

ANNUAL REPORT

2020

From grain
to group



A bank for people and businesses in towns and villages for 175 years

SpareBank 1
ØSTLANDET

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Editorial staff: Caroline Ballo, Nina Høibråten Buer, Karoline Bakka Hjertø, Siv Stenseth and Ingvild Bjørklund Wangen. **Design and production:** Ferskvann reklamebyrå. **Cover:** The cover presents a selection of photos from the bank's 175-year old history. All the historical pictures in this report are taken from the Bank's 175th-anniversary biography "Sterkere sammen - Hvordan 23 banker ble til én." The other images in the report are of our skilled employees at various locations and departments throughout the market area. **Coverphoto:** Pål Henning Berg **Photos:** Juliane Kravik. **Other photos in this report:** Bjørnar Mickelson, Siv Stenseth, Ingvild Bjørklund Wangen and Svein Øvregård.



Financial Advisers Elisabeth Færevaa and Joachim Vorkinn. Oslo.

How to read our report

This annual report is an integrated report based on the IIRC's principles for integrated reporting. It describes how SpareBank 1 Østlandet contributes to sustainable growth and the development of our customers, owners, employees and society as a whole.

The Chapter 'About SpareBank 1 Østlandet' presents key figures from the Group and an overview of the development of the Bank's equity capital certificate. The chapter also describes our strategic focus, news from the past year and historical highlights.

'Our operations' provides an overview of how the Bank is managed and operated, including our principles for corporate governance. It also contains business descriptions for various areas in 2020, as well as information about the Bank's social role and our employees. In addition, we explain how our work contributes in a global perspective.

In 'Our material sustainability topics' we present the framework for our focus on sustainability and our work on the Bank's most important themes within sustainability. The chapter also describes the goals and guidelines on which our work is based and the sustainability goals they deliver on.

The Chapter 'Report and results' forms the main part of the annual report and

includes the Board of Directors' Report, Income Statement, Balance Sheet, Changes in Equity, Cash Flow Statement, Notes, Statement from the Board of Directors and CEO, Auditor's Report and Subsidiaries.

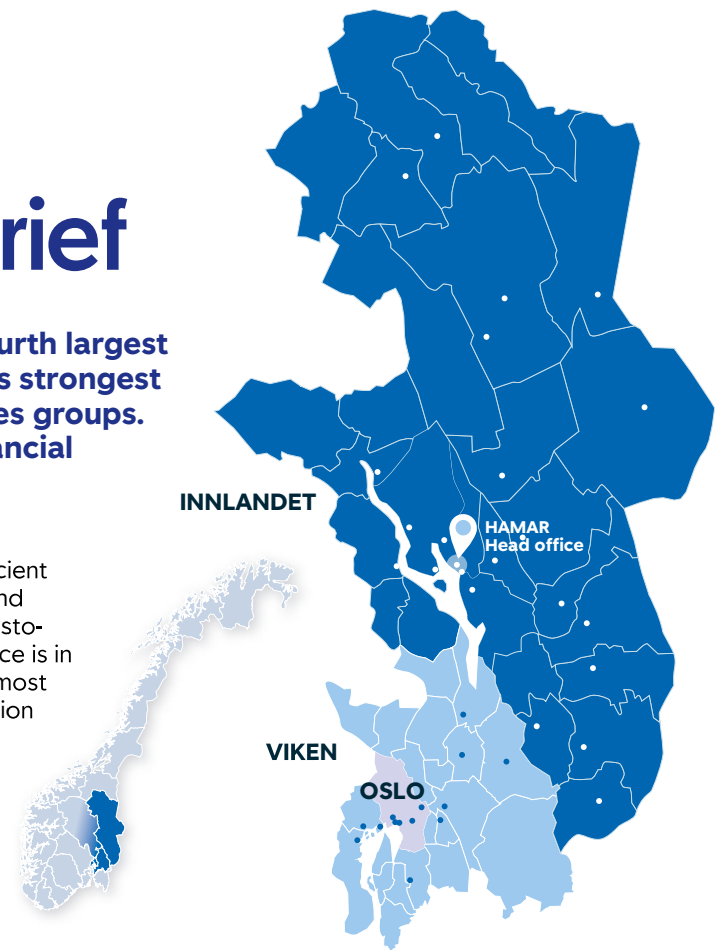
The main part is followed by a number of appendices, including 'Further facts about SpareBank 1 Østlandet's sustainability work'. In the appendices we explain other areas of the Bank's sustainability work and provide more detailed information about the key themes.

SpareBank 1 Østlandet's reporting complies with specific standards and acts, both with respect to financial information and with respect to sustainability data. A GRI index has been prepared to help the reader find relevant and important sustainability data. More information about the acts, standards and principles complied with in our reporting can be found in 'Note 2 – Accounting policies' (page 127) and the principles for the sustainability reporting (page 239).

SpareBank 1 Østlandet in brief

SpareBank 1 Østlandet is Norway's fourth largest savings bank and one of the country's strongest regional banking and financial services groups. The Group offers a wide range of financial products and services.

Based on positive customer experiences and proficient employees, we contribute to sustainable growth and development for society as a whole and for our customers, owners and employees. The Bank's head office is in Hamar and it has a physical presence in Norway's most expansive market area and home to around 1.7 million people. We offer our services via 37 branches, digital surfaces and efficient customer service centres.

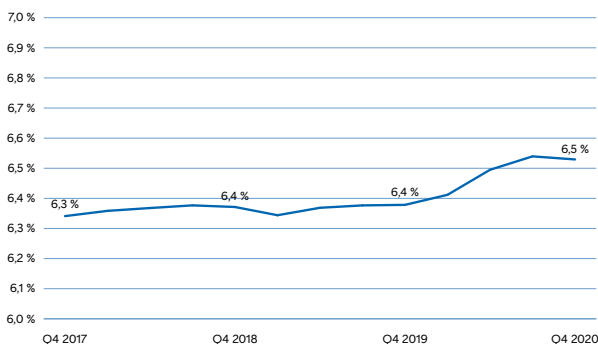


No. of customers

Year	Growth	Total	Retail	Corporate
2020	3 %	365 000	340 000	25 000
2019	5 %	354 000	330 000	24 000
2018	6 %	337 000	312 000	25 000
2017	10 %	318 000	294 000	24 000

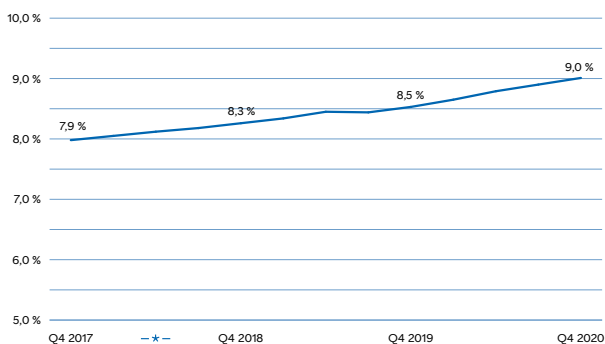
We are growing in both the retail and corporate markets

Retail market, customer share - mortgage customers



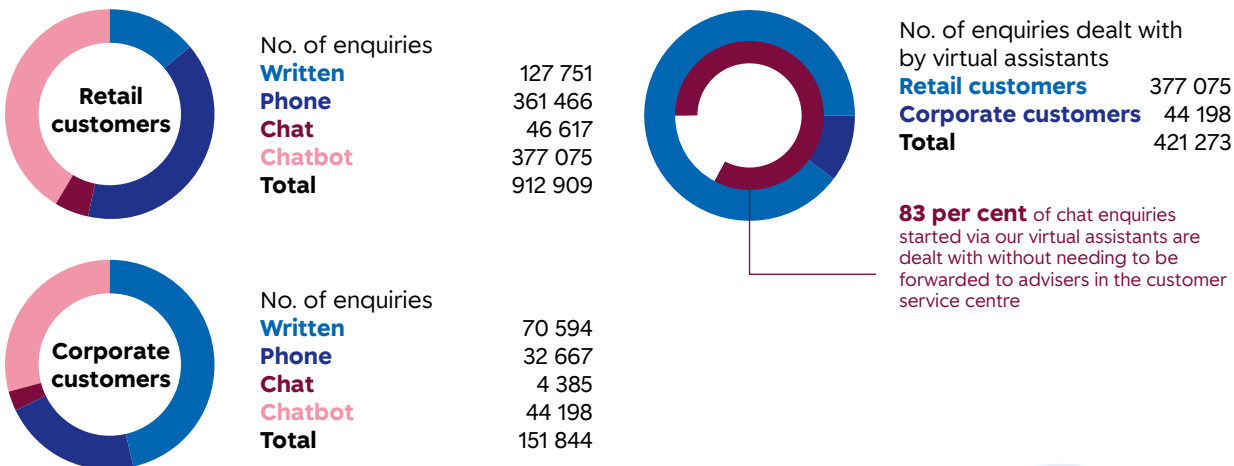
— Customer share - mortgage customers included co-debtors
Customer share = Number of main borrowers and co-debtors divided by population > 18 years.

Corporate market, customer/market share

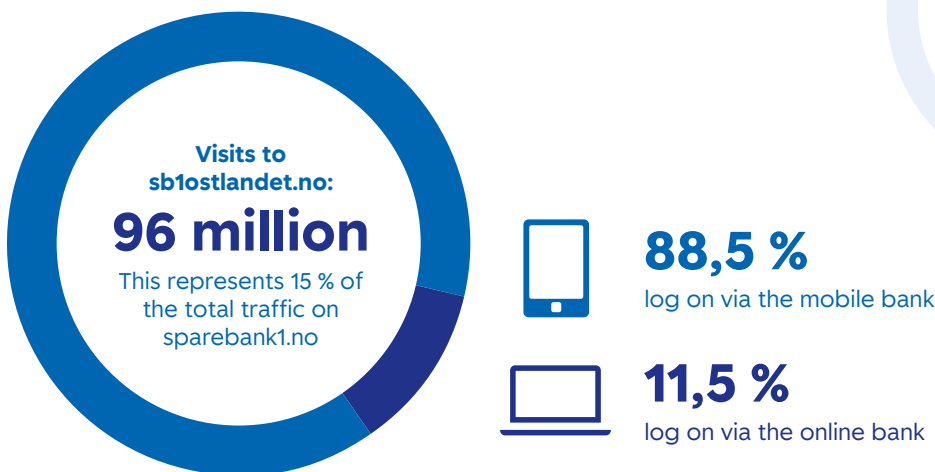


— Customer/market share
—*— Estimate for the period Q4 2017 - Q2 2018

Customer service centre traffic



Digital surfaces



92 % of loans started digitally

80 % in 2019

93 % digitalisation rate*

90 % in 2019 75 % in 2018

*The digitalisation rate shows how much customers do themselves via digital channels.

Our work on the UN SDGs

The Bank supports the UN Sustainable Development Goals (SDGs). The goals where the Bank can really make a difference and that we are working to achieve are shown here. The same icons can be seen in the margins on some pages of this report. They show that the page contains information about how we are working to achieve the specific goals.



Financial targets and achievement

The financial targets selected express the Board of Directors’ belief that the Bank still has profitable growth opportunities due to its position in Norway’s most interesting market area. The Board is focused on striking a balance between financial strength, profitability and growth for the benefit of the region, owners, customers and employees.

		2021	2020	2019	2018	2017
 Profitability Return on equity	Target	11,00 %	11,0 %	10,0 %	10,0 %	10,0 %
	Achievement		10,1 %	✓ 12,8 %	✓ 10,5 %	✓ 10,2 %
 Dividends 50 % of the majority's share of consolidated profit	Target	50 %	50 %	50 %	50 %	50 %
	Achievement		✓ 50 %	✓ 40 %*	✓ 50 %	✓ 50 %
 Solvency ratio CET1 ratio	Target	Regulatory requirements + 100 bps (15,1 %)	Regulatory requirements + 100 bps (15,1 %)	16,0 %	16,0 %	16,0 %
	Achievement		✓ 17,8 %	✓ 17,2 %	✓ 16,8 %	✓ 16,8 %
 Cost Cost increase in the parent bank	Target	2,0 %	0,0 %	2,0 %	-5,0 %	
	Achievement		✓ -0,4 %	2,5 %	✓ -5,3 %	



Profitability

The Group had a profitability target of 10 per cent return on equity up to year 2019. From 2020, the Board decided to increase the target of return on equity to at least 11 per cent annually. With the 2017-merger successfully completed throughout the organisation, the Bank has continued to achieve efficiency gains in the years following the merger and successfully reduced staff through normal attrition and turnover. As a result of a leaner, better coordinated organisation, it seemed only natural to the Board to raise its ambitions going forward. The Group’s return on equity for 2020 is satisfactory in light of the Covid-19 pandemic.



Dividends

The dividend target of 50 per cent of the majority’s share of consolidated profit for the year expresses a desire to strike a balance between the owners’ wish for a dividend and continued funding of the Bank’s growth ambitions. *In keeping with a request from the Financial Supervisory Authority of Norway, the 2019 dividend was reassessed in light of the Covid-19 pandemic and reduced from 50 per cent to 40 per cent of the Group’s profit after tax for the 2019 financial year. For 2020, the Board of Directors proposes that the Bank’s Supervisory Board adopt a payout ratio of 50 per cent of the annual profit after tax. They also propose that the Bank’s 2020 profit be paid out in two phases. First, that a dividend of NOK 1.75 per equity capital certificate and gift funds of NOK 6 million be paid at the ordinary time for dividend payments. Second, the Board of Directors asks the Supervisory Board for power of attorney so they can assess and disburse the remaining dividend wholly or partly after 30 September 2021, if the capital situation is permitting further dividend payments. Reference is also made to Note 40 “Equity capital certificate and ownership structure”.



