

# 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.

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# 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 days<sup>1</sup> 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

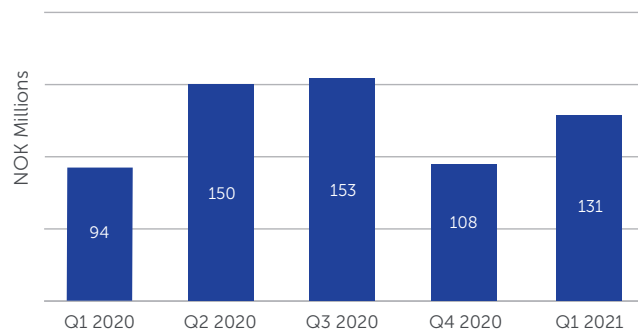
The SpareBank 1 BV Group achieved a profit from ordinary operations before losses of NOK 162.2 million (143.0 million). Profit after tax was NOK 131.4 million (93.9 million), which represents 1.31% (0.97%) of average total assets. The Group's annualised return on equity was 9.8% (7.7%).

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.

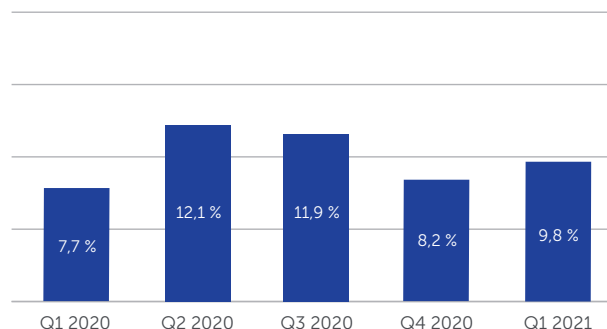
Earnings per equity certificate in the parent bank were NOK 0.91 (0.55) and in the Group NOK 1.08 (0.84).

*Quarterly performance of profit after tax and return on equity:*

Profit after tax



Return on equity



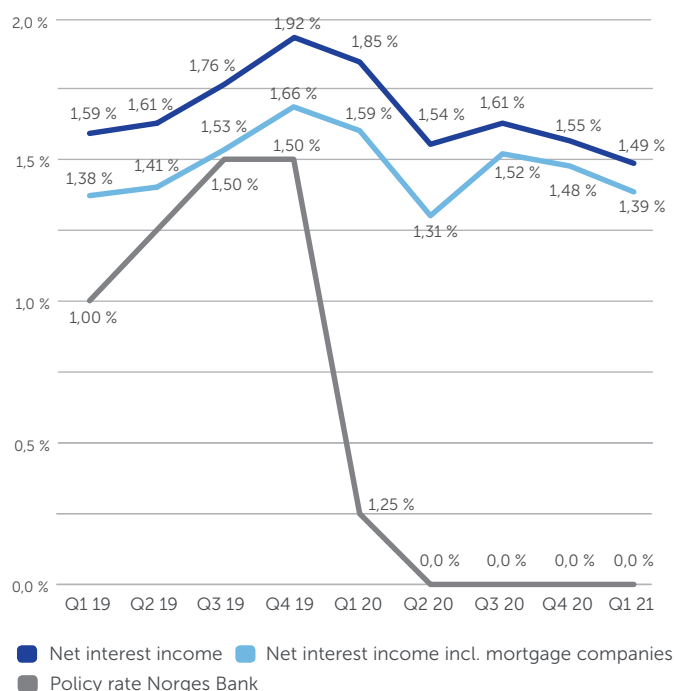
### Net interest income

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

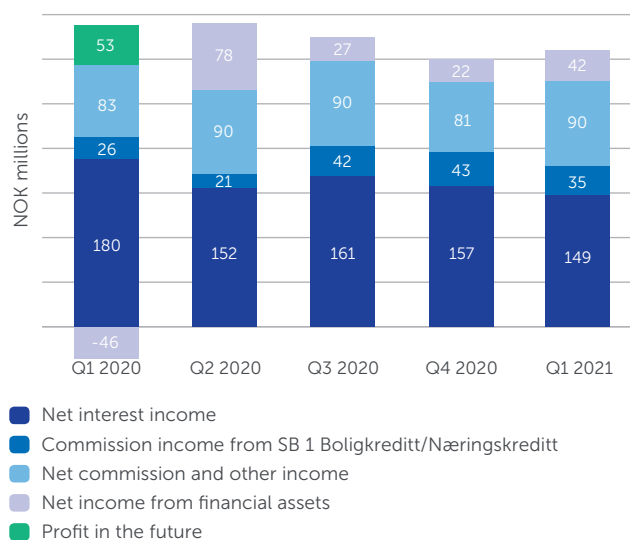
Other operating income amounted to NOK 44.2 million (38.5 million). The change from last year was mainly due to increased income from subsidiaries.

#### 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%).

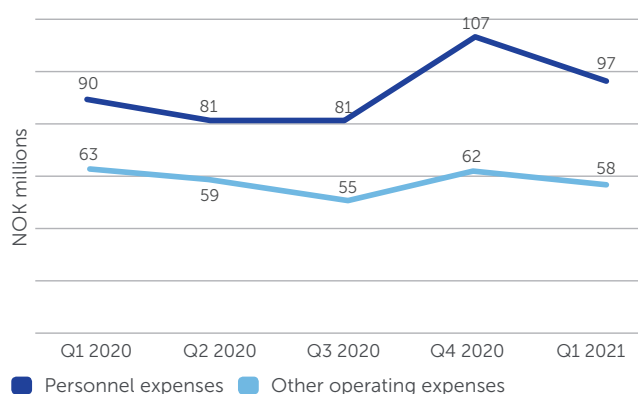
#### Personnel expenses

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:

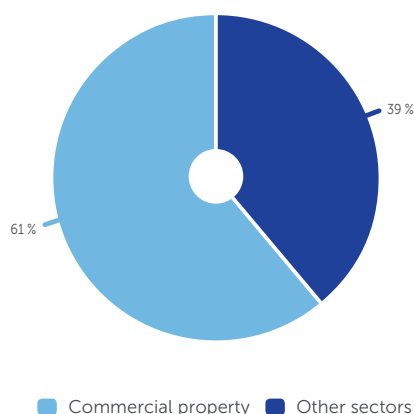


### Losses and impairment provisions

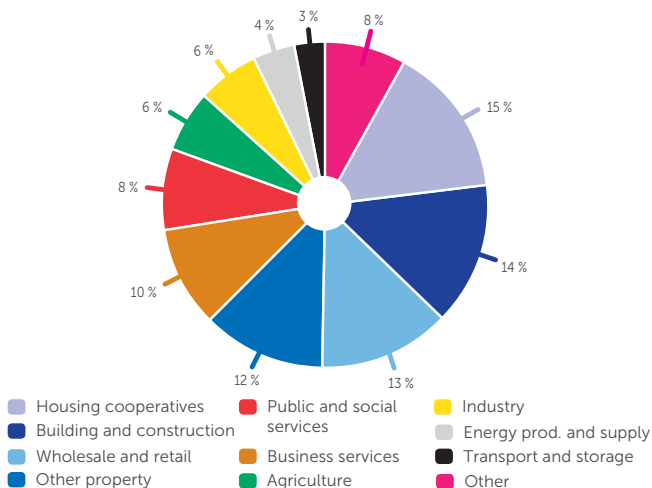
Net losses on loans and guarantees amounted to NOK 1.9 million (27.2 million) as at 31.03. Net losses as a percentage of average gross lending amounted to 0.01% (0.09%). The net decrease in impairment provisions in Stage 3 amounted to NOK 1.8 million. In addition to this, NOK 4.5 million in previously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

