006	4,940,626	5,232,972	
Common Equity Tier 1 capital	4,895,669	4,587,170	4,906,635	
Basis for calculation	26,659,684	25,282,797	26,155,754	
Leverage ratio, proportional consolidation	8.6%	8.3%	8.6%	
Offices and staffing				
Number of bank branches	10	10	10	
Number of brokerage offices	10	12	10	
Number of accounting offices	5	5	5	
Number of FTEs, parent bank (avg. YTD)	235	235	235	
Number of FTEs, group (avg. YTD)	356	342	345	
Equity certificates				
	31.03.2021	31.03.2020	31.12.2020	31.12.2019
Equity certificate fractions	53.59%	54.69%	54.69%	56.15%
Market price	47.90	35.10	41.30	39.60
Market value (NOK thousands)	3,022,555	2,214,857	2,606,086	2,498,814
Book equity per certificate (parent bank)	44.30	40.32	43.39	42.19
Book equity per certificate (Group)	46.66	42.14	45.62	43.71
Earnings per equity certificate (parent bank) ⁴	0.91	0.55	3.62	4.43
Earnings per equity certificate (Group) ⁴	1.08	0.84	4.34	4.63
Dividend per equity certificate	-	-	1.90	2.42
Price/earnings per equity certificate (parent bank)	-	-	11.42	8.94
Price/earnings per equity certificate (Group)	-	-	9.52	8.56
Price/book equity (parent bank)	1.08	0.87	0.95	0.94
Price/book equity (Group)	1.03	0.83	0.91	0.91

1. The profit after tax as a percentage of average equity (OB+CB)/2, excl. hybrid capital.

2. Total operating expenses as percentage of total operating income.

3. Net losses as a percentage of average gross lending so far this year.

4. Adjusted profit (see section on 'The Bank's equity certificates') multiplied by equity certificate ratio and divided by the average number of outstanding equity certificates.

Consolidated Income Statement IFRS

Parent bank					Group		
31.12.2020	31.03.2020	31.03.2021	(NOK thousands)	Note	31.03.2021	31.03.2020	31.12.2020
95,905	33,284	19,025	Interest income - assets measured at fair value		19,025	33,284	95,905
883,421	274,940	186,045	Interest income - assets measured at amortised cost		185,706	275,006	884,456
331,147	128,532	55,494	Interest expenses		55,581	128,745	331,285
648,179	179,692	149,576	Net interest income		149,150	179,545	649,075
330,850	75,610	85,253	Commission income		85,253	75,610	330,850
19,151	4,375	4,388	Commission expenses		4,388	4,375	19,151
8,793	4,940	700	Other operating income		44,234	38,507	165,195
320,492	76,175	81,566	Net commission and other income		125,100	109,742	476,893
66,820	20,608	10,029	Dividends		10,029	15,358	31,164
1,907	952	831	Net result from ownership interests		16,561	38,492	101,142
1,512	(46,611)	15,492	Net result from other financial investments	11	15,700	(46,611)	1,512
70,239	(25,051)	26,352	Net income from financial assets		42,289	7,239	133,817
1,038,909	230,816	257,494	Total net income		316,539	296,526	1,259,786
249,882	64,353	64,861	Personnel expenses		96,660	90,447	359,366
212,752	56,241	51,599	Other operating expenses		57,651	63,074	239,711
462,634	120,594	116,459	Total operating expenses		154,311	153,521	599,077
576,275	110,222	141,035	Profit before losses and tax		162,228	143,005	660,710
35,104	28,518	1,871	Losses on loans and guarantees	2, 14	1,871	27,235	30,694
541,171	81,704	139,164	Profit before tax		160,357	115,771	630,016
120,943	21,350	27,900	Tax expense		28,975	21,853	125,296
420,228	60,354	111,264	Profit before other comprehensive income		131,382	93,918	504,720
-	-	-	Controlling interest's share of profit		131,181	94,056	503,360
-	-	-	Non-controlling interest's share of profit		201	(138)	1,360
			<i>Items reversed through profit or loss, net after tax</i>				
2,590	280	(758)	Change in value of loans classified at fair value		(758)	280	2,590
			<i>Items not reversed through profit or loss, net after tax</i>				
(647)	-	-	Estimation difference, IAS 19 Pensions		-	-	(635)
1,943	280	(758)	Total other comprehensive income recognised as equity		(758)	280	1,955
422,171	60,633	110,506	Total comprehensive income		130,624	94,198	506,676
-	-	-	Controlling interest's share of total comprehensive income		130,423	94,336	505,316
-	-	-	Non-controlling interest's share of total comprehensive income		201	(138)	1,360
3.62	0.55	0.91	Earnings and diluted result per equity certificate before other comprehensive income		1.08	0.84	4.34

Statement of financial position

Parent bank					Group		
31.12.2020	31.03.2020	31.03.2021	(NOK thousands)	Note	31.03.2021	31.03.2020	31.12.2020
101,364	795,399	97,063	Cash and receivables from central banks		97,063	795,399	101,364
1,035,432	840,588	849,974	Loans to and receivables from financial institutions		898,692	882,989	1,073,679
32,464,299	31,515,497	33,296,089	Net lending to customers	3, 4, 8	33,269,619	31,493,172	32,443,528
4,432,993	3,748,085	4,292,236	Certificates, bonds and other securities at fair value		4,292,236	3,748,085	4,432,993
1,371,658	1,382,497	1,325,965	Shareholdings and other equity interests		1,325,965	1,382,497	1,371,658
36,916	36,682	36,916	Ownership interests in Group companies		-	-	-
485,298	454,943	477,122	Interests in joint ventures and associated companies		721,006	649,512	713,394
74,314	94,356	69,703	Tangible assets	18	86,994	117,352	102,145
-	-	-	Goodwill		33,809	24,654	24,654
11,207	9,779	11,460	Deferred tax assets		11,895	10,736	11,612
168,891	196,776	127,681	Other assets	5, 10	152,606	212,129	180,455
40,182,372	39,074,601	40,584,208	Total assets		40,889,886	39,316,525	40,455,483
200,000	400,000	-	Deposits from credit institutions		-	400,000	200,000
25,902,538	24,496,962	25,803,180	Deposits from customers	7	25,766,368	24,478,042	25,863,568
7,908,931	8,207,660	8,554,166	Liabilities from the issuance of securities	12	8,554,166	8,207,660	7,908,931
120,662	33,342	21,401	Tax payable		24,662	35,446	124,709
372,201	613,935	419,229	Other liabilities	6, 3, 10	479,175	662,864	420,633
400,802	401,350	400,821	Subordinated loan capital	12	400,821	401,350	400,802
34,905,134	34,153,248	35,198,799	Total liabilities		35,225,192	34,185,361	34,918,643
946,519	946,501	946,519	Equity capital		946,519	946,501	946,519
1,026,427	1,026,427	1,026,427	Share premium fund		1,026,427	1,026,427	1,026,427
645,066	536,885	645,066	Risk equalisation fund		645,066	536,885	645,066
6,540	6,540	6,540	Endowment fund		6,540	6,540	6,540
2,260,996	2,072,392	2,260,996	Sparebankens fond		2,260,996	2,072,392	2,260,996
21,796	25,514	21,038	Fund for unrealised gains		21,038	25,514	21,796
250,000	250,000	250,000	Additional Tier 1 capital		250,000	250,000	250,000
119,893	-	119,893	Other equity		377,771	175,706	377,528
-	57,094	108,930	Unallocated		128,847	90,796	-
-	-	-	Non-controlling interest's share		1,490	403	1,968
5,277,237	4,921,353	5,385,410	Total equity		5,664,694	5,131,163	5,536,841
40,182,372	39,074,601	40,584,208	Liabilities and equity		40,889,886	39,316,525	40,455,483

