

Sustainability report for 2017

– a bank with a clear sustainability profile

In 2017, sustainability was elevated to one of the six main goals in SpareBank 1 Østlandet's main strategy for 2018–2021. A materiality assessment was also carried out to identify risks and opportunities associated with the Bank's corporate social responsibility. From and including the 2017, the Bank will report in line with the international standard GRI, as recommended by the Oslo Stock Exchange for listed companies.

Ever since the time of the small savings banks, SpareBank 1 Østlandet's purpose has been to take part in the development of the community as a committed and responsible contributor to society. Today, this is reflected in our vision **"Creating together"** – long-term value for society and our customers, owners and employees. With local knowledge and our proximity to customers, the Bank's management makes assessments that are based on a long-term environmental and social commitment as well as economics and risk. Good credit assessments are the foundation of the bank's corporate responsibility.

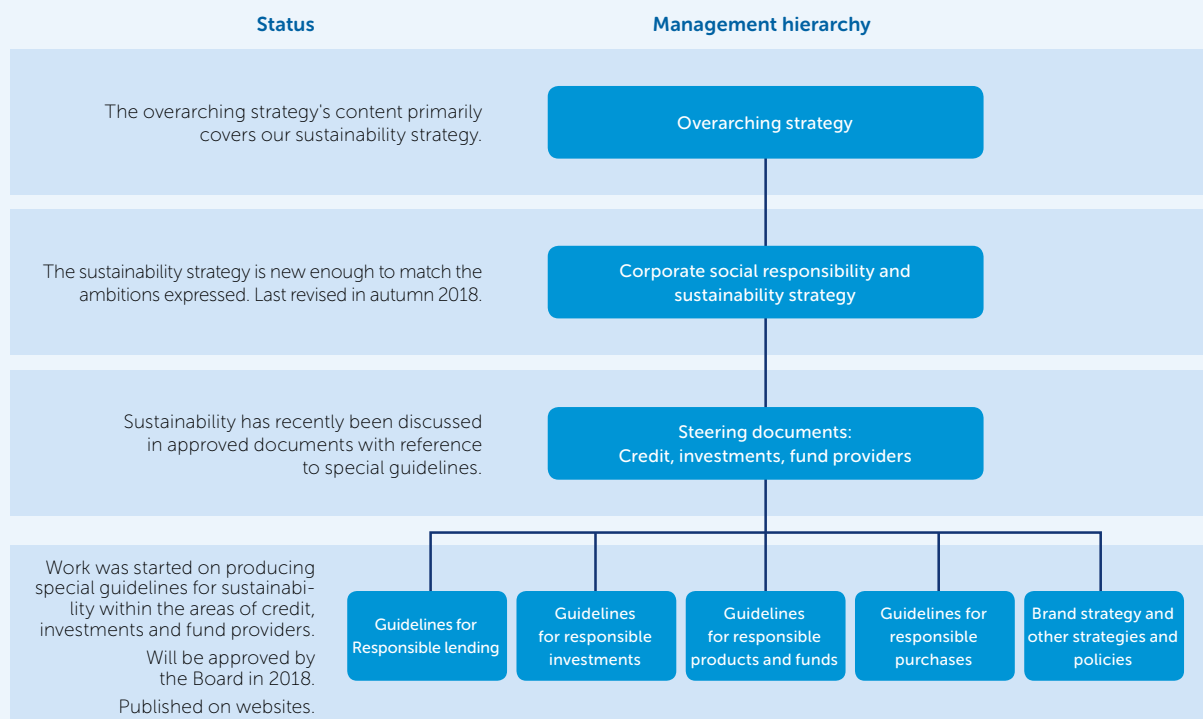
By increasing its focus on sustainability, the Bank wants to demonstrate its responsibility for how business operations impact the environment, people, jobs and asset management now and in the future. In addition to starting to report in line with the international standard GRI, the Bank has decided to sign the UN Global Compact, the world's largest initiative for corporate

social responsibility. The Bank supports the Global Compact's Ten Principles that cover human rights, labour standards, the environment and anti-corruption, and does its best to operate in line with these principles.

SUSTAINABILITY MANAGEMENT IN SPAREBANK 1 ØSTLANDET

Sustainability is an integral part of the Bank's operations and this is expressed through strategies, initiatives, products and activities. The merger and IPO affected SpareBank 1 Østlandet throughout 2017. The merger resulted in many changes in the organisation. As a listed company, the Bank gained new obligations. The steering documents, guidelines and procedures in various areas in the Bank were therefore reviewed and updated. In 2017, work started on incorporating sustainability more clearly into strategies, goals, guidelines and routines for the newly merged bank. This work will continue in 2018 based on the following basic assumption:

Sustainability in the SpareBank 1 Østlandet Group's steering documents



tions which are set out in the corporate social responsibility and sustainability strategy:

SpareBank 1 Østlandet will take account of the environment, climate, ethics and social factors in all of the Group's activities. The Bank will not contribute to violations of human and labour rights, corruption, serious environmental harm or other actions that may be perceived as grossly unethical, either internally or by society as a whole. This applies in relation to both customers and suppliers. This responsibility also covers products and services, advice and sales, investments and credit decisions, marketing, procurements and corporate governance. Corporate social responsibility also applies in the case of internal work on HSE, ethics and environmental efficiency.

The Bank's new main strategy has been approved by the Board and sustainability has now been incorporated as one of its six overarching goals, with its own secondary goals, for the strategy period 2018–2021:

By the end of 2021, we will have established ourselves as a bank with a clear sustainability profile.

The work on updating the Bank's sustainability work in steering documents has started (see the figure on page 8).