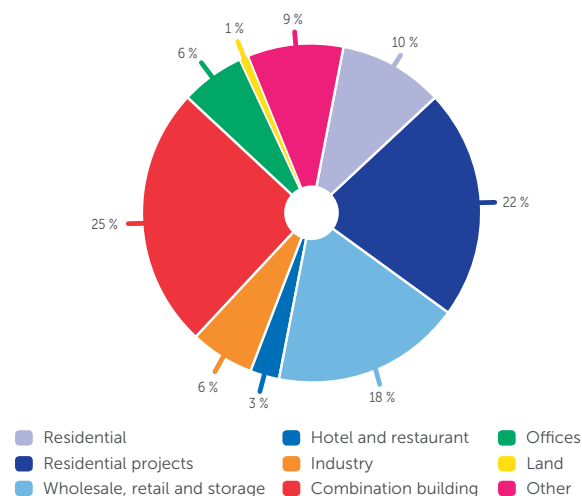
CM – volume in commercial property and other industries:



Other industries:



Commercial property:

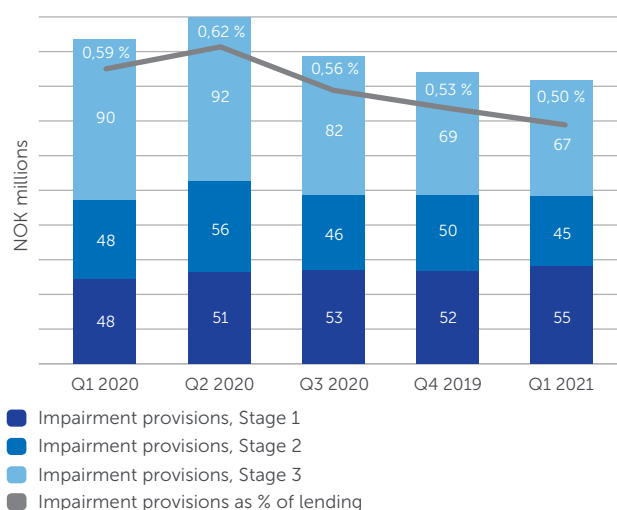


As a result of the Covid-19 outbreak and abrupt shut-down of the Norwegian economy from 12.03.2020, the credit risk picture has changed. The Bank's IFRS model was not designed to be able to estimate on the basis of a sharp negative shift in general conditions since the model is largely based on historical 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.

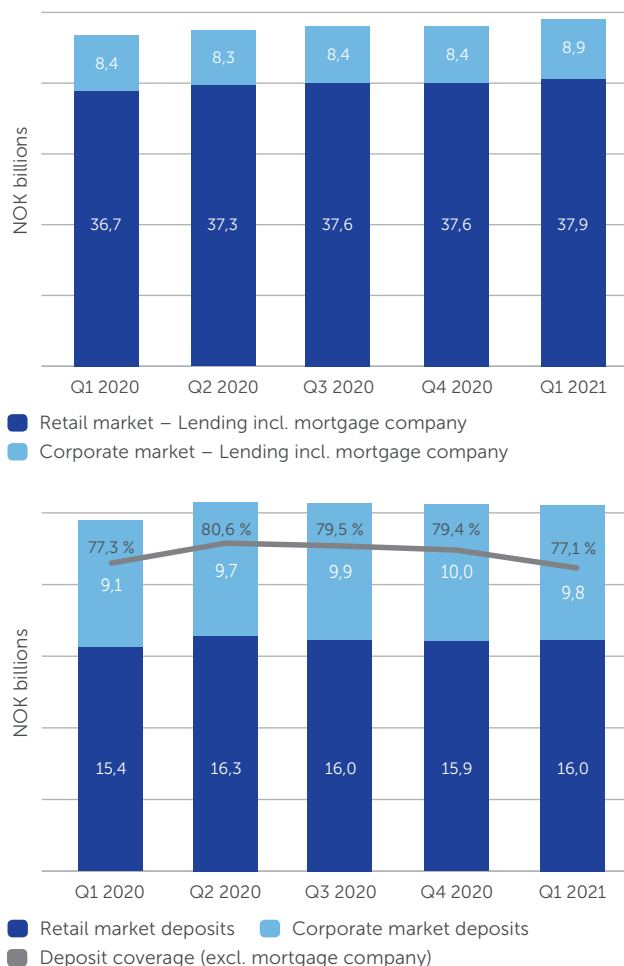
### Volume of interest-only periods in NOK million at the end of the month:

|                  | 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:



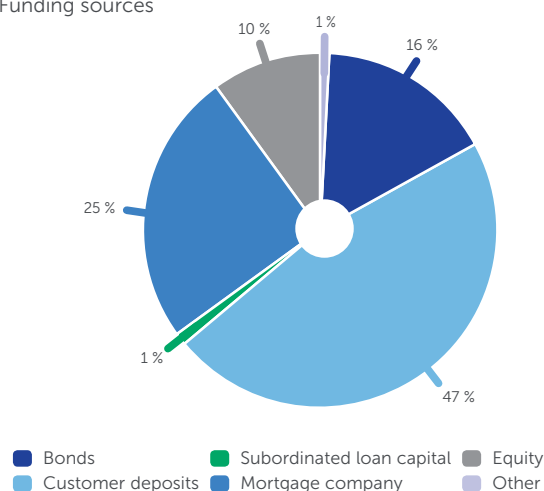
### Liquidity

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.