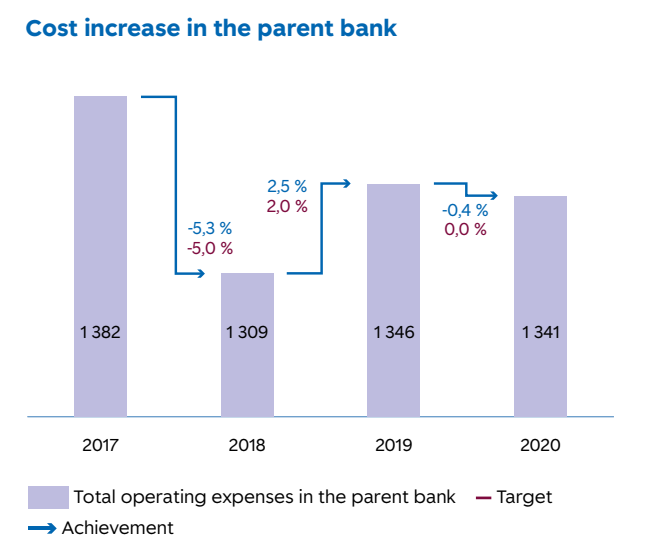
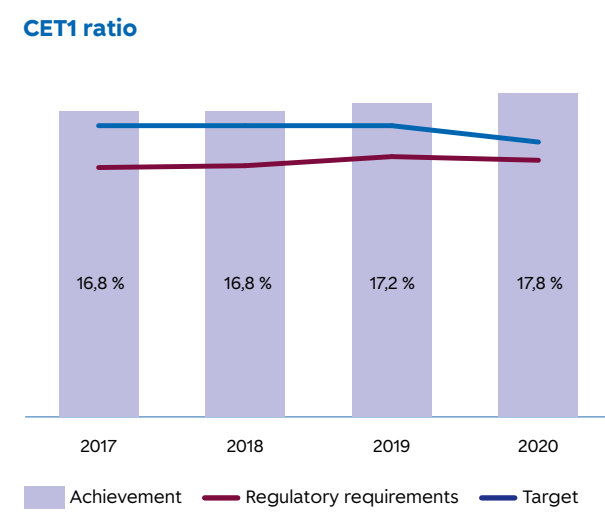
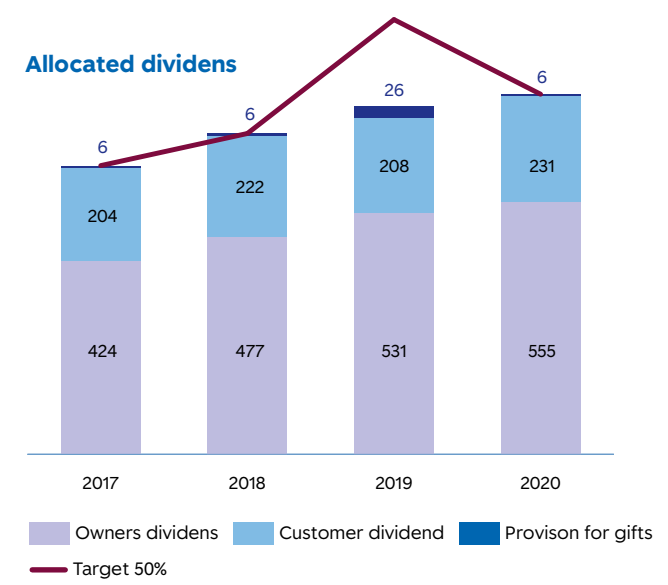
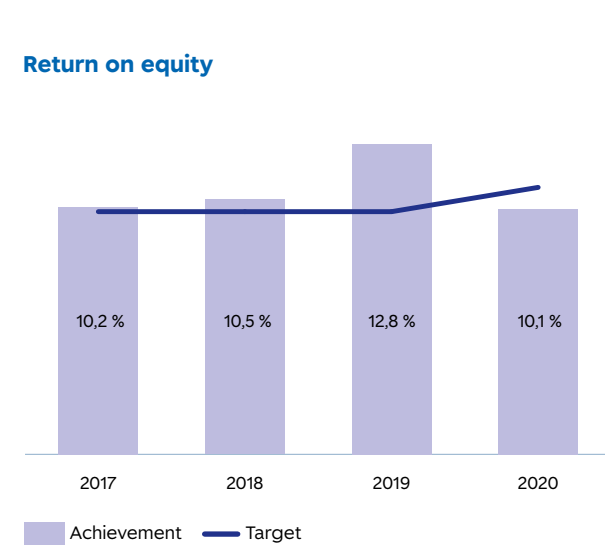
Solvency ratio

The Group had a long-term capital target for a CET1 ratio of 16 per cent up to year 2019. From 2020, the Group’s long-term target for the CET1 ratio was changed to 100 basis points above the official requirement, currently 14.1 per cent. The capital target revision signifies a keener focus on efficiently using the capital in the best interests of the owners and customers. The Board is confident that the Bank’s position as indisputably sound is safeguarded by the fact that the regulatory requirements now contain substantial buffers, the Bank operates in Norway most cyclically stable region, and that its loan portfolio is characterised by good and desirable credit quality. At the end of 2020, the Group’s CET1 ratio was 17.8 per cent, thus significantly higher than the current regulatory requirements and the Group’s target.



Cost

From 2018, the Bank decided to include cost increase in the parent bank as one of its financial targets. Cost increase in the parent bank was chosen because this is the best way to show the streamlining of the core business over time, and it facilitates comparability with other banks. In 2018, the cost target was a cost reduction of 5 per cent due to the ambition to reap the gains of the 2017 merger. For 2019, this target was changed to 2 per cent cost increase. At the beginning of 2020, a cost-increase target of 3 per cent was announced, but the COVID-19 pandemic prompted the Board of Directors to revise this to zero cost increase for 2020. The parent bank’s cost increase ended at -0.4 per cent in 2020, putting it within the target range. For 2021, the target is set at a 2 per cent cost increase.



A very good consolidated profit in a special year

Good contact with customers, high levels of activity and significant customer growth sum up 2020, the year of the coronavirus, for SpareBank 1 Østlandet. The consolidated profit for the year was NOK 1,608 (1,928) million after tax. We are very pleased with this result in a year marked by uncertainty and a different way of life.

In March 2020, it became clear that the world was facing a pandemic. Society closed down. Throughout the year, SpareBank 1 Østlandet has focused on reducing the Group's employees' risk of infection and doing our bit for the good of society.

The spread of infection, both locally and nationally, has varied from month to month and from week to week, as have the government's guidelines. As far as possible, we have adapted the Bank's operations to meet the needs of our customers and the rest of society.

The Bank's lending rates were cut several times during the spring. Some customers were granted interest-only periods for their loans and some companies received government guaranteed liquidity loans and other help to get over the worst obstacles. A gradual reopening of society combined with government measures eventually led to the arrows starting to point in a positive direction.

The housing market has been more or less unaffected by the pandemic, both locally and nationally. Low interest rates have resulted in high housing sales and the market for holiday homes has been very hot.

Thanks to increased customer enquiries, the levels of activity in the Bank were high all year. Despite the fewer in-person meetings with customers, limited opening hours and extensive working from home and digital meetings from mid-March 2020 onwards, we have felt close to our customers. In our experience, the Bank's market position and services for customers have withstood this crisis situation well.

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The organisation's deliveries this year have been impressive. Both employees and customers have demonstrated a great ability to adapt. The Bank marked its 175th anniversary in a pandemic-appropriate manner in November, and there is no doubt that the Bank's solid history as a local bank that enjoys a high level of trust in the market and our proximity to companies and retail customers remain an advantage.

With leading digital services and our understanding of local business, the Bank has, throughout the pandemic, met the customers' need for financial security and responded rapidly at what is a difficult time for many. Net customer growth in the past 12 months was at more than 3 per cent, which combined with lending growth of no less than 7 per cent indicates that the Bank is continuing to capture market shares. The trends within savings and insurance were also very good.

This notwithstanding, the special circumstances due to Covid-19 still resulted in the Group's annual profit for 2020 being somewhat lower than the year before. This was mainly due to lower contributions from ownership interests and higher provisions for loss to cover any potential delayed effects of the coronavirus situation. The spring rate cuts resulted in heavy pressure on interest spreads, but once rates stabilised the spreads developed positively. Good costs control and solid lending growth made positive contributions.

Covid-19 has not slowed the Bank's efforts to integrate sustainability into everything we do. An impact analysis concerning sustainability (UNEP FI) has been conducted and this is now being followed up with concrete goals in both the corporate market and the retail market. We made a solid effort to strengthen the Bank's climate



work in the past year. SpareBank 1 Østlandet is one of two Norwegian banks to have signed up to the UN Collective Commitment to Climate Action. We have also defined goals in our 'Climate Action Plan' to help achieve the aims of the Paris Agreement and UN Sustainable Development Goals. Thanks to the good work that has been done on sustainability, the Bank achieved top scores in several national and international ESG ratings. The work on sustainability is moving in the right direction, although the finish line remains some way off. Establishing a green bond framework is a natural extension of the Bank's strategy and focus at the start of 2021.

We are concerned about how the development of the pandemic and the pace of the vaccination programme will affect personal and corporate finances, as well as Norway's economy, going forward. SpareBank 1 Østlandet's survey of expectations at the end of 2020 showed that there is still little fear of bankruptcy and less need for restructuring among companies.

Consumers are positive about their own financial prospects for the coming year. No fewer six out of ten responded that they are planning major investments in 2021 as well.

We strongly believe that together we can find solutions that will get us safely through the pandemic. The Bank is prepared, and also in a good position, to assist both existing and new customers going forward as well.

I would like to thank our employees and customers for our good, close partnership in the difficult year that is now behind us.

Richard Heiberg – CEO

The macro picture

At the beginning of 2020, the biggest concerns were a trade war between China and the USA and a Brexit to which one had still not seen a solution. It was acknowledged that the economy had probably reached the peak of the economic upturn, although the future prospects were still positive.

On 11 March 2020, the situation changed quickly when the WHO announced that the world was on the brink of a pandemic. This led to international and national lockdowns that immediately impacted countries' economic activity. Schools, kindergartens and many businesses shut down, which resulted in the highest rates of furloughs and unemployment we have seen in recent times. The population became less mobile with home schooling, working from home and small cohorts. This particularly impacted service industries, with tourism, hotels, transport and hairdressers being especially hit hard.

SpareBank 1 Østlandet's market area is home to many of Norway's largest winter sports destinations. With fantastic conditions and fully-booked hotels, everything was set for a record Easter. Instead, we saw closed slopes and hotels, furloughs and terminations, and in Norway's largest alpine destination, Trysil, this was particularly noticeable.

The government launched measures to provide relief and stimulate the economy relatively quickly. Combined with a gradual reopening of the society, the economy started rebound. This was reflected in SpareBank 1 Østlandet's consumer and business confidence from April-May that was conducted in collaboration with Kantar. The survey showed that expectations concerning the country's economy had dropped but that people generally had faith in their own finances. Many companies responded that they had changed their business model or found new sources of income

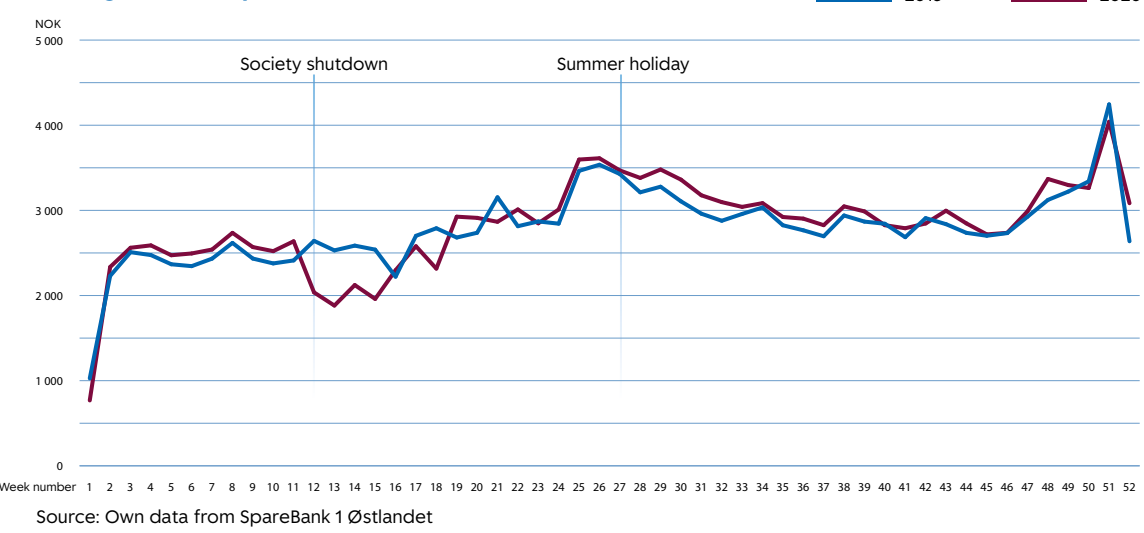
to match the new reality better. At the same time, there were clear differences between the industries that were hit hardest, such as hotels, tourism and nightlife, and companies that saw a marked upturn in business, including the wholesale and retail trade and primary industries.

Norges Bank ensured good liquidity facilities were available to the banks and cut its policy rate from 1.5 per cent to 0 per cent. People who were not affected by furloughs or terminations were thus better off. A credit card survey/ payment card survey use among customers of SpareBank 1 Østlandet showed a marked change in patterns of consumption in 2020, from travel, transport, hotel and accommodation to groceries, redecorating, building products and furniture. On average, total card use per customer increased by 1 per cent from 2019 to 2020.

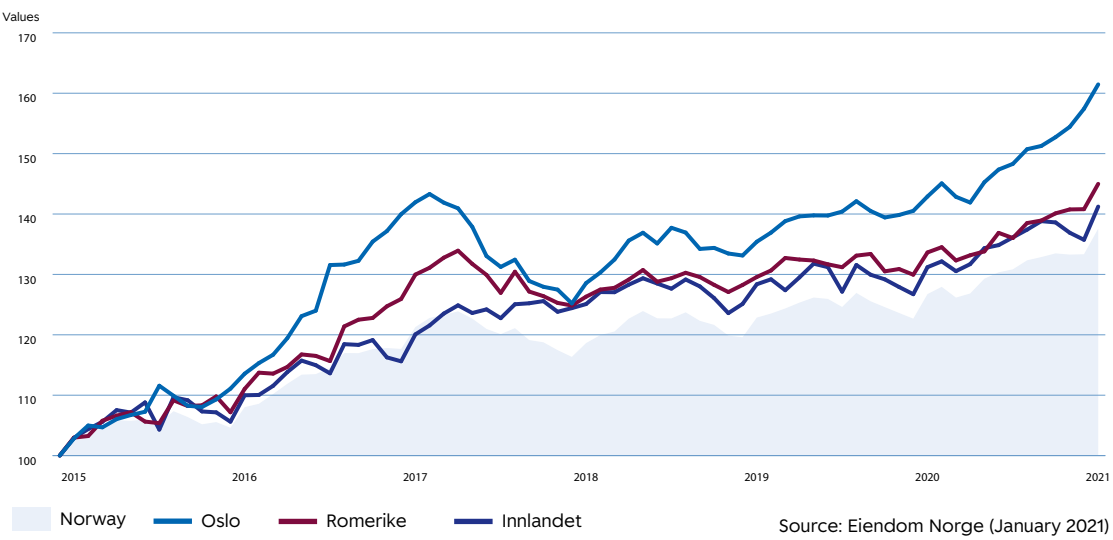
At the same time, the housing market has had a very strong year. The year 2020 was one of rising prices and record sales for second-hand homes. More residential units were sold than were put up for sale, which pushed prices up. The volume of sales in 2020 was 2.8 per cent higher than in 2019.

With 2020 behind us, we can see that the worst assumptions made at the beginning of the Covid-19 pandemic have not been confirmed. The economy has recovered quickly. Unemployment has fallen towards normal levels, the economy has picked up speed and the optimism of people and companies is rising.

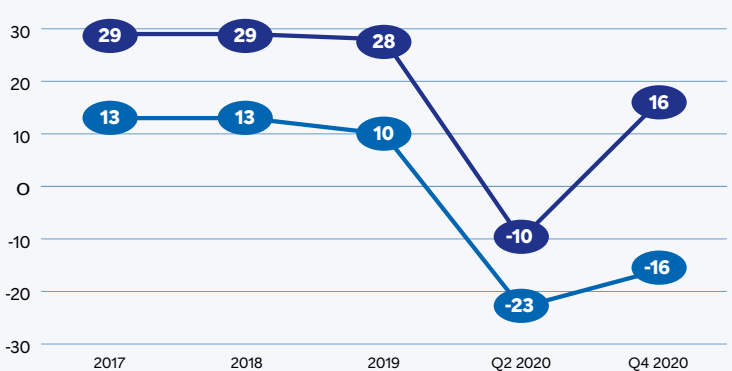
Average card use per customer from 2019 to 2020



Indexed housing prices in the market area compared with Norway as a whole



The graphs above show the development in housing prices according to the housing price index

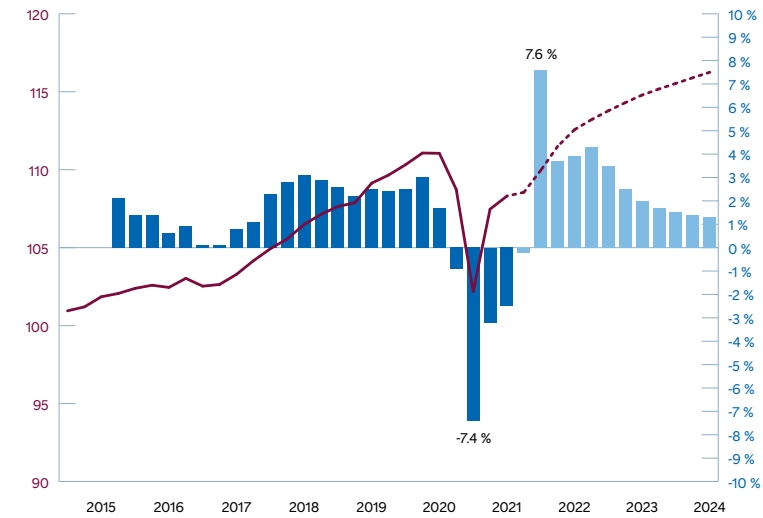


Higher expectations among companies and consumers in Eastern Norway

Business and consumer confidence conducted by Kantar for SpareBank 1 Østlandet.