Sustainability will also be specifically mentioned in the Group's vision, values and business concept from and including 2018. The goals in the Group's strategy have now been broken down to an operational level in the individual departments and divisions. The executive management team monitors the strategic goals in regular business management meetings and reports on the goals and secondary goals. The communications department has been assigned responsibility for coordinating the overarch-

ing work on sustainability and will establish working groups in a number of areas in 2018. Sustainability will be incorporated into the Bank's corporate governance framework and the subsidiaries' strategies in 2018. All of SpareBank 1 Østlandet's subsidiaries are wholly owned by the Bank apart from one in which the Bank is the majority shareholder with a 95 per cent stake. The Bank's senior group general managers are represented on the subsidiaries' boards and responsible for following them up. The subsidiaries will also be involved in some projects linked to sustainability in the SpareBank 1 Østlandet Group.

The Board is involved in the Bank's work on sustainability and has played an active role in shaping the new group strategy. In spring 2017, the Board also approved a revised version of the corporate social responsibility and sustainability strategy. In 2018, the Board will consider guidelines for sustainability within various business areas in the Bank and revise the sustainability strategy.

MATERIALITY ANALYSIS AND GRI REPORTING

A good reputation and public trust and confidence is important to SpareBank 1 Østlandet. The Bank's stakeholders expect SpareBank 1 Østlandet to fulfil its role as a responsible social actor. Customers, the authorities, employees, owners, various special interest groups and society as a whole have expectations concerning the Bank's work on topics such as ethics and anti-corruption, ethical marketing, responsible credit and requirements for providers of financial services.

Investors and customers are looking for green alternatives and SpareBank 1 Østlandet also needs to do its bit here. On a global level, humanity faces a number of common challenges. Through its day-to-day work, the Bank can make a positive contribution within everything

Materiality matrix developed with various internal and external stakeholders				
IMPORTANCE TO EXTERNAL STAKEHOLDERS	Most important	Active ownership	Privacy protection Negative screening New products and green innovation Positive screening	Financial crime Requirements for providers of financial services Ethics and anti-corruption Responsible lending Ethical marketing of products and services
	More important	Energy consumption and conservation Stakeholder engagement	Local business development Responsible purchasing Diversity and equal opportunity Customer dialogue and satisfaction	Fair and responsible banking
	Important	Waste management Building an inclusive workforce Paper consumption Greenhouse gas emissions (CO ²) Water consumption	Innovation and digitalisation Employee development HSE Sponsorships and contributions to local communities	
		Important	More important	Most important
IMPORTANCE TO SPAREBANK 1 ØSTLANDET				

from purchasing, financing and diversity to environmental issues. This also provides business opportunities with respect to the operational, product and social aspects.

In autumn 2017, SpareBank 1 Østlandet carried out a major analysis of the material risks and opportunities associated with corporate social responsibility. Topics relevant to the Bank within the environment, ethics and communities were identified and assessed in cooperation with a group of stakeholders. The external stakeholders consisted of local and regional authorities, customers and various special interest groups, including the Fair Finance Guide and the Consumer Council of Norway. A wide-ranging survey was also conducted among employees and owners of the Bank in which they were asked to rank topics based on business considerations. The topics were then discussed and ranked in two workshops: one with the executive management team and one with key people from different disciplines in the Bank. This resulted in a materiality matrix. (See the figure on page 9)

The following were particularly important topics for SpareBank 1 Østlandet in the materiality analysis:

- Responsible lending
- Financial crime
- Requirements for providers of financial services
- Ethics and anti-corruption
- Ethical marketing of products and services

The materiality analysis helps to ensure that the Bank can establish relevant goals and measures for its sustainability work, as well as collect data that can be used as a basis for making decisions. When the Bank reports on its corporate social responsibility work in line with the international standard GRI (Global Reporting Initiative) it bases this on the materiality analysis's priority areas. SpareBank 1 Østlandet will carry out GRI reporting for the first time in the 2017 annual report. GRI data and information are an integral part of the annual report. (See GRI index note 45)

Stakeholder engagement in many arenas

Input from stakeholders is part of the work on securing long-term value creation for the Bank and the local communities of which we are a part. See the map of stakeholders on the next page.

Data on the views of customers and other respondents is regularly obtained through customer and market surveys. Based on these, the Bank can prioritise the right measures to improve services, products, and financial and non-financial results.

Surveys showed that customer satisfaction was stable throughout the year. A special position survey carried out in the SpareBank 1 Alliance confirmed SpareBank 1 Østlandet's strong position as a market leader in Hedmark. In the other counties in its market area, the Bank is a challenger aiming to grow.

It also maintained a dialogue with various stakeholders in connection with both the merger and IPO processes. Prior to the IPO in June, the Bank organised a 12-day roadshow involving 67 information meetings, both local and international, to inform people of their opportunity to invest in the Bank's equity certificates and answer any questions. There was a great deal of local and international interest. During the autumn, the Bank also had a dialogue with external and internal stakeholders in connection with the materiality analysis (described in the previous chapter).

See stakeholder engagement on page 12.

Corporate social responsibility in a broad sense

SpareBank 1 Østlandet is primarily a regional actor that operates in central Eastern Norway. Because of this, the Bank's main focus is on sustainability, growth and development in the local communities of which the Bank is a part. The Bank's 38 branches have authorised financial advisers with local knowledge about their communities. At the same time, the Bank is a digitalised bank with a committed presence in social media. The customers choose the channels they want to contact the Bank via: telephone, web meetings or via messages and chat in the online bank.

The Bank will act responsibly in every context. Value creation, decisions and business practices must be based on a long-term perspective. While SpareBank 1 Østlandet's focus is primarily regional, it also takes account of global consideration in its operations. Sustainability within credit for corporate customers, in the Bank's own investments, and at the Bank's fund providers was also reviewed in 2017.

Responsible credit for corporate customers

SpareBank 1 Østlandet primarily finances small and medium-sized Norwegian enterprises in the Bank's market area in Hedmark, Oppland, Oslo and Akershus. The goal is to be a positive contributor in the area of sustainability in order to improve companies' awareness and practices in relation to topics such as the environment, ethics, corporate social responsibility, business management and corporate governance. This also applies to small enterprises that perhaps do not think of themselves as part of a larger global value chain. Under the leadership of the corporate banking department, the Bank's goal is to use its regional position to encourage companies to do better. SpareBank 1 Østlandet also wants to help improve green competitiveness and sustainable value creation in the business sector in Eastern Norway.