Results from quarterly financial statements

Group									
(NOK thousands)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Interest income	204,731	210,040	215,442	246,589	308,290	316,668	293,881	267,182	248,896
Interest expenses	55,581	52,871	54,858	94,811	128,745	129,323	121,725	115,442	103,614
Net interest income	149,150	157,169	160,584	151,778	179,545	187,345	172,156	151,740	145,283
Commission income	85,253	94,118	91,173	69,949	75,610	76,838	78,654	72,771	68,569
Commission expenses	4,388	4,982	5,708	4,086	4,375	3,924	4,177	4,331	4,185
Other operating income	44,234	34,134	47,190	45,365	38,507	31,623	35,353	44,993	34,880
Net commission and other income	125,100	123,269	132,654	111,227	109,742	104,538	109,829	113,434	99,265
Dividends	10,029	9,175	98	6,533	15,358	6,868	14	2,270	16,370
Net result from ownership interests	16,561	18,436	22,801	21,413	38,492	3,544	10,588	31,680	79,626
Net result from other financial investments	15,700	(5,675)	3,824	49,974	(46,611)	5,452	(7,996)	8,567	14,894
Net income from financial assets	42,289	21,936	26,723	77,919	7,239	15,864	2,606	42,516	110,889
Total net income	316,539	302,374	319,962	340,925	296,526	307,747	284,591	307,690	355,436
Personnel expenses	96,660	107,194	81,142	80,583	90,447	100,644	76,912	81,144	85,485
Other operating expenses	57,651	62,414	55,214	59,008	63,074	66,521	57,907	60,503	59,220
Total operating expenses	154,311	169,609	136,356	139,591	153,521	167,164	134,818	141,647	144,704
Profit before losses and tax	162,228	132,765	183,605	201,334	143,005	140,582	149,773	166,043	210,732
Losses on loans and guarantees	1,871	(2,568)	(10,632)	16,659	27,235	(3,520)	2,139	(2,108)	5,808
Profit before tax	160,357	135,333	194,237	184,675	115,771	144,102	147,634	168,151	204,924
Tax expense	28,975	27,684	40,751	35,007	21,853	31,782	36,081	33,502	24,882
Profit before other comprehensive income	131,382	107,649	153,486	149,668	93,918	112,320	111,553	134,649	180,042
Parent bank									
Earnings per equity certificate (quarter in isolation)	0.91	0.84	1.01	1.23	0.55	0.97	0.82	1.76	0.87
Diluted earnings per equity certificate (quarter in isolation)	0.91	0.84	1.01	1.23	0.55	0.97	0.82	1.76	0.87

Change in equity as at Q1 2021

Group											
(NOK thousands)	Ownership interest ¹	Share premium fund	Risk equalisation fund	Endowment fund	Spare-bankens-fond	Fund for unrealised gains	Hybrid capital	Other equity distributed	Not distributed	Non-controlling interest's share	Total equity
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 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
<i>Items reversed through profit or loss:</i>											
Change in value of loans classified at fair value	-	-	-	-	-	2,590	-	-	-	-	2,590
<i>Items not reversed through profit/loss:</i>											
Estimation difference, IAS 19 Pensions	-	-	(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
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
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(2,334)	-	(2,334)
Dividend from 2020, for payment in 2021	-	-	-	-	-	-	-	-	-	(680)	(680)
Change in carrying amount of joint ventures and associated companies	-	-	-	-	-	-	-	243	-	-	243
Profit before other comprehensive income	-	-	-	-	-	-	-	-	131,181	201	131,382
<i>Items reversed through profit or loss:</i>											
Change in value of loans classified at fair value	-	-	-	-	-	(758)	-	-	-	-	(758)
Equity as at 31.03.2021	946,519	1,026,427	645,066	6,540	2,260,996	21,038	250,000	377,771	128,847	1,490	5,664,694

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

Parent bank

(NOK thousands)	Ownership interest ¹	Share premium fund	Risk equalisation fund	Endowment fund	Spare-bankens-fond	Fund for unrealised gains	Hybrid capital	Other equity	Not distributed	Total equity
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
<i>Items reversed through profit or loss:</i>										
Change in value of loans classified at fair value	-	-	-	-	-	2,590	-	-	-	2,590
<i>Items not reversed through profit/loss:</i>										
Estimation difference, IAS 19 Pension adjustment	-	-	(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
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
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(2,334)	(2,334)
Profit before other comprehensive income	-	-	-	-	-	-	-	-	111,264	111,264
<i>Items reversed through profit or loss:</i>										
Change in value of loans classified at fair value	-	-	-	-	-	(758)	-	-	-	(758)
Equity as at 31.03.2021	946,519	1,026,427	645,066	6,540	2,260,996	21,038	250,000	119,893	108,930	5,385,410