Norges Bank expects the economy to recover quickly in 2021

Source: Norges Bank MPR 4/2020 ("Monetary Policy Report")



Norges Bank expects 2021 to be the big comeback year. In order for this to become a reality, infection rates have to decrease, and economic activity has to normalise. A continued, disciplined communal effort by the public combined with the rollout of vaccines will be important if we are to succeed. The situation for the most vulnerable industries remains very difficult and targeted means will probably be required to help them get over the worst obstacles.

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**Elisabeth
Landsverk**

Financial Adviser and the
Bank's Private Economist.

Hamar



Key figures from the Group

	2020	2019	2018	2017	2016
Summary (NOK million)	Amount	Amount	Amount	Amount	Amount
Net interest income	2 177	2 166	2 074	1 956	1 490
Net commissions and other operating income	1 441	1 388	1 286	1 263	939
Net profit from financial assets and liabilities	545	735	291	277	220
Total net income	4 164	4 289	3 651	3 496	2 649
Total operating expenses	1 902	1 930	1 881	1 898	1 203
Operating profit before losses on loans and guarantees	2 262	2 359	1 770	1 598	1 446
Impairment on loans and guarantees	330	32	35	-20	75
Pre-tax operating profit	1 932	2 326	1 735	1 618	1 371
Tax expense	323	398	321	356	271
Profit after tax	1 608	1 928	1 414	1 263	1 100
Interest expenses on hybrid capital	20	15	17	13	13
Profit after tax incl. Interest on hybrid capital ¹	1 589	1 913	1 396	1 250	1 086

Profitability					
Return on equity capital ¹	10.1 %	12.8 %	10.5 %	10.2 %	10.6 %
Cost-income-ratio ¹	45.7 %	45.0 %	51.5 %	54.3 %	45.4 %

From the balance sheet					
Gross loans to customers	113 368	107 035	98 940	90 460	82 945
Gross loans to customers including loans transferred to covered bond companies ¹	161 259	150 688	140 165	129 535	119 450
Growth in loans during the last 12 months ¹	5.9 %	8.2 %	9.4 %	9.1 %	89.5 %
Growth in loans including loans transferred to covered bond companies in the last 12 months ¹	7.0 %	7.5 %	8.2 %	8.4 %	95.4 %
Deposits from customers	85 613	78 494	71 497	65 985	63 070
Growth in deposits in the last 12 months ¹	9.1 %	9.8 %	8.4 %	4.6 %	88.5 %
Deposit-to-loan-ratio ¹	75.5 %	73.3 %	72.3 %	72.9 %	76.0 %
Deposit to loan ratio incl. loans transferred to covered bond companies ¹	53.1 %	52.1 %	51.0 %	50.9 %	52.8 %
Average total assets	144 108	130 394	117 358	105 157	83 074
Total assets	146 074	134 783	123 472	108 321	101 242
Total assets including loans transferred to covered bond companies ¹	193 964	178 436	164 696	147 396	137 747

Losses and commitments in default ⁷					
Impairment on loans as a percentage of gross loans ¹	0.3 %	0.0 %	0.0 %	0.0 %	0.1 %
Loans to and receivables from customers in stage 2, percentage of gross loans ¹	8.3 %	7.4 %			
Loans to and receivables from customers in stage 3, percentage of gross loans ¹	0.4 %	0.4 %			
Commitments in default, percentage and gross loans ¹			0.3 %	0.3 %	0.3 %
Other doubtful commitments, percentage of gross loans ¹			0.1 %	0.3 %	0.3 %
Net commitments in default and other doubtful commitments, percentage of gross loans ¹			0.4 %	0.4 %	0.4 %

Solidity and liquidity					
CET 1 capital ratio	17.8 %	17.2 %	16.8 %	16.8 %	16.9 %
Tier 1 capital ratio	18.8 %	17.9 %	17.6 %	17.7 %	17.9 %
Capital adequacy ratio	20.8 %	19.8 %	19.6 %	20.5 %	20.3 %
Total eligible capital	16 704	15 444	14 672	14 138	12 656
Equity ratio ¹	11.7 %	11.8 %	12.0 %	12.3 %	12.0 %
Leverage Ratio	7.2 %	7.2 %	7.5 %	7.1 %	7.4 %
LCR ²	140.6 %	162.2 %	152.5 %	114.0 %	116.6 %
LCR in NOK ²	130.5 %	147.1 %	164.2 %	113.0 %	113.1 %
LCR i EUR ²	619.0 %	1248.3 %	123.2 %		

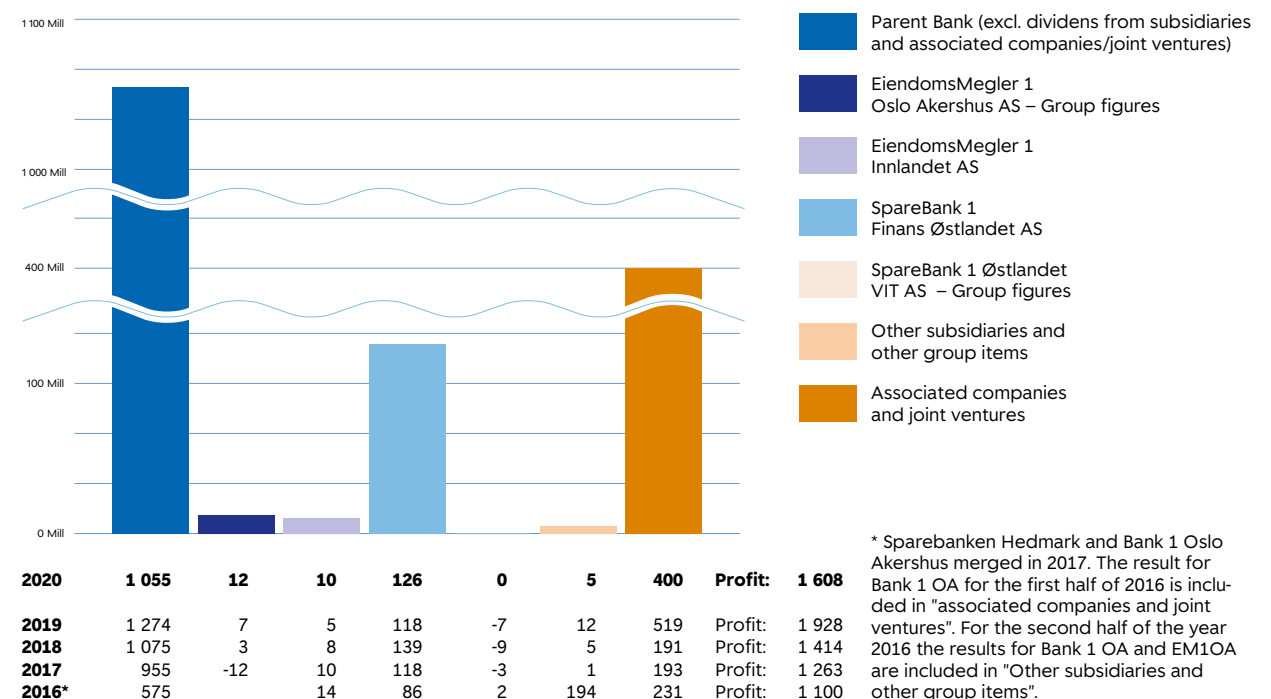
	2020	2019	2018	2017	2016
Branches and staff	Amount/percent	Amount/percent	Amount/percent	Amount/percent	Amount/percent
Number of branches ³	37	37	38	38	38
Number of fulltime equivalents	1 149	1 127	1 139	1 109	1 140
Sick leave ³	4.0 %	4.5 %	4.0 %	4.0 %	4.3 %
Percentage of women ³	51.9 %	52.2 %	53.0 %	53.0 %	56.3 %
Percentage of women in managerial positions ³	36.1 %	35.8 %	39.0 %	39.0 %	44.4 %
Turnover ³	3.8 %	4.6 %	2.0 %	2.0 %	3.1 %

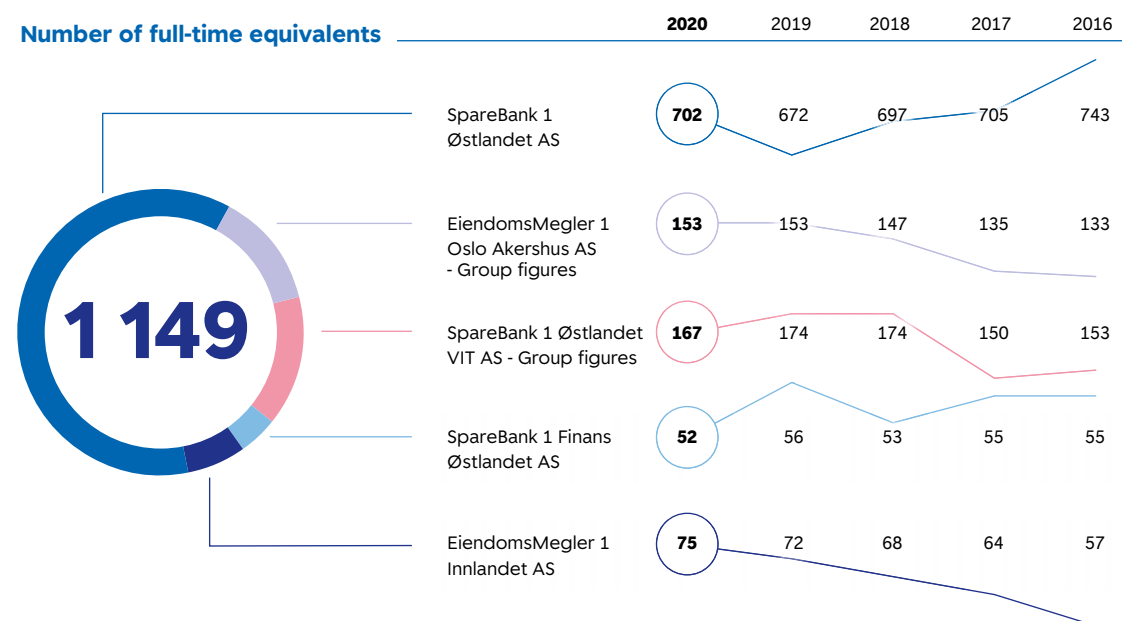
Other					
Number of complaints	360	388	261	171	102
Number of customer in total	365 108	353 713	336 728	318 507	290 000

Equit capital certificates (EC) ⁴					
Total equity for distribution	70.0 %	70.1 %	69.3 %	67.6 %	
Number of EC's issued	115 829 789	115 829 789	115 319 521	107 179 987	
Market price (NOK)	97,80	92,50	83,00	90,50	
Market capitalisation (NOK million)	11 328	10 714	9 572	9 700	
Book equity per EC ¹	98,76	93,67	85,83	80,96	
Earnings per EC, NOK ⁵	9,57	11,55	8,46	7,81	
Dividend per EC ⁶	4,79	4,58	4,12	3,96	
Price/Earnings per EC ¹	10,22	8,01	9,81	11,59	
Price/book equity ¹	0,99	0,99	0,97	1,12	

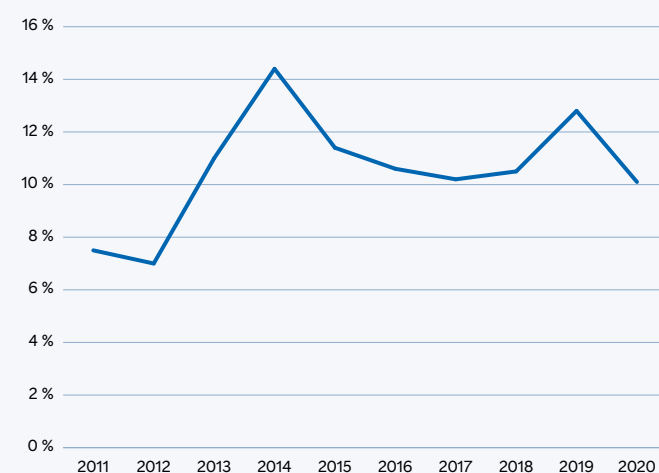
- 1) See attachment regarding Alternative performance measures.
- 2) Liquidity Coverage Ratio: Measures the size of banks' liquid assets relative to net liquidity output 30 days ahead of time given a stress situation.
- 3) Numbers are for parent bank only.
- 4) SpareBank 1 Østlandet was listed on the stock exchange on 13 June 2017.
- 5) Profit after tax for controlling interests * Equity capital certificate ratio as at 31.12.2020 / number of EC's as at 31.12.2020.
- 6) The payout ratio for the dividend for 2019 was, in accordance with the Board's revised recommendation and as communicated in a market announcement dated 19 March 2020, reduced from 50 per cent. The dividend per equity capital certificate was changed from NOK 5.72 to NOK 4.58.
- 7) In 2019, SpareBank 1 Østlandet changed the key ratios related to losses and defaults as a result of the transition to IFRS9.

Consolidated profit after tax



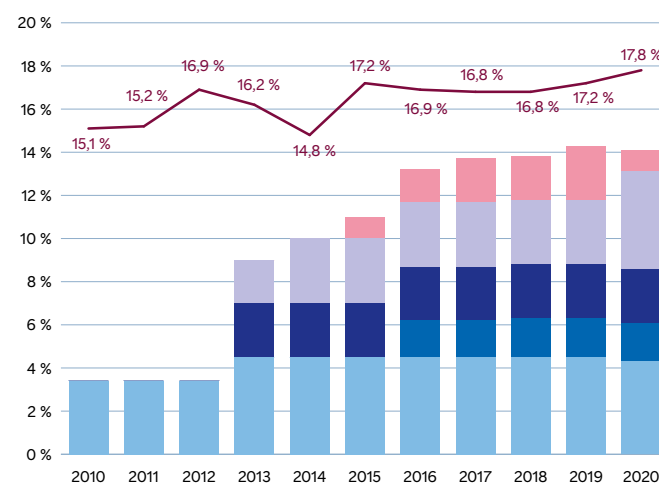


The development of return of equity capital



The ROE for 2020 is satisfactory in light of the Covid-19 pandemic

The development of CET1 capital ratio



The 2020 CET1 capital ratio is historically high



Stian Lorentz Barli Colberg, Credit Manager, retail market. Oslo.

The equity capital certificate

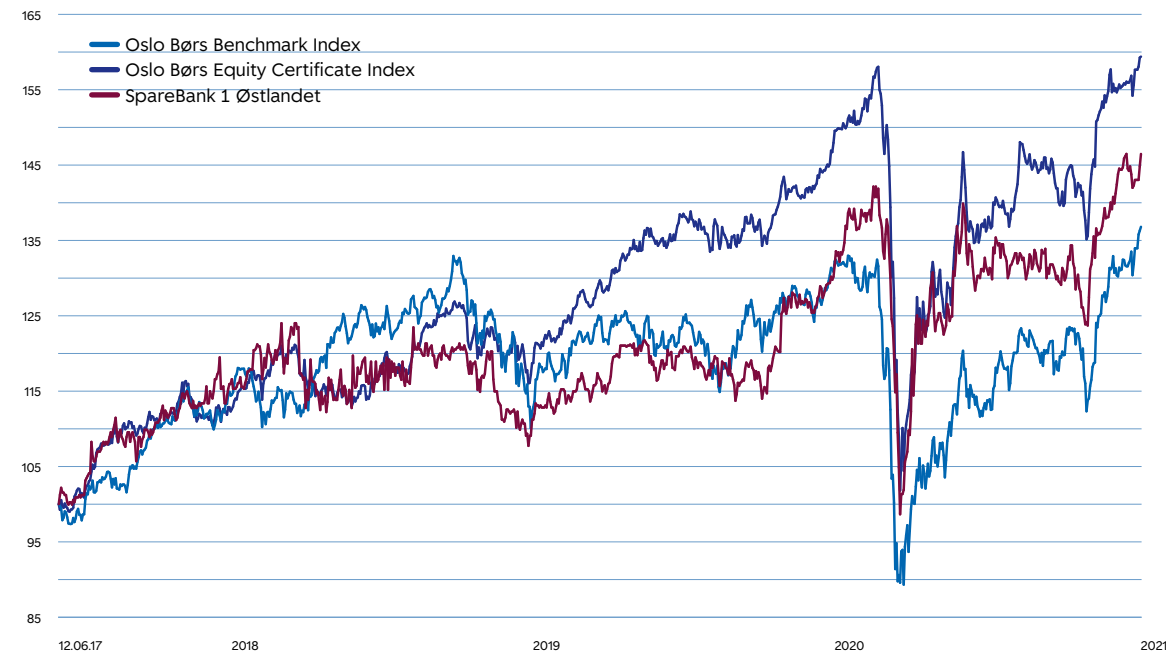
This is an overview of the development of SpareBank 1 Østlandet's equity capital certificate (SPOL) since the IPO on 12 June 2017. More information can be found on www.sb1ostlandet.no/ir.