Stakeholder chart for SpareBank 1 Østlandet

Data on how customers and other respondents view the Group is regularly obtained through various forms of stakeholder dialogue. Based on these, the Bank can give priority to the right measures to improve both financial and non-financial results. The Bank's various stakeholders are outlined below.



- **Employees:** Parent Bank, subsidiaries, elected representatives, safety representatives, pensioner association.
- **Customers:** Retail customers, corporate customers, public sector customers, entrepreneurs.
- **Owners:** Sparebankstiftelsen Hedmark, equity certificate holders.
- **Subsidiaries:** EiendomsMegler 1 Hedmark Eiendom AS, EiendomsMegler 1 Oslo Akershus AS, SpareBank 1 Regnskapshuset Østlandet AS, Youngstorget 5 AS, Vato AS, SpareBank 1 Finans Østlandet (the latter is 95 per cent owned by SpareBank 1 Østlandet.)
- **Part-owned companies:** SpareBank 1 Gruppen AS, SpareBank 1 Banksamarbeidet DA, SpareBank 1 Kredittkort AS, Torggata 22 AS, SMB Lab AS, KOMM-IN AS, Proware AS, SpareBank 1 Betaling AS, SpareBank 1 Boligkreditt AS, SpareBank 1 Næringskreditt AS. The Bank also has investments in SpareBank 1 Markets AS and Totens Sparebank, among others.
- **Authorities:** Municipalities, regional boards, county councils, county governors, Norwegian government, courts system, Norwegian parliament, Financial Supervisory Authority of Norway, Norges Bank, Norwegian Competition Authority, Consumer Ombudsman.
- **Capital markets:** Equity certificate investors, foreign capital, other banks and brokerage houses.
- **Suppliers:** Various product suppliers and service providers within IT, operations, market, auditing, consultancy, personnel, HSE, money transport, security, energy, tradesmen, and others.
- **Competitors:** Local, national, international actors.
- **Sponsorships:** Teams, organisations and clubs.
- **Partners:** SpareBank 1 Alliance, national and local actors.
- **Grant recipients:** Recipients of grants from the Art Fund, talent stipends and other donations for non-profit purposes.
- **Special interest groups:** Finance Norway, the Consumer Council, the Future in Our Hands, the Norwegian Confederation of Trade Unions (LO), the Confederation of Norwegian Enterprise (NHO), Trainee Inland Region, Vikinglauget.
- **Society, opinion, public actors:** Non-customers, potential customers, the Norwegian Financial Services Complaints Board (FinKN), opinion, politicians, university colleges, universities, emergency response: police/medical/fire.
- **Media:** Local free newspapers, local newspapers, regional media, national media, Norwegian Broadcasting Corporation, national and local, NTB.
- **Social media:** Social media opinions.
- **Rating agencies and analysts:** Moody's Analysts.
- **Oslo Stock Exchange**

Stakeholder dialogue 2017

The Bank has an established process for identifying and involving stakeholders and integrating their input into its operations. An overview of the Bank's stakeholder engagement in 2017 is provided below.

Stakeholders	Arena for dialogue	Most important topics for stakeholders	Measures associated with topics
Customers	<p>Customer and market surveys in the retail and corporate market.</p> <p>Customer needs and positioning surveys.</p> <p>Position surveys.</p> <p>Information meetings about the IPO and equity certificates.</p> <p>Beta testing in the online bank, private among around 5,000 customers.</p> <p>The direct bank (customer service centre for retail and corporate customers within everyday banking services, credit and insurance).</p> <p>The Bank's channels in social media.</p> <p>Customer communication in the online bank.</p>	<p>Merger and new name for merged bank.</p> <p>The customers want a warm, accommodating and secure bank.</p> <p>The Bank's position in the market.</p> <p>Testing of new functionality/pages in the online bank.</p> <ul style="list-style-type: none"> • Traffic insurance fee (TFA). • Electronic retrieval of tax return and pay information for online loan applications via Altinn. • Invoice – lack of explanatory text on invoices generates telephone calls. • Charges. • Share savings accounts. <p>Downtime in online and mobile bank.</p> <p>The Fair Finance Guide.</p>	<p>Surveys contributed to the choice of the name SpareBank 1 Østlandet.</p> <p>Adapting the brand to the target group's needs.</p> <p>Consolidating the Bank's position.</p> <p>Improvements were made following feedback from customers.</p> <p>Annual motor vehicle tax is collected by the insurance companies.</p> <p>The Bank provides information about the scheme.</p> <p>Updated service messages published via relevant surfaces.</p> <p>Regular communication with updated and relevant information.</p>
Employees	<p>Status surveys in connection with the merger.</p> <p>Survey on choice of name for merged bank.</p> <p>Cooperation and working environment committees.</p> <p>Regular dialogue with trade unions.</p>	<p>Information, leadership, working environment, business.</p> <p>New name for merged bank.</p> <p>The Norwegian Motor Insurers' Bureau (TFF).</p>	<p>The status surveys produced very positive results and helped boost confidence in the chosen change and communication processes related to the merger. Follow up measures were also implemented as needed.</p> <p>The name survey contributed to the choice of the name SpareBank 1 Østlandet.</p> <p>New routines for submitting and taking out guarantees for motor vehicles.</p>
Owners	<p>Information meetings and investor presentations in connection with the IPO.</p> <p>Supervisory Board.</p> <p>Stock exchange reports and quarterly reports.</p> <p>Press conferences, topic presentations.</p>	<p>Various questions associated with the Bank's equity certificate.</p> <p>Merger and IPO.</p>	<p>A number of information measures targeted directly at customers such that they would have an opportunity to own part of the Bank.</p>
Authorities	<p>Contact with the Ministry of Finance, Financial Supervisory Authority of Norway, Norges Bank, Norwegian Data Protection Authority.</p>	<p>IPO, merger and operation</p>	
Society in general	<p>Various arenas as a member of Finance Norway.</p> <p>Conversations with the Consumer Council of Norway and the Fair Finance Guide about the ethical bank guide.</p> <p>Teaching and dialogue about personal finances in lower and upper secondary schools.</p> <p>Talent day and talent party with the awarding of talent stipends to talented people within sports and culture.</p> <p>Information meetings with refugees who will be settled in the municipalities. Topic: Personal finances.</p>	<p>Responsible investments, responsible lending granting and relationship with fund providers.</p> <p>Gain more knowledge about personal finances.</p>	<p>Responding to Fair Finance Guide, updating of web pages, review of internal guidelines.</p> <p>Special, bespoke teaching programmes.</p> <p>Lectures on personal finances.</p>

