2020

INTERIM REPORT FOR THE 1ST QUARTER

We are together

Together we create value

Learning – Engaged – Close

SPAREBANK 1 BV
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SpareBank 1 BV

Business concept, vision, values and goals

Business concept

Business areas

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

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

Market area

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

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

Resource management

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

Vision, values and goals

Vision

Together we create value

Our core values

Customer first – together we are best.

Our values

Learning – engaged – close

Main strategic objective

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

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Business areas

Retail market

SpareBank 1 BV enjoys a solid position in the retail market. Familiarity with the Bank is increasing throughout the market area. One in four retail customers in the market area has a customer relationship with the Bank, and approximately 16% use it as their main bank. Lending has grown by 6.3% in the past 12 months, while average growth in the market was 4.7%.

The Bank has almost 77,000 active customers in the retail market.

A combined offer of good digital services, a modern customer service centre and a well-developed branch network provides the customer with quick and easy access to financial services and competence in all channels.

Customers are pleased with the Group's services and customer satisfaction is high. The Group uses customer data in ways that make becoming a customer easy and that enable us to take relevant initiatives in relation to the customer. This is about both simplifying customers' everyday lives and improving the efficiency of the Bank's processes; in both cases with digitalisation as a clear driver. Building strong customer relationships is about combining the best of two worlds: artificial intelligence through smart technology and robotics, and emotional intelligence through personal contact with highly qualified employees.

As at 31 March 2020, Eiendomsmegler 1 BV and Z-eiendom AS posted total housing sales of NOK 1.4 billion from approximately 500 units.

Corporate market

The corporate market customer portfolio consists of about 8,000 active SME customers. Most of the lending portfolio is within the real estate industry. The focus on cooperation across business areas means that customers are offered an integrated product range.

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

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

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

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 Eiendoms-Megler 1 BV AS and SpareBank 1 Regnskapshuset BV AS. It also owns 60% of Z-Eiendom AS. The companies are located in Kongsberg, Mjøndalen, Drammen, Lier, Holmestrand, Horten, Tønsberg, Nøtterøy, Sandefjord and Larvik.

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

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

First quarter highlights

- Profit after tax: NOK 93.9 million (180.0 million).
  - The result for financial assets was NOK 103.7 million lower than last year.
  - Losses increased by NOK 21.4 million compared with last year.
- Annualised return on equity: 7.7% (15.9%).
- Net interest income: NOK 179.5 million (145.3 million).
- Net commission and other income: NOK 109.7 million (99.3 million).
  - Including share of capital gains from the insurance merger (pension insurance products): NOK 53.0 million.
  - Last year included the share of capital gains from the insurance merger: NOK 719 million.
- Operating expenses: NOK 153.5 million (144.7 million).
- Net impairment of loans and guarantees: NOK 27.2 million (5.8 million).
- Total growth in lending in the past 12 months, including portfolio transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS: 7.5% (6.2%).
- Deposit growth in past 12 months: 3.3% (12.8%).
- Tier 1 capital ratio, proportional consolidation: 19.5% (17.7%).
- Common Equity Tier 1 capital, proportional consolidation: 18.1% (16.3%).
- Leverage ratio, proportional consolidation: 8.3% (8.1%).

Financial performance

Cumulative figures as at 31 March unless explicitly stated otherwise.

Profit

The SpareBank 1 BV Group achieved a profit before losses of NOK 143.0 million (210.7 million). Profit after tax was NOK 93.9 million (180.0 million), which represents 0.97% (1.98%) of average total assets. The Group's annualised return on equity was 7.7% (15.9%).

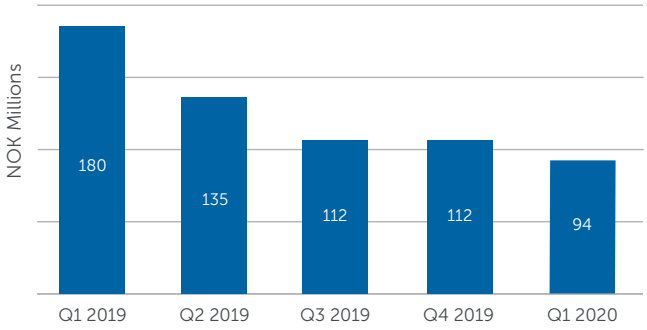
The change in profit compared with the first quarter of 2019 was mainly due to a NOK 103.7 million reduction in profit from financial assets and NOK 21.4 million in higher losses.

The Group's annualised return on equity was significantly affected by gains from the insurance merger (Fremtind) of NOK 53.0 million in 2020 and NOK 71.9 million in 2019, respectively. Excluding these items, the Group's annualised return on equity was 3.4% (9.5%). Please see the 'Net income from financial assets' and 'Losses and impairment provisions' sections for further details about the non-recurring effects, as well as the negative impact the coronavirus pandemic is having on the results.

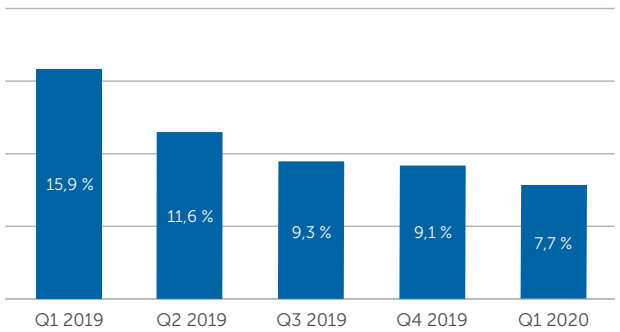
Earnings per equity certificate in the parent bank were NOK 0.55 (0.87).

Quarterly performance of profit after tax and return on equity:

Profit after tax



Return on equity



Net interest income

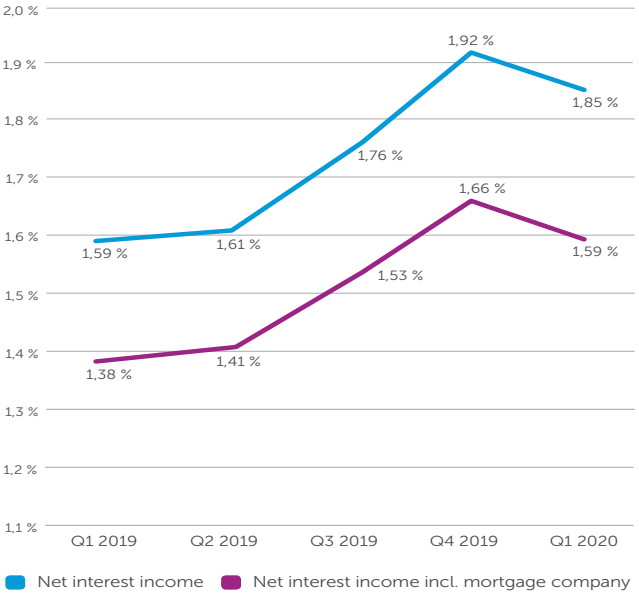
Net interest income amounted to NOK 179.5 million (145.3 million). Net interest income as a percentage of average total assets was 1.85% (1.59%).

At the end of the quarter, the Bank had transferred mortgages worth NOK 12,601 million (12,031 million) to SpareBank 1 Boligkreditt AS, and NOK 832 million (551 million) to SpareBank 1 Næringskreditt AS. Earnings from these loan portfolios are shown under net commission income and amounted to NOK 26.4 million (23.1 million).

Based on Norges Bank's policy rate cuts on 13 March and 20 March 2020 totalling 1.25 percentage points, a decision was made to reduce interest rates for loans and deposits by up to 0.85 percentage points. The mortgage rate was cut from 8 April and the reduction for deposits will come into effect from 27 May.

The three-month NIBOR fell sharply after the interest rate decision was made.

Quarterly change in net interest income:



Net commission and other income

Net commission and other income totalled NOK 109.7 million (99.3 million).

Net commission income

Net commission income amounted to NOK 71.2 million (64.4 million). The increase in commissions from SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS accounted for NOK 3.3 million of this.

Other operating income

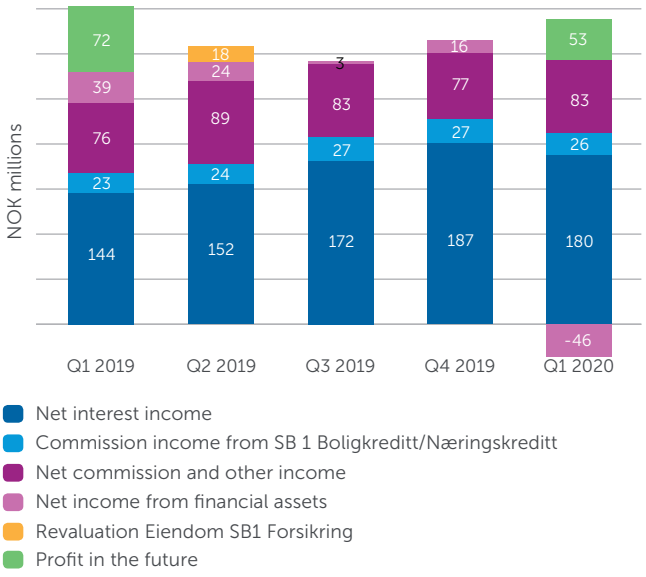
Other operating income amounted to NOK 38.5 million (34.9 million).

Net income from financial assets

Net income from financial assets amounted to NOK 7.2 million (110.9 million). The key items in 2020 are made up of dividends received totalling NOK 15.4 million (16.4 million) and net income from ownership interests of NOK 38.5 million (79.6 million). The latter item includes gains from the insurance merger for personal risk products (Fremtind) amounting to NOK 53.0million (71.9 million), as well as the Bank's NOK -17.5 million (5.4 million) share of the result in SpareBank 1 Gruppen AS for the first quarter. The deficit in SpareBank 1 Gruppen for this quarter was mainly due to negative value changes in financial assets, as well as weak results in insurance activities.

In addition, net income from the Bank's financial assets amounted to NOK -46.6 million (14.9 million). The quarter was heavily affected by the negative value changes in the bond and equities markets related to the ongoing pandemic and weak development of oil prices.

Quarterly change in income (NOK millions):



Operating expenses

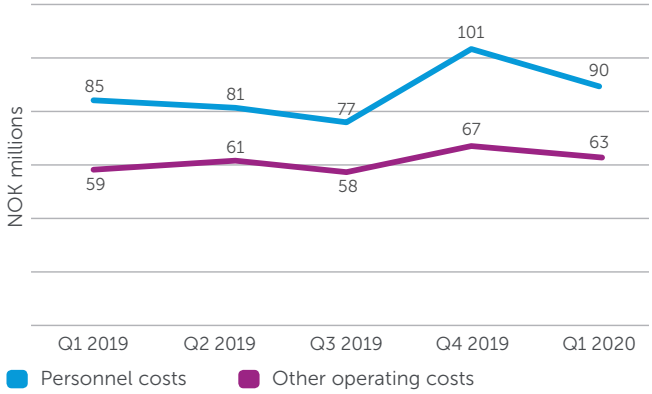
Total operating expenses were NOK 153.5 million (144.7 million). Operating expenses as a percentage of

total operating income for the Group came to 51.8% (40.7%). The corresponding cost-income ratio for the parent bank was 52.2% (45.5%).