At year end 2020, SpareBank 1 Østlandet was the third largest equity capital certificate bank in Norway with business capital of NOK 194 billion and a market capitalisation of NOK 11.3 billion based on a closing price of NOK 97.80.

The total return on the SPOL equity capital certificate, including dividends, was 17.1 per cent, compared with 16.5 per cent for the Oslo Børs's Benchmark Index (OSEBX) and 24.6 per cent for its Equity Certificate Index (OSEEX). At the end of the year, the equity certificate

was traded at NOK 97.80, which equals a Price/Book of 0.99. The highest price in 2020 was NOK 101.60 in December, while the lowest was NOK 70.10 following the coronavirus shut-down in March.

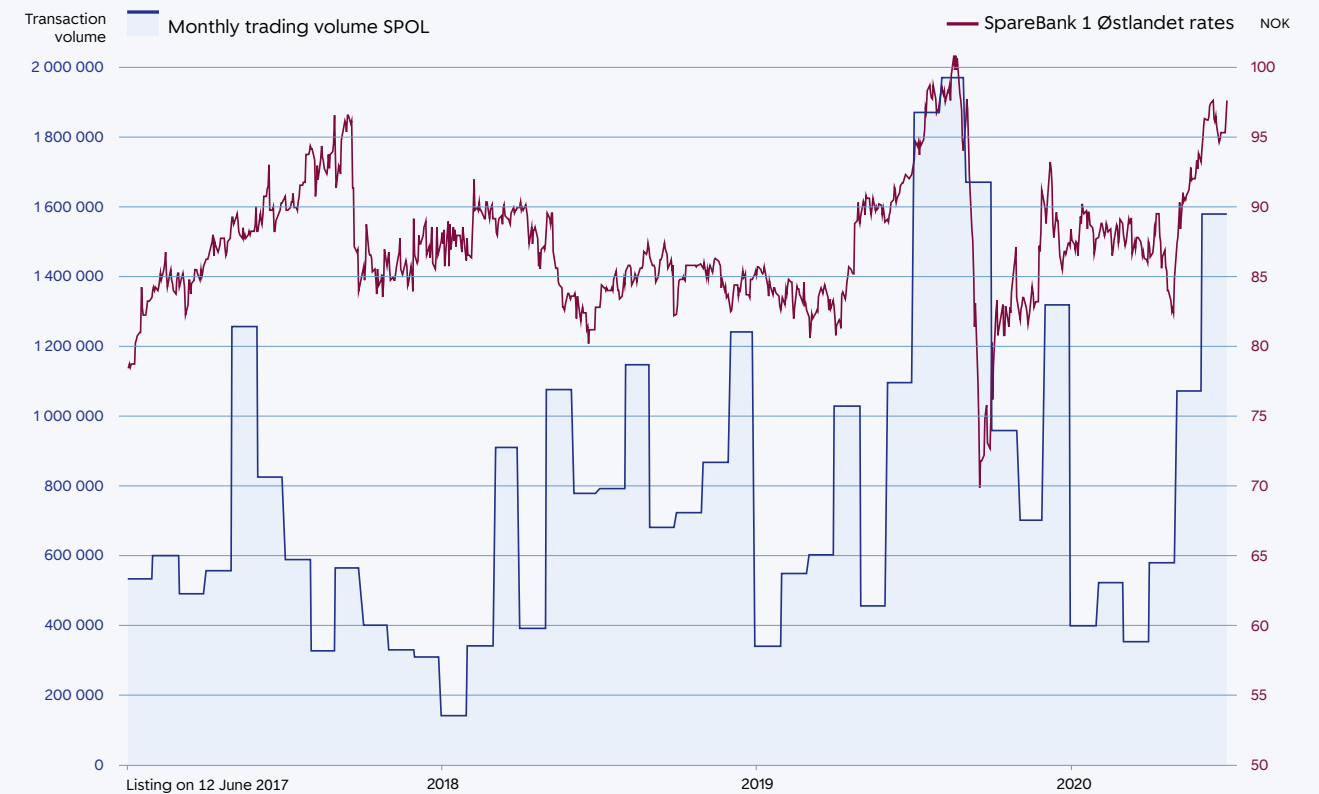
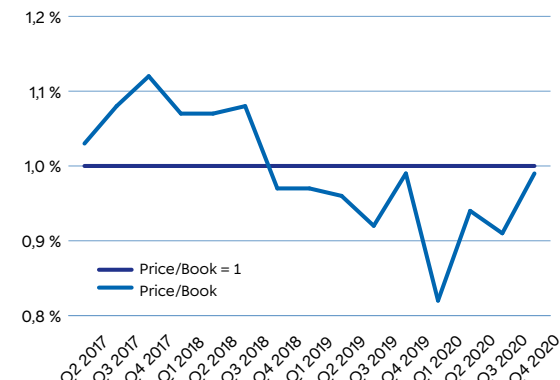
One prominent feature of SpareBank 1 Østlandet's equity capital certificate is its low volatility compared with equivalent regional savings banks. This means that the equity capital certificate coped well with the market turbulence.



Development of equity capital certificate's market price in relation to earnings per equity capital certificate (Price/Earnings)



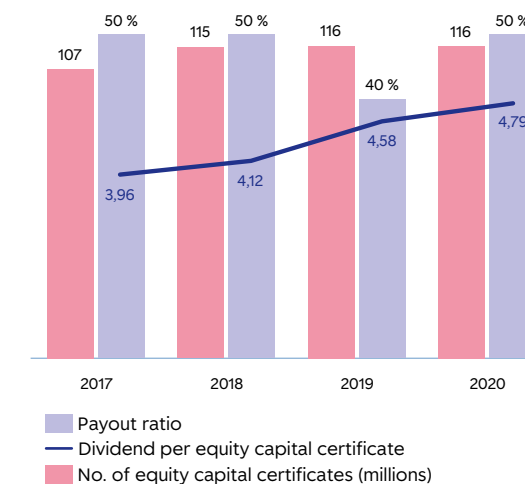
Development of equity capital certificate's market price in relation to book values (Price/Book)



Trading

The liquidity of the SpareBank 1 Østlandet's equity capital certificate continued to develop well as it did in 2019. The total volume traded in 2020 amounted to 11.9 million equity capital certificates. This is 25 per cent higher than the volume traded in 2019, despite the very quiet period in April and May 2020.

SpareBank 1 Østlandet is part of the Oslo Børs's Equity Certificate Index with an index weight of 10.2 per cent. Internationally, SPOL is also the only Norwegian savings bank in the MSCI World Small Cap Index.



Dividend policy

SpareBank 1 Østlandet believes it is important to provide its owners with a competitive, stable cash dividend based on good profitability and a high dividend capacity. The Bank's goal is to pay out 50 per cent of each year's profit after tax (the majority's share of the consolidate profit) as dividends to equity certificate holders and customer dividends from the primary capital.

The Bank's long-term profitability target is a return on equity of 11 per cent. The return on equity target is slightly lower than those of peer banks, which reflects SpareBank 1 Østlandet's goal of maintaining its well-established and long-term position as a financially strong regional savings bank.

The Bank's ambitions concerning its financial strength are reflected by its long-term Common Equity Tier 1 ratio target of at least 1 percentage point above the regulatory requirement.

Geographical distribution of investors (holding)

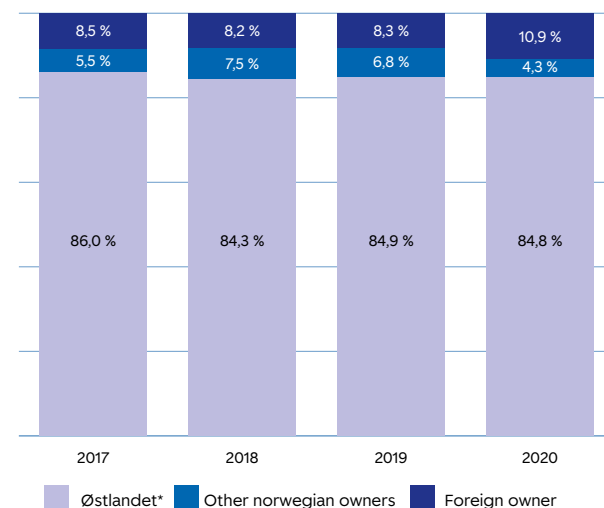


Figure 1 Geographical distribution of investors (holding)

*) Eastern Norway is defined as SpareBank 1 Østlandet's market area in Oslo and the former counties of Hedmark, Oppland and Akershus.

Geographical distribution of investors

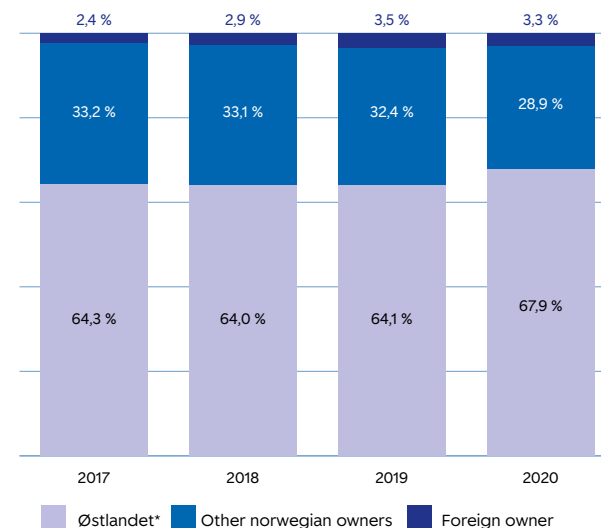


Figure 2 Geographical distribution of number of investors

*) Eastern Norway is defined as SpareBank 1 Østlandet's market area in Oslo and the former counties of Hedmark, Oppland and Akershus.

20 largest holders of equity capital certificates	2020		2019	
	No. of equity capital certificates	Share in per cent	No. of equity capital certificates	Change
Sparebankstiftelsen Hedmark	60 404 892	52,1 %	60 404 892	-
Landsorganisasjonen i Norge	11 121 637	9,6 %	11 121 637	-
Pareto Invest AS	2 762 610	2,4 %	219 162	2 543 448 ▲
Fellesforbundet	2 101 322	1,8 %	2 101 322	-
Geveran Trading Co LTD	1 952 005	1,7 %	-	1 952 005 ▲
Eika Egenkapitalbevis	1 854 512	1,6 %	1 399 723	454 789 ▲
Danske Invest Norske Institusjoner II	1 710 467	1,5 %	1 827 225	(116 758) ▼
Odin Norge	1 621 218	1,4 %	1 621 218	-
Norsk Nærings- og Nytelsesmiddelarbeiderforbund	1 313 555	1,1 %	1 313 555	-
Landkreditt Utbytte	1 000 000	0,9 %	1 000 000	-
Brown Brothers Harriman & Co.	1 000 000	0,9 %	1 000 000	-
The Bank of New York Mellon SA/NV	896 545	0,8 %	780 038	116 507 ▲
Tredje AP-fonden	804 750	0,7 %	2 418 126	(1 613 376) ▼
State Street Bank and Trust Comp	785 311	0,7 %	1 161 076	(375 765) ▼
Danske Invest Norsk Aksjer Institusjon	750 607	0,6 %	757 345	(6 738) ▼
State Street Bank and Trust Comp	627 794	0,5 %	765 177	(137 383) ▼
Brown Brothers Harriman & Co.	568 688	0,5 %	-	568 688 ▲
JPMorgan Chase Bank, London	545 030	0,5 %	545 030	-
Skandinaviska Enskilda Banken AB	544 910	0,5 %	544 910	-
Industri Energi	479 443	0,4 %	545 030	(65 587) ▼
Total 20 largest holders of equity capital certificates	92 845 296	80,2 %	89 525 466	3 319 830
Other holders	22 984 493	19,8 %	26 304 323	(3 319 830)
Total number of equity capital certificates	115 829 789	100,0 %	115 829 789	



Runar Hauge, Portfolio Manager/IR. Hamar.

Equity capital certificates and ownership structure

Booked equity share capital at the end of 2020 was NOK 5 791 million divided into 115.8 million equity capital certificates with a nominal value of NOK 50. SpareBank 1 Østlandet had 5 122 private and institutional investors at the end of the year. The largest owner is Sparebankstiftelsen Hedmark, which owns 52.1 per cent of the equity capital certificates. The Norwegian Confederation of Trade Unions (LO) is the second largest owner. During the year, Pareto Invest AS and Geveran Trading Co LTD substantially increased their stakes and they are now the third and fifth largest owners, respectively.

Measured in terms of market value, around 89 per cent of the equity capital certificates are held by Norwegian investors. The USA, Cyprus and Sweden account for the largest groupings of international investors. If we look at the number of investors, Innlandet County is at the top ahead of Oslo and Viken.

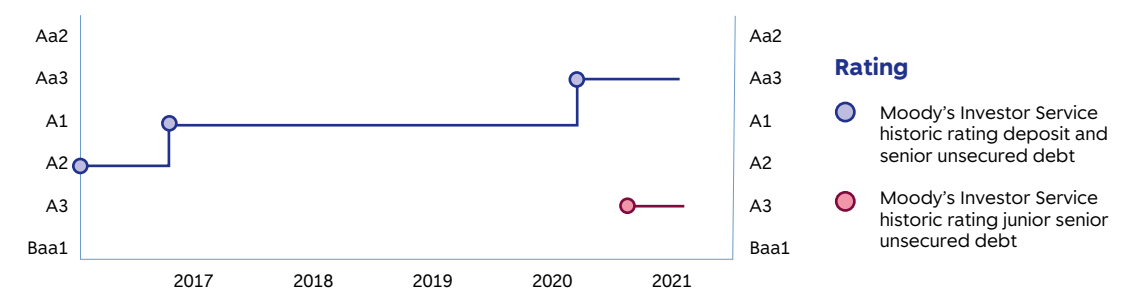
Ratings and rankings

On 5 March 2020, Moody's Investors Service (Moody's) upgraded SpareBank 1 Østlandet's baseline credit assessment (BCA) and deposit/debt rating.

This meant that the rating of the Bank's deposits and senior debt were upgraded from A1 to Aa3, with a stable outlook. The Bank's BCA and adjusted BCA were upgraded from baa1 to a3. On 3 July, Moody's awarded the Bank's senior non-preferred debt an A3 rating. On 4 September 2020, Moody's confirmed the Bank's BCA and deposit/debt rating of Aa3. This means that SpareBank 1 Østlandet has the highest credit rating from Moody's among savings banks in Norway.

In December 2020, SpareBank 1 Østlandet received a top 'A' grade for its climate reporting from the international non-profit climate organisation, CDP. The Bank is one of nine Norwegian enterprises to achieve a top grade and a place on CDP's prestigious 'A' list.

In November 2020, SpareBank 1 Østlandet climbed to third place in Fair Finance Guide Norway with a score of 86 per cent. The Fair Finance Guide is an analysis of policies in which banks are scored on their published guidelines and policy documents in a number of areas. Topics vary from corruption, tax, climate change and equality to arms, farming, forestry and energy production.