The Bank is currently drawing up its own guidelines for ethics and sustainability in its credit activities for corporate customers which it will use as principles for situations that are not directly regulated by law. The guidelines must, among other things, help to ensure that the Bank encourages responsible and sustainable business operations, avoids negative attention, and assesses sustainability in high-risk cases. The Bank is also drawing up a list of industries that will require special attention and their own assessment criteria for sustainability in the area of credit. This will provide the Bank's corporate advisers with a framework for assessing how customers exercise their corporate social responsibility. The guidelines will be put to the Board in spring 2018. This will be followed by training in, and the implementation of, the framework.

Responsible investments

SpareBank 1 Østlandet holds a portfolio of bonds for liquidity purposes. As an investor, the Bank's exposure is primarily to state and state guaranteed papers within the OECD, as well as covered bonds in Norwegian and Swedish municipalities. The investments are managed by the finance department and the portfolio must satisfy the statutory requirements for liquidity and financial strength.

The Bank has started work on establishing its own guidelines for responsible investments that are intended to help ensure it does not breach the company's values and principles for, for example, the environment, climate, ethics, anti-corruption, human rights and social factors. The plan calls for the guidelines to be considered by the Board in spring 2018.

Responsible ownership

SpareBank 1 Østlandet owns stakes in jointly owned companies in the SpareBank 1 Alliance. The Bank is represented on the boards of the jointly owned companies together with other owner banks in the SpareBank 1 Alliance.

The Bank also has larger and smaller stakes in various companies based in the Bank's market area such as SMB Lab, KOMM-IN, Proaware and Totens Sparebank. Special guidelines will be prepared for the Bank's corporate governance framework in 2018.

Responsible management at fund providers

SpareBank 1 Østlandet distributes funds from external managers and has clear guidelines for the selection and follow-up of fund products and providers. The goal is to help ensure that they act in line with their own and internationally recognised principles for ethics, corporate social responsibility and sustainability. The fund providers have their own guidelines for responsible investments and the majority of them have committed to complying with the UN Principles for Responsible Investments (UN PRI).

Assessments and follow-up in general

SpareBank 1 Østlandet sits on a quality assurance committee, the Savings and Investments Committee, in the SpareBank 1 Alliance. The committee quality assures savings and investments products distributed by the SpareBank 1 banks. The product portfolio is revised annually and the screening with respect to sustainability criteria will be incorporated into the screening procedure from and including 2018.

The Bank's capital markets department is responsible for following up fund providers in SpareBank 1 Østlandet. The Bank also carries out a thorough selection process for the managers and products before they are approved for further distribution. External managers have to answer a comprehensive questionnaire which assesses the most important parameters relevant to industries. Furthermore, the Bank conducts periodic reviews with providers in which corporate social responsibility and sustainability are followed up. Because the Bank does not manage funds itself, it cannot directly control the ownership of individual companies. Fund managers are encouraged to monitor their stakes such that the companies make good choices. If the providers breach the Bank's and their own guidelines in the area, this is brought up. If the managers do not take responsibility or are unable to document monitoring activities, this can have consequences, for example with the Bank ceasing distribution of some funds.

New in 2017 and further follow-up in 2018

The Bank declined to approve some funds for further distribution in 2017 because the providers were unable to document good enough policies and guidelines within ethics and sustainability. There has been a close dialogue with fund providers and many questions were asked about exposure in specific companies. Experience shows that managers focus heavily on responsible investments. Of the cases that have been raised, most were already under consideration or being processed. There are also examples of managers having sold themselves out of companies due to enquiries from the Bank in its role as a distributor. In 2018, the Bank will continue to revise its range of funds and managers. Furthermore, the Bank will introduce more systematic fund screening so it can better identify any factors that breach stipulated policies within ethics, corporate social responsibility and sustainability.

ODIN Forvaltning

The Bank owns a stake in the fund manager ODIN Forvaltning through SpareBank 1 Gruppen. ODIN has a comprehensive sustainability policy that is integrated into its investment process. They have signed the UN Principles for Responsible Investments and entered into an agreement on continuous screening with a recognised rating company, Sustainalytics. In 2018, the Odin

funds, like other fund providers, will be screened as part of the annual product review conducted by the SpareBank 1 Alliance's quality assurance committee.

Green products and sustainable innovation

The Bank's sustainability profile should also be reflected in its products and services. Work on developing green products started in autumn 2017.

Green home loans were launched at the start of 2018. These are loans for energy saving measures in new and used homes. The loans are subject to more favourable interest rates than ordinary home loans. The Bank has also entered into a cooperation agreement with the environmentally-friendly Ydalir district project in Elverum, one of seven new districts in Zero Emission Neighbourhood (ZEN). The homes must satisfy strict requirements concerning environmental standards. SpareBank 1 Østlandet contributes by offering favourable green home loans at 0 per cent interest rate on parts of the loan.

The Bank's work on developing sustainable products and services will continue in 2018.

Consumer finances

"Jesper on the road"

The Bank's travelling teacher of personal finances, Jesper Foss, was awarded the national "Finansstafetten – en dag i skolen" prize in 2017. Foss won the prize for his tireless efforts to teach school pupils finances. In 2017, around 4.000 school pupils were visited by Foss who travels around teaching the "Boss of Your Life" programme to upper secondary school pupils and the "Economics and Career Choices" programme to lower secondary school pupils. "Jesper on the road" will keep on trucking in 2018 as well. In addition to classroom teaching, the Bank is now developing a digital version of the educational programme for lower secondary school pupils.