Personnel expenses
Personnel expenses amounted to NOK 90.4 million (85.5 million). The average number of FTEs in the Group has increased by 10 compared to the same period last year, of which 8 FTEs were in the parent bank.

Other operating expenses
Other operating expenses amounted to NOK 63.1 million (59.2 million).

Quarterly change in operating expenses:



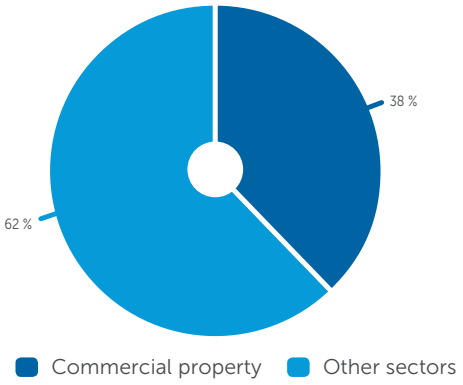
Losses and impairment provisions

Net impairment of loans and guarantees amounted to NOK 27.2 million (5.8 million) as at 31 March. Net impairments as a percentage of average gross lending amounted to 0.09% (0.02%). The net increase in impairment provisions in Stage 3 amounted to NOK 7.7 million. In stages 1 and 2, the increases in provisions amounted to NOK 6.4 million and NOK 6.8 million, respectively. In addition to this, previous impairments of NOK 6.1 million were recognised as losses.

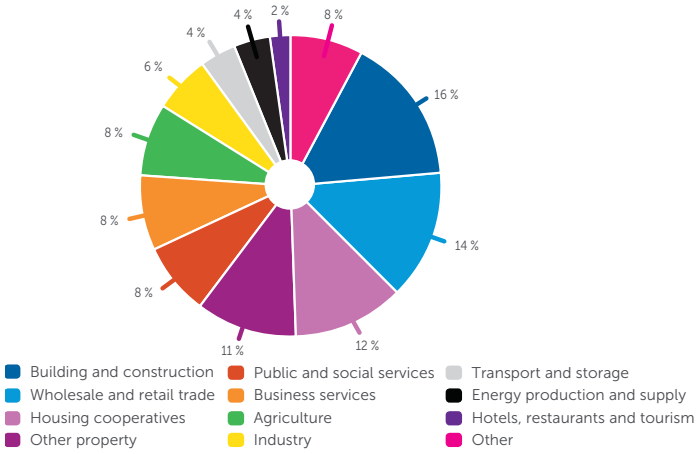
We are in the initial stages of an ongoing pandemic. There is considerable uncertainty about how long the crisis will last and what the impact of the pandemic will be for losses, both in the short term and in the longer term. The low interest rates and support measures established by the government will have a positive impact for corporate and retail customers who have been hit hard by the pandemic and the lockdown. In its assessment, the Bank has also assumed a gradual reopening of society and relaxing of national infection prevention requirements.

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

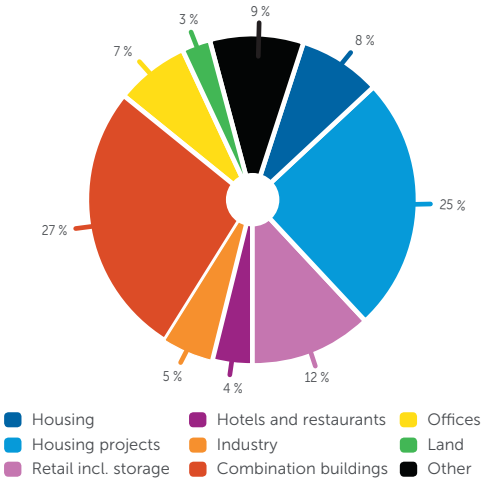
CM – volume in commercial property and other industries:



Other sectors:



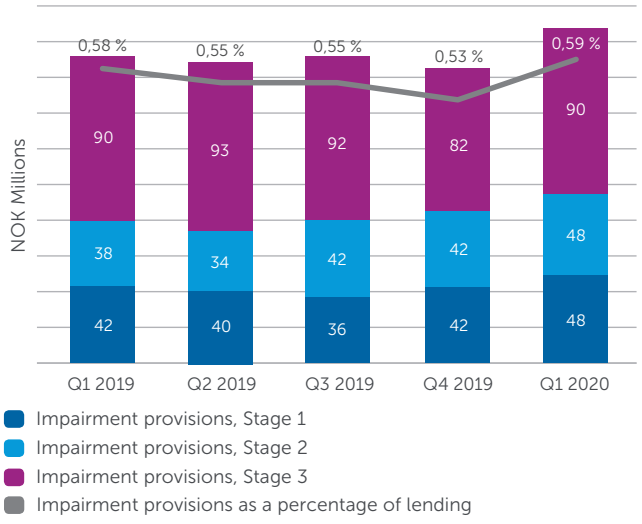
Commercial property:



As a result of the coronavirus outbreak and abrupt shutdown of the Norwegian economy from 12 March, the credit risk picture has changed. The Bank's IFRS model was not designed to be able to estimate on the basis of a sharp negative shift in general conditions since the model is largely based on historical data. Given this, the Bank has conducted a comprehensive review of the individual commitments in the corporate market portfolio with an emphasis on the most vulnerable industries. Customers with weak operations and liquidity have been identified and individual impairment provisions have been made. The PD and LGD levels in the IFRS model have not been recalibrated as at the end of the first quarter, although some customers were moved from Stage 1 to Stage 2 in the IFRS model based on the review of the portfolio.

In addition to expanded individual loss assessments, the Bank changed the model's scenario weighting this quarter based on an assessment. The best-case scenario was reduced from 10% to 5%, the worst-case scenario increased from 10% to 15%, and the normal-case scenario kept unchanged at 80%. The change in probability weighting from 31 December 2019 results, in isolation, in an increase of approximately NOK 17 million in increased impairment provisions.

Quarterly change in impairment provisions:



Balance sheet performance

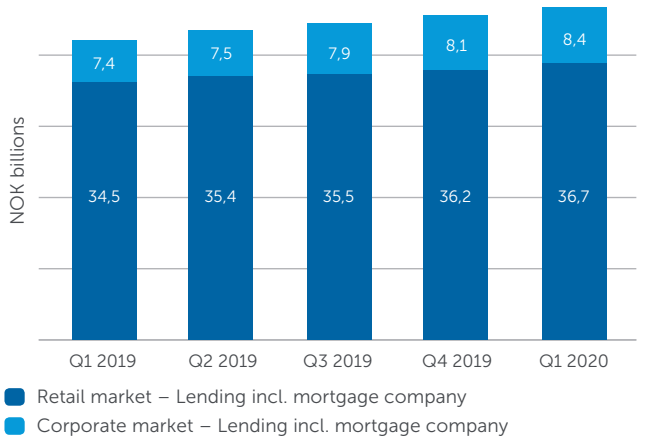
The Group's total assets amounted to NOK 39,317 million. This represents an increase of NOK 1,269 million over the past 12 months. The Group's business capital (total assets including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS) amounted to NOK 52,750 million (50,629 million).

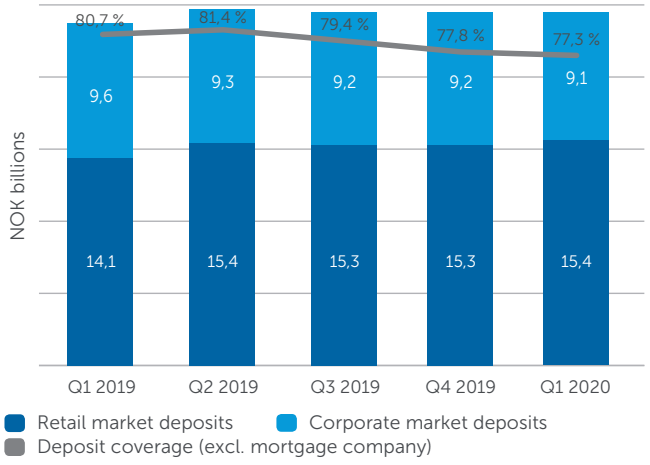
Lending and deposit performance

Gross lending (including volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS) amounted to NOK 45,093 million. The past 12 months have seen an increase of NOK 3,132 million, equivalent to growth of 7.5%. NOK 2,179 million, or 6.3%, of the growth came in the retail market and NOK 953 million, or 12.8%, in the corporate market. The retail market's share of lending (including SpareBank 1 Boligkreditt) at the end of the quarter was 81% (82%).

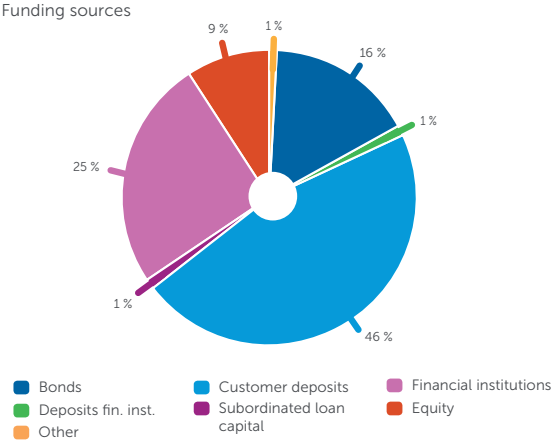
At the end of the quarter, the Group had a deposit volume of NOK 24,478 million (23,698 million) with deposit growth of 3.3% in the past 12 months. NOK 1,285 million, or 9.1%, of the growth came in the retail market and NOK -504 million, or -5.3%, in the corporate market. The Group had a deposit coverage ratio of 77.3%, compared with 80.7% at the same time last year. Including the volume transferred to SpareBank 1 Boligkreditt AS/SpareBank 1 Næringskreditt AS, the deposit coverage ratio amounts to 54.3% (56.5%). The retail market share of deposits at the end of the quarter was 63% (60%).

Quarterly change in loans and deposits:

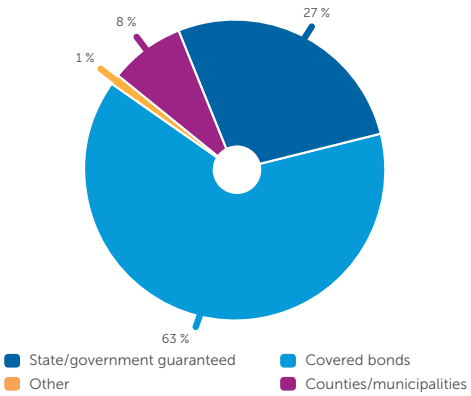




Funding sources



Liquidity portfolio



Liquidity

The Bank's liquidity situation at the end of the quarter was very good. The Bank had a liquidity portfolio of NOK 3,831 million as at 31 March. The Bank aims to keep liquidity risk low. In a normal market, SpareBank 1 BV's goal is to be able to maintain ordinary operations for a minimum of 12 months without access to external financing. As at 31 March, the Bank is well above this target. The Bank can report an LCR of 183% (294%) as at 31 March.

At the end of the quarter, mortgages totalling NOK 12,601 million had been transferred to SpareBank 1 Boligkreditt AS, an increase of NOK 561 million from the start of year. As at 31 March, the Bank had a portfolio of loans approved for transfer to SpareBank 1 Boligkreditt AS worth NOK 11,800 million. The Bank had also transferred NOK 832 million of loans to SpareBank 1 Næringskreditt AS as at 31 March.