Our strategic focus

Business idea

SpareBank 1 Østlandet offers financial, real estate and accounting services to private individuals, business and the public sector, so that customers can realise their ambitions through investments, savings, payments and insuring their life and assets.

In addition, the company provides real estate agent, leasing and accountancy services. Based on positive customer experiences and proficient employees, we contribute to sustainable growth and development for society and our customers, owners and employees.



What our values mean to us

Proficient - Nearby - Engaged

Proficient

We understand the expectations and needs of the market, customers and owners.
We deliver solutions of the right quality at the right time.
We stay up-to-date, prepare and are at the cutting edge of developments.
We make it easy for customers to choose solutions that are good for their finances.
We offer the Group's wide range of products and collaborate for the benefit of our customers, owners, employees and the society of which we are a part.



We create good customer experiences.
We are accessible and offer relevant solutions via the customer's preferred channel.
We understand and deliver in line with the customers' individual needs.
We communicate simply, understandably and clearly.

We are visible and take the relevant measures for our customers, colleagues and partners.
We produce engagement, good motivation and good results.
We work together to achieve a good working environment, involve people and play on each other's strengths for the benefit of the customers and the Group.
We fulfil our corporate social responsibility and contribute to sustainability, growth and development.



Strategy and strategic priority areas

SpareBank 1 Østlandet's main strategy includes six key goals for our priority areas for 2018-2021.

Our strategic goals by the end of 2021:

- ✓ We will be the third largest savings bank group in Norway
- KR We will have one of the most attractive equity certificates on the Oslo Børs
- 💬 We will clearly differentiate ourselves from the main competition and have increased our market share
- ♥ We will have made banking easy for our customers and our employees
- 🗣️ We will be the best at across-the-board sales in the Alliance and have utilised the potential for profitable collaboration in the Group
- 🚶 We will have established ourselves as a bank with a distinct sustainability profile

In order to realise our strategic goals, we increased our focus on four key areas in 2020:

Create Norway's best customer experience

- Good customer service became even more important when the coronavirus pandemic hit in March 2020. Our employees helped to ensure that many customers quickly received advice and help from the Bank regarding their mortgage and other financial challenges.
- Fast, relevant responses in all channels are a key goal, and during the pandemic extra resources were allocated in order to ensure availability to customers.
- Efficient self-service solutions became very important as the number of customer enquiries rose quickly at the beginning of the pandemic. Chat became our largest communications channel from and including March 2020. The chatbot underwent immediate further development so it could also deal with enquiries about topics such as travel insurance, interest-only periods and interest rate changes. You can read more on page 64.
- We are constantly striving to offer customers Norway's best digital bank online and via mobile phone. All of our digital services are constantly being upgraded for the benefit of their users. For example, in 2020, we became the first Norwegian bank with a subscription management function in its mobile bank.
- The Bank is a driving force behind sustainable development and has changed the behaviour of both companies and retail customers. Examples of this include green housing mortgages, loans

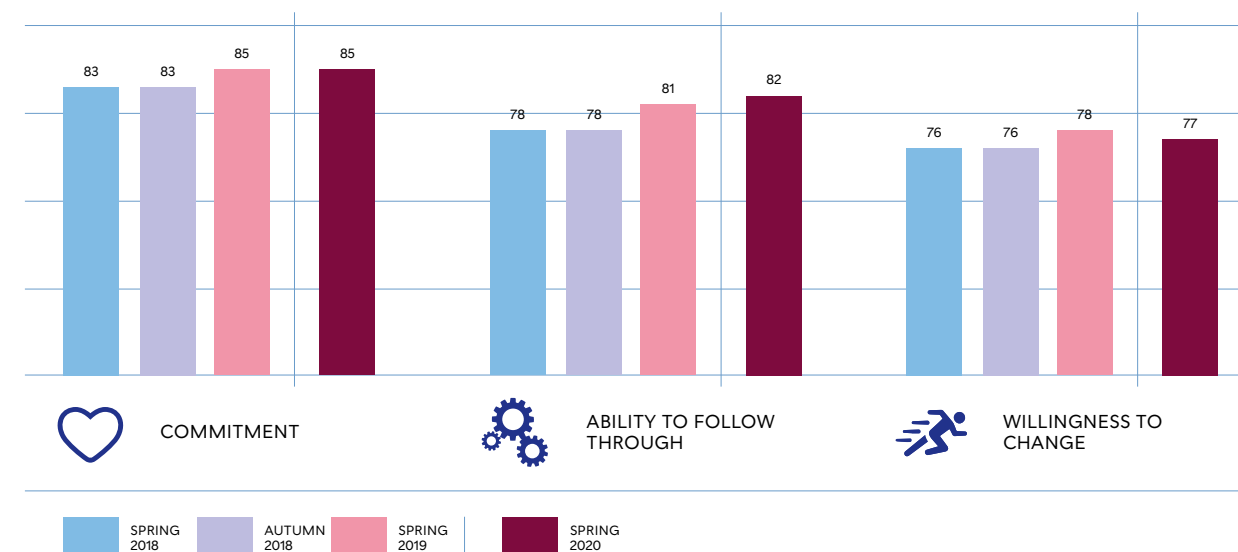
for solar panels, advice on sustainable personal finances and sustainability assessments when lending to individual companies.

- We are working to increase the degree of cooperation between our subsidiaries for the benefit of our customers. One example of this is *Banking+Accounting*, which after a pilot test with our subsidiary TheVIT in 2020, was implemented in January 2021. The solution is intended to make accounting as simple as possible for small and medium-sized companies by integrating banking and accounting systems more closely.

Profitable growth

- We are delivering on our financial ambitions. In 2020, the Group's profitability is good, it is financially strong with a Common Equity Tier 1 ratio well above the requirements in a normal situation and liquidity in the Group is good.
- The Bank saw net customer growth of 3 per cent in 2020, and we are well positioned to assist both new and existing customers in the future.
- The LO Agreement, in which the Bank is a mortgage partner for LO members, has also contributed to the desired growth in 2020.
- The liquidity of the Bank's equity capital certificate continued to develop well as it did in 2019. The volume traded was 25 per cent higher in 2020 than the year before, despite a very quiet period in April and May 2020. For more information about our equity capital certificate, SPOL, see *The equity capital certificate* on page 18.

Organisation surveys - the Bank has consistently scored high



Efficient operations

- The parent bank focuses on cost-effective operations and achieved its ambition of zero growth in 2020. Thanks to lower average staffing in 2020 than the year before, a strong focus on costs control, as well as reduced travel and event costs in light of the coronavirus pandemic, the parent bank reduced costs by 0.4 per cent from the year before.
- We are constantly working on efficient time and cost expenditure in all processes that increase customer and business value. For example, in the current strategy period, the corporate market has a goal of simplifying and improving work processes such that the division can manage a 50 per cent higher volume of loans with the same staffing. The corporate market is on target to achieve this objective.
- The Bank is making self-service banking via the digital channels even easier for customers. The digitalisation rate, which shows whether products are set up by customers themselves or whether this is done manually by the Bank, has increased to 93 per cent.
- We are realising the benefits of the SpareBank 1 Alliance partnership by realising gains from delivered projects.

Organisational development and competence

- Organisation surveys show that the employees feel a great sense of belonging and pride in SpareBank 1 Østlandet and the results that we create together. The Bank has consistently scored high in the various indices in the employee survey, where the maximum score is 100 and everything over 70 is regarded as a very good score. *Job commitment* is the one factor that tells us most about the satisfaction, health and 'work-related well-being' of employees and managers. *The ability to follow through* tells us something about the organisation's belief in us being able to implement the plans and measures we set for ourselves. *Willingness to change* is about the organisation's belief in its own, the division's and the Bank's willingness and ability to change.
- Our employees have demonstrated great mobility and adaptability in a challenging year.
- A coronavirus-friendly marking of the Bank's 175th anniversary with internal and public communication initiatives, as well as the publication of a biography of the Bank, *Sterkere sammen – Hvordan 23 banker ble til én (Stronger together - How 23 banks became one)*, aimed to raise awareness of our proud shared history.

Sustainability as a strategic goal

The Bank has established a Sustainability Committee consisting of the nine departments that play a key role in this initiative. The committee is chaired by the head of sustainability in the Bank. The relevant executive vice presidents are responsible for delivering the goals set out in our sustainability strategy and

action plan and these are reported on via corporate governance to Group Management on a quarterly basis. The Sustainability Committee considers the report and issues an assessment of the overarching status of the initiative. For more information on the goals and management, see the framework for our sustainability initiative on page 82.

From strategy to sustainable action



Monitoring our strategy and goals

Our corporate governance model ensures balanced evaluation and ongoing monitoring of the Bank's results in relation to the desired targets. Operational action plans are prepared each year with goals, defined measurement parameters and strategic initiatives that are monitored and evaluated throughout the year on an ongoing basis.

The model is designed to:

- Define a clear link between the strategic goals we set for ourselves and day-to-day decisions and actions.
- Anchor the Bank's strategy in the organisation such that everyone relates to it actively and engages in realising it.
- Streamline evaluation processes such that we have the right information at all times and can focus on continuous learning and improvement where required.



Bjørnar Mickelson, Information Manager. Hamar.

A look back at 2020

Q1

SpareBank 1 Østlandet makes the top three for customer service in the banking industry in a customer service survey from Kantar and Tekna.

We launch green car loans for electric cars.

SpareBank 1 Østlandet's 'Jentetaxi', an initiative aimed at ensuring women in Oslo get home safely during the Christmas party season, is nominated for a sponsorship and event award for 2020 in the category 'sponsorship campaign'. The swap weekend for second-hand skiing equipment, in which the Bank is a co-arranger, is named the external event of the year.

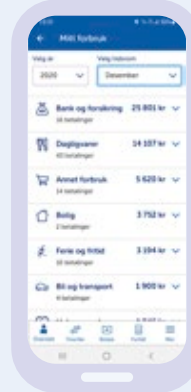
The Bank is one of the main stakeholders behind Agenda Innlandet, a new meeting place for the business sector and politics where the goal is to boost Innlandet and put the region on the national agenda.

The 'Change subscription' service is launched in the online and mobile bank and enables customers to manage various types of subscriptions.

Because of the coronavirus situation we cut interest rates for mortgages several times between March and May by a total of 1.25 percentage points.

Q2

We help companies impacted by the coronavirus crisis with tools such as government guaranteed liquidity loans, interest-only periods and emergency loans. At the same time, we launch unemployment benefit loans for retail customers impacted by the coronavirus situation.



The 'My finances' service is launched in the online and mobile bank. It is designed to provide customers with a better overview of their financial situation.



We renew the partnership agreement with the Norwegian Confederation of Trade Unions (LO). SpareBank 1 therefore remains a main supplier of products and services within banking and insurance for LO members through the LO-favør loyalty programme.

The Bank makes an extraordinary donation of NOK 6 million as a gift to clubs and societies to ensure that activities for children and young people keep going during the coronavirus crisis.



Q3

An AR app for teaching personal finances in schools, developed by the Bank and EON Reality, is exported to Japan for use in Japanese schools.



As one of the first banks in Norway, we enable customers to view their student loan from the Norwegian State Educational Loan Fund in the digital bank.



A

We score a top grade of 'A-' in an analysis of sustainability reporting for the 100 largest companies on the Oslo Børs conducted by the Governance Group.



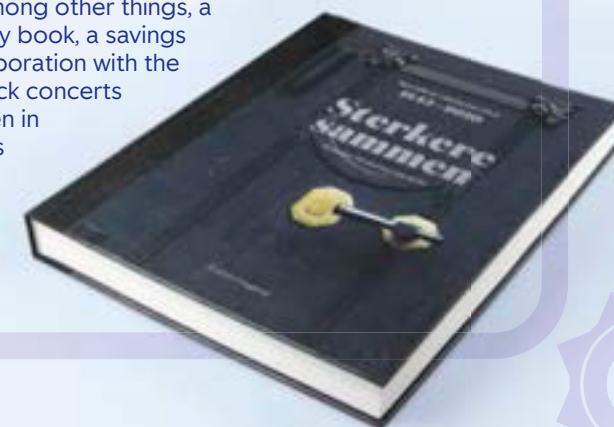
Employees are wanted as long-term owners of the Bank and a new savings programme is established for equity capital certificates for our employees.

Q4

The Bank receives a top 'A' grade for its climate reporting from the international non-profit climate organisation, CDP.



The Bank turns 175 years old – the occasion is marked with, among other things, a special anniversary book, a savings exhibition in collaboration with the Anno Museum, rock concerts as gifts for children in hospital, as well as cakes for senior centres in all of the municipalities in our market area.



In December, we donate NOK 200 000 to the Norwegian Childhood Cancer Society in our market area for Christmas. The gift is divided between the associations local teams in Oslo/Akershus and the Inland region.

3

We climb to third place in Fair Finance Guide Norway and achieve a score of 86 per cent.

Anniversary Year 2020

22 November 2020 marked exactly 175 years since Hof Sparebank in Solør received permission to operate as a bank. Since then, 23 banks have merged to become stronger together and thus provide the basis for today's SpareBank 1 Østlandet.



The marking of the anniversary was toned down because of the coronavirus pandemic and mostly took place digitally with articles, historical animations and video clips of customers who have been with us since our inception. The anniversary materials were published in external and internal channels.

In cooperation with Sparebankstiftelsen Hedmark and Anno Museum, the Bank launched a mobile exhibition on saving, 'From grain to cash', which will tour the Bank's local branches in 2021. The Bank also donated marzipan cakes to senior centres in the region and some gifts and experiences to delight and inspire children and others during what was a tough year for many.

The day of the anniversary was marked with the launch of a new biography, *Sterkere sammen – Hvordan 23 banks ble to én* (Stronger together - How 23 banks became one), by Øystein Krogsrud. The book provides a good description of the history behind the Bank establishing itself as a competitive bank in central Eastern Norway today.

Below follows a brief summary of the Bank's history divided up into four eras.



The day of the anniversary was marked with the launch of a new biography, "Sterkere sammen – Hvordan 23 banks ble to én" (Stronger together - How 23 banks became one)

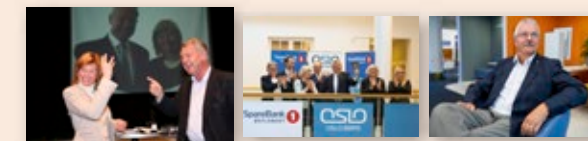
1845–1920 The clergyman who created eternal life

SpareBank 1 Østlandet can trace its roots back to 1845 when Hof Sparebank was established in Solør. A clergyman, Haagen Ludvig Bergh, is considered the founder of Hof Sparebank and he was probably inspired by his wife Christine Fredrikke, who came from a family of bankers and teachers called Døderlein. Savings banks were defined as non-profit enterprises in the first savings bank act of 1824. By encouraging saving, the savings banks wanted to help reduce pressure on the poor relief fund and the poverty tax.

As a new curate in Hof parish in 1835, Haagen Ludvig took up the fight against his superior, the parish vicar, who did not pay a fair wage to teachers in the parish. The children were suffering and not getting an adequate education.

Haagen Ludvig responded by becoming the parish's first mayor in 1837. The sale of Hof parish's granaries was an important step in strengthening the municipality's finances and forming Hof Sparebank's primary capital. Haagen Ludvig also donated 114 Norwegian speciedaler as a private donation to the Hof school fund when he stepped down as mayor in 1845.

Hof Sparebank is one of 22 former savings banks that together have gone to make up SpareBank 1 Østlandet. The 23 savings banks were established between 1845 and 1923 and were all previously part of Sparebanken Hedmark. SpareBank 1 Østlandet also consists of the former LO-owned commercial bank, Landsbanken. Landsbanken originated from Fællesudvalgets Sparekasseforening from 1896, which became the temperance movement's bank, Totalisternes Aktiebank, in 1898.