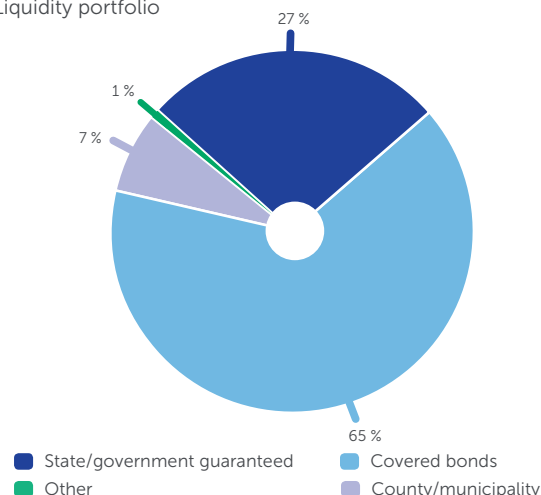
The Bank can report an LCR of 187% (183%) as at 31.03.

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%.

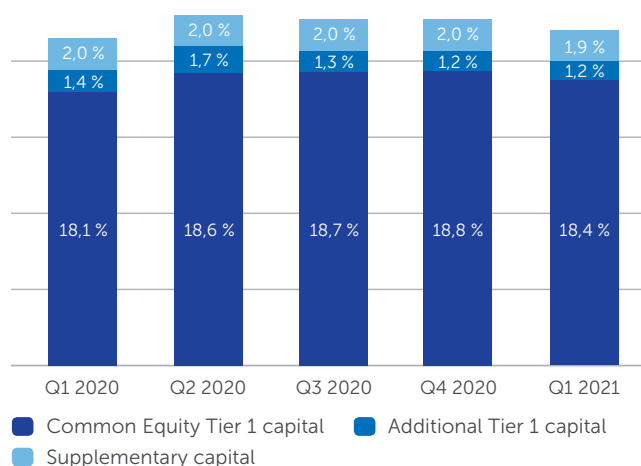
On 10.12.2020, the Financial Supervisory Authority of Norway published a circular on assessing loans that should be considered high risk. The Financial Supervisory Authority of Norway's interpretation of the current CRR rules indicates that property development

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<br>parent bank<br>eliminations<br>NOK millions | EiendomsMegler 1<br>BV AS |            | Z-Eiendom AS |            | SpareBank 1<br>Regnskapshuset BV AS |            | Other<br>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 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

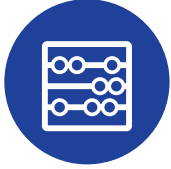
Janne Sølvi Weseth

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        |
| <b>Total net income</b>                                                            | <b>316,539</b>    | <b>3.16</b> | <b>296,526</b>    | <b>3.06</b> | <b>1,259,786</b>  | <b>3.17</b> |
| <b>Total operating expenses</b>                                                    | <b>154,311</b>    | <b>1.54</b> | <b>153,521</b>    | <b>1.59</b> | <b>599,077</b>    | <b>1.51</b> |
| <b>Operating profit before losses/profit before losses and tax</b>                 | <b>162,228</b>    | <b>1.62</b> | <b>143,005</b>    | <b>1.48</b> | <b>660,710</b>    | <b>1.66</b> |
| Losses on loans and guarantees                                                     | 1,871             | 0.02        | 27,235            | 0.28        | 30,694            | 0.08        |
| <b>Profit before tax</b>                                                           | <b>160,357</b>    | <b>1.60</b> | <b>115,771</b>    | <b>1.20</b> | <b>630,016</b>    | <b>1.59</b> |
| Tax expense                                                                        | 28,975            | 0.29        | 21,853            | 0.23        | 125,296           | 0.32        |
| <b>Profit after tax</b>                                                            | <b>131,382</b>    | <b>1.31</b> | <b>93,918</b>     | <b>0.97</b> | <b>504,720</b>    | <b>1.27</b> |
| Total other comprehensive income recognised as equity                              | (758)             | (0.01)      | 280               | 0.00        | 1,955             | 0.00        |
| <b>Total comprehensive income</b>                                                  | <b>130,624</b>    | <b>1.31</b> | <b>94,198</b>     | <b>0.97</b> | <b>506,676</b>    | <b>1.28</b> |
|                                                                                    | <b>31.03.2021</b> |             | <b>31.03.2020</b> |             | <b>31.12.2020</b> |             |
| <b>Profitability</b>                                                               |                   |             |                   |             |                   |             |
| Return on equity, profit before other comprehensive income <sup>1</sup>            | 9.8%              |             | 7.7%              |             | 9.9%              |             |
| Return on equity, comprehensive income                                             | 9.7%              |             | 7.7%              |             | 9.9%              |             |
| Cost-income ratio <sup>2</sup>                                                     | 48.7%             |             | 51.8%             |             | 47.6%             |             |
| Cost-income ratio excl. financial investments                                      | 56.3%             |             | 53.1%             |             | 53.2%             |             |
| <b>Statement of financial position figures</b>                                     |                   |             |                   |             |                   |             |
| 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        |                   |
|-------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Losses</b>                                                                             |                   |                   |                   |                   |
| Loss rate on lending <sup>3</sup>                                                         | 0.01%             | 0.09%             | 0.10%             |                   |
| Loans in Stage 3 as % of gross lending                                                    | 0.54%             | 0.86%             | 0.61%             |                   |
| <b>Losses<br/>(incl. SpareBank 1 Boligkreditt/Næringskreditt)</b>                         |                   |                   |                   |                   |
| Loss rate on lending <sup>3</sup><br>(incl. SpareBank 1 Boligkreditt/Næringskreditt)      | 0.00%             | 0.06%             | 0.07%             |                   |
| Loans in Stage 3 as % of gross lending (incl.<br>SpareBank 1 Boligkreditt/Næringskreditt) | 0.39%             | 0.60%             | 0.43%             |                   |
| <b>Financial strength in terms of proportional<br/>consolidation</b>                      |                   |                   |                   |                   |
| 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        |                   |
| <b>Leverage ratio, proportional consolidation</b>                                         | <b>8.6%</b>       | <b>8.3%</b>       | <b>8.6%</b>       |                   |
| <b>Offices and staffing</b>                                                               |                   |                   |                   |                   |
| 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               |                   |
| <b>Equity certificates</b>                                                                | <b>31.03.2021</b> | <b>31.03.2020</b> | <b>31.12.2020</b> | <b>31.12.2019</b> |
| 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) <sup>4</sup>                                | 0.91              | 0.55              | 3.62              | 4.43              |
| Earnings per equity certificate (Group) <sup>4</sup>                                      | 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          |
| <b>648,179</b>   | <b>179,692</b>  | <b>149,576</b> | <b>Net interest income</b>                                                           |       | <b>149,150</b> | <b>179,545</b> | <b>649,075</b>   |
| 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          |
| <b>320,492</b>   | <b>76,175</b>   | <b>81,566</b>  | <b>Net commission and other income</b>                                               |       | <b>125,100</b> | <b>109,742</b> | <b>476,893</b>   |
| 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            |
| <b>70,239</b>    | <b>(25,051)</b> | <b>26,352</b>  | <b>Net income from financial assets</b>                                              |       | <b>42,289</b>  | <b>7,239</b>   | <b>133,817</b>   |
| <b>1,038,909</b> | <b>230,816</b>  | <b>257,494</b> | <b>Total net income</b>                                                              |       | <b>316,539</b> | <b>296,526</b> | <b>1,259,786</b> |
| 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          |
| <b>462,634</b>   | <b>120,594</b>  | <b>116,459</b> | <b>Total operating expenses</b>                                                      |       | <b>154,311</b> | <b>153,521</b> | <b>599,077</b>   |
| <b>576,275</b>   | <b>110,222</b>  | <b>141,035</b> | <b>Profit before losses and tax</b>                                                  |       | <b>162,228</b> | <b>143,005</b> | <b>660,710</b>   |
| 35,104           | 28,518          | 1,871          | Losses on loans and guarantees                                                       | 2, 14 | 1,871          | 27,235         | 30,694           |
| <b>541,171</b>   | <b>81,704</b>   | <b>139,164</b> | <b>Profit before tax</b>                                                             |       | <b>160,357</b> | <b>115,771</b> | <b>630,016</b>   |
| 120,943          | 21,350          | 27,900         | Tax expense                                                                          |       | 28,975         | 21,853         | 125,296          |
| <b>420,228</b>   | <b>60,354</b>   | <b>111,264</b> | <b>Profit before other comprehensive income</b>                                      |       | <b>131,382</b> | <b>93,918</b>  | <b>504,720</b>   |
| -                | -               | -              | 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)            |
| <b>1,943</b>     | <b>280</b>      | <b>(758)</b>   | <b>Total other comprehensive income recognised as equity</b>                         |       | <b>(758)</b>   | <b>280</b>     | <b>1,955</b>     |
| <b>422,171</b>   | <b>60,633</b>   | <b>110,506</b> | <b>Total comprehensive income</b>                                                    |       | <b>130,624</b> | <b>94,198</b>  | <b>506,676</b>   |
| -                | -               | -              | 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           |
| <b>40,182,372</b> | <b>39,074,601</b> | <b>40,584,208</b> | <b>Total assets</b>                                    |          | <b>40,889,886</b> | <b>39,316,525</b> | <b>40,455,483</b> |
| 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           |
| <b>34,905,134</b> | <b>34,153,248</b> | <b>35,198,799</b> | <b>Total liabilities</b>                               |          | <b>35,225,192</b> | <b>34,185,361</b> | <b>34,918,643</b> |
| 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             |
| <b>5,277,237</b>  | <b>4,921,353</b>  | <b>5,385,410</b>  | <b>Total equity</b>                                    |          | <b>5,664,694</b>  | <b>5,131,163</b>  | <b>5,536,841</b>  |
| <b>40,182,372</b> | <b>39,074,601</b> | <b>40,584,208</b> | <b>Liabilities and equity</b>                          |          | <b>40,889,886</b> | <b>39,316,525</b> | <b>40,455,483</b> |