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

Cash flow statement

Parent bank				Group		
31.12.2020	31.03.2020	31.03.2021	(NOK thousands)	31.03.2021	31.03.2020	31.12.2020
			Cash flow from operating activities			
(1,154,627)	(309,360)	(841,163)	Change in lending to customers	(843,533)	(306,468)	(1,150,990)
928,691	281,115	192,897	Interest received on loans to customers	192,558	280,977	929,726
1,440,145	(20,705)	(117,336)	Change in deposits from customers	(115,178)	(19,675)	1,421,124
(176,970)	(14,622)	(7,887)	Interest paid on deposits from customers	(7,975)	(14,621)	(177,108)
200,000	400,000	(200,000)	Change in receivables from and liabilities to financial institutions	(200,000)	400,000	200,000
11,585	5,033	1,632	Interest on receivables from and liabilities to financial institutions	1,632	5,033	11,585
(299,082)	364,066	140,810	Change in certificates and bonds	140,810	364,066	(299,082)
64,797	21,587	9,026	Interest received on certificates and bonds	9,026	21,587	64,797
320,171	76,175	80,666	Net commission income	124,200	109,947	476,573
21,925	(4,247)	25,046	Capital gains from trading securities	25,046	(4,247)	21,925
(427,845)	(135,435)	(105,808)	Payments to operations	(141,009)	(170,677)	(539,895)
(165,384)	(135,931)	(140,759)	Tax paid	(144,805)	(137,964)	(169,737)
(40,263)	201,876	75,797	Other accruals	84,922	212,643	(54,733)
723,143	729,553	(887,079)	Net cash flow from operating activities (A)	(874,305)	740,600	734,185
			Cash flow from investing activities			
(3,282)	(1,789)	(521)	Investment in property, plant and equipment	(781)	(3,675)	(8,411)
12,123	4,718	-	Receipts from sale of property, plant and equipment	-	4,718	12,123
5,980	15,864	48,904	Net cash flow from investments in shares	49,678	19,771	40,194
68,727	20,608	1,284	Dividends from investments in shares	453	15,358	31,164
83,548	39,401	49,667	Net cash flow from investing activities (B)	49,350	36,172	75,070
			Cash flow from financing activities			
1,502,349	612,017	1,099,518	Change in liabilities from the issuance of securities	1,099,518	612,017	1,502,349
-	-	-	Change in subordinated loan capital	-	-	-
100,000	-	-	Change in additional Tier 1 capital	-	-	100,000
(1,991,277)	(815,571)	(393,570)	Repayment of issued securities	(393,570)	(815,571)	(1,991,277)
(40,000)	(40,000)	-	Repayment of subordinated loan capital	-	(40,000)	(40,000)
(100,000)	-	-	Repayment of additional Tier 1 capital	-	-	(100,000)
78,010	58,530	(36,640)	Net change in collateral agreements	(36,640)	58,530	78,010
(146,961)	(62,885)	(13,050)	Interest payments on liabilities from the issuance of securities	(13,050)	(62,885)	(146,961)
(13,518)	(6,744)	(1,876)	Interest payments on subordinated loans	(1,876)	(6,744)	(13,518)
(11,050)	(3,260)	(2,334)	Interest payments on additional Tier 1 capital	(2,334)	(3,260)	(11,050)
(23,184)	(4,349)	(4,396)	Rent payments on capitalised leases	(5,549)	(5,449)	(23,184)
(152,705)	-	-	Dividend payments	(831)	(634)	(153,339)
(900)	(47)	-	Payment from endowment fund and grant funds	-	(47)	(900)
(799,236)	(262,309)	647,652	Net cash flow from financing activities (C)	645,668	(264,043)	(799,870)
7,455	506,645	(189,760)	Net change in cash and cash equivalents in the period (A+B+C)	(179,288)	512,730	9,385
1,129,342	1,129,342	1,136,796	Cash and cash equivalents OB	1,175,043	1,165,658	1,165,658
1,136,796	1,635,987	947,036	Cash and cash equivalents at end of period	995,755	1,678,388	1,175,043
			Cash and cash equivalents, specified			
101,364	795,399	97,063	Cash and receivables from central banks	97,063	795,399	101,364
1,035,432	840,588	849,974	Receivables from financial institutions	898,692	882,989	1,073,679
1,136,796	1,635,987	947,036	Cash and cash equivalents	995,755	1,678,388	1,175,043



Notes to the financial statements



Note 1 – Accounting policies

The interim report for SpareBank 1 BV covers the period 01.01.-31.03.2021. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and in line with the same accounting policies and calculation methods applied in the annual financial statements for 2020.

For a detailed description of the accounting policies that have been applied, please see Note 2 in the Bank's official annual financial statements for 2020.

Note 2 – Losses on loans and guarantees

Parent bank			(NOK thousands)	Group		
31.12.2020	31.03.2020	31.03.2021		31.03.2021	31.03.2020	31.12.2020
10,792	6,372	2,711	Change in impairment provisions in the period, Stage 1	2,711	6,372	10,792
8,342	6,813	(5,035)	Change in impairment provisions in the period, Stage 2	(5,035)	6,813	8,342
(9,043)	8,942	(9,857)	Change in impairment provisions in the period, Stage 3	(1,788)	7,658	(12,626)
24,702	6,075	12,575	Losses for the period with previous impairments	4,506	6,075	24,399
1,687	619	3,261	Losses for the period without previous impairments	3,261	619	1,687
(443)	(66)	(271)	Previously recognised impairments at start of period.	(271)	(66)	(443)
(934)	(238)	(1,513)	Other corrections/amortisation of impairments	(1,513)	(238)	(1,458)
35,104	28,518	1,871	Losses on loans and guarantees in the period	1,871	27,235	30,694

Note 3 – Impairment provisions for loans and guarantees

	Parent bank			
Impairment provisions for loans and guarantees	Stage 1	Stage 2	Stage 3	Total
31.12.2020	52,393	49,970	77,812	180,175
Impairment provisions transferred to Stage 1	4,429	(4,424)	-5	-
Impairment provisions transferred to Stage 2	(752)	752	-	-
Impairment provisions transferred to Stage 3	(35)	(714)	749	-
New financial assets issued or purchased	10,804	253	1,039	12,096
Increase existing loans	4,405	9,450	8,196	22,051
Reduction existing loans	(10,569)	(4,772)	(4,682)	(20,023)
Financial assets that have been deducted	(5,571)	(5,579)	(2,581)	(13,730)
Changes due to recognised impairments (recognised losses)	-	(2)	(12,573)	(12,575)
31.03.2021	55,103	44,935	67,955	167,993
- reversal of impairment provisions related to fair value through OCI	(13,533)	-	-	(13,533)
Capitalised impairment provisions as at 31.03.2021	41,570	44,935	67,955	154,460
Of which, impairment provisions for capitalised loans	28,638	39,823	67,597	136,058
Of which, impairment provisions for unused credits and guarantees	12,932	5,112	358	18,402
Of which: impairment provisions, retail market - amortised cost	2,683	18,588	21,024	42,295
Of which: impairment provisions, corporate market - amortised cost	38,887	26,347	46,931	112,165

	Group			
Impairment provisions for loans and guarantees	Stage 1	Stage 2	Stage 3	Total
31.12.2020	52,393	49,970	69,254	171,617
Impairment provisions transferred to Stage 1	4,429	(4,424)	(5)	-
Impairment provisions transferred to Stage 2	(752)	752	-	-
Impairment provisions transferred to Stage 3	(35)	(714)	749	-
New financial assets issued or purchased	10,804	253	1,039	12,096
Increase existing loans	4,405	9,450	8,196	22,051
Reduction existing loans	(10,569)	(4,772)	(4,682)	(20,023)
Financial assets that have been deducted	(5,571)	(5,579)	(2,581)	(13,730)
Changes due to recognised impairments (recognised losses)	-	(2)	(4,504)	(4,506)
31.03.2021	55,103	44,935	67,465	167,504
- reversal of impairment provisions related to fair value through OCI	(13,533)	-	-	(13,533)
Capitalised impairment provisions as at 31.03.2021	41,570	44,935	67,465	153,971
Of which, impairment provisions for capitalised loans	28,638	39,823	67,108	135,569
Of which, impairment provisions for unused credits and guarantees	12,932	5,112	358	18,402
Of which: impairment provisions, retail market - amortised cost	2,683	18,588	21,024	42,295
Of which: impairment provisions, corporate market - amortised cost	38,887	26,347	46,442	111,676

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 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 statement of financial position 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 in order to identify and make provisions for individual commitments and industries that we believe will experience specific problems making it through the crisis. PD/LGD levels cannot be recalibrated in the model as per 31.03.2021.