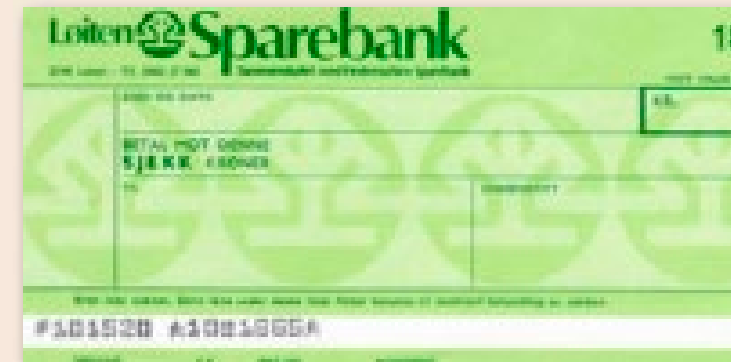


1920–1960 Two big winners of the bank crisis

An economic recession caused the biggest banking crisis in Norwegian history in the 1920s. SpareBank 1 Østlandet's two progenitors used the crisis years to assume new leadership roles. LO took over the majority of shares in Kristiania & Oplands Vekselbank in 1920 and renamed the bank Arbeidernes Landsbank in 1926. From 1920 to 1931, the paid-in capital in LO's new workers' bank managed to fund the strikes taking place at that time in Norway. From 1932, the entire labour movement and Arbeidernes Landsbank started a growth phase that lasted right into the 1960s.



Hedmark County was especially hard hit by the economic recession in the interwar period. Forestry municipalities suffered huge losses due to the sharp decline in timber prices. The forestry bank, Elverum Sparebank, was the leading savings bank in Hedmark for decades before the recession. The CEO of the bank, Peter Ødegaard, was regarded as the father of Fellesbanken when it was established in 1920. The end of Elverum Sparebank's heyday was at hand. In the 1920s, it was the farming bank, Vangs Sparebank, that became a safe haven for savings banks in Hedmark facing the threat of bankruptcy. Vangs Sparebank was by far Hamar's largest savings bank after having outcompeted the merchants' bank, Hamar Sparebank. Arbeidernes Landsbank became the big winner among Norwegian limited liability banks from 1920 to 1960, while Vangs Sparebank was the big winner in Hedmark. The two banks would soon use their leading statuses to find new missions.



1960–2000 Cheques herald the start of the wave of mergers

Pay packets were used up until wage accounts were introduced at the end of the 1950s. Balances rather than cash resulted in the use of cheques growing enormously. The higher number of transactions contributed to banks adopting data processing. The new technology required new expertise and major investments and resulted in a wave of mergers among savings banks. Vangs Sparebank took the lead in constructing the county savings bank, Sparebanken Hedmark, from the 1960s to the 1980s. Vangs Sparebank's leading role is why SpareBank 1 Østlandet's head office is today located in Vangs Sparebank's bank building from 1917.

The commercial banks also grew through mergers from the 1960s. They acquired and merged with a number of regional commercial banks. On the other hand, Arbeidernes Landsbank, which changed its name to Landsbanken in 1968, grew by establishing new branches nationwide. In 1964, LO bought a stake in Samvirke Forsikring. In 1997, LO's member benefits within both banking and insurance contributed to a merger between Landsbanken and Samvirke Forsikring. The name, VÅR Bank og Forsikring, was inspired by the fact that the new financial services group had grown large within the trade union movement and the cooperative movement, and without mergers or outside acquisitions.

Both Sparebanken Hedmark and VÅR Bank og Forsikring thus preserved their independence in the big wave of mergers in the financial services industry prior to 2000. However, at the start of 2000, the labour movement decided to join forces with the savings bank movement when LO sold VÅR Gruppen to SpareBank 1 Gruppen.

Vangs Sparebank took the lead in constructing the county savings bank, Sparebanken Hedmark, from the 1960s to the 1980s. The bank's leading role is why SpareBank 1 Østlandet's head office is today located in Vangs Sparebank's bank building from 1917.



2000–2020 From cathedral to stock exchange

Given the international competition and purely online banks, size became even more important than before. That is why LO wanted to become a co-owner of SpareBank 1 Gruppen rather than owning its own financial services group. The former Landsbanken and VÅR Bank had become Bank 1 Oslo after retaining the business in Oslo, Akershus and Hedmark. Sparebanken Hedmark was in an alliance with Gjensidige NOR. In 2003, Gjensidige NOR merged with DnB to become DnB NOR, and this resulted in Sparebanken Hedmark joining the SpareBank 1 Alliance in 2006.

Sparebanken Hedmark had a high equity ratio after years of good profits. Meanwhile, the population growth trend in Hedmark County was weak. For Bank 1 Oslo, which was eventually renamed Bank 1 Oslo Akershus, the opposite was true. Population growth in the market area was strong, but its equity ratio was relatively low. This was why Sparebanken Hedmark increased its stake to 40.5 per cent in Bank 1 Oslo Akershus in 2013.

Sparebanken Hedmark became an equity capital certificate bank in 2015. Sparebankstiftelsen Hedmark was formed by 60 per cent of the Bank's primary capital being transferred to it at no cost. Sparebanken Hedmark increased its stake to 100 per cent in Bank 1 Oslo Akershus in 2016. Almost the entire settlement for LO and the SpareBank 1 banks consisted of newly issued equity capital certificates in Sparebanken Hedmark.

Sparebanken Hedmark merged with Bank 1 Oslo Akershus, became the country's fourth largest savings bank and took the name SpareBank 1 Østlandet on 1 April 2017. On 13 June 2017, SpareBank 1 Østlandet was listed on the Oslo Børs with solid interest from local, professional and foreign investors in its equity capital certificate.

You can read the rest of the story on the Bank's website (in Norwegian): sparebank1.no/nb/ostlandet/om-oss/om-banken/var-historie.html

Sparebanken Hedmark merged with Bank 1 Oslo Akershus, became the country's fourth largest savings bank and took the name SpareBank 1 Østlandet on 1 April 2017.

1.



Moments from the anniversary year 2020

4.

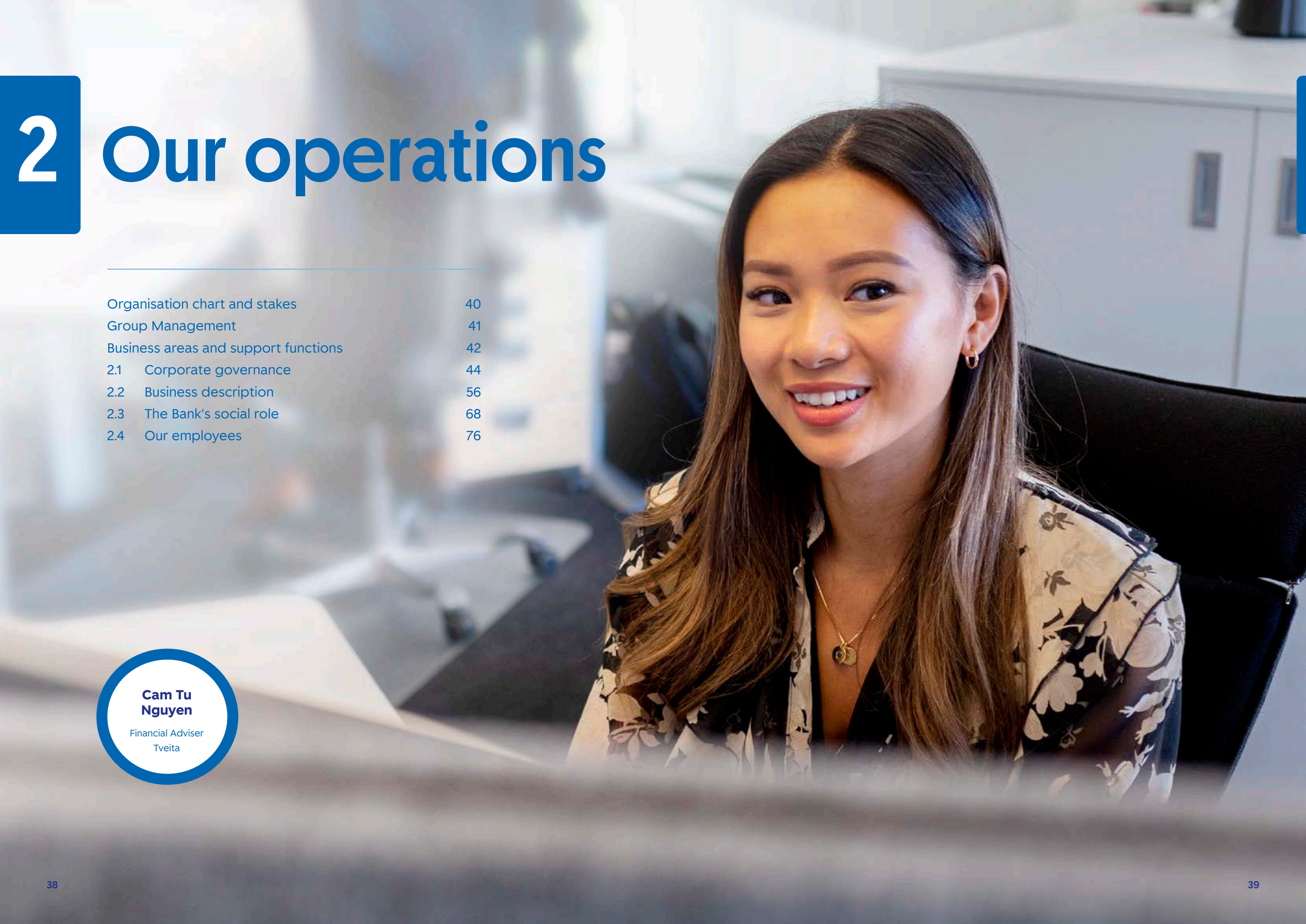


1. CEO Richard Heiberg and Bank Manager Annica Sørlandsengen on historic grounds in Hof, where the first bank that forms part of SpareBank 1 Østlandet's history was established in 1845. Photo: Glåmdalen.

2. Exhibition leader Gry Linderud at Anno Museum with the traveling exhibition «From grain to cash».

3. Regional Bank Manager Snorre Sveløkken opens the anniversary exhibition in Hamar. Photo: Hamar Arbeiderblad.

4. Bank Manager Monica Belinchon celebrates the day of the anniversary in Groruddalen, Oslo. Photo: Akers Avis Groruddalen.



2

Our operations

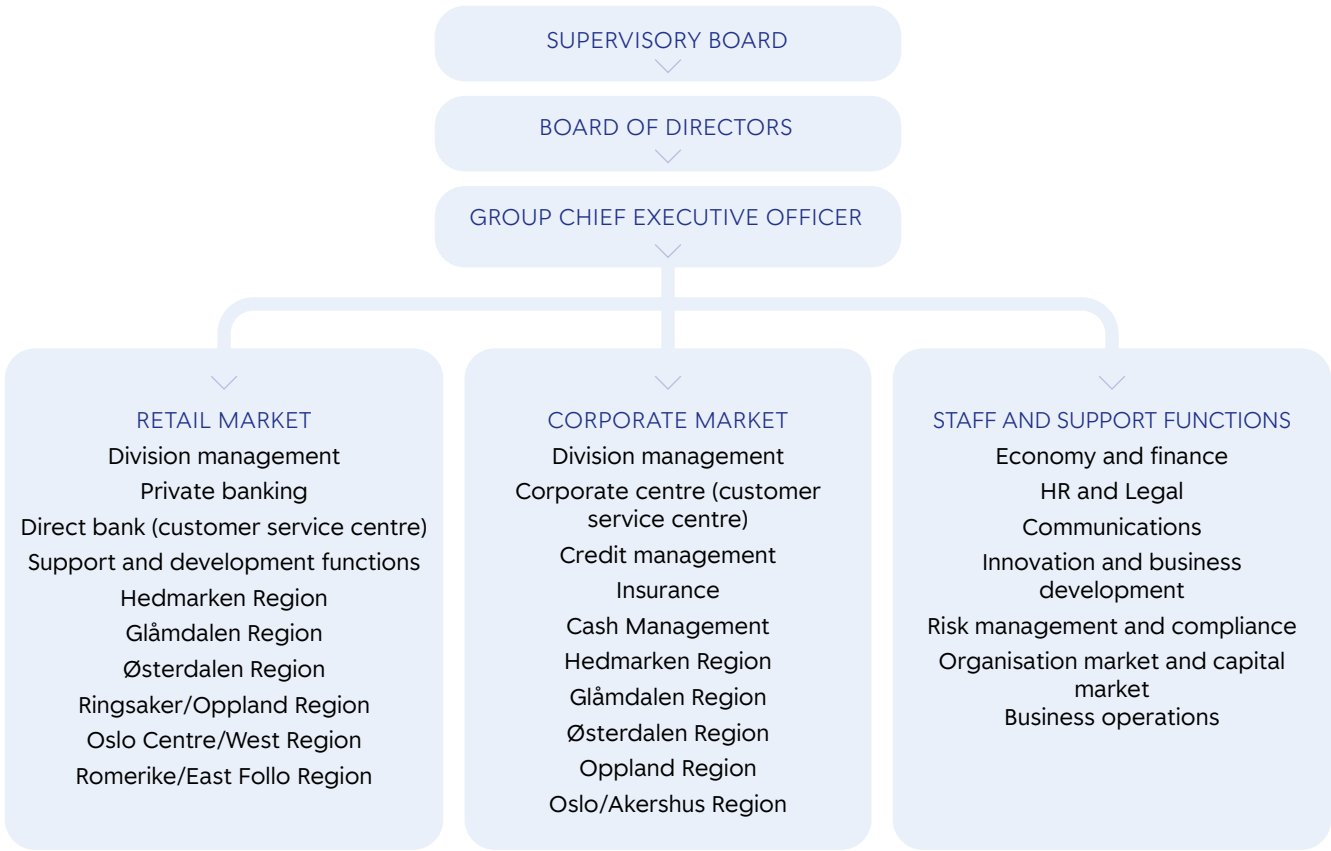
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**Cam Tu
Nguyen**

Financial Adviser
Tveita

Organisation chart and stakes

Organisational chart



Stakes

SUBSIDIARIES		STAKE	ASSOCIATED COMPANIES/ JOINT VENTURES		STAKE
SpareBank 1 Finans Østlandet AS		95.0 %	SpareBank 1 Gruppen AS		12.4 %
SpareBank 1 Østlandet VIT AS		70.7 %	SpareBank 1 Utvikling DA		18.0 %
EiendomsMegler 1 Innlandet AS		100.0 %	SpareBank 1 Betaling AS		18.7 %
EiendomsMegler 1 Oslo Akershus AS		100.0 %	BN Bank ASA		9.9 %
AS Vato		100.0 %	SpareBank 1 Gjeldsinformasjon AS		14.8 %
Youngstorget 5 AS		100.0 %	SpareBank 1 Bank og Regnskap AS		20.0 %
			SpareBank 1 Boligkreditt AS		22.5 %
			SpareBank 1 Næringskreditt AS		15.2 %
			SpareBank 1 Kreditt AS		20.9 %

Group Management



Richard Heiberg
(born 1956), Group Chief Executive Officer (Group CEO)
Richard holds a degree in economics and business management from BI Norwegian Business School and an MBA from the University of Wisconsin, USA. He has held various management positions in Norske Skog, Forestia and Nordic Paper. Richard served on the board of Sparebanken Hedmark from 1995 onwards, including as its chair for 4 years, before becoming the Bank's CEO in 2010.



Geir-Egil Bolstad
(born 1967), Chief Financial Officer (CFO)
Geir-Egil holds a degree in economics and business management from BI Norwegian Business School, specialising in finance, and an MBA from NHH Norwegian School of Economics. He worked for SpareBank 1 Oslo Akershus for 11 years as a risk manager, CFO and deputy CEO. Geir-Egil was a member of Bank 1 Oslo Akershus's executive management team from 2009 onwards and joined SpareBank 1 Østlandet's Group Management in 2017.



Kari Elise Gismås
(born 1964), Executive Vice President Retail Market
Kari holds degrees in finance from the Norwegian College of Agriculture, marketing management from BI Norwegian School of Management and sales and customer relationship management from NKL. She has marketing and managerial experience from the food industry. Kari joined Sparebanken Hedmark in 2001 and became part of the bank's executive management team the same year.