# 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        |
| <b>Net interest income</b>                      | <b>149,150</b> | <b>157,169</b> | <b>160,584</b> | <b>151,778</b> | <b>179,545</b> | <b>187,345</b> | <b>172,156</b> | <b>151,740</b> | <b>145,283</b> |
| 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         |
| <b>Net commission and other income</b>          | <b>125,100</b> | <b>123,269</b> | <b>132,654</b> | <b>111,227</b> | <b>109,742</b> | <b>104,538</b> | <b>109,829</b> | <b>113,434</b> | <b>99,265</b>  |
| 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         |
| <b>Net income from financial assets</b>         | <b>42,289</b>  | <b>21,936</b>  | <b>26,723</b>  | <b>77,919</b>  | <b>7,239</b>   | <b>15,864</b>  | <b>2,606</b>   | <b>42,516</b>  | <b>110,889</b> |
| <b>Total net income</b>                         | <b>316,539</b> | <b>302,374</b> | <b>319,962</b> | <b>340,925</b> | <b>296,526</b> | <b>307,747</b> | <b>284,591</b> | <b>307,690</b> | <b>355,436</b> |
| 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         |
| <b>Total operating expenses</b>                 | <b>154,311</b> | <b>169,609</b> | <b>136,356</b> | <b>139,591</b> | <b>153,521</b> | <b>167,164</b> | <b>134,818</b> | <b>141,647</b> | <b>144,704</b> |
| <b>Profit before losses and tax</b>             | <b>162,228</b> | <b>132,765</b> | <b>183,605</b> | <b>201,334</b> | <b>143,005</b> | <b>140,582</b> | <b>149,773</b> | <b>166,043</b> | <b>210,732</b> |
| Losses on loans and guarantees                  | 1,871          | (2,568)        | (10,632)       | 16,659         | 27,235         | (3,520)        | 2,139          | (2,108)        | 5,808          |
| <b>Profit before tax</b>                        | <b>160,357</b> | <b>135,333</b> | <b>194,237</b> | <b>184,675</b> | <b>115,771</b> | <b>144,102</b> | <b>147,634</b> | <b>168,151</b> | <b>204,924</b> |
| Tax expense                                     | 28,975         | 27,684         | 40,751         | 35,007         | 21,853         | 31,782         | 36,081         | 33,502         | 24,882         |
| <b>Profit before other comprehensive income</b> | <b>131,382</b> | <b>107,649</b> | <b>153,486</b> | <b>149,668</b> | <b>93,918</b>  | <b>112,320</b> | <b>111,553</b> | <b>134,649</b> | <b>180,042</b> |