"Radio economist"

Financial Adviser Nina Beate Paulsen in SpareBank 1 Østlandet also provided good financial advice to consumers in 2017 in her own radio series on NRK. Paulsen debuted as a "radio economist" on NRK P1 i Hedmark and Oppland in April 2016. Since then there have been more than 60 radio pieces that are also broadcast nationally on P1+ and in district broadcasts on NRK P1 in several other counties. This means the Bank reaches many listeners with neutral, socially useful information about personal finances and consumer information.

Personal finances for refugees

The Bank has, for several years, worked with the refugee services in various municipalities on teaching refugees about personal finances. The refugees gain basic skills in financial management and learn to set up a budget. They also get an introduction to Norwegian day-to-day banking services. The Bank thus helps refugees integrate and

keep their finances healthy. Such teaching was provided in several places in the Bank's market area in 2017.

ETHICS AND ANTI-CORRUPTION

The Bank's employees must be known for their high ethical standards and be competent, trustworthy, honest and credible. The value creation must take place in accordance with best practice. Employees must not breach ethical guidelines to achieve financial targets.

The HR department bears overall responsibility for ethics in SpareBank 1 Østlandet and administers the Code of Conduct approved by the Board. Managers have a decisive effect on the ethical standards in their organisation and must put ethics on the agenda. Every employee is responsible for maintaining their integrity and complying with the Group's Code of Conduct.

SpareBank 1 Østlandet's guidelines are revised regularly, most recently in 2016, and are intended to ensure that the employees fulfil their duty of confidentiality, avoid conduct that could harm the Bank's reputation, remain impartial and deal with conflicts of interest. Furthermore, the Code of Conduct describes how employees should act in relation to gifts, customers and hospitality, as well as in other situations.

Code of Conduct reviewed in the annual Ethics Week

The Bank's employees must also confirm each year that they have reviewed and understood the contents of the Code of Conduct. This helps to ensure that ethics, impartiality, loyalty, anti-corruption and integrity are factors they consider as part of their work every day. Breaching the Code of Conduct may have consequences in relation to an employee's employment and working conditions. In 2017, 678 employees confirmed they had read and understood the Code of Conduct.

One week is set aside every year during which the Group specifically focuses on ethics. Ethics Week includes various training activities such as videoconferences, e-learning, focus via the intranet and discussing dilemmas in departmental meetings. The theme in 2017 was the new, common Code of Conduct approved by the Group as part of the merger between Sparebanken Hedmark and Bank 1 Oslo Akershus AS.

Ethics for new employees

Training is an important means of spreading understanding and awareness about ethical issues. All new employees have a bespoke training and development plan based on their role and are followed up by a personal mentor during their induction period. They take part in an induction day, meet the executive management team and are immersed in the strategy and the most important priorities and focus areas. They also review the Group's Code of Conduct and the Bank's whistle-blowing system and routines.

Whistle-blowing

The organisation has its own guidelines on whistle-blowing and facilitates whistle-blowing via a special reporting system. SpareBank 1 Østlandet expects employees to inform their immediate superior about events or activities that violate the law, regulations, or other official rules, breaches of internal guidelines, or other factors that could harm the organisation's reputation. The management needs to know about such situations so it can provide the necessary clarifications, remedy errors or harm as soon as possible, and to unwanted behaviour.

No reports or cases of corruption were registered in 2017.

Ethical marketing

The Bank risks losing both customers and its reputation if its marketing is misleading, if it does not keep its promises or if it offends general perceptions of ethics and morality.

The marketing department bears overall responsibility for ethical marketing. The Bank has internal routines that ensure the organisation stays within the constraints of the Norwegian Marketing Act. The Bank also focuses on the Code of Conduct in its marketing. It must not cause general offence, it must not incorrectly be targeted at children and young people, it must not offend minority groups or in some other manner be ethically offensive to society at large. The Bank's legal department acts as an adviser in disputes.

There were no reported breaches of the provisions and guidelines for market communications in 2017.

FINANCIAL CRIME

In today's digitalised world, financial crime often entails the misuse of a financial institution. SpareBank 1 Østlandet's security department works systemically to avoid that the Bank's products and services are used for criminal activities by its customers and external actors. Banks have a statutory duty to identify criminal acts pursuant to, for example, the Norwegian Money Laundering Act. The Bank also views combating financial crime as part of its corporate social responsibility. Focused work against financial crime helps to consolidate the Bank's reputation as a serious actor in the market.

The Bank's work on financial crime:

- Based on risk assessments within the area of anti-money laundering, the Bank implements the measures deemed necessary to reduce the risk of financial crime.
- The Bank reports suspicious transactions carried out by customers of the bank and conducts customer control.
- The Bank follows up cases of fraud in which customers either commit fraud or are defrauded. These are often

cases where the Bank is not a victim, but where it would be of great benefit to society to identify and stop the cases.

- The Bank works with public agencies such as the Tax Administration (Skatteetaten), police and Norwegian Labour and Welfare Administration (NAV) in cases of, for example, benefit fraud, tax evasion and labour market crime.
- The Bank follows up reports received by our customer service centre via our whistle-blowing channels. Suspicious transactions are also flagged by the IT systems.
- Based on own surveys and assessments, the Bank can initiate measures to reduce financial losses. Examples of cases include so-called Nigeria scams, Bitcoin scams and finn.no scams.
- A close collaboration has been established across the banks in Norway in order to identify and manage threats associated with computer crime. The banks in the SpareBank 1 Alliance have also established a joint incident response team (IRT).

A handful of customers were defrauded by Bitcoin scammers in 2017. The digital currency's rise in value has been widely covered by the media and many people have wanted to take part in the currency's value increase. Fraudsters have taken it upon themselves to exploit this by enticing people to purchase digital money. Four of the Bank's customers were defrauded of a total of NOK 2.9 million by Bitcoin scammers in 2017. These customers were followed up individually and the Bank managed to interrupt one of the scams.