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

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

Equity

Capital adequacy

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

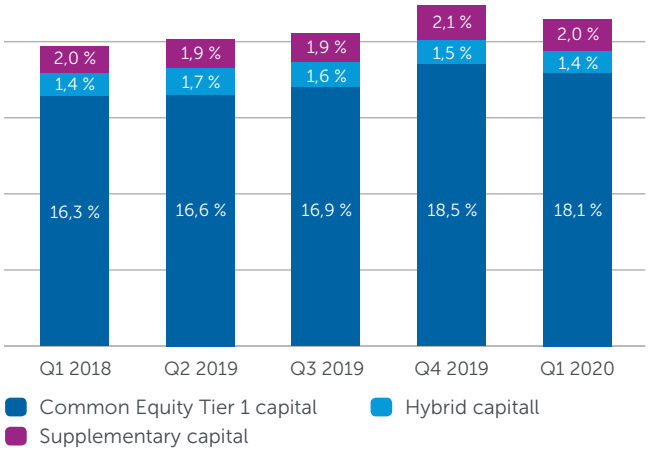
On 13 March, the Ministry of Finance decided to reduce the countercyclical buffer from 2.5% to 1% with immediate effect. Based on this, the regulatory requirement for Common Equity Tier 1 capital is a minimum of 11%. In September 2018, the Financial Supervisory Authority of Norway set a Pillar 2 requirement for SpareBank 1 BV of 1.9% from 31 December 2018, although the total may be no lower than NOK 457 million above the minimum requirement and buffer requirement in Pillar 1. The current total requirement for Common Equity Tier 1 capital is thus 12.9%. The Group's target for Common Equity Tier 1 capital ratio is a minimum of 15.5%. At the end of the quarter, the Common Equity Tier 1 capital ratio was 18.1% (16.3%). The leverage ratio was 8.3% (8.1%) at the end of the quarter. The regulatory requirement for the leverage ratio is 5.0%.

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

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

The Financial Supervisory Authority of Norway will set a new Pillar 2 requirement, which will be effective from the end of 2020.

Quarterly change in capital adequacy (proportional consolidation);



Subsidiaries

Excluding parent bank eliminations	EiendomsMegler 1 BV AS		Z-Eiendom AS		SpareBank 1 Regnskapshuset BV AS		Other subsidiaries		**Total subsidiaries**	
NOK millions	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	**31.03.2020**	**31.03.2019**
Operating income	17.2	16.1	6.0	7.3	11.2	10.9	0.1	0.1	**34.4**	**34.3**
Operating expenses	(16.9)	(16.3)	(6.3)	(6.5)	(9.2)	(8.8)	(0.2)	(0.3)	**(32.6)**	**(31.9)**
Financial items	(0.4)	(0.3)	0.0	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)	**(0.5)**	**(0.4)**
Profit before tax	(0.1)	(0.5)	(0.3)	0.8	1.9	2.0	(0.2)	(0.2)	**1.3**	**2.1**

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

EiendomsMegler 1 BV AS includes the joint venture EiendomsMegler 1 Næringsmegling AS (the brokerage business is owned 50/50 with SpareBank 1 Telemark). EiendomsMegler 1 BV AS has a good position in the Group's market area, and is part of the national Eiendoms-Megler 1 chain, which has been the market leader in Norway for 11 years in a row. The business activities consist of commercial real estate brokerage, property settlement, purchase and sale of holiday homes, new construction and resale homes.

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

SpareBank 1 Regnskapshuset BV AS has accounting offices in Larvik, Sandefjord, Vestfold, Drammen and Kongsberg. The company offers a broad range of services, including accounting, payroll, annual reports and accounts and advisory services. The company focuses on good customer experiences from simplifying and digitalising accounting services, and offers several different systems adapted to different industry needs.

Transactions with close associates

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

SpareBank 1 Gruppen AS

SpareBank 1 Gruppen AS posted a result before tax of NOK -942 million (286 million) for the first quarter. The ongoing pandemic has had a significant impact on the results with substantial insurance provisions/payments on travel insurance claims and negative financial returns for all asset classes. The Group's share of the negative result from SpareBank 1 Gruppen amounted to NOK -17.5 million.

The result effect of the transfer of personal risk products from SpareBank 1 Forsikring AS to Fremtind Forsikring AS amounted to a total of around NOK 1.7 billion and was recognised as income in the current quarter. The Group's share of this gain from the merger was NOK 53.0 million.

Letter of intent Helgeland Sparebank

On 18 March, Helgeland Sparebank signed a letter of intent regarding becoming a SpareBank 1 bank through the acquisition of a 3% stake in the SamSpar companies Samarbeidende Sparebanker AS and Samarbeidende Sparebanker Utvikling DA. The transaction is valued at NOK 150 million and will involve SpareBank 1 BV selling around 0.3% of its shares in Samarbeidende Sparebanker AS and Samarbeidende Sparebanker Utvikling DA for a total of NOK 16.9 million. Following this, SpareBank 1 BV will own a 15.23% stake in Samarbeidende Sparebanker AS, which provides an indirect ownership interest of 2.97% in SpareBank 1 Gruppen AS, and a 26.49% stake in Samarbeidende Sparebanker Utvikling DA, which in turn provides an indirect ownership interest of 4.77% in SpareBank 1 Utvikling DA. The gain from the transaction has been calculated as being around NOK 9 million. The transaction is expected to be completed with accounting effect in the spring of 2021.

Future outlook

The Bank's liquidity and financial strength were very good at the end of the first quarter and it had a Common Equity Tier 1 capital ratio of 18.1%, which is well above the regulatory requirement of at least 12.9%. The Board is very pleased with the solid increases in net interest income and commission income compared with the first quarter of 2019, as well as the good lending growth in the quarter.

The outbreak of the coronavirus pandemic and the effects of the national and international measures aimed at attempting to prevent it spreading further will have a negative impact on the Group's financial performance and growth going forward. The development of the disease picture and duration of infection prevention measures will be of particular importance. On the

other hand, Norges Bank's lower policy rate and the national support measures that have been implemented for corporate and retail customers that have been directly or indirectly hit by the crisis will help to ease the situation for customers who are particularly vulnerable in this phase. In the next phase, the government is expected to announce measures that will stimulate the demand side of the economy. At the end of the first quarter, a programme was started to cut costs in line with the reduced level of activity and the Group's financial performance.

The Bank's lending and deposit rate cuts combined with the continued, relatively strong competition for mortgages is expected to put pressure on margins in the coming quarters. Further reductions in money market rates might mitigate some of this impact.

The Group kept branches closed from 12 March and for the whole of April. The Group's employees have generally served customers via home office solutions. Despite closure of the physical branches, the feedback from our customers has been good. Customers have had their needs met through self-service solutions and good conversations, both digitally and on the phone. The branch network is gradually being reopened from 4 May and national infection prevention measures have been implemented.

The Bank's liquidity portfolio mainly consists of government guaranteed bonds, bonds issued by counties/municipalities and covered bonds. The coronavirus crisis widened spreads, which resulted in negative value changes. The Bank also has a smaller portfolio of equity certificates in Norwegian savings banks. Falls in stock market values contributed to negative value changes in this portfolio as well.
Despite the relatively low risk in the Bank's securities portfolios, significant volatility is expected in the coming periods.

Both the global and the Norwegian economies will contract in 2020. In the case of the Norwegian economy, this will mainly be due to the coronavirus pandemic and the heavy fall in oil prices. Unemployment is expected to be high in the coming quarters, although it will start to fall as society and companies are reopened. Going forward, unemployment in Norway is expected to be higher than it was prior to the pandemic. Norwegian households are expected to consume less and save more, with lower credit growth the result.

Despite the Bank's corporate portfolio including a low proportion of borrowers in particularly vulnerable industries, there is considerable uncertainty associated with forecasts of how things will develop because of the potential effects and duration of the crisis. The Bank's target of a return on equity of 10% will be very difficult to achieve in 2020 because of the impact of the coronavirus pandemic.

Tønsberg, 14 May 2020
The Board of Directors of SpareBank 1 BV

Finn Haugan Chair of the Board	Heine Wang Deputy Chair	Elisabeth Haug
Janne Sølvi Weseth	Gisle Dahn	
Hanne Myhre Gravdal Employee representative	Geir Arne Vestre Employee representative	Rune Fjeldstad Managing Director

Interim financial statements

Summary of results and key figures (Group)

(NOK thousands)	31.03.2020	%	31.03.2019	%	31.12.2019	%
Net interest income	179,545	1.85	145,283	1.59	656,524	1.72
Net commission and other income	109,742	1.13	99,265	1.09	427,065	1.12
Net income from financial assets	7,239	0.07	110,889	1.22	171,875	0.45
Total net income	**296,526**	**3.06**	**355,436**	**3.90**	**1,255,464**	**3.29**
Total operating expenses	**153,521**	**1.59**	**144,704**	**1.59**	**588,334**	**1.54**
Operating profit before losses/profit before losses and tax	**143,005**	**1.48**	**210,732**	**2.31**	**667,130**	**1.75**
Impairment of loans and guarantees	27,235	0.28	5,808	0.06	2,318	0.01
Profit before tax	**115,771**	**1.20**	**204,924**	**2.25**	**664,812**	**1.74**
Tax expense	21,853	0.23	24,882	0.27	126,247	0.33
Profit after tax	**93,918**	**0.97**	**180,042**	**1.98**	**538,564**	**1.41**
Total other comprehensive income recognised as equity	280	0.00	-	0.00	4,838	0.01
Total comprehensive income	**94,198**	**0.97**	**180,042**	**1.98**	**543,403**	**1.43**

	31.03.2020	31.03.2019	31.12.2019
Profitability			
Return on equity, profit before other comprehensive income [1]	7.7%	15.9%	11.3%
Return on equity, comprehensive income	7.7%	15.9%	11.4%
Cost-income ratio [2]	51.8%	40.7%	46.9%
Cost-income ratio excl. financial investments	53.1%	59.2%	54.3%
Balance sheet figures			
Gross lending to customers	31,659,677	29,379,539	31,409,938
Gross lending to customers incl. SpareBank 1 Boligkreditt/Næringskreditt	45,093,329	41,961,238	44,292,346
Deposits from customers	24,478,042	23,697,672	24,443,290
Deposit coverage	77.3%	80.7%	77.8%
Liquidity coverage ratio (LCR), liquidity reserve	183.0%	294.0%	230.0%
Lending growth incl. SpareBank 1 Boligkreditt/ Næringskreditt in the past 12 months	7.5%	6.2%	5.8%
Deposit growth in the past 12 months	3.3%	12.8%	10.4%
Total assets	39,316,525	38,047,212	38,822,442
Business capital (incl. Sparebank 1 Boligkreditt/ Næringskreditt)	52,750,177	50,628,911	51,704,849