## 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 <sup>1</sup> | Share premium fund | Risk equalisation fund | Endowment fund | Spare-bankens-fond | Fund for unrealised gains | Hybrid capital | Other equity   | Not distributed | Non-controlling interest's share | Total equity     |
|----------------------------------------------------------------------|---------------------------------|--------------------|------------------------|----------------|--------------------|---------------------------|----------------|----------------|-----------------|----------------------------------|------------------|
| <b>Equity as at 31.12.2019</b>                                       | <b>946,501</b>                  | <b>1,026,427</b>   | <b>536,885</b>         | <b>6,540</b>   | <b>2,072,392</b>   | <b>25,234</b>             | <b>250,000</b> | <b>328,019</b> | <b>-</b>        | <b>1,175</b>                     | <b>5,193,174</b> |
| 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)            |
| <b>Profit before other comprehensive income</b>                      | <b>-</b>                        | <b>-</b>           | <b>108,534</b>         | <b>-</b>       | <b>188,897</b>     | <b>(6,028)</b>            | <b>-</b>       | <b>211,957</b> | <b>-</b>        | <b>1,360</b>                     | <b>504,720</b>   |
| <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)            |
| <b>Equity as at 31.12.2020</b>                                       | <b>946,519</b>                  | <b>1,026,427</b>   | <b>645,066</b>         | <b>6,540</b>   | <b>2,260,996</b>   | <b>21,796</b>             | <b>250,000</b> | <b>377,528</b> | <b>-</b>        | <b>1,968</b>                     | <b>5,536,841</b> |
| <b>Equity as at 31.12.2020</b>                                       | <b>946,519</b>                  | <b>1,026,427</b>   | <b>645,066</b>         | <b>6,540</b>   | <b>2,260,996</b>   | <b>21,796</b>             | <b>250,000</b> | <b>377,528</b> | <b>-</b>        | <b>1,968</b>                     | <b>5,536,841</b> |
| 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              |
| <b>Profit before other comprehensive income</b>                      | <b>-</b>                        | <b>-</b>           | <b>-</b>               | <b>-</b>       | <b>-</b>           | <b>-</b>                  | <b>-</b>       | <b>-</b>       | <b>131,181</b>  | <b>201</b>                       | <b>131,382</b>   |
| <i>Items reversed through profit or loss:</i>                        |                                 |                    |                        |                |                    |                           |                |                |                 |                                  |                  |
| Change in value of loans classified at fair value                    | -                               | -                  | -                      | -              | -                  | (758)                     | -              | -              | -               | -                                | (758)            |
| <b>Equity as at 31.03.2021</b>                                       | <b>946,519</b>                  | <b>1,026,427</b>   | <b>645,066</b>         | <b>6,540</b>   | <b>2,260,996</b>   | <b>21,038</b>             | <b>250,000</b> | <b>377,771</b> | <b>128,847</b>  | <b>1,490</b>                     | <b>5,664,694</b> |

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

## Parent bank

| (NOK thousands)                                                | Ownership interest <sup>1</sup> | Share premium fund | Risk equalisation fund | Endowment fund | Spare-bankens-fond | Fund for unrealised gains | Hybrid capital | Other equity   | Not distributed | Total equity     |
|----------------------------------------------------------------|---------------------------------|--------------------|------------------------|----------------|--------------------|---------------------------|----------------|----------------|-----------------|------------------|
| <b>Equity as at 31.12.2019</b>                                 | <b>946,501</b>                  | <b>1,026,427</b>   | <b>536,885</b>         | <b>6,540</b>   | <b>2,072,392</b>   | <b>25,234</b>             | <b>250,000</b> | <b>152,705</b> | <b>-</b>        | <b>5,016,685</b> |
| 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)        |
| <b>Profit before other comprehensive income</b>                | <b>-</b>                        | <b>-</b>           | <b>108,534</b>         | <b>-</b>       | <b>188,897</b>     | <b>(6,028)</b>            | <b>-</b>       | <b>128,825</b> | <b>-</b>        | <b>420,228</b>   |
| <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)            |
| <b>Equity as at 31.12.2020</b>                                 | <b>946,519</b>                  | <b>1,026,427</b>   | <b>645,066</b>         | <b>6,540</b>   | <b>2,260,996</b>   | <b>21,796</b>             | <b>250,000</b> | <b>119,893</b> | <b>-</b>        | <b>5,277,237</b> |
| <b>Equity as at 31.12.2020</b>                                 | <b>946,519</b>                  | <b>1,026,427</b>   | <b>645,066</b>         | <b>6,540</b>   | <b>2,260,996</b>   | <b>21,796</b>             | <b>250,000</b> | <b>119,893</b> | <b>-</b>        | <b>5,277,237</b> |
| Interest expenses on subordinated bonds reclassified as equity | -                               | -                  | -                      | -              | -                  | -                         | -              | -              | (2,334)         | (2,334)          |
| <b>Profit before other comprehensive income</b>                | <b>-</b>                        | <b>-</b>           | <b>-</b>               | <b>-</b>       | <b>-</b>           | <b>-</b>                  | <b>-</b>       | <b>-</b>       | <b>111,264</b>  | <b>111,264</b>   |
| <i>Items reversed through profit or loss:</i>                  |                                 |                    |                        |                |                    |                           |                |                |                 |                  |
| Change in value of loans classified at fair value              | -                               | -                  | -                      | -              | -                  | (758)                     | -              | -              | -               | (758)            |
| <b>Equity as at 31.03.2021</b>                                 | <b>946,519</b>                  | <b>1,026,427</b>   | <b>645,066</b>         | <b>6,540</b>   | <b>2,260,996</b>   | <b>21,038</b>             | <b>250,000</b> | <b>119,893</b> | <b>108,930</b>  | <b>5,385,410</b> |

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       |
|                  |                  |                  | <b>Cash flow from operating activities</b>                             |                  |                  |                  |
| (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)         |
| <b>723,143</b>   | <b>729,553</b>   | <b>(887,079)</b> | <b>Net cash flow from operating activities (A)</b>                     | <b>(874,305)</b> | <b>740,600</b>   | <b>734,185</b>   |
|                  |                  |                  | <b>Cash flow from investing activities</b>                             |                  |                  |                  |
| (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           |
| <b>83,548</b>    | <b>39,401</b>    | <b>49,667</b>    | <b>Net cash flow from investing activities (B)</b>                     | <b>49,350</b>    | <b>36,172</b>    | <b>75,070</b>    |
|                  |                  |                  | <b>Cash flow from financing activities</b>                             |                  |                  |                  |
| 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)            |
| <b>(799,236)</b> | <b>(262,309)</b> | <b>647,652</b>   | <b>Net cash flow from financing activities (C)</b>                     | <b>645,668</b>   | <b>(264,043)</b> | <b>(799,870)</b> |
| <b>7,455</b>     | <b>506,645</b>   | <b>(189,760)</b> | <b>Net change in cash and cash equivalents in the period (A+B+C)</b>   | <b>(179,288)</b> | <b>512,730</b>   | <b>9,385</b>     |
| 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        |
|                  |                  |                  | <b>Cash and cash equivalents, specified</b>                            |                  |                  |                  |
| 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        |
| <b>1,136,796</b> | <b>1,635,987</b> | <b>947,036</b>   | <b>Cash and cash equivalents</b>                                       | <b>995,755</b>   | <b>1,678,388</b> | <b>1,175,043</b> |



## 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   |               |              |                                                        | Group        |               |               |
|---------------|---------------|--------------|--------------------------------------------------------|--------------|---------------|---------------|
| 31.12.2020    | 31.03.2020    | 31.03.2021   | (NOK thousands)                                        | 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)       |
| <b>35,104</b> | <b>28,518</b> | <b>1,871</b> | <b>Losses on loans and guarantees in the period</b>    | <b>1,871</b> | <b>27,235</b> | <b>30,694</b> |