Privacy protection

SpareBank 1 Østlandet administers personal and commercial customer data. The amount of information is increasing in line with the use of digital products and services. It is important to the Bank that the customers' personal data is protected in a secure and safe manner. This is vital in preventing information going astray and for maintaining the customers' trust in the Bank.

The Bank complies with current privacy protection legislation and its licence from the Norwegian Data Protection Authority. The Bank believes it is very important to inform customers how it handles personal data. This is done via, among other things, a privacy declaration that is available on its website and which forms part of the agreement with the customer. If deviations are detected by either customers or internal investigations, the situation is examined in more detail and reported to the Norwegian Data Protection Authority if necessary.

In 2017, the Bank focused on fulfilling the requirements of the new General Data Protection Regulation (GDPR)

that came into effect on 25 May 2018. The new GDPR sets even greater requirements concerning the management of customers' personal data. It gives customers greater ownership and control of the personal data they have given to the Bank. This includes the right to demand deletion of their personal data (the right to be "forgotten"), the right to transfer their data to another organisation (data portability), as well as strict regulation of any automated decisions the Bank might make.

In 2017, the Bank received one customer complaint concerning privacy protection, although the case elicited no reaction from the Norwegian Data Protection Authority.

THE SAVINGS BANK AND THE LOCAL COMMUNITY

Given its local presence, SpareBank 1 Østlandet is interested in the counties' development. The fact that the Bank has been financially strong over time is important to both retail and corporate customers. Having a solid source of capital in the region provides security and a close proximity to the decision-making process.

Business development

SpareBank 1 Østlandet contributes to business development through both its granting of credit to small and medium-sized enterprises and its active collaboration with research and educational environments. In 2017, the Bank helped to support the establishment of a global expert centre for virtualisation and augmented reality (VR and AR) in Hamar and Elverum. Behind the project are the technology company EON Reality, the Inland Norway University of Applied Sciences, local companies and public actors. The ambition is to develop 200 jobs in the next few years.

The Bank contributes through konjunkturbarometer1.no with information and insight that can stimulate growth and development in the region. Business reports and analyses gain coverage in local media and highlight the region's collective resources. This means the Bank can be a source of socially useful information for both private and public actors. In 2017, the main topic in the Business Barometer was digitalisation of business in the region.

Another important contribution the Bank makes is arranging conferences and courses together with various actors:

- The Bank organizes an annual management conference that brings together 300 experts and business leaders.
- The Bank co-organises "Bonden som byggherre" in collaboration with Innovation Norway.

- Norges Bank seminar in collaboration with the Eastern Norway Research Institute.
- The "Opp og Fram" business seminars in Elverum and Kongsvinger.
- Board member courses together with KPMG.
- Agriculture is an important focus area for the Bank, which has many farming customers and hopes to welcome many more. In Nord-Østerdal, the Bank arranged a generation shift course in collaboration with the local farming association, the county governor's office and Vekstra.
- In autumn 2017, SpareBank 1 Østlandet took part in the Inland Region's food award in collaboration with the farming associations in Hedmark and Oppland. Candidates for the award were nominated and voted for via Facebook. The award was presented to Linda Suleng at the "Midt i matfatet" food and farming festival in the Vikingskipet sports arena in Hamar.

Giving back to the customers – customer dividends launched in 2017

The Bank wants to give back to local communities and became the first bank in Norway to share its profits by paying customer dividends. The qualification period started in 2017 and the dividends will be paid out in 2018 for the very first time after the financial statements for 2017 have been approved by the Supervisory Board. Both private individuals and companies will receive customer dividends. The customers will automatically receive an amount based on the Bank's annual profit and how much they have in savings and loans in the Bank. The Supervisory Board decides how much money will be shared out as customer dividends each year.

Donations to non-profit organisations

SpareBank 1 Østlandet has a long tradition of returning part of its profits to the local community. The Bank contributes funds directly through sponsoring recreational sports and programmes for children and young people. SpareBank 1 Østlandet has for many years also distributed millions of NOK million in grants to clubs, associations and projects within sports, culture, research, education, humanitarian work and other purposes. Examples of recipients of support last year include the Kirsten Flagstad Festival, the Nordic Poetry Festival and the lighting system at Kongsvinger Fortress. In 2017, the Sparebankstiftelsen Hedmark foundation took over the processing of all grant applications. The foundation receives significant funding every year in the form of dividends from SpareBank 1 Østlandet. The foundation continues to distribute grants. Support can be applied for via the foundation's website.

Talent stipend scheme

The Bank's talent stipend scheme is intended to encourage young athletes and artists to develop their talent and commitment through training, education and expressing their creativity. The goal is to build pride, produce good role models and highlight potential ways of

developing talent. The talent stipend scheme is worth NOK 2 million, NOK 2 million, divided equally between arts and sports. In 2017, 70 recipients received stipends of either NOK 25 000 or NOK 50 000. In August, the Bank arranged a special motivational day and talent party in Hamar cultural centre.

Art stipends are restricted to the county of Hedmark, while sports stipends are awarded within the old Sparebanken Hedmark's geographic area of operations, i.e. Hedmark, Oppland and the Municipality of Nes in Akershus. Sports stipends are awarded by a jury consisting of representatives of sports environments in Hedmark and Oppland, Olympiatoppen Inland Region and SpareBank 1 Østlandet. Art stipends are awarded by the board of Sparebanken Hedmark's Art Fund. The art stipends will be continued using the same template in 2018, while the sports stipend will cover Hedmark, Oppland, Oslo and Akershus.

Sparebanken Hedmark's Art Fund

The board of the Art Fund distributed NOK 1 million in talent stipends to 30 young artists within art and sculpture (as described above). Work continues on previously approved art projects in Eidskog, Tynset and Stor-Elvdal, as well as the replacement of art works in Strandgateparken in Hamar. Two works of art have been completed and donated as gifts to the municipalities of Engerdal and Trysil.