	31.03.2020	31.03.2019	31.12.2019	
Loss				
Loss rate on lending [3]	0.09%	0.02%	0.01%	
Loans in Stage 3 as % of gross lending	0.86%	0.88%	0.82%	
Loss (incl. Sparebank 1 Boligkreditt/Næringskreditt)				
Loss rate on lending [3] (incl. Sparebank 1 Boligkreditt/Næringskreditt)	0.06%	0.01%	0.01%	
Loans in Stage 3 as % of gross lending (incl. Sparebank 1 Boligkreditt/Næringskreditt)	0.60%	0.62%	0.58%	
Financial strength in terms of proportional consolidation				
Capital adequacy ratio	21.6%	19.7%	22.1%	
Tier 1 capital ratio	19.5%	17.7%	20.0%	
Common Equity Tier 1 capital ratio	18.1%	16.3%	18.5%	
Net primary capital	5,455,171	5,049,597	5,464,361	
Tier 1 capital	4,940,626	4,545,889	4,949,961	
Common Equity Tier 1 capital	4,587,170	4,189,759	4,579,307	
Basis for calculation	25,282,797	25,680,439	24,780,727	
Leverage ratio, proportional consolidation	8.3%	8.1%	8.6%	
Offices and staffing				
Number of bank branches	10	10	10	
Number of brokerage offices	12	12	12	
Number of accounting offices	5	5	5	
Number of FTEs, parent bank (avg. YTD)	235	227	230	
Number of FTEs, group (avg. YTD)	342	332	337	
Equity certificates	31.03.2020	31.03.2019	31.12.2019	31.12.2018
Equity certificate fractions	54.69%	56.15%	56.15%	57.99%
Market price	35.10	36.00	39.60	35.60
Market value (NOK thousands)	2,214,857	2,271,649	2,498,814	2,246,408
Book equity per certificate (parent bank)	40.32	38.66	42.19	40.73
Book equity per certificate (Group)	42.14	40.70	43.71	42.06
Earnings per equity certificate (parent bank) [4]	0.55	0.87	4.43	4.98
Earnings per equity certificate (Group) [4]	0.84	1.54	4.63	5.40
Dividend per equity certificate	-	-	2.42	2.95
Price/earnings per equity certificate (parent bank)	64.26	41.15	8.94	7.15
Price/earnings per equity certificate (Group)	41.87	23.34	8.56	6.59
Price/book equity (parent bank)	0.87	0.93	0.94	0.87
Price/book equity (Group)	0.83	0.88	0.91	0.85

1. Surplus as a percentage of average equity (OB+CB)/2, excl. hybrid capital.
2. Total operating expenses as percentage of total operating income.
3. Net loss as a percentage of average gross lending so far this year.
4. Adjusted profit/loss for the year (see section on 'The Bank's equity certificates') multiplied by equity certificate ratio and divided by the average number of outstanding equity certificates.

Income Statement IFRS

Parent bank					Group		
31.12.2019	31.03.2019	31.03.2020	(NOK thousands)	Note	31.03.2020	31.03.2019	31.12.2019
151,610	36,044	33,284	Interest income measured at fair value		33,284	36,044	151,610
974,467	212,676	274,940	Interest income measured at amortised cost		275,006	212,852	975,018
-	-	-	Interest income				
468,398	103,332	128,532	Interest expenses		128,745	103,614	470,104
657,679	**145,388**	**179,692**	**Net interest income**		**179,545**	**145,283**	**656,524**
296,832	68,569	75,610	Commission income		75,610	68,569	296,832
16,617	4,185	4,375	Commission expenses		4,375	4,185	16,617
5,983	1,699	4,940	Other operating income		38,507	34,880	146,849
286,198	**66,083**	**76,175**	**Net commission and other income**		**109,742**	**99,265**	**427,065**
128,793	16,370	20,608	Dividends		15,358	16,370	25,522
7,536	7,536	952	Net result from ownership interests		38,492	79,626	125,437
20,916	14,894	(46,611)	Net result from other financial investments	11	(46,611)	14,894	20,916
157,245	**38,799**	**(25,051)**	**Net income from financial assets**		**7,239**	**110,889**	**171,875**
1,101,122	**250,270**	**230,816**	**Total net income**		**296,526**	**355,436**	**1,255,464**
239,064	60,249	64,353	Personnel expenses		90,447	85,485	344,184
218,627	53,607	56,241	Other operating expenses		63,074	59,220	244,150
457,691	**113,856**	**120,594**	**Total operating expenses**		**153,521**	**144,704**	**588,334**
643,431	**136,415**	**110,222**	**Profit before losses and tax**		**143,005**	**210,732**	**667,130**
2,718	6,008	28,518	Impairment of loans and guarantees	2, 14	27,235	5,808	2,318
640,713	**130,406**	**81,704**	**Profit before tax**		**115,771**	**204,924**	**664,812**
124,997	25,664	21,350	Tax expense		21,853	24,882	126,247
515,717	**104,742**	**60,354**	**Profit before other comprehensive income**		**93,918**	**180,042**	**538,564**
-	-	-	Controlling interest's share of profit		94,056	179,793	537,930
-	-	-	Non-controlling interest's share of profit		(138)	249	634
			Items reversed through profit or loss				
8,318	-	280	*Change in value of loans classified at fair value*		280	-	8,318
			Items not reversed through profit or loss				
(2,275)	-	-	*Estimation difference, IAS 19 Pensions*		-	-	(3,479)
6,043	**-**	**280**	**Total other comprehensive income recognised as equity**		**280**	**-**	**4,838**
521,759	**104,742**	**60,633**	**Total comprehensive income**		**94,198**	**180,042**	**543,403**
-	-	-	Controlling interest's share of profit		94,336	179,793	542,768
-	-	-	Non-controlling interest's share of profit		(138)	249	634
4.43	**0.87**	**0.55**	Earnings per equity certificate before other comprehensive income		**0.84**	**1.54**	**4.63**

Balance sheet

Parent bank					Group		
31.12.2019	31.03.2019	31.03.2020	(NOK thousands)	Note	31.03.2020	31.03.2019	31.12.2019
94,784	95,598	795,399	Cash and receivables from central banks		795,399	95,598	94,784
1,034,557	1,927,096	840,588	Loans to and receivables from financial institutions		882,989	1,964,773	1,070,874
31,286,021	29,243,264	31,515,497	Net lending to customers	3, 4, 8	31,493,172	29,217,504	31,265,305
4,129,073	4,494,302	3,748,085	Certificates, bonds and other securities at fair value		3,748,085	4,494,302	4,129,073
1,418,440	1,360,225	1,382,497	Shareholdings and other equity interests		1,382,497	1,360,225	1,418,440
36,682	36,682	36,682	Ownership interests in Group companies		0	0	0
454,943	407,801	454,943	Interests in joint ventures and associated companies		649,512	625,946	615,878
97,271	109,492	94,356	Tangible assets	18	117,352	138,127	121,536
-	-	-	Goodwill		24,654	24,654	24,654
9,872	11,911	9,779	Deferred tax assets		10,736	12,609	10,829
56,593	100,951	196,776	Other assets	5, 10	212,129	113,474	71,068
38,618,237	**37,787,323**	**39,074,601**	**Total assets**		**39,316,525**	**38,047,212**	**38,822,442**
-	29,000	400,000	Deposits from financial institutions		400,000	29,000	-
24,463,240	23,718,835	24,496,962	Deposits from customers	7	24,478,042	23,697,672	24,443,290
8,279,389	8,490,117	8,207,660	Liabilities from the issuance of securities	12	8,207,660	8,490,117	8,279,389
125,688	50,739	33,342	Tax payable		35,446	51,924	128,257
288,831	448,372	613,935	Other liabilities	6, 3, 10	662,864	497,769	333,927
444,404	442,451	401,350	Subordinated loan capital	12	401,350	442,451	444,404
33,601,552	**33,179,515**	**34,153,248**	**Total liabilities**		**34,185,361**	**33,208,933**	**33,629,268**
946,501	946,516	946,501	Equity share capital		946,501	946,516	946,501
1,026,427	1,026,427	1,026,427	Share premium fund		1,026,427	1,026,427	1,026,427
536,885	411,299	536,885	Risk equalisation fund		536,885	411,299	536,885
6,540	6,540	6,540	Endowment fund		6,540	6,540	6,540
2,072,392	1,855,062	2,072,392	Sparebankens fond		2,072,392	1,855,062	2,072,392
25,234	9,879	25,514	Fund for unrealised gains		25,514	9,879	25,234
250,000	250,000	250,000	Additional Tier 1 capital		250,000	250,000	250,000
152,705	-	-	Other equity		175,706	154,630	328,019
-	102,084	57,094	Unallocated		90,796	177,136	-
-	-	-	Non-controlling interest's share		403	790	1,175
5,016,685	**4,607,808**	**4,921,353**	**Total equity**		**5,131,163**	**4,838,279**	**5,193,174**
38,618,237	**37,787,323**	**39,074,601**	**Liabilities and equity**		**39,316,525**	**38,047,212**	**38,822,442**

Results from quarterly financial statements

Group

(NOK thousands)	Q1/2020	Q4/2019	Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Interest income	308,290	316,668	293,881	267,182	248,896	252,456	239,268	232,726	218,971
Interest expenses	128,745	129,323	121,725	115,442	103,614	96,554	88,758	86,595	78,599
Net interest income	**179,545**	**187,345**	**172,156**	**151,740**	**145,283**	**155,903**	**150,510**	**146,131**	**140,372**
Commission income	75,610	76,838	78,654	72,771	68,569	72,889	69,192	67,963	71,562
Commission expenses	4,375	3,924	4,177	4,331	4,185	3,988	3,703	4,249	3,431
Other operating income	38,507	31,623	35,353	44,993	34,880	34,447	37,427	64,061	104,537
Net commission and other income	**109,742**	**104,538**	**109,829**	**113,434**	**99,265**	**103,348**	**102,916**	**127,775**	**172,668**
Dividends	15,358	6,868	14	2,270	16,370	-	4,351	9,055	18,582
Net result from ownership interests	38,492	3,544	10,588	31,680	79,626	9,154	13,157	15,291	10,215
Net result from other financial investments	(46,611)	5,452	(7,996)	8,567	14,894	(19,542)	11,424	27,255	267
Net income from financial assets	**7,239**	**15,864**	**2,606**	**42,516**	**110,889**	**(10,388)**	**28,932**	**51,600**	**29,063**
Total net income	**296,526**	**307,747**	**284,591**	**307,690**	**355,436**	**248,862**	**282,358**	**325,506**	**342,104**
Personnel expenses	90,447	100,644	76,912	81,144	85,485	88,248	76,674	(14,432)	86,936
Other operating expenses	63,074	66,521	57,907	60,503	59,220	61,061	55,154	57,421	55,120
Total operating expenses	**153,521**	**167,164**	**134,818**	**141,647**	**144,704**	**149,310**	**131,827**	**42,989**	**142,056**
Profit before losses and tax	**143,005**	**140,582**	**149,773**	**166,043**	**210,732**	**99,553**	**150,531**	**282,517**	**200,048**
Impairment of loans and guarantees	27,235	(3,520)	2,139	(2,108)	5,808	(9,374)	(8,074)	11,294	6,804
Profit before tax	**115,771**	**144,102**	**147,634**	**168,151**	**204,924**	**108,927**	**158,604**	**271,223**	**193,244**
Tax expense	21,853	31,782	36,081	33,502	24,882	24,387	32,017	50,689	28,818
Profit before other comprehensive income	**93,918**	**112,320**	**111,553**	**134,649**	**180,042**	**84,540**	**126,587**	**220,534**	**164,426**