## Note 3 – Impairment provisions for loans and guarantees

| Parent bank                                                           |               |               |               |                |
|-----------------------------------------------------------------------|---------------|---------------|---------------|----------------|
| Impairment provisions for loans and guarantees                        | Stage 1       | Stage 2       | Stage 3       | Total          |
| <b>31.12.2020</b>                                                     | <b>52,393</b> | <b>49,970</b> | <b>77,812</b> | <b>180,175</b> |
| 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)       |
| <b>31.03.2021</b>                                                     | <b>55,103</b> | <b>44,935</b> | <b>67,955</b> | <b>167,993</b> |
| - reversal of impairment provisions related to fair value through OCI | (13,533)      | -             | -             | (13,533)       |
| <b>Capitalised impairment provisions as at 31.03.2021</b>             | <b>41,570</b> | <b>44,935</b> | <b>67,955</b> | <b>154,460</b> |
| 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          |
| <b>31.12.2020</b>                                                     | <b>52,393</b> | <b>49,970</b> | <b>69,254</b> | <b>171,617</b> |
| 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)        |
| <b>31.03.2021</b>                                                     | <b>55,103</b> | <b>44,935</b> | <b>67,465</b> | <b>167,504</b> |
| - reversal of impairment provisions related to fair value through OCI | (13,533)      | -             | -             | (13,533)       |
| <b>Capitalised impairment provisions as at 31.03.2021</b>             | <b>41,570</b> | <b>44,935</b> | <b>67,465</b> | <b>153,971</b> |
| 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 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 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          |
| <b>Total estimated IFRS 9 provisions</b>                                      |              | <b>55,828</b> | <b>112,165</b> | <b>167,993</b> |
| - reversal of impairment provisions related to fair value through OCI         |              | (13,533)      | -              | (13,533)       |
| <b>Capitalised impairment provisions for the parent bank as at 31.03.2021</b> |              | <b>42,295</b> | <b>112,165</b> | <b>154,460</b> |

| 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<br>Weight RM/CM | 31.03.2020<br>Weight RM/CM | 30.06.2020<br>Weight RM/CM | 31.12.2020<br>Weight RM/CM | 31.03.2021<br>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             |
| <b>31.12.2020</b>                                         | <b>28,486,773</b> | <b>2,245,988</b> | <b>218,984</b> | <b>30,951,745</b> |
| 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)          |
| <b>31.03.2021</b>                                         | <b>29,557,685</b> | <b>2,084,395</b> | <b>188,345</b> | <b>31,830,425</b> |
| 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             |
| <b>31.12.2020</b>                                         | <b>28,478,035</b> | <b>2,245,988</b> | <b>198,393</b> | <b>30,922,416</b> |
| 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)          |
| <b>31.03.2021</b>                                         | <b>29,538,676</b> | <b>2,084,395</b> | <b>180,395</b> | <b>31,803,466</b> |
| 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        |
| <b>168,891</b> | <b>196,776</b> | <b>127,681</b> | <b>Total other assets</b>                                     | <b>152,606</b> | <b>212,129</b> | <b>180,455</b> |

## Note 6 – Other liabilities

| Parent bank    |                |                |                                                           | Group          |                |                |
|----------------|----------------|----------------|-----------------------------------------------------------|----------------|----------------|----------------|
| 31.12.2020     | 31.03.2020     | 31.03.2021     | (NOK thousands)                                           | 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        |
| <b>372,201</b> | <b>613,935</b> | <b>419,229</b> | <b>Total other liabilities</b>                            | <b>479,175</b> | <b>662,864</b> | <b>420,633</b> |

## Note 7 – Deposits from 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        |
| 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           |
| <b>25,902,538</b> | <b>24,496,962</b> | <b>25,803,180</b> | <b>Total deposits</b>                             | <b>25,766,368</b> | <b>24,478,042</b> | <b>25,863,568</b> |



## 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           |
| <b>32,615,686</b> | <b>31,688,260</b> | <b>33,432,147</b> | <b>Gross lending</b>                              | <b>33,405,188</b> | <b>31,659,677</b> | <b>32,586,358</b> |
| 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)         |
| <b>32,464,299</b> | <b>31,515,497</b> | <b>33,296,089</b> | <b>Net lending</b>                                | <b>33,269,619</b> | <b>31,493,172</b> | <b>32,443,528</b> |

|                   |                   |                   |                                                                    |                   |                   |                   |
|-------------------|-------------------|-------------------|--------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>32,615,686</b> | <b>31,688,260</b> | <b>33,432,147</b> | <b>Gross lending</b>                                               | <b>33,405,188</b> | <b>31,659,677</b> | <b>32,586,358</b> |
| 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           |
| <b>46,028,221</b> | <b>45,121,913</b> | <b>46,791,608</b> | <b>Gross lending including SB1 Boligkreditt and Næringskreditt</b> | <b>46,764,649</b> | <b>45,093,329</b> | <b>45,998,892</b> |

## 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 |
|------------------------------------|------------|------------|------------|
| <b>Primary capital</b>             |            |            |            |
| 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 |
| <b>Capital adequacy</b>            |            |            |            |
| 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**

| <b>Primary capital</b>                                                     | <b>31.03.2021</b> | <b>31.03.2020</b> | <b>31.12.2020</b> |
|----------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| 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            | -                 |
| <b>Total capitalised equity (excluding additional Tier 1 capital)</b>      | <b>5,135,410</b>  | <b>4,671,353</b>  | <b>5,027,238</b>  |
| 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                                  | -                 | -                 | -                 |
| <b>Total Common Equity Tier 1 capital</b>                                  | <b>3,968,725</b>  | <b>3,627,347</b>  | <b>3,943,505</b>  |
| Additional Tier 1 capital                                                  | 250,000           | 250,000           | 250,000           |
| Additional Tier 1 capital                                                  | -                 | -                 | -                 |
| Deduction for non-material interests in the financial sector               | -                 | -                 | -                 |
| <b>Total Tier 1 capital</b>                                                | <b>4,218,725</b>  | <b>3,877,347</b>  | <b>4,193,505</b>  |
| <b>Supplementary capital in excess of Tier 1 capital</b>                   |                   |                   |                   |
| 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)           |
| <b>Net primary capital</b>                                                 | <b>4,613,956</b>  | <b>4,272,419</b>  | <b>4,588,688</b>  |
| <b>Risk-weighted basis for calculation</b>                                 |                   |                   |                   |
| 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            |
| <b>Total basis for calculation</b>                                         | <b>21,414,539</b> | <b>19,683,146</b> | <b>20,757,801</b> |
| 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%            |
| <b>Buffer requirements</b>                                                 |                   |                   |                   |
| 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           |
| <b>Total credit risk</b>                                            | <b>19,480,851</b> | <b>17,677,392</b> | <b>18,734,655</b> |