GETTING ONE'S OWN HOUSE IN ORDER

SpareBank 1 Østlandet wants to be an attractive and engaging employer with competent staff. The Bank tries to facilitate a good balance between work, home and leisure. The Bank should be an inclusive workplace for employees of all ages and in all phases of life. The Bank works on health-promoting measures and stimulates physical activity among its employees.

The Bank is an IW (Inclusive Working) enterprise and works systematically on preventing and following up sick leave. It facilitates special adaptations for employees who, because of illness, experience reduced capacity for work or who, for other reasons, require adaptation of work place and tasks. In collaboration with the Norwegian Labour and Welfare Service (NAV), the Bank welcomes employees who need training and work experience.

The merger process between Sparebanken Hedmark and Bank 1 Oslo Akershus AS involved substantial organisational changes. Management, corporate and support functions were affected by downsizing processes. Few key personnel were lost in the merger process and sick leave was stable at a very satisfactory level throughout the year. The total sick leave rate was 4.0 per cent in 2017.

The last status survey among the Bank's employees in November 2017 produced good results:

- 97 per cent were committed to their job.

- 95 per cent was satisfied with the communication during the merger process.
- 96 per cent felt that their manager actively supported the merger.

Training

The financial services industry has its own authorisation and certification schemes within the areas of savings and investments (AFR), personal and non-life insurance (GOS), and credit. The schemes are designed for advisers and other customer-oriented roles within the retail market. They require extensive training the first time they are taken with knowledge tests within subjects and ethics, as well as practical tests evaluated by examiners. The Bank's employees also have to document that they have updated their skills every year in order to retain their authorisation or certification. As of 31 December 2017, all of the Bank's investment advisers and financial advisers in the retail market were authorised financial advisers (AFR). The Bank also had 183 authorised advisers within GOS.

The Bank has videoconferencing equipment at all of the locations that are actively used in skills development work. General videoconferences are held on technical topics such as financing, payments, savings and pensions, non-life insurance and personal insurance, digitalisation and self-service. The Bank also has its own management academy in which all new managers take a 1-year introduction programme. In addition, the Bank has various courses and schemes for training and skills development.

Labour rights, equal opportunities and diversity

SpareBank 1 Østlandet's operations take into account labour and human rights, as well as employees' fundamental social needs. The Bank strives to avoid discrimination in all situations and wants to recruit a workforce that reflects the society of which we are a part of, irrespective of cultural background, ethnicity, religion and gender.

The Bank strives to achieve a good balance between genders at all levels of the organisation. The proportion of managerial positions with personnel responsibilities held by women was 39 per cent in 2017. Analyses of various categories of positions show that the average pay among female employees in the Bank is between 90 and 96 per cent of male employees' pay. Far greater pay differences have been reported in the Norwegian financial services industry as a whole. During autumn 2017, as part of the local pay settlement in SpareBank 1 Østlandet, a disparity pot was used to equalise unintentional pay differences between men and women.

Supplier requirements

SpareBank 1 Østlandet must take environmental, climate, ethics and social topics into account in relation to various suppliers. It is not uncommon in global

markets for suppliers and subcontractors to experience challenges in one or more of these areas. It is therefore important that the Bank has routines for assessing risks as well as guidelines for responsible procurement.

Corporate social responsibility is a topic when signing major supplier agreements. The Bank complies with the Alliance's purchasing policy in agreements that the SpareBank 1 Banksamarbeidet DA signs on behalf of the Alliance. All purchasing agreements include an appendix on corporate social responsibility. As a minimum, suppliers must satisfy and comply with local, national and international laws, regulations and principles, including provisions concerning wages, working hours, HSE (health, safety and the environment) and anti-corruption measures.

Suppliers are obliged to act ethically in all circumstances in connection with all services delivered to SpareBank 1. The same requirements apply to the supplier's subcontractors and partners in connection with deliveries for the Bank.

Environment and climate

SpareBank 1 Østlandet takes account of the external environment by having Eco-Lighthouse certified offices and producing annual energy and greenhouse gas accounts based on the international Corporate Accounting and Reporting Standard developed by the Greenhouse Gas Protocol Initiative (the GHG Protocol).

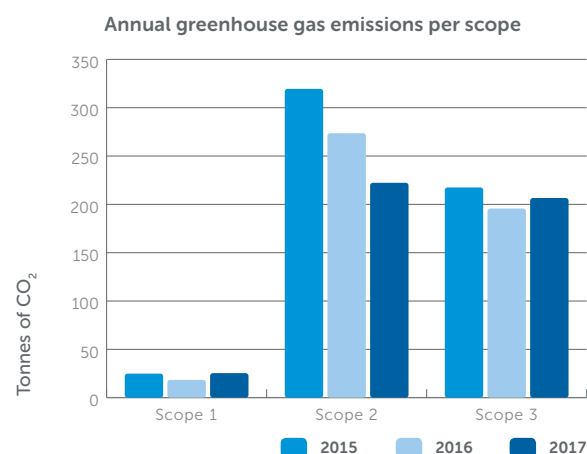
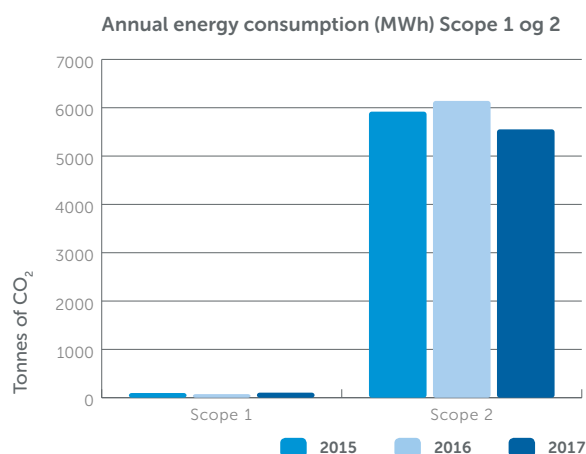
The greenhouse gas accounting cover greenhouse gas emissions from consumption due to, for example, travel, waste management, and energy use. This enables the Bank to identify the sources that impact the external environment and implement concrete measures to minimise this impact. The Bank has reduced its emissions significantly in recent years.