Parent bank

Earnings per equity certificate (quarter in isolation)	0.55	0.97	0.82	1.76	0.87	0.73	0.99	2.42	0.83
Diluted earnings per equity certificate (quarter in isolation)	0.55	0.97	0.82	1.76	0.87	0.73	0.99	2.42	0.83

Change in equity as at Q1/2020

Group

(NOK thousands)	Ownership interest [1]	Share premium fund	Risk equalisation fund	Endowment fund	Spare-banken fund	Fund for unrealised gains	Hybrid capital	Other equity	Unallocated	Non-controlling interest's share	Total equity
Equity as at 31.12.2018	**946,516**	**1,026,427**	**411,299**	**6,540**	**1,855,062**	**9,879**	**250,000**	**341,129**	**-**	**1,581**	**4,848,433**
Employee equity certificate savings scheme	(15)	-	-	-	-	-	-	-	-	-	(15)
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	(10,783)	-	-	(10,783)
Subordinated bond issue	-	-	-	-	-	-	150,000	-	-	-	150,000
Buy-back and maturity of subordinated bond	-	-	-	-	-	-	(150,000)	-	-	-	(150,000)
Dividends from 2018, for payment 2019	-	-	-	-	-	-	-	(186,149)	-	(1,040)	(187,189)
Change in carrying value of subsidiaries, joint ventures and associated companies	-	-	-	-	-	-	-	(674)	-	-	(674)
Profit before other comprehensive income	**-**	**-**	**126,864**	**-**	**218,327**	**7,037**	**-**	**185,702**	**-**	**634**	**538,564**
Items reversed through profit/loss:											
Change in value of loans classified at fair value	-	-	-	-	-	8,318	-	-	-	-	8,318
Items not reversed through profit/ loss:											
Estimation difference, IAS 19 Pensions	-	-	(1,277)	-	(998)	-	-	(1,205)	-	-	(3,479)
Equity as at 31.12.2019	**946,501**	**1,026,427**	**536,885**	**6,540**	**2,072,392**	**25,234**	**250,000**	**328,019**	**-**	**1,175**	**5,193,174**
Equity as at 31.12.2019	**946,501**	**1,026,427**	**536,885**	**6,540**	**2,072,392**	**25,234**	**250,000**	**328,019**	**-**	**1,175**	**5,193,174**
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(3,260)	-	(3,260)
Dividend from 2019, for payment in 2020	-	-	-	-	-	-	-	(152,705)	-	(634)	(153,340)
Change in carrying value of subsidiaries, joint ventures and associated companies	-	-	-	-	-	-	-	391	-	-	391
Profit before other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**94,056**	**(138)**	**93,918**
Items reversed through profit or loss:											
Change in value of loans classified at fair value	-	-	-	-	-	280	-	-	-	-	280
Equity as at 31.03.2020	**946,501**	**1,026,427**	**536,885**	**6,540**	**2,072,392**	**25,514**	**250,000**	**175,706**	**90,796**	**403**	**5,131,163**

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

Parent bank

(NOK thousands)	Ownership interest [1]	Share premium fund	Risk equalisation fund	Endowment fund	Spare-banken fund	Fund for unrealised gains	Hybrid capital	Other equity	Unallocated	Total equity
Equity as at 31.12.2018	**946,516**	**1,026,427**	**411,299**	**6,540**	**1,855,062**	**9,879**	**250,000**	**186,149**	**-**	**4,691,873**
Employee equity certificate savings scheme	(15)	-	-	-	-	-	-	-	-	(15)
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	(10,783)	-	(10,783)
Subordinated bond issue	-	-	-	-	-	-	150,000	-	-	150,000
Buy-back and maturity of subordinated bond	-	-	-	-	-	-	(150,000)	-	-	(150,000)
Dividends from 2018, for payment 2019	-	-	-	-	-	-	-	(186,149)	-	(186,149)
Profit before other comprehensive income	**-**	**-**	**126,864**	**-**	**218,327**	**7,037**	**-**	**163,488**	**-**	**515,717**
Items reversed through profit or loss:										
Change in value of loans classified at fair value	-	-	-	-	-	8,318	-	-	-	8,318
Items not reversed through profit or loss:										
Estimation difference, IAS 19 Pension adjustment	-	-	(1,277)	-	(998)	-	-	-	-	(2,275)
Equity as at 31.12.2019	**946,501**	**1,026,427**	**536,885**	**6,540**	**2,072,392**	**25,234**	**250,000**	**152,705**	**-**	**5,016,685**
Equity as at 31.12.2019	**946,501**	**1,026,427**	**536,885**	**6,540**	**2,072,392**	**25,234**	**250,000**	**152,705**	**-**	**5,016,685**
Interest expenses on subordinated bonds reclassified as equity	-	-	-	-	-	-	-	-	(3,260)	(3,260)
Dividend from 2019, for payment in 2020	-	-	-	-	-	-	-	(152,705)	-	(152,705)
Profit before other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**60,354**	**60,354**
Items reversed through profit or loss:										
Change in value of loans classified at fair value	-	-	-	-	-	280	-	-	-	280
Equity as at 31.03.2020	**946,501**	**1,026,427**	**536,885**	**6,540**	**2,072,392**	**25,514**	**250,000**	**-**	**57,094**	**4,921,353**

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

Cash flow statement

Parent bank				Group		
31.12.2019	31.03.2019	31.03.2020	(NOK thousands)	31.03.2020	31.03.2019	31.12.2019
640,713	130,406	81,704	Profit for the year before tax	115,771	204,924	664,812
(188,027)	(1,166)	(47)	Dividends/endowments paid	(681)	(2,726)	(188,547)
5,210	(14,845)	41,944	Change in value of financial assets measured at fair value	41,944	(14,845)	5,210
21,626	5,405	16,209	Depreciation and impairments	20,608	6,891	28,370
2,718	6,008	28,518	Impairment of loans	27,235	5,808	2,317
(115,293)	(48,890)	(135,931)	Taxes payable	(137,278)	(50,237)	(118,418)
366,948	**76,919**	**32,397**	**Cash flow from operating activities before change in current assets and current liabilities**	**67,598**	**149,816**	**393,743**
(1,887,603)	162,537	(261,838)	Change in lending and other assets	(256,146)	164,680	(1,890,504)
2,298,189	1,590,595	(20,705)	Change in deposits from customers	(19,675)	1,593,188	2,301,997
-	29,000	400,000	Change in liabilities to financial institutions	400,000	29,000	-
(104,566)	(451,513)	366,676	Change in certificates and bonds	366,676	(451,513)	(104,566)
53,311	8,954	(140,183)	Change in other receivables	(141,061)	13,435	55,842
35,236	(62,860)	295,557	Change in other current liabilities	295,475	(40,274)	52,021
761,516	1,353,632	671,905	**A** Net cash flow from operating activities	712,867	1,458,332	808,534
			Cash flow from investment activities			
(94,056)	(90,056)	(13,294)	Change in property, plant and equipment	(14,538)	(110,099)	(114,988)
(166,712)	(48,958)	14,912	Change in shareholdings and ownership interests	(18,721)	(128,246)	(188,791)
(260,768)	(139,013)	1,618	**B** Net cash flow from investment activities	(33,259)	(238,345)	(303,779)
			Cash flow from financing activities			
(450,564)	(274,473)	(123,870)	Change in borrowing, securities	(123,870)	(274,473)	(450,564)
(575)	(5,311)	(40,142)	Change in borrowing, subordinated loans	(40,142)	(5,311)	(575)
(10,783)	(2,658)	(2,866)	Change in additional Tier 1 capital classified as equity	(2,866)	(2,658)	(10,783)
(461,922)	(282,441)	(166,878)	**C** Net cash flow from financing activities	(166,878)	(282,441)	(461,922)
38,826	**932,178**	**506,645**	**A + B + C Net change in cash and cash equivalents for the year**	**512,730**	**937,546**	**42,833**
1,090,516	1,090,516	1,129,342	Cash balance at start of period	1,165,658	1,122,825	1,122,825
1,129,342	2,022,694	1,635,987	Cash balance at end of period	1,678,388	2,060,371	1,165,658
38,826	**932,178**	**506,645**	**Net change in cash and cash equivalents in the year**	**512,730**	**937,546**	**42,833**

Notes to the financial statements

Note 1
Accounting policies

The interim report for SpareBank 1 BV covers the period 1 January - 31 March 2020. The interim financial statements have been prepared in accordance with IFRS and IAS 34 Interim Financial Reporting, and in line with the same policies applied in the annual financial statements for 2019.

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

Note 2
Losses on loans and guarantees

Parent bank				Group		
31.12.2019	31.03.2019	31.03.2020	(NOK thousands)	31.03.2020	31.03.2019	31.12.2019
6,337	6,464	6,372	Change in impairment provisions in the period, Stage 1	6,372	6,464	6,337
4,427	663	6,813	Change in impairment provisions in the period, Stage 2	6,813	663	4,427
(9,655)	(1,625)	8,942	Change in impairment provisions in the period, Stage 3	7,658	(1,825)	(10,055)
859	-	6,075	Losses for the period with previous impairments	6,075	-	859
1,496	1,297	619	Losses for the period without previous impairments	619	1,297	1,496
(565)	499	(66)	Previously recognised impairments at start of period	(66)	499	(565)
(181)	(1,289)	(238)	Other corrections/amortisation of impairments	(238)	(1,289)	(181)
2,718	**6,008**	**28,518**	**Impairment of loans and guarantees for the period**	**27,235**	**5,808**	**2,318**

Note 3
Impairment provisions for loans and guarantees

	Parent bank			
Impairment provisions for loans and guarantees	Stage 1	Stage 2	Stage 3	Total
01.01.2020	**41,600**	**41,628**	**86,855**	**170,083**
Impairment provisions transferred to Stage 1	3,319	(3,319)	-	-
Impairment provisions transferred to Stage 2	(3,877)	5,993	(2,116)	-
Impairment provisions transferred to Stage 3	(303)	(1,904)	2,208	-
New financial assets issued or purchased	7,689	1,304	10	9,003
Increase existing loans	10,226	15,633	21,688	47,547
Reduction existing loans	(6,486)	(6,274)	(5,084)	(17,844)
Financial assets that have been deducted	(4,195)	(4,619)	(1,689)	(10,503)
Changes due to recognised impairments (recognised losses)	-	-	(6,075)	(6,075)
31.03.2020	**47,973**	**48,441**	**95,797**	**192,211**
- reversal of impairment provisions related to fair value through OCI*)	(11,463)	-	-	(11,463)
Capitalised impairment provisions as at 31 March 2020	**36,510**	**48,441**	**95,797**	**180,748**
Of which, impairment provisions for capitalised loans	30,078	47,763	94,923	172,763
Of which, impairment provisions for unused credits and guarantees	6,432	679	874	7,985
Of which, impairment provisions, retail market	4,684	22,298	22,475	49,458
Of which, impairment provisions, corporate market	31,826	26,143	73,322	131,290