In addition to expanded individual loss assessments, the Bank changed the model's scenario weighting based on an assessment. The scenario weighting has remained unchanged since 30.06.2020. Please see the overview below for information on how the scenario weighting has developed.

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 30 million, which illustrates the sensitivity of a moderate deterioration in national and/or regional macroeconomic factors.

At the turn of the year, internal simulations were carried out for changes to weighted PD. The simulation shows that, given the Bank's scenario weighting as at 31.12.2020, impairment provisions increase by around NOK 10 million for every 10% increase in weighted PD. These indicate that adjustments to the scenarios have about the same effect as similar adjustments to PD levels.

Scenario weighting used as at 31.03.2021	Weight RM/CM	RM	CM	Total
Scenario 1 (normal case)	80%/80%	30,335	64,692	95,027
Scenario 2 (worst case)	15%/20%	24,276	47,473	71,749
Scenario 3 (best case)	5%/0%	1,217	-	1,217
Total estimated IFRS 9 provisions		55,828	112,165	167,993
- reversal of impairment provisions related to fair value through OCI		(13,533)	-	(13,533)
Capitalised impairment provisions for the parent bank as at 31.03.2021		42,295	112,165	154,460

Change in IFRS 9 impairment provisions in the event of a change in weight:	Weight RM/CM	RM	CM	Total
Scenario 1 (normal case)	70%/70%	(1,881)	(8,088)	(9,969)
Scenario 2 (worst case)	25%/30%	16,184	23,737	39,921
Scenario 3 (best case)	5%/0%	-	-	-
Total		14,303	15,649	29,952

Scenario weighting used during the year	31.12.2019 Weight RM/CM	31.03.2020 Weight RM/CM	30.06.2020 Weight RM/CM	31.12.2020 Weight RM/CM	31.03.2021 Weight RM/CM
Scenario 1 (normal case)	80%/80%	80%/80%	80%/80%	80%/80%	80%/80%
Scenario 2 (worst case)	10%/10%	15%/15%	15%/20%	15%/20%	15%/20%
Scenario 3 (best case)	10%/10%	5%/5%	5%/0%	5%/0%	5%/0%

Note 4 – Loans to customers by Stages 1, 2 and 3

Parent bank				
Loans to customers by Stages 1, 2 and 3	Stage 1	Stage 2	Stage 3	Total
31.12.2020	28,486,773	2,245,988	218,984	30,951,745
Loans transferred to Stage 1	291,820	(291,813)	(7)	-
Loans transferred to Stage 2	(290,690)	290,690	-	-
Loans transferred to Stage 3	(2,039)	(11,669)	13,708	-
New financial assets issued or purchased	4,568,292	35,126	6,393	4,609,811
Increase existing loans	243,381	50,424	1,901	295,706
Reduction existing loans	(610,134)	(34,963)	(8,071)	(653,168)
Financial assets that have been deducted	(3,129,718)	(199,379)	(19,505)	(3,348,602)
Changes due to recognised impairments (recognised losses)	-	(8)	(25,058)	(25,066)
31.03.2021	29,557,685	2,084,395	188,345	31,830,425
Impairment provisions as % of gross lending	0.19%	2.16%	36.08%	0.53%

Group				
Loans to customers by Stages 1, 2 and 3	Stage 1	Stage 2	Stage 3	Total
31.12.2020	28,478,035	2,245,988	198,393	30,922,416
Loans transferred to Stage 1	291,820	(291,813)	(7)	-
Loans transferred to Stage 2	(290,690)	290,690	-	-
Loans transferred to Stage 3	(2,039)	(11,669)	13,708	-
New financial assets issued or purchased	4,568,292	35,126	6,393	4,609,811
Increase existing loans	233,109	50,424	1,901	285,434
Reduction existing loans	(610,134)	(34,963)	(3,498)	(648,596)
Financial assets that have been deducted	(3,129,718)	(199,379)	(19,505)	(3,348,602)
Changes due to recognised impairments (recognised losses)	-	(8)	(16,989)	(16,997)
31.03.2021	29,538,676	2,084,395	180,395	31,803,466
Impairment provisions as % of gross lending	0.19%	2.16%	37.40%	0.53%

Note 5 – Other assets

Parent bank				Group		
31.12.2020	31.03.2020	31.03.2021	(NOK thousands)	31.03.2021	31.03.2020	31.12.2020
23,066	56,752	20,199	Prepaid, unaccrued costs, and accrued income not yet received	30,751	69,295	30,897
20,447	26,190	44,101	Other assets	58,474	29,001	24,180
125,378	113,833	63,381	Derivatives and other financial instruments at fair value	63,381	113,833	125,378
168,891	196,776	127,681	Total other assets	152,606	212,129	180,455

Note 6 – Other liabilities

Parent bank			(NOK thousands)	Group		
31.12.2020	31.03.2020	31.03.2021		31.03.2021	31.03.2020	31.12.2020
40,980	49,287	43,733	Accrued expenses and unaccrued income received	67,115	64,681	58,628
89,117	68,767	95,382	Provision for accrued expenses and liabilities	95,706	69,243	89,441
119,412	373,195	209,252	Other liabilities	245,492	406,254	149,873
122,691	122,686	70,862	Derivatives and other financial instruments at fair value	70,862	122,686	122,691
372,201	613,935	419,229	Total other liabilities	479,175	662,864	420,633

Note 7 – Deposits from customers by sector and industry

Parent bank			(NOK thousands)	Group		
31.12.2020	31.03.2020	31.03.2021		31.03.2021	31.03.2020	31.12.2020
15,884,790	15,427,696	15,961,947	Employees, etc.	15,961,947	15,427,696	15,884,790
3,290,849	3,076,931	3,185,316	Property management/business services, etc.	3,148,503	3,058,011	3,251,879
1,073,360	781,008	861,689	Wholesale and retail trade/hotels and restaurants	861,689	781,008	1,073,360
222,819	197,724	228,927	Agriculture/forestry	228,927	197,724	222,819
716,429	614,865	755,343	Building and construction	755,343	614,865	716,429
1,672,566	1,379,350	1,613,086	Transport and service Industries	1,613,086	1,379,350	1,672,566
385,014	292,820	347,476	Production (manufacturing)	347,476	292,820	385,014
1,857,541	1,939,573	2,070,889	Public administration	2,070,889	1,939,573	1,857,541
799,170	786,995	778,507	Abroad and others	778,507	786,995	799,170
25,902,538	24,496,962	25,803,180	Total deposits	25,766,368	24,478,042	25,863,568