Hans Olav Wedvik
(born 1974), Executive Vice President Corporate Market
Hans Olav holds a degree in economics and business management from BI Norwegian Business School and qualifications within finance and risk management from NHH Norwegian School of Economics. He has previously worked in DNB Finans and DNB Asset Management ASA and was the CEO of SpareBank 1 Finans Østlandet AS from 2006 to 2016 before joining the Bank's Group Management the same year.



Eldar Kjendlie
(born 1965), Executive Vice President HR and Legal
Eldar holds a degree in marketing and a master's degree in management and employment law from BI Norwegian School of Management. He worked in a variety of positions at Sparebanken Hedmark from 1988 onwards. Eldar has experience in project management and committee work. He joined the Bank's Group Management in 2002.



Siv Stenseth
(born 1963), Executive Vice President Communications
Siv is a social worker (SHT) and journalist (NJH), and holds a master's degree in management, specialising in communication and management, from BI Norwegian Business School. She has extensive experience in the areas of media and communications and working with individuals. Siv has been responsible for communications and a member of Group Management since 2003.



Dag-Arne Hoberg
(born 1957), Executive Vice President Innovation and Business Development
Dag-Arne graduated in engineering from Norges Tekniske Høgskole and continued his education in management and administration. He has extensive managerial experience from the Norwegian IT industry and became the head of IT in Sparebanken Hedmark in autumn 1995. Dag-Arne has been a member of Group Management since 2007.



Vidar Nordheim
(born 1962), Chief Risk Officer (CRO)
Vidar is a graduate of BI Norwegian School of Management. He gained experience at Gjensidige Forsikring and held a number of positions in Sparebanken Hedmark from 1990 onwards. Vidar has been a member of Group Management since 2006.



Espen Mejlænder-Larsen
(born 1969), Executive Vice President Organisation Market and Capital Market
Espen is an economist and holds a Master of Management in investment and financing from BI Norwegian School of Management. He worked in several positions in Bank 1 Oslo Akershus from 1995 onwards, including Head of Treasury and Capital Markets. Espen also has experience from SEB as a bond broker. He became part of SpareBank 1 Oslo Akershus's executive management team in 2014 and joined SpareBank 1 Østlandet's Group Management in 2017.



Elin B. Ørbæk
(born 1963), Chief Operations Officer (COO)
Elin is a qualified lawyer and has been the Bank's legal director since 2012. Elin also graduated from the Norwegian Police University College and holds a Master of Management in HR, board work and combating economic crime from BI Norwegian Business School. She has extensive experience from the police, has been a lawyer and partner in the law firm Campbell & Co, and has also worked in the Bank's credit management department. She has worked for the Bank since 2008 and joined Group Management in 2019.

Business areas and support functions

SpareBank 1 Østlandet offers a wide range of financial products and services. The Bank has a unique competitive advantage thanks to its 175-year history and local knowledge about the market area i Innlandet, Oslo and Viken.

Customer areas

Retail market (RM)

RM serves our 340,000 retail customers. The Bank provides the financial services our customers need through our core activities, which include savings, financing, money transfer services, insurance, accident prevention, and capital and investment management. This has been particularly important during the difficult past year. The enquiries have been numerous, and during the busiest periods the Bank has had to allocate extra resources and take extraordinary measures to relieve the situation.

Corporate market (CM)

CM serves our 25,000 corporate customers, which are mainly small and medium-sized enterprises, public sector customers, and clubs, teams and associations. An important part of the Bank's contribution to society involves financing good projects that stimulate job growth and development, which in turn contributes to local prosperity in our market area and makes the region more attractive.

CM offers financing for investments and operations, advice, money transfer services in Norway and abroad, interest rate and currency hedging, investment of surplus liquidity, and insurance cover for people and commercial buildings and property. In much of what it does it works closely with RM, SpareBank 1 Markets, and subsidiaries and associated companies that offer leasing, factoring, accounting and advisory services. The division has specialists within insurance, pensions and money transfer services.

Organisation market and capital market

The capital market division serves high-net-worth individuals and companies, providing good advice and solutions to achieve risk-adjusted returns on free capital. The Bank's brokerage desk helps to ensure that the needs of import and export companies for foreign currency are met. It also helps customers identify a significant proportion of their currency and interest rate risk.

The organisation market (OM) serves the Norwegian Confederation of Trade Unions (LO) and LO affiliated associations and unions, which are important partners, owners, investors and customers. The department works closely with elected representatives in our market area in which OM's role is to highlight, present and train elected representatives and LO members in LO's advantage programme, including LOfavør residential mortgages.

Staff and support functions

The Group's support areas are responsible for tasks and services within economy and finance, HR and legal, communications, innovation and business development, risk management and compliance, organisation market and capital market, and business operations.



Kjell Inge Bækken, Regional Bank Manager for the retail market in Østerdalen.

Corporate governance

SpareBank 1 Østlandet reviews its corporate governance principles and how they are functioning in the company every year. The Bank provides an account of this in accordance with the Accounting Act, section 3-3b, and the Norwegian Code of Practice for Corporate Governance.

§ 3-3b of the Accounting Act

Below is a description of how the Accounting Act § 3-3b, 2nd paragraph, is covered in SpareBank 1 Østlandet. The division refers to the numbering in the paragraph.

The Accounting Act § 3-3b Statement on Corporate Governance		Comments/statements
1	Recommendations and regulations on corporate governance that the company is covered by or otherwise chooses to follow	Principles and practices for corporate governance in SpareBank 1 Østlandet are based on Norwegian law. The group follows the Norwegian Code of Practice for Corporate Governance. Reference is made to NUES point 1 below.
2	Information on where recommendations and regulations as mentioned in no. 1 are publicly available	The recommendation for corporate governance is available at nues.no.
3	Justification for any deviations from recommendations and regulations as mentioned in no. 1	Any deviations from the Code of Practice have been commented on during the report on how the Code of Practice is complied with.
4	Description of the main elements of the company's, and for accounting entities that prepare consolidated accounts, possibly also the group's, systems for internal control and risk management related to the financial reporting process	See the report on NUES section 10 below.
5	Provisions of the Articles of Association that completely or partially extend or deviate from the provisions of the Public Limited Liability Companies Act, Chapter 5	See the report on NUES section 6 below.
6	Composition of board of directors, corporate assembly, supervisory board and control committee; any working committees for these bodies as well as a description of the main elements of the current instructions and guidelines for the bodies 'and any committees' work	See the report on NUES section 6, 7, 8 below.
7	Provisions of the articles of association that regulate the appointment and replacement of board members	See the report on NUES section 8 below.
8	Provisions of the articles of association and authorizations that give the board the right to decide that the company shall repurchase or issue own shares or equity certificates	See the report on NUES section 3 below.



Catherine Norland is full-time union representative and Deputy Head of LO Finance Østlandet. Oslo.

Norwegian Code of Practice for Corporate Governance

The description below describes how the 15 points in the Norwegian Code of Practice for Corporate Governance of 17 October 2018 have been followed up in SpareBank 1 Østlandet.

NUES Code of Practice		Deviations
1	Implementation and reporting on corporate governance	None
2	Business	None
3	Equity and dividends	None
4	Equal treatment of shareholders and transactions with close associates	None
5	Shares and negotiability	None
6	General meetings	SpareBank 1 Østlandet complies with the laws and regulations that regulate the composition of governing bodies in financial institutions.
7	Nomination committee	All members of the nomination committee for the Supervisory Board are elected from the groups represented on the Supervisory Board, in accordance with the Articles of Association. At this time expanding the committee by one member from outside the Supervisory Board has not been considered.
8	Board of directors: composition and independence	None
9	The work of the Board of Directors	None
10	Risk management and internal control	None
11	Remuneration of the Board of Directors	None
12	Remuneration of executive personnel	None
13	Information and communications	None
14	Take-overs	Statutory ownership restrictions
15	Auditor	None

1. Implementation and reporting on corporate governance

There are no significant deviations between the Code of Practice and compliance with the Code of Practice in SpareBank 1 Østlandet.

SpareBank 1 Østlandet has adopted a corporate governance policy and will continue to develop it within the framework of relevant laws and in line with key recommendations.

The corporate governance policy is designed to ensure the prudent management of its assets and increase confidence that stated objectives and strategies will be realised. Good corporate governance in SpareBank 1 Østlandet encompasses the values, goals and overarching policies according to which the company is

governed and controlled with a view to securing the interests of owners, customers and other stakeholder groups. The company complies with the Norwegian Code of Practice for Corporate Governance to the extent appropriate for savings banks with equity capital certificates. Any deviations from the Code of Practice are accounted for below.

The company has emphasised some factors, as described below:

- A structure that ensures targeted and independent governance and control
- Systems that ensure measurement and accountability
- Effective risk management
- Holistic information and effective communication

- Treating equity capital certificate holders equally and maintaining a balanced relationship with other stakeholders
- Complying with laws, rules and ethical standards

Employees of SpareBank 1 Østlandet shall be known for their high ethical standards. This means that employees must conduct themselves in a manner that ensures that they are viewed as trustworthy, honest and straightforward people, and people who comply with the norms, laws and rules that apply in society. SpareBank 1 Østlandet's Code of Conduct covers, among other things, impartiality, relationships with customers, suppliers and competitors, and relevant situations regarding employees' personal finances. The guidelines apply to board members as well as all permanent and temporary employees. Securities trading and own trading in financial instruments are regulated by internal guidelines.

Deviations from point 1 of the Code of Practice: None

2. Business

SpareBank 1 Østlandet is an independent financial services group and a member of the SpareBank 1 Alliance. The company's vision is 'Creating together'. According to the Articles of Association, the purpose of the business is to promote savings by accepting deposits from an unrestricted group of depositors; provide services to the public, business community and public sector; and manage the funds under the company's control in a prudent manner in accordance with the statutory rules that apply to savings banks at any given time. The company can carry out regular banking operations and banking services in accordance with legislation in force at any given time. The Articles of Association are available from the company's website.

The company's business idea is to provide financial advice to retail customers, companies and the public sector in its primary market area, which includes Innlandet County, Oslo and Akershus, so that customers can realise their ambitions through investments, savings, payments and life and non-life insurance. The company also provides real estate brokerage, leasing and accountancy services. We intend to contribute to the growth and development of the community of which we are a part, based on good customer experiences and proficient employees.

The Board of Directors of SpareBank 1

Østlandet is responsible for, and leads, the company's strategic planning. It also makes decisions that provide a basis upon which the company's management can prepare and implement investments and structural measures. Goals, strategies and risk profiles are assessed at least annually.

The company's Code of Conduct is available from the company's website.

SpareBank 1 Østlandet wishes to contribute to sustainable social development through responsible business operations. This entails, among other things, addressing ethical, environmental and social considerations. The Group has, therefore, developed its own strategy for corporate social responsibility (CSR) and sustainability.

Corporate social responsibility and sustainability are integral to the company's operations in the form of strategies, measures and activities that the company plans and implements. This is expressed through how we manage the resources under our control and our dialogues with employees, owners, customers, suppliers, local communities and other stakeholders.

The company has dedicated web pages for corporate social responsibility and sustainability. For more information see the chapter on corporate social responsibility and sustainability in the annual report.

The company's goals and main strategies must be set out in the annual report.

Deviations from point 2 of the Code of Practice: None

3. Equity and dividends

The Board of Directors continuously assesses the capital situation in light of the company's goals, strategies and desired risk profile. SpareBank 1 Østlandet has a long-term target for the Common Equity Tier 1 capital of 16 per cent.

The company's Pillar 3 report, which is available from the company's website, provides detailed information on capital adequacy (see relevant note in the annual report) and describes the rules for capital adequacy and the principles upon which SpareBank 1 Østlandet bases assessments of its capital requirements.

Dividends

The company must have a clear and predictable dividend policy at all times, determined by the Board. The dividend policy provides the basis for the dividend pro-

Corporate social responsibility and sustainability are integral to the company's operations in the form of strategies, measures and activities that the company plans and implements.

posals the Board presents to the Supervisory Board. The dividend policy is published on the company's website.

Each year, the Supervisory Board approves the proportion of the profit after tax that will be allocated to equity capital certificate holders and primary capital as dividends, based on their respective shares of the equity. The share allocated to primary capital is normally paid out to customers via annual customer dividends. The customer dividends arrangement prevents the dilution of the equity capital certificate holders' ownership interest. The equity capital certificate holders' share of the profit is divided between dividends and the dividend equalisation fund.

Deficits

Any deficit in the income statement for the last financial year must first be covered by a transfer of funds from primary capital, including the endowment fund, and thereafter equity certificate capital that exceeds the equity certificate capital stipulated in the Articles of Association, including the equalisation fund. Deficits not covered by this must be covered by a transfer of funds from the share premium reserve and thereafter by reducing the equity certificate capital stipulated in the Articles of Association.

Purchases of own equity capital certificates

The Board has been granted authorisation to purchase the Bank's own equity capital certificates up to a limit of 5 per cent of the Bank's equity capital certificate capital. Each equity capital certificate should be purchased for a price between NOK 50 and NOK 150. The Board is free to decide how the acquisition, pledging, or disposal of equity capital certificate will take place.

Capital increases

The Board holds the authority to increase the equity certificate capital pursuant to section 10-10 (2) of the Financial Institutions Act, see also the Public Limited Liability Companies Act, section 10-14 (2). The equity certificate capital can in one or more rounds be raised up to an amount equivalent to 10 per cent of the Bank's equity certificate capital. The nominal value is NOK 50 per equity capital certificate. The equity capital certificate holders' preferential rights can be waived. The authorisation can be used to strengthen the Bank's equity if necessary, issue equity capital certificates as remuneration when acquiring business consistent with the purpose of the Bank, or in connection with the sale of equity capital certificates to employees and/or employee representatives. The authorisation covers the increase of equity certificate capital in

assets other than cash or the right for the Bank to assume certain obligations in accordance with § 10-2 of the Public Limited Liability Companies Act, but not decisions concerning mergers in accordance with § 13-5 of the Public Limited Liability Companies Act. The authorisation replaces earlier authorisations to increase the equity certificate capital and is valid until the 2020 meeting of the Supervisory Board, although not after 30 June 2020.

Deviations from point 3 of the Code of Practice: None

4. Equal treatment of shareholders and transactions with close associates

SpareBank 1 Østlandet has one class of equity capital certificates. In the Articles of Association and in the work of the Board and the Group Management there is an emphasis on treating all equity capital certificate holders equally and giving them the same opportunity to exercise influence. All equity capital certificates confer an identical voting right. Equity capital certificate holders who hold more than 10 per cent of issued equity capital certificates are entitled to representation in the equity capital certificate holders' nomination committee. The company abides by provisions of the Financial Institutions Act that regulate holdings and voting rights insofar as these provisions apply to savings banks with equity capital certificates.

If equity certificate capital is increased, existing owners shall have pre-emptive rights unless special circumstances call for deviations from this rule. Any such deviation will be explained. SpareBank 1 Østlandet will at irregular intervals have the opportunity to launch private placements towards employees with the purpose of strengthening employees' ownership of the company and interest in the company's capital instrument. Any exercise of the Board's authorisation to acquire treasury certificates shall be by trading on the securities market via the Oslo Børs.

Transactions with close associates

Not insignificant transactions between SpareBank 1 Østlandet and equity capital certificate holders should be subject to a valuation by an independent third party. This does not apply when the Supervisory Board processes the transaction in accordance with the Public Limited Liability Companies Act's rules on agreements with close associates and intra-group transactions. According to the law, the

Supervisory Board has to approve certain agreements between the company and equity capital certificate holders when the consideration amounts to more than one-twentieth of the equity capital at the time of the acquisition. In connection with this the Board has to ensure that an independent expert, such as a state-authorised or registered auditor, prepares a statement of the agreement/assets, etc.

Deviations from point 4 of the Code of Practice: None

5. Shares and negotiability

The company's equity capital certificate is quoted on the Oslo Børs under the SPOL ticker symbol and is freely transferable. The Articles of Association contain no restrictions on transferability.