## 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    |
|                  |               |               | <b>Derivatives – hedging</b>                   |                  |                |                |
| 4,465,000        | 63,381        | 70,862        | Derivatives at fair value                      | 4,915,000        | 113,833        | 122,686        |
| <b>4,465,000</b> | <b>63,381</b> | <b>70,862</b> | <b>Total derivatives at fair value hedging</b> | <b>4,915,000</b> | <b>113,833</b> | <b>122,686</b> |

## Note 11 – Net result from other financial investments

| Parent bank  |                 |               |                                                                     | Group         |                 |              |
|--------------|-----------------|---------------|---------------------------------------------------------------------|---------------|-----------------|--------------|
| 31.12.2020   | 31.03.2020      | 31.03.2021    |                                                                     | 31.03.2021    | 31.03.2020      | 31.12.2020   |
|              |                 |               | (NOK thousands)                                                     |               |                 |              |
| (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       |
| <b>1,512</b> | <b>(46,611)</b> | <b>15,492</b> | <b>Net result from other financial investments</b>                  | <b>15,700</b> | <b>(46,611)</b> | <b>1,512</b> |

## 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

| (NOK thousands)                            | 31.03.2021       | Parent bank/Group |                  |
|--------------------------------------------|------------------|-------------------|------------------|
|                                            |                  | 31.03.2020        | 31.12.2020       |
| 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          |
| <b>Total securities issued</b>             | <b>8,554,166</b> | <b>8,207,660</b>  | <b>7,908,931</b> |

### Change in securities issued

| (NOK thousands)                            | 31.03.2021       | Parent bank/Group |                  |                  |
|--------------------------------------------|------------------|-------------------|------------------|------------------|
|                                            |                  | Issued in 2021    | Redeemed in 2021 | 31.12.2020       |
| 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          |
| <b>Total securities issued</b>             | <b>8,554,166</b> | <b>1,100,000</b>  | <b>(393,000)</b> | <b>7,908,931</b> |

### Subordinated loan capital

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

### Change in subordinated loan capital

|                                        | 31.03.2021     | Parent bank/Group |                  |                |
|----------------------------------------|----------------|-------------------|------------------|----------------|
|                                        |                | Issued in 2021    | Redeemed in 2021 | 31.12.2020     |
| Subordinated loan capital              | 400,000        | -                 | -                | 400,000        |
| Value adjustments and accrued interest | 821            | -                 | -                | 802            |
| <b>Total subordinated loan capital</b> | <b>400,821</b> | <b>-</b>          | <b>-</b>         | <b>400,802</b> |

## 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          |
|---------------------------------|---------------|---------------|--------------------|-------------------------|----------------|
| <b>Profit</b>                   |               |               |                    |                         |                |
| 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        |
| <b>Profit before losses</b>     | <b>80,011</b> | <b>40,150</b> | <b>(6,631)</b>     | <b>48,698</b>           | <b>162,228</b> |
| Losses on loans and guarantees  | (1,277)       | 3,074         | -                  | 74                      | 1,871          |
| <b>Profit before tax</b>        | <b>81,288</b> | <b>37,076</b> | <b>(6,631)</b>     | <b>48,624</b>           | <b>160,357</b> |

|                                                 | RM                | CM               | Other subsidiaries | Non-reportable segments | Total             |
|-------------------------------------------------|-------------------|------------------|--------------------|-------------------------|-------------------|
| <b>Statement of financial position</b>          |                   |                  |                    |                         |                   |
| 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         |
| <b>Total assets per segment</b>                 | <b>24,866,398</b> | <b>7,858,405</b> | <b>9,760</b>       | <b>8,155,323</b>        | <b>40,889,886</b> |
| 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        |
| <b>Total equity and liabilities per segment</b> | <b>24,866,398</b> | <b>7,858,405</b> | <b>9,760</b>       | <b>8,155,323</b>        | <b>40,889,886</b> |

## Group 31.03.2020

| (NOK thousands)                 | RM            | CM            | Other subsidiaries | Non-reportable segments | Total          |
|---------------------------------|---------------|---------------|--------------------|-------------------------|----------------|
| <b>Profit</b>                   |               |               |                    |                         |                |
| 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        |
| <b>Profit before losses</b>     | <b>85,049</b> | <b>54,290</b> | <b>(172)</b>       | <b>3,838</b>            | <b>143,005</b> |
| Losses on loans and guarantees  | 8,699         | 18,485        | -                  | 51                      | 27,235         |
| <b>Profit before tax</b>        | <b>76,350</b> | <b>35,805</b> | <b>(172)</b>       | <b>3,788</b>            | <b>115,771</b> |

|                                                 | RM                | CM               | Other subsidiaries | Non-reportable segments | Total             |
|-------------------------------------------------|-------------------|------------------|--------------------|-------------------------|-------------------|
| <b>Statement of financial position</b>          |                   |                  |                    |                         |                   |
| 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         |
| <b>Total assets per segment</b>                 | <b>23,334,155</b> | <b>7,238,494</b> | <b>12,079</b>      | <b>8,731,797</b>        | <b>39,316,525</b> |
| 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        |
| <b>Total equity and liabilities per segment</b> | <b>23,334,155</b> | <b>7,238,494</b> | <b>12,079</b>      | <b>8,731,797</b>        | <b>39,316,525</b> |

## Group 31.12.2020

| (NOK thousands)                 | RM             | CM             | Other subsidiaries | Non-reportable segments | Total          |
|---------------------------------|----------------|----------------|--------------------|-------------------------|----------------|
| <b>Profit</b>                   |                |                |                    |                         |                |
| 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        |
| <b>Profit before losses</b>     | <b>347,872</b> | <b>190,979</b> | <b>(3,162)</b>     | <b>125,020</b>          | <b>660,710</b> |
| Losses on loans and guarantees  | 7,203          | 23,287         | -                  | 204                     | 30,694         |
| <b>Profit before tax</b>        | <b>340,669</b> | <b>167,693</b> | <b>(3,162)</b>     | <b>124,817</b>          | <b>630,016</b> |

|                                                 | RM                | CM               | Other subsidiaries | Non-reportable segments | Total             |
|-------------------------------------------------|-------------------|------------------|--------------------|-------------------------|-------------------|
| <b>Statement of financial position</b>          |                   |                  |                    |                         |                   |
| 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         |
| <b>Total assets per segment</b>                 | <b>24,566,203</b> | <b>7,265,696</b> | <b>18,086</b>      | <b>8,605,498</b>        | <b>40,455,483</b> |
| 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        |
| <b>Total equity and liabilities per segment</b> | <b>24,566,203</b> | <b>7,265,696</b> | <b>18,086</b>      | <b>8,605,498</b>        | <b>40,455,483</b> |