Note 8 – Loan to customers by sector and industry

Parent bank				Group		
31.12.2020	31.03.2020	31.03.2021	(NOK thousands)	31.03.2021	31.03.2020	31.12.2020
24,966,804	24,111,822	25,202,255	Employees, etc.	25,202,255	24,111,822	24,966,804
5,789,031	5,739,125	6,452,780	Property management/business services, etc.	6,425,821	5,710,542	5,759,702
383,136	345,747	357,457	Wholesale and retail trade/hotels and restaurants	357,457	345,747	383,136
215,075	224,291	213,826	Agriculture/forestry	213,826	224,291	215,075
277,804	334,729	256,306	Building and construction	256,306	334,729	277,804
369,657	357,217	355,082	Transport and service Industries	355,082	357,217	369,657
327,397	284,405	331,529	Production (manufacturing)	331,529	284,405	327,397
1,094	1,714	965	Public administration	965	1,714	1,094
285,688	289,210	261,947	Abroad and others	261,947	289,210	285,688
32,615,686	31,688,260	33,432,147	Gross lending	33,405,188	31,659,677	32,586,358
8,251,907	8,378,724	8,955,964	- Of which, measured at amortised cost	8,929,005	8,350,140	8,222,578
22,699,838	21,574,914	22,874,461	- Of which, measured at fair value through OCI	22,874,461	21,574,914	22,699,838
1,663,941	1,734,623	1,601,722	- Of which, measured at fair value	1,601,722	1,734,623	1,663,941
(151,388)	(172,763)	(136,058)	- Impairment provisions for loans	(135,569)	(166,504)	(142,830)
32,464,299	31,515,497	33,296,089	Net lending	33,269,619	31,493,172	32,443,528
32,615,686	31,688,260	33,432,147	Gross lending	33,405,188	31,659,677	32,586,358
12,660,202	12,601,234	12,703,793	Gross lending transferred to SB1 Boligkreditt	12,703,793	12,601,234	12,660,202
752,332	832,418	655,668	Gross lending transferred to SB1 Næringskreditt	655,668	832,418	752,332
46,028,221	45,121,913	46,791,608	Gross lending including SB1 Boligkreditt and Næringskreditt	46,764,649	45,093,329	45,998,892

Note 9 – Capital adequacy

SpareBank 1 BV uses the standard method for credit risk and the basic method for operational risk. As at 31.03.2021, the requirements were 2.5% for the capital conservation buffer, 3.0% for the systemic risk buffer, 1.0% for the countercyclical capital buffer and 4.5% for the countercyclical capital buffer. 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 the Common Equity Tier 1 capital ratio is a minimum of 16.0%.

At the end of the quarter, the Common Equity Tier 1 capital ratio was 18.4% (18.1%), excluding profit from the first quarter. The leverage ratio was 8.6% (8.3%) at the end of the quarter. The regulatory requirement for the leverage ratio is 5.0%.

On 10.12.2020, the Financial Supervisory Authority of Norway published a circular on assessing loans that should be considered high risk. The Financial Supervisory Authority of Norway'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%.

The Bank has implemented the policy changes included in the Financial Supervisory Authority of Norway's circular in the Bank's capital adequacy calculation as at 31.03.2021 and has thus changed the risk weights for all of the Bank's property development projects to 150%. The policy change resulted in a 0.5 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.

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 Financial Supervisory Authority of Norway will set new MREL and Pillar 2 requirements in connection with, or after, the merger with Sparebanken Telemark.

The Group's target for the Common Equity Tier 1 capital ratio is a minimum of 16.0% at the end of 2021.

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

	31.03.2021	31.03.2020	31.12.2020
Primary capital			
Common Equity Tier 1 capital	4,895,669	4,587,170	4,906,635
Tier 1 capital	5,222,006	4,940,626	5,232,972
Primary capital	5,731,854	5,455,171	5,744,496
Basis for calculation	26,659,684	25,282,797	26,155,755
Capital adequacy			
Common Equity Tier 1 capital ratio	18.36%	18.14%	18.76%
Tier 1 capital ratio	19.59%	19.54%	20.01%
Capital adequacy	21.50%	21.58%	21.96%
Leverage ratio	8.58%	8.32%	8.59%

The following companies are included in proportional consolidation:

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

Parent bank

	31.03.2021	31.03.2020	31.12.2020
Primary capital			
Equity share capital	946,520	946,501	946,520
Share premium fund	1,026,427	1,026,427	1,026,427
Risk equalisation fund	645,066	536,885	645,066
Sparebankens fond	2,260,996	2,072,392	2,260,996
Fund for unrealised gains/losses	21,038	25,514	21,796
Endowment fund	6,540	6,540	6,540
Allocated dividend classified as equity	119,893	-	119,893
Other equity (IAS pensions and interest paid on additional Tier 1 capital)	(2,334)	(3,260)	-
Profit for the period	111,264	60,354	-
Total capitalised equity (excluding additional Tier 1 capital)	5,135,410	4,671,353	5,027,238
Value adjustments on shares and bonds measured at fair value (AVA)	(7,320)	(27,702)	(7,595)
Deduction for non-material interests in the financial sector	(928,209)	(955,950)	(956,245)
Dividends allocated for distribution, classified as equity	(119,893)	-	(119,893)
Profit for the period	(111,264)	(60,354)	-
Interim profit included in Tier 1 capital	-	-	-
Total Common Equity Tier 1 capital	3,968,725	3,627,347	3,943,505
Additional Tier 1 capital	250,000	250,000	250,000
Additional Tier 1 capital	-	-	-
Deduction for non-material interests in the financial sector	-	-	-
Total Tier 1 capital	4,218,725	3,877,347	4,193,505
Supplementary capital in excess of Tier 1 capital			
Time-limited primary capital	400,000	400,000	400,000
Deduction for non-material interests in the financial sector	(4,769)	(4,928)	(4,817)
Net primary capital	4,613,956	4,272,419	4,588,688
Risk-weighted basis for calculation			
Assets not included in the trading portfolio	19,480,851	17,677,392	18,734,655
Operational risk	1,901,579	1,919,857	1,944,534
Position risk in the trading portfolio	-	-	-
CVA surcharge (counterparty risk on derivatives)	32,108	85,896	78,611
Total basis for calculation	21,414,539	19,683,146	20,757,801
Common Equity Tier 1 capital	18.53%	18.43%	19.00%
Tier 1 capital	19.70%	19.70%	20.20%
Capital adequacy	21.55%	21.71%	22.11%
Leverage ratio	10.14%	9.77%	10.15%
Buffer requirements			
Capital conservation buffer (2.50%)	535,363	492,079	518,945
Countercyclical buffer (1.0%/2.0%/2.5%)	214,145	196,831	207,578
Systemic risk buffer (3.00%)	642,436	590,494	622,734
Total buffer requirement for Common Equity Tier 1 capital	1,391,945	1,279,404	1,349,257
Minimum requirement for Common Equity Tier 1 capital (4.50%)	963,654	885,742	934,101
Available Common Equity Tier 1 capital in excess of minimum requirement	1,613,125	1,462,201	1,660,146