	Group			
Impairment provisions for loans and guarantees	Stage 1	Stage 2	Stage 3	Total
01.01.2020	**41,600**	**41,628**	**81,880**	**165,108**
Impairment provisions transferred to Stage 1	3,319	(3,319)	-	-
Impairment provisions transferred to Stage 2	(3,877)	5,993	(2,116)	-
Impairment provisions transferred to Stage 3	(303)	(1,904)	2,208	-
New financial assets issued or purchased	7,689	1,304	10	9,003
Increase existing loans	10,226	15,633	20,405	46,263
Reduction existing loans	(6,486)	(6,274)	(5,084)	(17,844)
Financial assets that have been deducted	(4,195)	(4,619)	(1,689)	(10,503)
Changes due to reversals of previous impairments (recognised)	-	-	(6,075)	(6,075)
31.03.2020	**47,973**	**48,441**	**89,538**	**185,952**
- reversal of impairment provisions related to fair value through OCI*)	(11,463)	-	-	(11,463)
Capitalised impairment provisions as at 31 March 2020	**36,510**	**48,441**	**89,538**	**174,489**
Of which, impairment provisions for loans	30,078	47,763	88,664	166,504
Of which, impairment provisions for guarantees	6,432	679	874	7,985
Of which, impairment provisions, retail market	4,684	22,298	22,475	49,458
Of which, impairment provisions, corporate market	31,826	26,143	67,063	125,032

Sensitivity analysis – loss model

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

At the same time, the loss model is based on multiple input factors from the portfolios, where the events have incurred as of the balance sheet date but where there is some natural delay before updated information is entered into the model. Because of this delay factor, the Bank has conducted an expanded review of our CM portfolio this quarter in order to identify and make provisions for individual engagements that we believe will experience specific problems making it through the crisis. PD/LGD levels cannot be recalibrated in the model as per 31 March.

In addition to expanded individual loss assessments, the Bank changed the model's scenario weighting this quarter based on an assessment. The best-case scenario was reduced from 10% to 5%, the worst-case scenario increased from 10% to 15%, and the normal-case scenario kept unchanged at 80%. The change in probability weighting from 31 December 2019 results, in isolation, in an increase of approximately NOK 17 million in increased impairment provisions.

The bottom table shows the sensitivity associated with the 10-percentage point reduction in probability of the normal case and corresponding 10 percentage point increase in probability of the worst case. Such a change would result in impairment provisions increasing by approximately NOK 30 million, which illustrates the sensitivity of a moderate deterioration in national and/or regional macroeconomic factors.

Used scenario weighting as of 31 March 2020	Weighting	RM	CM	Total
Scenario 1 (normal case)	80%	35,639	83,557	119,196
Scenario 2 (worst case)	15%	27,749	39,641	67,390
Scenario 3 (best case)	5%	1,454	4,002	5,456
Total		**64,842**	**127,200**	**192,042**

Change in impairment provisions in the event of a change in weighting	Weighting	RM	CM	Total
Scenario 1 (normal case)	70%	(4,455)	(10,445)	(14,900)
Scenario 2 (worst case)	25%	18,499	26,428	44,927
Scenario 3 (best case)	5%	-	-	-
Total		**14,044**	**15,983**	**30,027**

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
01.01.2020	**27,440,928**	**1,947,235**	**273,126**	**29,661,289**
Loans transferred to Stage 1	320,151	(320,145)	(5)	-
Loans transferred to Stage 2	(461,748)	466,447	(4,699)	-
Loans transferred to Stage 3	(4,697)	(33,592)	38,288	-
New financial assets issued or purchased	3,976,285	56,315	1,306	4,033,905
Increase existing loans	375,495	21,671	5,933	403,099
Reduction existing loans	(838,955)	(88,173)	(2,184)	(929,312)
Financial assets that have been deducted	(2,991,702)	(199,199)	(18,239)	(3,209,140)
Changes due to recognised impairments (recognised losses)	(106)	-	(6,098)	(6,204)
31.03.2020	**27,815,649**	**1,850,560**	**287,427**	**29,953,637**
Impairment provisions as % of gross lending	0.17%	2.62%	33.33%	0.64%

	Group			
Loans to customers by Stages 1, 2 and 3	Stage 1	Stage 2	Stage 3	Total
01.01.2020	**27,430,833**	**1,947,235**	**257,529**	**29,635,597**
Loans transferred to Stage 1	320,151	(320,145)	(5)	-
Loans transferred to Stage 2	(461,748)	466,447	(4,699)	-
Loans transferred to Stage 3	(4,697)	(33,592)	38,288	-
New financial assets issued or purchased	3,976,285	56,315	1,306	4,033,905
Increase existing loans	372,637	21,671	5,898	400,207
Reduction existing loans	(838,955)	(88,173)	(2,184)	(929,312)
Financial assets that have been deducted	(2,991,702)	(199,199)	(18,239)	(3,209,140)
Changes due to recognised impairments (recognised losses)	(106)	-	(6,098)	(6,204)
31.03.2020	**27,802,698**	**1,850,560**	**271,796**	**29,925,054**
Impairment provisions as % of gross lending	0.17%	2.62%	32.94%	0.62%

Note 5
Other assets

Parent bank				Group		
31.12.2019	31.03.2019	31.03.2020	(NOK thousands)	31.03.2020	31.03.2019	31.12.2019
21,058	32,203	56,752	Prepaid, unaccrued costs, and accrued income not yet received	69,295	43,957	32,420
16,117	3,895	26,190	Other assets	29,001	4,665	19,230
19,418	64,852	113,833	Derivatives and other financial instruments at fair value	113,833	64,852	19,418
56,593	**100,951**	**196,776**	**Total other assets**	**212,129**	**113,474**	**71,068**

Note 6
Other liabilities

Parent bank				Group		
31.12.2019	31.03.2019	31.03.2020	(NOK thousands)	31.03.2020	31.03.2019	31.12.2019
46,181	54,173	49,287	Accrued expenses and unaccrued income received	64,681	68,633	62,100
71,151	57,923	68,767	Provision for accrued expenses and liabilities	69,243	57,181	71,627
134,052	274,356	373,195	Other liabilities	406,254	310,034	162,752
37,447	61,920	122,686	Derivatives and other financial instruments at fair value	122,686	61,920	37,447
288,831	**448,372**	**613,935**	**Total other liabilities**	**662,864**	**497,769**	**333,927**

Note 7
Deposits from customers by sector and industry

Parent bank				Group		
31.12.2019	31.03.2019	31.03.2020	(NOK thousands)	31.03.2020	31.03.2019	31.12.2019
15,285,830	14,143,168	15,427,696	Salaried staff, etc.	15,427,696	14,143,168	15,285,830
3,197,454	2,874,881	3,076,931	Property management/business services, etc.	3,058,011	2,853,717	3,177,504
754,043	703,499	781,008	Merchandising/hotels and restaurants	781,008	703,499	754,043
188,906	237,312	197,724	Agriculture/forestry	197,724	237,312	188,906
633,708	575,109	614,865	Building and construction	614,865	575,109	633,708
1,412,784	1,645,273	1,379,350	Transport and service Industries	1,379,350	1,645,273	1,412,784
307,646	178,840	292,820	Production (manufacturing)	292,820	178,840	307,646
1,969,637	2,233,716	1,939,573	Public administration	1,939,573	2,233,716	1,969,637
713,232	1,127,037	786,995	Abroad and others	786,995	1,127,037	713,232
24,463,240	**23,718,835**	**24,496,962**	**Total deposits**	**24,478,042**	**23,697,672**	**24,443,290**

Note 8
Loan to customers by sector and industry

Parent bank				Group		
31.12.2019	31.03.2019	31.03.2020	(NOK thousands)	31.03.2020	31.03.2019	31.12.2019
24,140,703	22,502,533	24,111,822	Salaried staff, etc.	24,111,822	22,502,533	24,140,703
5,513,943	5,195,378	5,739,125	Property management/business services, etc.	5,710,542	5,164,842	5,488,251
348,044	363,247	345,747	Merchandising/hotels and restaurants	345,747	363,247	348,044
236,036	271,825	224,291	Agriculture/forestry	224,291	271,825	236,036
324,524	308,902	334,729	Building and construction	334,729	308,902	324,524
346,830	325,975	357,217	Transport and service Industries	357,217	325,975	346,830
277,769	251,236	284,405	Production (manufacturing)	284,405	251,236	277,769
1.843	-	1,714	Public administration	1,714	-	1.843
245,938	190,979	289,210	Abroad and others	289,210	190,979	245,938
31,435,630	**29,410,075**	**31,688,260**	**Gross lending**	**31,659,677**	**29,379,539**	**31,409,938**
8,353,979	26,896,546	8,378,724	- Of which, measured at amortised cost	8,350,140	26,866,010	8,328,288
21,307,310	-	21,574,914	- Of which, measured at fair value through OCI	21,574,914	-	21,307,310
1,774,341	2,513,529	1,734,623	- Of which, measured at fair value	1,734,623	2,513,529	1,774,341
(149,609)	(166,810)	(172,763)	- Impairment provisions for loans	(166,504)	(162,035)	(144,634)
31,286,021	**29,243,264**	**31,515,497**	**Net lending**	**31,493,172**	**29,217,504**	**31,265,305**
31,435,630	29,410,075	31,688,260	**Gross lending**	**31,659,677**	**29,379,539**	**31,409,938**
12,039,621	12,031,029	12,601,234	Gross loans transferred to SB1 Boligkreditt	12,601,234	12,031,029	12,039,621
842,787	550,670	832,418	Gross loans transferred to SB1 Næringskreditt	832,418	550,670	842,787
44,318,037	**41,991,774**	**45,121,913**	**Gross lending including SB1 Boligkreditt and Næringskreditt**	**45,093,329**	**41,961,238**	**44,292,346**

Note 9
Capital adequacy

SpareBank 1 BV uses the standard method for credit risk and the basic method for operational risk. As at 31 December 2019, the requirement for the capital conservation buffer was 2.5%, for the systemic risk buffer 3.0%, and for the countercyclical capital buffer 2.5%. On 12 March 2020, the countercyclical capital buffer was reduced to 1.0% with immediate effect. This was done in connection with the coronavirus pandemic. These requirements are additional to the Common Equity Tier 1 capital requirement of 4.5%, meaning that the overall minimum requirement for Common Equity Tier 1 capital is 11.0%. The Financial Supervisory Authority of Norway has also set a Pillar 2 requirement for SpareBank 1 BV of 1.9%. The total minimum requirement for Common Equity Tier 1 capital, including the Pillar 2 requirement, is thus 12.9%.