## 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            |
| <b>Total assets</b>                  | <b>401,523</b> | <b>4,136,323</b> | <b>25,610,184</b> | <b>30,148,030</b> |
| <b>Liabilities</b>                   | <b>Level 1</b> | <b>Level 2</b>   | <b>Level 3</b>    | <b>Total</b>      |
| Financial liabilities at fair value  |                |                  |                   |                   |
| - Securities issued at fair value    | -              | 2,666,069        | -                 | 2,666,069         |
| - Derivatives                        | -              | 70,862           | -                 | 70,862            |
| <b>Total liabilities</b>             | <b>-</b>       | <b>2,736,931</b> | <b>-</b>          | <b>2,736,931</b>  |

### 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           |
| <b>Total assets</b>                  | <b>417,256</b> | <b>3,639,542</b> | <b>24,484,398</b> | <b>28,541,196</b> |
| <b>Liabilities</b>                   | <b>Level 1</b> | <b>Level 2</b>   | <b>Level 3</b>    | <b>Total</b>      |
| Financial liabilities at fair value  |                |                  |                   |                   |
| - Securities issued at fair value    | -              | 3,081,047        | -                 | 3,081,047         |
| - Derivatives                        | -              | 122,686          | -                 | 122,686           |
| <b>Total liabilities</b>             | <b>-</b>       | <b>3,203,733</b> | <b>-</b>          | <b>3,203,733</b>  |

## 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           |
| <b>Total assets</b>                 | <b>421,312</b> | <b>4,342,935</b> | <b>25,521,915</b> | <b>30,286,162</b> |
| 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           |
| <b>Total liabilities</b>            | <b>-</b>       | <b>2,947,486</b> | <b>-</b>          | <b>2,947,486</b>  |

## 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)                                       | -                                 |
| <b>Closing balance 31.3.2021</b>       | <b>1,601,722</b> | <b>1,134,001</b>                            | <b>22,874,461</b>                 |

## 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)                                     | -                                 |
| <b>Closing balance 31.3.2020</b>       | <b>1,734,623</b> | <b>1,174,861</b>                            | <b>21,574,914</b>                 |

## 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)                                    | -                                 |
| <b>Closing balance 31.12.2020</b>      | <b>1,663,941</b> | <b>1,158,136</b>                            | <b>22,699,838</b>                 |

## 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.

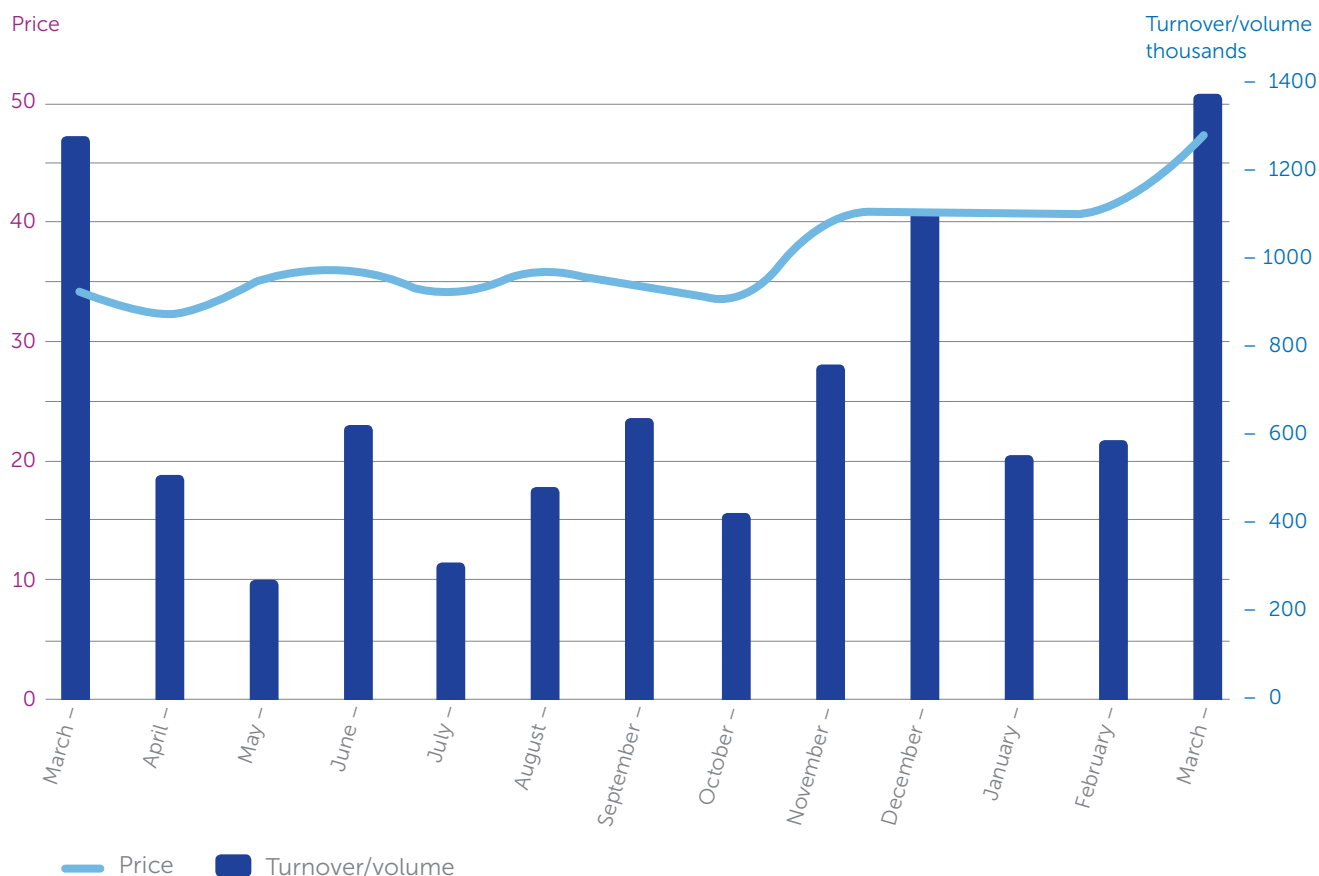
|                                                                                             | Parent bank |
|---------------------------------------------------------------------------------------------|-------------|
| (NOK thousands)                                                                             | 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)

|                                                                                          |                   |
|------------------------------------------------------------------------------------------|-------------------|
| <b>Adjusted primary capital</b>                                                          | <b>01.01.2021</b> |
| 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         |
| <b>Equity certificate fraction</b>                                                       |                   |
| 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%            |
| <b>Adjusted profit</b>                                                                   | <b>31.03.2021</b> |
| 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