	31.03.2021	31.03.2020	31.12.2020
Local and regional authorities	58,558	63,681	58,521
Publicly owned companies	10,141	9,745	10,129
Institutions	118,172	159,596	163,701
Companies	2,144,312	2,669,489	2,118,471
Mass market	2,629,674	2,601,712	2,759,706
Mortgaged against residential and holiday property	8,449,900	8,095,740	8,239,757
Mortgaged against commercial property	2,667,094	2,227,285	2,251,926
Exposures past due	199,060	125,268	74,970
High-risk exposures	1,502,764	-	1,279,609
Covered bonds	313,527	250,113	296,383
Receivables from institutions and companies with short-term ratings	108,995	107,116	146,086
Shares in mutual funds	43,380	33,125	42,548
Equity items	1,104,825	1,154,627	1,159,907
Other exposures	130,449	179,896	132,942
Total credit risk	19,480,851	17,677,392	18,734,655

Note 10 – Derivatives

2021				2020		
Contract sum	Fair value	31.03.2021		Contract sum	Fair value	31.03.2020
31.12.2020	Assets	Liabilities	(NOK thousands)	31.12.2019	Assets	Liabilities
			Derivatives – hedging			
4,465,000	63,381	70,862	Derivatives at fair value	4,915,000	113,833	122,686
4,465,000	63,381	70,862	Total derivatives at fair value hedging	4,915,000	113,833	122,686

Note 11 – Net result from other financial investments

Parent bank				Group		
31.12.2020	31.03.2020	31.03.2021	(NOK thousands)	31.03.2021	31.03.2020	31.12.2020
(805)	(22,864)	17,918	Net change in value of shares, etc. measured at fair value	18,125	(22,864)	(805)
7,571	(20,182)	(1,845)	Net change in value of bonds/certificates measured at fair value	(1,845)	(20,182)	7,571
(18,679)	(5,717)	(2,406)	Net change in value of financial derivatives measured at fair value	(2,406)	(5,717)	(18,679)
13,425	2,152	1,825	Exchange rate gains/losses on currency	1,825	2,152	13,425
1,512	(46,611)	15,492	Net result from other financial investments	15,700	(46,611)	1,512

Note 12 – Securities issued and subordinated loan capital

SpareBank 1 BV issues and redeems securities issued as part of its liquidity management. The refinancing requirement has also been partly funded by the transfer

of the loan portfolio to SpareBank 1 Boligkreditt AS. The breakdown is the same for the parent bank and the Group.

Securities issued	Parent bank/Group		
	31.03.2021	31.03.2020	31.12.2020
(NOK thousands)			
Certificate debt, nominal value	-	-	-
Bond debt, senior unsecured, nominal value	8,001,000	8,087,000	7,794,000
Bond debt, SNP, nominal value	500,000	-	-
Value adjustments and accrued interest	53,166	120,660	114,931
Total securities issued	8,554,166	8,207,660	7,908,931

Change in securities issued	Parent bank/Group			
	31.03.2021	Issued in 2021	Redeemed in 2021	31.12.2020
(NOK thousands)				
Certificate debt, nominal value	-	-	-	-
Bond debt, senior unsecured, nominal value	8,001,000	600,000	(393,000)	7,794,000
Bond debt, SNP, nominal value	500,000	500,000	-	-
Value adjustments and accrued interest	53,166	-	-	114,931
Total securities issued	8,554,166	1,100,000	(393,000)	7,908,931

Subordinated loan capital	Parent bank/Group		
	31.03.2021	31.03.2020	31.12.2020
(NOK thousands)			
Subordinated loan capital	400,000	400,000	400,000
Value adjustments and accrued interest	821	1,350	802
Total subordinated loan capital	400,821	401,350	400,802

Change in subordinated loan capital	Parent bank/Group			
	31.03.2021	Issued in 2021	Redeemed in 2021	31.12.2020
(NOK thousands)				
Subordinated loan capital	400,000	-	-	400,000
Value adjustments and accrued interest	821	-	-	802
Total subordinated loan capital	400,821	-	-	400,802

Note 13 – Segment information

The segment information is related to the way in which the Group is managed and followed up internally by the business through performance and capital reporting, proxies and procedures. The reporting of segments is divided into the following areas: Retail market (RM) and corporate market (CM) customers, which include the

parent bank and subsidiaries related to real estate and accounting services. Other subsidiaries include subsidiary companies that manage property. Group eliminations are shown together with undivided operations in a separate column (non-reportable segments).

Group 31.03.2021

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit					
Net interest income	92,123	54,628	(332)	2,731	149,150
Net commission and other income	93,923	34,074	-	39,392	167,389
Operating expenses	106,035	48,552	6,299	(6,575)	154,311
Profit before losses	80,011	40,150	(6,631)	48,698	162,228
Losses on loans and guarantees	(1,277)	3,074	-	74	1,871
Profit before tax	81,288	37,076	(6,631)	48,624	160,357

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Statement of financial position					
Net lending to customers	24,772,103	7,809,103	-	688,413	33,269,619
Other assets	94,295	49,302	9,760	7,466,911	7,620,268
Total assets per segment	24,866,398	7,858,405	9,760	8,155,323	40,889,886
Deposits from and liabilities to customers	16,177,871	9,227,907	-	360,590	25,766,368
Other equity and liabilities	8,688,527	(1,369,502)	9,760	7,794,734	15,123,519
Total equity and liabilities per segment	24,866,398	7,858,405	9,760	8,155,323	40,889,886

Group 31.03.2020

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit					
Net interest income	98,701	64,982	(21)	15,883	179,545
Net commission and other income	80,275	30,152	50	6,504	116,981
Operating expenses	93,927	40,844	201	18,549	153,521
Profit before losses	85,049	54,290	(172)	3,838	143,005
Losses on loans and guarantees	8,699	18,485	-	51	27,235
Profit before tax	76,350	35,805	(172)	3,788	115,771

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Statement of financial position					
Net lending to customers	23,252,513	7,205,345	-	1,035,314	31,493,172
Other assets	81,642	33,149	12,079	7,696,482	7,823,352
Total assets per segment	23,334,155	7,238,494	12,079	8,731,797	39,316,525
Deposits from and liabilities to customers	15,636,651	8,489,559	-	351,832	24,478,042
Other equity and liabilities	7,697,504	(1,251,065)	12,079	8,379,965	14,838,483
Total equity and liabilities per segment	23,334,155	7,238,494	12,079	8,731,797	39,316,525

Group 31.12.2020

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

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

Note 14 – Critical accounting estimates and discretionary valuations

In preparing consolidated financial statements, the management makes estimates and discretionary assessments, as well as assumptions that affect the impact of applying the accounting policies. This will therefore affect the reported amounts for assets, liabilities, income and expenses. In the financial statements for 2020, Note 3 'Critical estimates and assessments regarding the use of accounting policies', gives more details of significant estimates and assumptions.