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

Extended consolidation for owner companies in the Samarbeidende Sparebanker grouping

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

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

Proportional consolidation

	31.03.2020	31.03.2019	31.12.2019
Primary capital			
Common Equity Tier 1 capital	4,587,170	4,189,759	4,579,307
Tier 1 capital	4,940,626	4,545,889	4,949,961
Primary capital	5,455,171	5,049,597	5,464,361
Basis for calculation	25,282,797	25,680,439	24,780,727
Capital adequacy			
Common Equity Tier 1 capital	18.14%	16.31%	18.48%
Tier 1 capital ratio	19.54%	17.70%	19.98%
Capital adequacy	21.58%	19.66%	22.05%
Leverage ratio	8.32%	8.11%	8.58%

The following companies are included in proportional consolidation:

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

Parent bank

Primary capital	31.03.2020	31.03.2019	31.12.2019
Equity capital	946,501	946,516	946,501
Share premium fund	1,026,427	1,026,427	1,026,427
Risk equalisation fund	536,885	411,299	411,299
Sparebankens fond	2,072,392	1,855,062	1,855,062
Fund for unrealised gains/losses	25,514	9,879	9,879
Endowment fund	6,540	6,540	6,540
Allocated dividend classified as equity	-	-	-
Other equity (IAS pensions and interest paid on hybrid capital)	(3,260)	(2,658)	(4,740)
Profit for the period	60,354	104,742	515,717
Total capitalised equity (excluding additional Tier 1 capital)	**4,671,353**	**4.357,808**	**4,766,685**

Value adjustments on shares and bonds measured at fair value (AVA)	(27,702)	(7,331)	(7,425)
Deduction for non-material interests in the financial sector	(955,950)	(1,093,403)	(953,926)
Dividends allocated for distribution, classified as equity	-	-	-
Profit for the period	(60,354)	(104,742)	(515,717)
Interim profit included in Tier 1 capital	-	-	363,012
Total Common Equity Tier 1 capital	**3,627,347**	**3,152,332**	**3,652,628**
Additional Tier 1 capital	250,000	250,000	250,000
Additional Tier 1 capital	-	24,000	24,000
Deduction for non-material interests in the financial sector	-	(38,829)	-
Total Tier 1 capital	**3,877,347**	**3,387,503**	**3,926,628**
Supplementary capital in excess of Tier 1 capital			
Time-limited primary capital	400,000	400,000	400,000
Deduction for non-material interests in the financial sector	(4,928)	(31,005)	(4,925)
Net primary capital	**4,272,419**	**3,756,498**	**4,321,703**
Risk-weighted basis for calculation			
Assets not included in the trading portfolio	17,677,392	16,534,211	17,445,730
Operational risk	1,919,857	1,931,036	2,048,828
Position risk in the trading portfolio	-	-	-
CVA surcharge (counterparty risk on derivatives)	85,896	30,452	27,781
Total basis for calculation	**19,683,146**	**18,495,699**	**19,522,339**
Common Equity Tier 1 capital	18.43%	17.04%	18.71%
Tier 1 capital ratio	19.70%	18.32%	20.11%
Capital adequacy	21.71%	20.31%	22.14%
Leverage ratio	9.77%	8.77%	10.05%
Buffer requirements			
Capital conservation buffer (2.50%)	492,079	462,392	488,058
Countercyclical buffer (1.0%/2.0%/2.5%)	196,831	369,914	488,058
Systemic risk buffer (3.00%)	590,494	554,871	585,670
Total buffer requirement for Common Equity Tier 1 capital	1,279,404	1,387,177	1,561,787
Minimum requirement for Common Equity Tier 1 capital (4.50%)	885,742	832,306	878,505
Available Common Equity Tier 1 capital in excess of minimum requirement	1,462,201	932,848	1,212,336

	31.03.2020	31.03.2019	31.12.2019
Local and regional authorities	63,681	96,505	83,717
Publicly owned companies	9,745	18,237	10,134
Institutions	159,596	106,534	111,259
Companies	2,669,489	2,119,245	2,655,744
Mass market	2,601,712	2,459,892	2,197,800
Mortgaged against residential and holiday property	8,095,740	8,129,843	8,504,153
Mortgaged against commercial property	2,227,285	2,039,857	2,040,958
Commitments past due	125,268	97,364	150,127
High-risk commitments	-	-	-
Covered bonds	250,113	310,024	203,526
Receivables from institutions and companies with short-term ratings	107,116	324,418	145,911
Shares in mutual funds	33,125	51,979	25,858
Equity items	1,154,627	591,943	1,196,285
Other commitments	179,896	188,370	120,258
Total credit risk	**17,677,392**	**16,534,211**	**17,445,730**

Note 10
Derivatives

2020				2019		
Contract sum	Fair value	31.12.2020		Contract sum	Fair value	31.12.2019
31.12.2020	Assets	Liabilities	(NOK thousands)	31.12.2019	Assets	Liabilities
			Derivatives – hedging			
4,915,000	113,833	122,686	Derivatives at fair value	4,895,000	64,852	61,920
4,915,000	**113,833**	**122,686**	**Total derivatives for fair value hedging**	**4,895,000**	**64,852**	**61,920**

Note 11
Net result from other financial investments

Parent bank						
31.12.2019	31.03.2019	31.03.2020	(NOK thousands)	31.03.2020	31.03.2019	31.12.2019
19,099	8,754	(22,864)	Net change in value of stocks, shares, etc. measured at fair value	(22,864)	8,754	19,099
(6,430)	4,561	(20,182)	Net change in value of bonds/certificates measured at fair value	(20,182)	4,561	(6,430)
2,158	469	(5,717)	Net change in value of financial derivatives measured at fair value	(5,717)	469	2,158
6,089	1,110	2,152	Exchange rate gains/losses on currency	2,152	1,110	6,089
20,916	**14,894**	**(46,611)**	**Net result from other financial investments**	**(46,611)**	**14,894**	**20,916**

Note 12
Securities issued and subordinated loan capital

SpareBank 1 BV issues and redeems securities issued as part of its liquidity management. The refinancing requirement has also been partly funded by the transfer of the loan portfolio to SpareBank 1 Boligkreditt AS. The breakdown is the same for the parent bank and the Group.

Securities issued	Parent bank/Group		
(NOK thousands)	31.03.2020	31.03.2019	31.12.2019
Certificate debt, nominal value	-	-	-
Bond debt, nominal value	8,087,000	8,486,000	8,290,000
Value adjustments and accrued interest	120,660	4,117	(10,611)
Total securities issued	**8,207,660**	**8,490,117**	**8,279,389**

Change in securities issued	Parent bank/Group			
(NOK thousands)	31.03.2020	Issued in 2020	Redeemed in 2020	31.12.2019
Certificate debt, nominal value	-	-	-	-
Bond debt, nominal value	8,087,000	325,000	(528,000)	8,290,000
Value adjustments and accrued interest	120,660	-	-	(10,611)
Total securities issued	**8,207,660**	**325,000**	**(528,000)**	**8,279,389**

Subordinated loan capital	Parent bank/Group		
(NOK thousands)	31.03.2020	31.03.2019	31.12.2019
Subordinated loan capital	400,000	440,000	440,000
Value adjustments and accrued interest	1,350	2,451	4,404
Total subordinated loan capital	**401,350**	**442,451**	**444,404**

Change in subordinated loan capital	Parent bank/Group			
	31.03.2020	Issued in 2020	Redeemed in 2020	31.12.2019
Subordinated loan capital	400,000	-	(40,000)	440,000
Value adjustments and accrued interest	1,350	-	-	4,404
Total subordinated loan capital	**401,350**	**-**	**(40,000)**	**444,404**

Note 13
Segment information

The segment information is related to the way in which the Group is managed and followed up internally by the business through performance and capital reporting, proxies and procedures. The reporting of segments is divided into the following areas: Retail market (RM) and corporate market (CM) customers, which include the parent bank and subsidiaries related to real estate and accounting services. Other subsidiaries include subsidiary companies that manage property. Group eliminations are shown together with undivided operations in a separate column (non-reportable segments).

Group 31.03.2020

(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**
Impairment of 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
Balance sheet					
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 31.03.2019

(NOK thousands)	RM	CM	Other subsidiaries	Non-reportable segments	Total
Profit					
Net interest income	80,491	54,674	(18)	10,136	145,283
Net commission and other income	76,243	26,051	60	107,800	210,154
Operating expenses	95,929	40,189	258	8,328	144,704
Profit before losses	**60,805**	**40,536**	**(216)**	**109,607**	**210,732**
Losses on loans and guarantees	8,099	-2,370	-	79	5,808
Profit before tax	**52,706**	**42,906**	**(216)**	**109,528**	**204,924**

	RM	CM	Other subsidiaries	Non-reportable segments	Total
Balance sheet					
Lending to customers	21,846,202	6,664,774	-	868,564	29,379,539
Impairment provisions for loans	(51,365)	(109,955)	-	(716)	(162,035)
Other assets	26,106	14,452	13,356	8,775,794	8,829,709
Total assets per segment	**21,820,943**	**6,569,271**	**13,356**	**9,643,642**	**38,047,212**
Deposits from and liabilities to customers	14,704,078	8,097,952	-	895,642	23,697,672
Other equity and liabilities	7,116,865	(1,528,681)	13,356	8,748,000	14,349,540
Total equity and debt per segment	**21,820,943**	**6,569,271**	**13,356**	**9,643,642**	**38,047,212**

Group 31.12.2019

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

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

Note 14
Critical accounting estimates and discretionary valuations

In preparing the consolidated accounts, the management makes estimates and discretionary assessments, as well as assumptions that affect the impact of applying the accounting policies. This will therefore affect the reported amounts for assets, liabilities, income and expenses.

The IFRS 9 loss model is based on multiple input factors from the portfolios, where the events have incurred as of the balance sheet date but where there is some natural delay before updated information is entered into the model. Because of this delay factor, the Bank has conducted an expanded review of our CM portfolio this quarter in order to identify and make provisions for individual commitments that we believe will experience specific problems making it through the crisis. PD/LGD levels cannot be recalibrated in the model as per 31 March.

In addition to expanded individual loss assessments, the Bank changed the model's scenario weighting this quarter based on an assessment. Please see the more detailed comments in note 3 and the Board of Directors' Interim Report.

Note 15
Sale of loans

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

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

Note 16
Liquidity risk

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

The Group's liquidity risk is covered by the Bank's liquidity reserve/buffer. The main objective of SpareBank 1 BV is to maintain the viability of the Bank in a normal situation, without external funding, for 12 months. The Bank should also be able to survive a minimum of 150 days in a 'highly stressed' situation where there is no access to funding from the capital markets. The Bank exercises daily governance according to the above goals. A contingency plan has also been established to handle liquidity crises. The average remaining term to maturity in the portfolio of senior bond loans was 3.1 years as at 31 March 2020. Overall LCR was 183% at the end of the first quarter and average total LCR was 174% in the quarter.

Note 17
Measuring fair value of financial instruments

Financial instruments at fair value are classified at different levels.

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

Level 2 Valuation based on observable market data. Level 2 consists of instruments which are valued using information other than quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, and also include
quoted prices on inactive markets.