Because of the merger between Sparebanken Hedmark and Bank 1 Oslo Akershus, SpareBank 1 Østlandet's energy and greenhouse gas accounts for 2017 are not directly comparable with those of previous years. Only data for the "old" Sparebanken Hedmark was reported before the merger, while the figures for the remainder of the year cover SpareBank 1 Østlandet as a whole, unless otherwise specified. 2017 must therefore be regarded as a transitional year (see the greenhouse gas accounts on the next page) and it will take some time before the Bank can report separate emissions for the branches in Oslo and Akershus.

The Group is constantly developing new products that reduce its impact on the environment. Online home mortgages, mobile banking, Vipps, video meetings, text message services and sending letters and publications electronically are all measures that reduce our transport needs and paper consumption. News is now provided electronically via websites such as konjunkturbarmeter1.no, Mynewsdesk and the Bank's Nyhetssenter.

Greenhouse gas accounting 2017

ENERGY AND CLIMATE INDICATORS	2017	Change 17/16	2016	2015
Total kWh/m ²	168.3	-9.6%	186.1	175.2
Total energy consumption, Scope 1+2 (MWh)	5 657.1	-9.0%	6 215.6	6 016.3
Total emissions (S1+S2+S3) (tCO ₂ e)	454.3	-6.8%	487.7	562.0
Total (S1+S2+S3) (tCO ₂ e)/FTEs	0.6	-39.4%	1.1	1.2
Total (S1+S2+S3) (tCO ₂ e)/turnover	0.3	-6.8%	0.3	0.3
No. of FTEs	705	52.6%	462.0	468.0



REPORTING IN ACCORDANCE WITH THE GREENHOUSE GAS PROTOCOL

Scope 1: Direct emissions

Includes direct emissions from sources owned or controlled by the company, including the company's own cars or vehicles, or from processing or the transport of employees.

Scope 2: Indirect emissions

Emissions from purchased energy, mainly electricity and/or district heating.

Scope 3: Indirect emissions

Includes other indirect emissions. The emissions are a result of the company's activities, but emitted from sources not controlled by the company.

The greenhouse gas accounts cover SpareBank 1 Østlandet (Parent Bank). Because of the merger between Sparebanken Hedmark and Bank 1 Oslo Akershus AS in 2017 these greenhouse gas accounts are not directly comparable with those of previous years. Only data for the "old" Sparebanken Hedmark was reported before the merger, while the figures for the remainder of the year cover SpareBank 1 Østlandet as a whole. 2017 must therefore be regarded as a transitional year.

Some of the figures for 2015 and 2016 are not identical to the figures in last year's energy and greenhouse gas accounts. This is due to changes in the method for calculating emissions from air travel where the effect of radiative forcing has been added to the emissions factor. This is now included, as recommended by DEFRA (2017), and the emissions figures have been changed retrospectively to avoid a big jump in emission figures from one year to the next.

Social accounting 2017

		2017	2016
Strategy/finances	Group strategy	Strategy implemented according to plan.	Strategy implemented according to plan.
	Development of CSR strategy	Strategy revised and approved by the Board	Incorporation into steering documents completed and revision of strategy started.
	Consolidated profit before tax (NOK millions)	1 618	1 371
	Consolidated total assets (NOK millions)	108 321	101 240
	Consolidated return on equity after tax	10.2 per cent	10.5 per cent
	Consolidated common equity tier 1 capital ratio	16.8 per cent	16.9 per cent
	Annual review and confirmation of the Bank's Code of Conduct	Completed	Completed
Community/social affairs	No. of FTEs, incl. subsidiaries	1 109	1 140
SpareBank 1 Østlandet	No. of FTEs, Parent Bank	705	462
	Sick leave	4.0 per cent	4.27 per cent
	Percentage of women	53 per cent	56.3 per cent
	Percentage of women in managerial positions	39 per cent	44.4 per cent
	Average age	47.7	48
	Employee satisfaction, organisational survey	Status surveys concerning the merger process conducted with good results.	Status surveys concerning the merger process conducted with good results.
	Inclusive Workplace agreement	Continued	Continued
	Average period of service	16.4	17.3
	No. recruited, internally	15	10
	No. recruited, externally	15	9
	Turnover	2.0 per cent	3.1 per cent
Donations	Awarded to art and culture	1 997 665	2 370 625
	Awarded to sports	2 090 085	2 623 368
	Awarded to humanitarian work	331 400	491 800
	Other	782 600	1 154 400
Endowment Fund	Awarded to art and culture	5 606 000	5 022 042
	Awarded to sports and physical activity	4 900 012	8 900 029
	Awarded to education and research	1 575 000	2 203 000
	Awarded to humanitarian work/other	500 000	750 000
Sparebanken Hedmark's Art Fund	Awarded to art and culture	1 025 000	1 439 000
Business development	Awarded to innovative projects	0	In 2016, Sparebanken Hedmark focused on entrepreneurship and entrepreneurs via the "Ønsker meg 1 bedrift" competition.
	Business Barometer	The konjunkturbarometer1. no website was updated with analyses and news throughout the year. Publication issued in November.	Publication issued and the konjunkturbarometer1. no website was launched.
Environment*	* Also see separate greenhouse gas accounts		
	Total greenhouse gas emissions (tonnes CO ₂)	454	467
	Greenhouse gas emissions per full-time equivalent, Parent Bank (tonnes of CO ₂ /FTEs)	0.6	1
	No. of videoconferencing rooms	46 (All also has Skype and video access for personal PCs.)	42 (All also has Skype and video access for personal PCs.)
	No. of branches with Eco-Lighthouse certification	24	24 (19 branches and 5 satellite branches have been Eco-Lighthouse certified in line with the head office model.)