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

the Bank has conducted an expanded/detailed quarterly review of our CM portfolio in order to identify and make provisions for individual commitments that we believe will experience specific problems making it through the ongoing pandemic. PD/LGD levels cannot be recalibrated in the model as per 31.03.

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

Note 15 – Sale of loans

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

The Bank has signed an agreement for the legal sale of loans with high security and collateral in real estate to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. For more information on the accounting treatment of the agreements, see Note 2 and Note 9 to the annual financial statements for 2020.

Note 16 – Liquidity risk

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

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

The Bank should also be able to survive a minimum of 150 days in a 'highly stressed' situation where there is no access to funding from the capital markets. The Bank performs its day-to-day daily governance based on the above goals. A contingency plan for dealing with liquidity crises has also been established. The average remaining term to maturity in the portfolio of senior bond loans was 3.1 years as at 31.03.2021. Overall LCR was 187% at the end of the first quarter and average total LCR was 186% in the quarter.

Note 17 – Measuring fair value of financial instruments

Financial instruments at fair value are classified at different levels.

Level 1: Valuation based on quoted prices on an active market. The fair value of financial instruments traded on active markets is based on the market price at the statement of financial position 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 inactive markets.

- These valuation methods maximise the use of observable data where it is available and rely as little as possible on the Bank's own estimates.
 - The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on the observable rate curve.
 - The fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated cash flow based on the observable yield curve, including an indicated credit spread on the issuer from a reputable brokerage firm or Reuters/Bloomberg pricing services.
 - This category includes bonds, certificates, equity instruments, own securities issued measured at fair value, and derivatives.
- Level 3:** Valuation based on other than observable data. If no valuation is available in relation to level 1 and 2, valuation methods based on non-observable information are used.
- Fair value of fixed rate loans: The Bank uses the base rate/reference rate on the loans, and discounts using its own swap curve to calculate the funding margin. The Bank has no 'day 1 profit'. For valuations at later dates, the Bank reads in reads customer interest and adjusts for funding and customer margins. Swap interest will be charged on the discount date. This is then compared with the swap rate on the calculation date taking account of the remaining term to maturity. Changes to the customer margin (administrative 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.
 - This category includes other equity instruments, loans at fair value over extended profit and the Bank's own fixed rate loans.
 - The fair value of mortgages is understood to be:
 - Loans in loss category 1 - the nominal value of the loan (not equal to amortised cost). Loan in loss category 2, and 3 - the loan's nominal value decreases by the expected losses (= amortised cost). Loans in loss category 3K - the loan's nominal value decreases by individual impairment provisions (= amortised cost)

The Group's assets and liabilities measured at fair value as at 31.03.2021

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,601,722	1,601,722
- Loans at fair value through OCI *)	-	-	22,874,461	22,874,461
- Bonds and certificates	209,411	4,072,942	-	4,282,353
- Equity Instruments	192,112	-	1,134,001	1,326,113
- Derivatives	-	63,381	-	63,381
Total assets	401,523	4,136,323	25,610,184	30,148,030
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued at fair value	-	2,666,069	-	2,666,069
- Derivatives	-	70,862	-	70,862
Total liabilities	-	2,736,931	-	2,736,931

The Group's assets and liabilities measured at fair value as at 31.03.2020

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,734,623	1,734,623
- Loans at fair value through OCI *)	-	-	21,574,914	21,574,914
- Bonds and certificates	209,620	3,525,709	-	3,735,329
- Equity Instruments	207,636	-	1,174,861	1,382,497
- Derivatives	-	113,833	-	113,833
Total assets	417,256	3,639,542	24,484,398	28,541,196
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued at fair value	-	3,081,047	-	3,081,047
- Derivatives	-	122,686	-	122,686
Total liabilities	-	3,203,733	-	3,203,733

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

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,663,941	1,663,941
- Loans at fair value through OCI	-	-	22,699,838	22,699,838
- Bonds and certificates	207,790	4,217,557	-	4,425,347
- Equity Instruments	213,522	-	1,158,136	1,371,658
- Derivatives	-	125,378	-	125,378
Total assets	421,312	4,342,935	25,521,915	30,286,162
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued at fair value	-	2,824,795	-	2,824,795
- Derivatives	-	122,691	-	122,691
Total liabilities	-	2,947,486	-	2,947,486

Changes in instruments classified as Level 3 as at 31.03.2021

	Fixed-rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2021	1,663,941	1,158,136	22,699,838
Additions	89,686	277	3,513,905
Disposals	(151,905)	(23,853)	(3,339,282)
Net gain/loss on financial instruments	-	(559)	-
Closing balance 31.3.2021	1,601,722	1,134,001	22,874,461

Changes in instruments classified as Level 3 as at 31.03.2020

	Fixed-rate loans	Shares at fair value through profit or loss	Lending at fair value through OCI
Opening balance 01.01.2020	1,774,341	1,177,757	21,307,310
Additions	29,807	-	3,290,608
Disposals	(69,525)	(765)	(3,023,004)
Net gain/loss on financial instruments	-	(2,131)	-
Closing balance 31.3.2020	1,734,623	1,174,861	21,574,914

Changes in instruments classified as Level 3 as at 31.12.2020

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

Note 18 – Events after the statement of financial position date

No events with a material bearing on the financial statements have occurred since the statement of financial position date. However, the ongoing pandemic means there is considerable uncertainty associated with critical accounting estimates and discretionary valuations as at 31.03.2021. In connection with this, please see in particular the discussions in the Board of Directors'

Interim Report, Note 3 and Note 14. The merger with Sparebanken Telemark was approved by the Norwegian Competition Authority on 09.04.2021. The banks are on schedule in relation to the preparations for a legal merger on 01.06.2021, subject to the approval of the Financial Supervisory Authority of Norway.



Declaration by the Board of Directors and the CEO

We declare that, to the best of our knowledge and belief, the interim financial statements for the period 1 January to 31 March 2021 have been prepared in accordance with IAS 34 Interim Reporting, and that the information in the financial statements provides a true picture of the Bank's and the Group's assets, liabilities, financial position and results as a whole.

We also declare that, to the best of our knowledge and belief, the interim report provides an accurate summary of key events in the accounting period and their influence on preliminary annual financial statements, the major risk and uncertainty factors facing the business in the coming accounting period, and significant transactions with close associates.