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

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

- Fair value of fixed rate deposits and loans: The Bank uses the base rate/reference rate on the loans, and discounts using its own swap curve to calculate the funding margin. The Bank has no 'day 1 profit'. For valuations at later dates, the Bank reads in reads customer interest and adjusts for funding and customer margins. Swap interest will be charged on the discount date. This is then compared with the swap rate on the calculation date taking account of the remaining term to maturity. Changes to the customer margin (administrative markup, markup for anticipated losses and return on equity) in the term of the loan are not assessed/taken into account.
- Equity investments are valued at fair value under the following conditions:
  1. Price at the time of the last capital increase or last sale between independent parties, adjusted for changes in market conditions since the capital increase/sale.
  2. Fair value based on expected future cash flows for the investment.
- On the remaining financial instruments, fair value is determined on the basis of value estimates obtained from external parties. For those unlisted shares where fair value cannot be measured reliably, acquisition cost or impaired book value is used.
- This category includes other equity instruments, loans at fair value through OCI and the Bank's own fixed-rate loans.
- The fair value of mortgages is understood to be: Loans in loss category 1 - the nominal value of the loan (not equal to amortised cost). Loan in loss category 2, and 3 - the loan's nominal value decreases by the expected losses (= amortised cost). Loans in loss category 3K - the loan's nominal value decreases by individual impairment provisions (= amortised cost)

The Group's assets and liabilities measured at fair value as at 31 March 2020

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,735	1,735
- Loans at fair value through OCI *)	-	-	21,575	21,575
- Loans approved for Boligkreditt	-	-	-	-
- Bonds and certificates	209	3,526	-	3,735
- Equity Instruments	208	-	1,175	1,383
- Derivatives	-	114	-	114
Total assets	**417**	**3,640**	**24,485**	**28,542**

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Fixed rate deposits	-	-	-	-
- Securities issued at fair value	-	3,081	-	3,081
- Derivatives	-	123	-	123
Total liabilities	**-**	**3,204**	**-**	**3,204**

*) Please see note 1 for comments regarding revaluation/changes in measurement method as at 31 March 2020.

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

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,685	1,685
- Loans approved for Boligkreditt	-	-	822	822
- Loans at fair value through OCI	-	-	-	-
- Bonds and certificates	205	4,272	-	4,477
- Equity Instruments	279	-	1,082	1,361
- Derivatives	-	65	-	65
Total assets	**484**	**4,337**	**3,589**	**8,410**

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Securities issued at fair value	-	2,648	-	2,648
- Derivatives	-	62	-	62
Total liabilities	**-**	**2,710**	**-**	**2,710**

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

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
- Fixed-rate loans	-	-	1,775	1,775
- Loans at fair value through OCI *)	-	-	21,307	21,307
- Loans approved for Boligkreditt	-	-	-	-
- Bonds and certificates	703	3,412	-	4,115
- Equity Instruments	241	-	1,178	1,419
- Derivatives	-	19	-	19
Total assets	**944**	**3,431**	**24,260**	**28,635**

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
- Fixed rate deposits	-	-	-	-
- Securities issued at fair value	-	2,785	-	2,785
- Derivatives	-	37	-	37
Total liabilities	**-**	**2,822**	**-**	**2,822**

Changes in instruments classified as Level 3 as at 31 March 2020

	Fixed-rate loans	Shares at fair value through profit or loss	Loans approved for Boligkreditt	Lending at fair value through OCI
Opening balance 01.01.2020	1,775	1,178	-	21,307
Additions	30	-	-	268
Disposals	(70)	(1)	-	-
Net gain/loss on financial instruments	-	(2)	-	-
Closing balance 31.12.2019	**1,735**	**1,175**	**-**	**21,575**

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

	Fixed-rate loans	Shares available for sale	Loans approved for Boligkreditt
Opening balance 01.01.2019	1,687	1,052	821
Additions	35	28	276
Disposals	(37)	-	(275)
Net gain/loss on financial instruments	-	2	-
Closing balance 31.03.2019	**1,685**	**1,082**	**822**

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

	Fixed-rate loans	Shares at fair value through profit or loss	Loans approved for Boligkreditt	Lending at fair value through OCI
Opening balance 01.01.2019	1,687	1,052	821	-
Change as a result of the reassessment retail market	-	-	-	21,307
Additions	332	154	276	-
Disposals	(244)	(20)	(1,097)	-
Net gain/loss on financial instruments	-	(8)	-	-
Closing balance 31.12.2019	**1,775**	**1,178**	**-**	**21,307**

Note 18
Events after the balance sheet date

No events with a material bearing on the financial statements have occurred since the balance sheet day. However, the ongoing pandemic means there is considerable uncertainty associated with critical accounting estimates and discretionary assessments as at 31 March 2020. In connection with this, please see in particular the discussions in the Board of Directors' Interim Report, note 3 and note 14.

Declaration by the Board and CEO

We declare that, to the best of our knowledge and belief, the interim financial statements for the period 1 January to 31 March 2020 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 accounts, the major risk and uncertainty factors facing the business In the coming accounting period, and significant transactions with close associates.

Tønsberg, 14 May 2020
The Board of Directors of SpareBank 1 BV

Finn Haugan
Chair of the Board

Heine Wang
Deputy Chair

Elisabeth Haug

Janne Sølvi Weseth

Gisle Dahn

Hanne Myhre Gravdal
Employee representative

Geir Arne Vestre
Employee representative

Rune Fjeldstad
Managing Director

The Bank's equity certificates

Earnings per equity certificate

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

Diluted earnings per equity certificate

In the calculation of diluted earnings per equity certificate, the weighted average number of issued ordinary equity certificates in circulation is adjusted for the effect of converting potential equity certificates which could lead to dilution. The Bank has no potential equity certificates that could cause dilution at 31 March 2020. Diluted earnings per equity certificate is therefore equal to earnings per equity certificate.

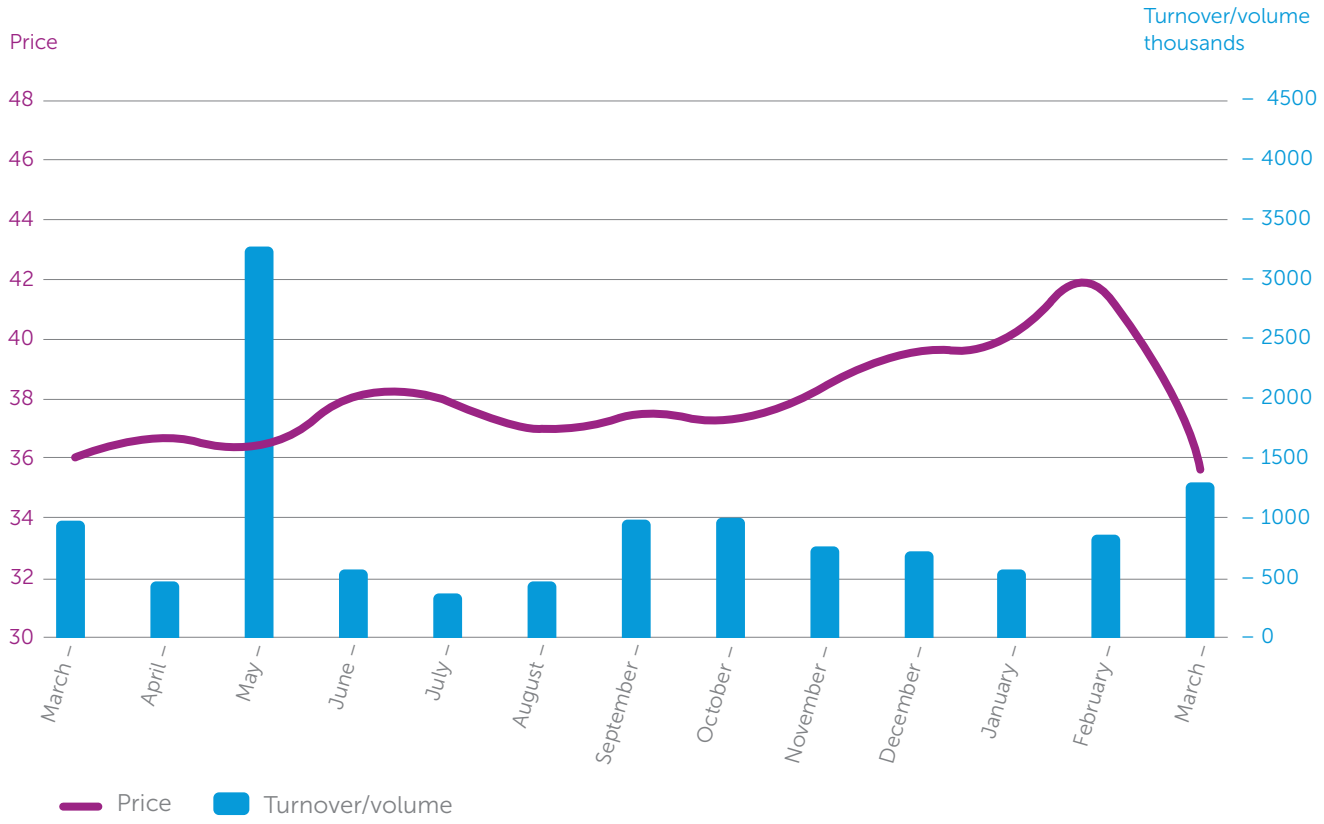
	Parent bank
(NOK thousands)	31.03.2020
Based on profit for the year divided between equity certificate holders and primary capital	63,021
Number of equity certificates issued	63,101
Earnings per equity certificate	0.55
Par value	15.00

Calculation of equity certificate fraction (based on OB 2020)

Adjusted primary capital	01.01.2020
Total equity	5,016,685
- fund for unrealised gains (FUG)	(25,234)
- additional Tier 1 capital	(250,000)
- allocated dividends classified as equity	(152,705)
Total adjusted primary capital	4,588,745
Equity certificate fraction	
Equity certificate capital	946,501
Share premium fund	1,026,427
Risk equalisation fund	536,885
Total equity certificate holders	2,509,813
Equity certificate fraction	54.69%

Adjusted profit for the year	31.03.2020
Profit for the year	60,354
- corrected for interest on additional Tier 1 capital recognised directly against equity	(3,260)
- corrected for FUG	5,927
Adjusted profit for the year	63,021

Price development March 2019 – March 2020



20 largest shareholders

	Quantity	Share
SpareBank 1 Stiftelsen BV	13,642,787	21.62%
Sparbankstiftelsen Nøtterøy-Tønsberg	10,925,503	17.31%
Verdipapirfondet Eika	1,892,698	3.00%
Pareto AS	1,532,868	2.43%
Landkreditt Utbytte	1,000,000	1.58%
Wenaasgruppen AS	907,432	1.44%
Melesio Capital NYE AS	853,368	1.35%
Bergen Kommunale Pensjonskasse	780,000	1.24%
Catilina Invest AS	731,950	1.16%
Foretakskonsulenter AS	621,230	0.98%
Sanden AS	588,000	0.93%
DNB Bank ASA	540,850	0.86%
Øyhovden Invest AS	453,545	0.72%
JAG Holding AS	400,000	0.63%
Norgesinvestor Proto AS	400,000	0.63%
Johansen Kjell Petter	372,000	0.59%
Salt Value AS	370,750	0.59%
Verdipapirfondet Nordea Norge	336,849	0.53%
Hausta Investor AS	330,000	0.52%
Espedal & Co AS	299,198	0,47%
Total for 20 largest shareholders	36,979,028	58.60%
Other owners	26,122,325	41.40%
Equity certificates issued	63,101,353	100.00%

Dividend policy

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

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

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

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

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

Statements on future matters

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

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

Important factors that can cause such differences for SpareBank 1 BV include, but are not limited to:
(i) macroeconomic developments,
(ii) changes in the market, and
(iii) changes in interest rates.

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

SpareBank 1 BV

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

PRODUCTION: ZOOM GRAFISK AS, DRAMMEN