Tønsberg, 11.05.2021

The Board of Directors of SpareBank 1 BV

Finn Haugan
Chair of the Board

Heine Wang
Deputy Chair

Elisabeth Haug

Janne Sølvi Weseth

Gisle Dahn

Hanne Myhre Gravdal
Employee representative

Geir Arne Vestre
Employee representative

Rune Fjeldstad
Managing Director



The Bank's equity certificates



Earnings per equity certificate

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

Diluted earnings per equity certificate

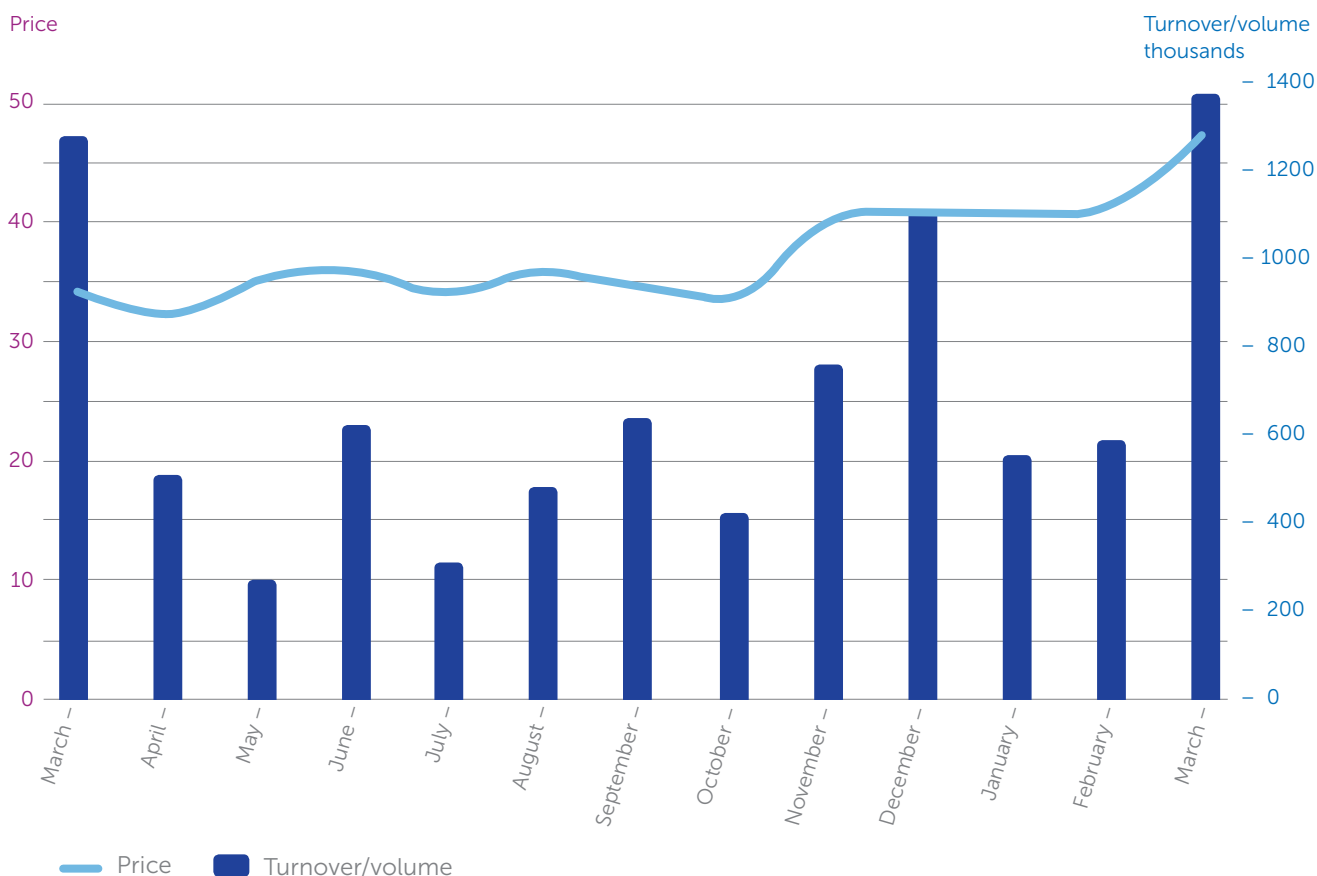
In the calculation of diluted earnings per equity certificate, the weighted average number of issued ordinary equity certificates in circulation is adjusted for the effect of converting potential equity certificates which could lead to dilution. The Bank has no potential equity certificates that could cause dilution as at 31.03.2021. Diluted earnings per equity certificate is therefore equal to earnings per equity certificate.

	Parent bank
(NOK thousands)	31.03.2021
Based on profit for the year divided between equity certificate holders and primary capital	106,908
Number of equity certificates issued	63,101
Earnings per equity certificate	0.91
Par value	15.00

Calculation of equity certificate fraction (based on OB 2021)

Adjusted primary capital	01.01.2021
Total equity	5,277,237
- fund for unrealised gains (FUG)	(21,796)
- additional Tier 1 capital	(250,000)
- allocated dividends classified as equity	(119,893)
Total adjusted primary capital	4,885,548
Equity certificate fraction	
Equity certificate capital	946,519
Share premium fund	1,026,427
Risk equalisation fund	645,066
Total equity certificate holders	2,618,012
Equity certificate fraction	53.59%
Adjusted profit	31.03.2021
Profit	111,264
- corrected for interest on additional Tier 1 capital recognised directly against equity	(2,334)
- corrected for FUG	(2,022)
Adjusted profit	106,908

Price development March 2020 – March 2021



20 largest shareholders

	Quantity	Share
SpareBank 1 Stiftelsen BV	13,642,787	21.62%
Sparbankstiftelsen Nøtterøy-Tønsberg	10,925,503	17.31%
Verdipapirfondet Eika	2,291,750	3.63%
Pareto Invest AS	1,532,868	2.43%
Landkreditt Utbytte	1,000,000	1.58%
Wenaasgruppen AS	907,432	1.44%
Melesio Capital NYE AS	853,368	1.35%
Bergen Kommunale Pensjonskasse	750,000	1.19%
Catilina Invest AS	731,950	1.16%
Spesialfondet Borea utbytte	651,071	1.03%
Foretakskonsulenter AS	621,230	0.98%
Sanden AS	588,000	0.93%
Hausta Investor AS	420,000	0.67%
JAG Holding AS	400,000	0.63%
Johansen Kjell Petter	372,000	0.59%
Salt Value AS	343,071	0.54%
Verdipapirfondet Nordea Norge	336,849	0.53%
T.D Veen AS	280,000	0.44%
Espedal & Co AS	276,877	0.44%
Asker Kommunale pensjonskasse	275,747	0.44%
Total for 20 largest shareholders	37,200,503	58.95%
Other owners	25,900,850	41.05%
Equity certificates issued	63,101,353	100.00%

Dividend policy

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

Each year's profit will be distributed proportionately between 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

A new dividend policy will be adopted after the merger, assuming the Financial Supervisory Authority of Norway approves the merger.



Statements concerning future events

The report contains statements concerning future events that reflect the executive management team's current view of certain future events and potential financial performance.

Although SpareBank 1 BV believes that the expectations expressed in such statements about the future are reasonable, there can be no guarantee that the expectations will prove to have been correct. Results could therefore vary greatly from those assumed in the statements regarding future circumstances.

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

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

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

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