Deviations from point 5 of the Code of Practice: None

6. General meetings

A savings bank is basically a self-owning institution. Its governance structure and the composition of its governing bodies differ from those of public limited liability companies; see the Financial Institutions Act, chapter 8 on the governing bodies a savings bank is required to have.

Supervisory Board (general meeting)

The company's supreme body is the Supervisory Board. This comprises equity capital certificate holders, depositors, employees and representatives of the

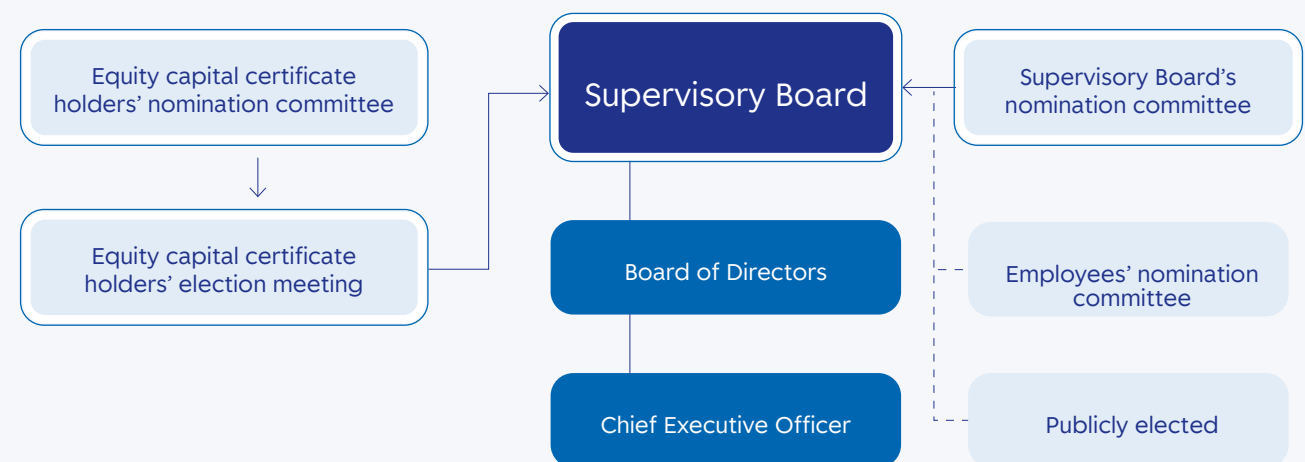
public authorities. The equity capital certificate holders have 12 members in the Supervisory Board. Depositors, employees and public sector representatives have 14, 10 and 4 members, respectively.

The Supervisory Board must ensure that the Bank operates in line with its purpose and in compliance with the law, the Articles of Association and decisions of the Supervisory Board.

According to the legislation, elected members shall in aggregate reflect the savings bank's customer structure and other groups of stakeholders as well as its social functions. In a savings bank that has issued freely transferable equity capital certificates, at least one fifth and no more than two fifths of the members of the Supervisory Board can be elected by the equity capital certificate holders.

The Supervisory Board approves the company's annual accounts, gives authority to the Board for subordinated loan issues and equity capital increases, as well as electing members to the company's Board and the nomination committee. Moreover, the Supervisory Board determines the remuneration of these governing bodies. The members of the Board, the company CEO and the auditor are also summoned to meetings of the Supervisory Board. They may participate in the proceedings but are not entitled to vote. The Supervisory Board chair or, in the latter's absence, the deputy chair presides over the meeting.

Governing bodies and electoral structure in SpareBank 1 Østlandet



Deviations from point 6 of the Code of Practice: SpareBank 1 Østlandet complies with the laws and regulations that regulate the composition of governing bodies in financial institutions. These deviations are not deemed to entail any real difference in relation to the Code of Practice.

If a member of the Supervisory Board is not able to attend the meeting, a deputy member will be summoned. Equity capital certificate holders cannot be represented at meetings by a proxy.

Notice of meetings of the Supervisory Board must be sent to its members and be available on the Bank's website at least 21 days before the meeting. The goal is that proposed resolutions and case documents that are dispatched should be sufficiently detailed to enable the members of the Supervisory Board to take a position on the matters to be considered. Minutes of the meetings of the Supervisory Board are also made available on the Bank's website.

A list of members of the Supervisory Board can be found on the company's web pages.

Equity capital certificate holders' election meeting

An annual election meeting must be held for equity capital certificate holders in which representatives to the Supervisory Board are elected and information is provided about the company's financial situation. Equity capital certificate holders must be invited to the election meeting at least 14 days prior to the meeting. The invitation must include the nomination committee's recommendations regarding members to the Supervisory Board as well as other relevant material.

Those registered as equity capital certificate holder in the VPS register are entitled to vote. Each equity capital certificate gives the right to one vote. Anybody with a right to vote has the right to stand for election. All equity capital certificate holders can participate in the meeting and voting by proxy is allowed.

The election meeting is chaired by the chair of the Supervisory Board. Voting happens in writing unless all participants agree that voting can be conducted differently.

7. Nomination committee

In accordance with the Articles of Association of SpareBank 1 Østlandet, nomination committees have been established for depositors and for equity capital certificate holders. Employees also have a nomination committee for their representatives.

Nomination committee for the Supervisory Board

The Supervisory Board must elect a nomination committee from among its members. The nomination committee

shall consist of five members and five substitute members. The nomination committee consists of one representative from the equity capital certificate holders, publicly elected representative and employees, respectively, and two representatives from the depositors, as well as substitute members from each group. The representative of the equity capital certificate holders in the nomination committee shall be a member of the nomination committee for the equity capital certificate holders.

In connection with the elections, the committee must strive to ensure that the composition is based on qualifications and gender. The task of the committee is to prepare elections for the chair and deputy chair of the Supervisory Board, the chair, deputy chair, other members and substitute members of the Board of Directors as well as members and substitute members of the nomination committee for the Supervisory Board. The committee is also tasked with reviewing and suggesting changes where relevant in the remuneration for members of the respective bodies.

The Supervisory Board's nomination committee prepares the depositors' election of members and substitute members to the Supervisory Board. The election shall be a digital election voted in by depositors. The recommendations of the nomination committee shall be presented at the latest two weeks before the depositors' election takes place.

Nomination committee for the equity capital certificate holders

The nomination committee prepares the equity capital certificate holders' elections of members and substitute members to the Supervisory Board. Elections are held at the election meeting of the equity capital certificate holders.

In addition, the committee shall prepare elections of members and substitute members to the nomination committee for the equity capital certificate holders. Members of the committee are elected by and from among the 12 members of the equity capital certificate holders that are represented on the Supervisory Board. The nomination committee shall have four to six members and the same number of substitute members.

Nomination committee for the employees

Employees elected as members of the Supervisory Board must be elected by and from among the employees of the company.

The Board appoints the nomination committee, consisting of four members. The committee is composed of three members proposed by the employees and one member proposed by Group Management.

Deviations from point 7 of the Code of Practice: All members of the Supervisory Board's nomination committee are elected from the groups represented on the Supervisory Board, in accordance with the Articles of Association. At this time expanding the committee by one member from outside the Supervisory Board has not been considered.

8. Board of directors: composition and independence

The Board consists of eight regularly attending members and six substitute members, of which the substitute member of the Norwegian Confederation of Trade Unions (LO) attends regularly.

The Board is appointed by the Supervisory Board based on the recommendations of the nomination committee with the exception of board members and substitute members who are elected by employees. Moreover, one member and one substitute member shall represent LO.

Four of the Board's eight members are women. The Group CEO is not a member of the Board of Directors. A regularly attending substitute member of LO also attends Board meetings. None of the board members elected by the Supervisory Board have any employment or contractor relationship with the company beyond their position as an elected officer. The nomination committee has assessed the independence of board members.

Board members are appointed for 2 years at a time. The chair and deputy chair shall be elected by the Supervisory Board in special elections.

Substitute members are appointed for one year at a time.

The composition of the Board must take into account expertise, capacity and diversity. The background of each board member is also described in the annual report and on the company's website.

The nomination committee shall ensure that the composition of the Board is such that members' qualifications satisfy the Financial Institutions Act's provisions

regarding suitability.

The Board meets a minimum of 11 times each year, and the members' attendance at meetings of the Board is described in the annual report.

Deviations from point 8 of the Code of Practice: None

9. The work of the Board of Directors

The work of the Board is regulated by special instructions for the Board's work and procedures, and annual plans are prepared for the work of the Board. The Board manages the company's operations in compliance with laws, the Articles of Association and resolutions of the Supervisory Board. The Board is responsible for ensuring that the funds under the control of the company are managed in a safe and appropriate manner. The Board is also required to ensure that accounting and asset management are subject to satisfactory control. In addition, the Board adopts the company's strategy, budget, and market and organisational objectives. The Board appoints and dismisses the Group CEO.

The Board's instructions stipulate that a board member is barred from participating in the consideration of, or decision on, any matter whose significance to him/herself or to any close associate is such that the member must be regarded as having, directly or indirectly, a particular personal or financial interest in the matter. The same follows from the company's Code of Conduct. Each board member is obliged to personally verify that he or she is not disqualified from participating in the consideration of a matter.

At the beginning of each meetings, the Board must consider whether any member is disqualified from participating.

Any agreement between the company and a board member or the Group CEO must be approved by the Board. The Board must also approve any agreement between the company and a third party in which a board member, close associates or the Group CEO has a particular interest. Board members are required to disclose on their own initiative any interest the individual or close associates concerned may have in deciding an issue. Unless the board member him/herself opts to refrain from consideration of, or making a decision on, a matter, the Board must determine whether the board member must refrain from participation. In such an assessment, all forms of personal, financial

The Board consists of eight regularly attending members and six substitute members, of which the substitute member of the Norwegian Confederation of Trade Unions (LO) attends regularly.

or other interests of the board member must be considered, as must the need for public trust in the Board's decisions and the company's operations. The Board's assessments of legal impartiality must be duly recorded.

The Board receives regular reports on financial performance, market developments, management, personnel and organisational developments, as well as developments regarding the company's risk exposure. The Board conducts an annual evaluation of its work with respect to how it functions, administrative procedures, meeting structure, and the prioritisation of tasks, providing a basis for the implementation of changes and measures. The expertise of the Board is also evaluated.

Audit Committee and Risk Committee

The Board has established an Audit Committee and a Risk Committee, consisting of three to four members from the Board. Members are appointed for a period of 2 years. The Audit Committee and Risk Committee are preparatory and advisory working committees for the Board and are tasked with making assessments of selected issues, thereby improving the considerations of the Board. The Board establishes instructions for the Audit Committee and Risk Committee.

The duties of the Audit Committee are regulated by the Financial Institutions Act, section 8-19.

The Audit Committee is tasked with preparing the Board's follow-up of the financial reporting process, as well as expressing an opinion on the choice of auditor. The committee must maintain ongoing contact with the auditor concerning the auditing of the annual financial statements, and evaluate and monitor the independence of the auditor, including the extent to which services other than auditing provided by the auditor or firm of public accountants pose a threat to their independence and objectivity.

The Risk Committee's duties are regulated by the Financial Institutions Act, section 13-6 (4).

The Risk Committee is tasked with preparing for consideration matters relating to the Board's monitoring and management of overall risk and assessing the extent to which management and control arrangements have been adapted to the company's relative risk level. The committee is tasked with monitoring the internal control systems, including the company's internal auditing and Code of Conduct.

Remuneration Committee

The Board has established a Remuneration Committee which is tasked with being a preparatory body and assisting the Board with setting the terms and conditions of employment for the Group CEO of SpareBank 1 Østlandet, as well as the main principles and strategy for remuneration of the company's Group Management.

The committee consists of three members from the Board with each appointed for one-year terms. One of the members shall be an employee representative. The Board appoints the chair and establishes the mandate of the Remuneration Committee.

The committee is tasked with being a preparatory body for the Board in matters relating to the design and practice of guidelines and framework for the company's remuneration policy. The policy is designed to promote sound management and control of the company's risk, discourage excessive risk taking, encourage a long-term perspective, contribute to the avoidance of conflicts of interest and ensure compliance with applicable laws and regulations.

The duties of the Remuneration Committee regulated by the Financial Institutions Act, section 15-4 (2).

Deviations from point 9 of the Code of Practice: None

10. Risk management and internal control

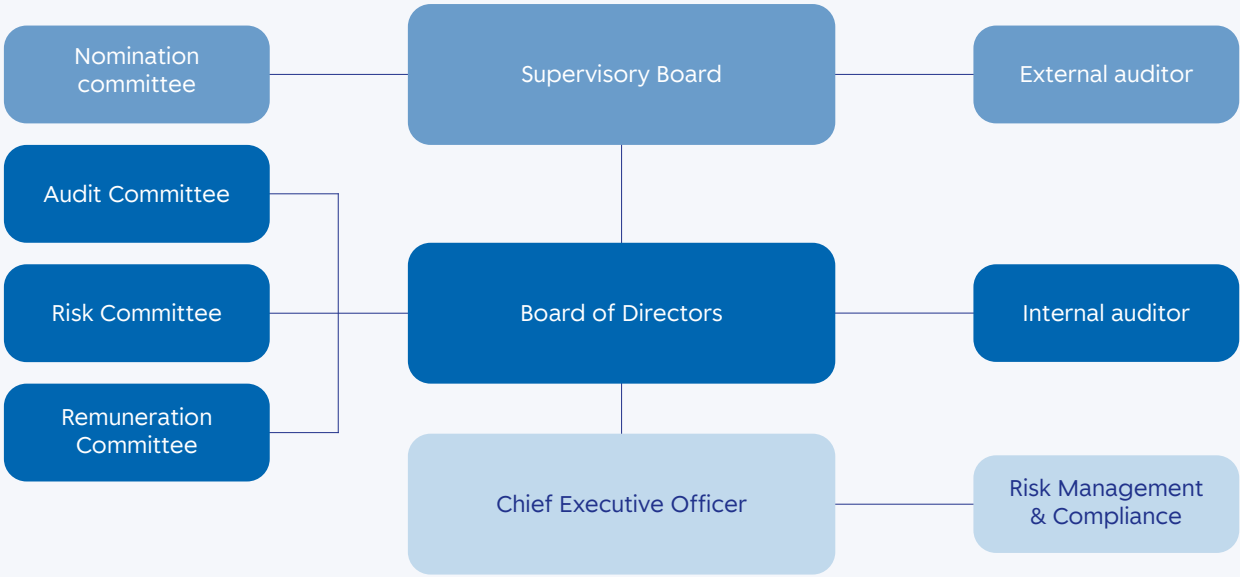
Sound risk and capital management are central to SpareBank 1 Østlandet in terms of long-term value creation. Internal control aims to ensure efficient operation and proper management of risks of significance for the attainment of business goals.

The company's Pillar 3 Report contains a description of risk management and capital management. The report is available on the company's web pages.

SpareBank 1 Østlandet aims to maintain a moderate to low risk profile and to apply risk monitoring of such high quality that no single event will seriously impair the company's financial position. The company's risk profile is established through policy documents for different risk areas and quantified through targets for internal rating, return on equity return, and Common Equity Tier 1 ratio.

The Board reviews the company's development in the main risk areas on a quarterly basis and reviews the internal control system on an annual basis. The

Risk management and control bodies



Deviations from point 10 of the Code of Practice: None

Board of SpareBank 1 Østlandet has the main responsibility for setting limits to and monitoring the company's risk exposure. The company's risks are measured and reported in accordance with the principles and policies adopted by the Board. Risk management at SpareBank 1 Østlandet underpins the company's strategic development and goal attainment, and shall ensure financial stability and sound asset management.

The department for Risk management and compliance reports to the Board and the company management on a quarterly basis.

Internal control in relation to financial reporting

The department for Finance is headed by the chief finance director (CFO) and is organised independently of the business areas. The unit attends to financial reporting at both Parent Bank and group level, and sees to it that reports are made in accordance with applicable legislation, accounting standards and the company's accounting policies. The CFO reports directly to the Group CEO.

The external auditor conducts a full audit of the company's annual financial statements.

Internal audit

The internal audit function is a tool used

by the Board and the administration to oversee that the risk management process is targeted, effective and functions as intended. Internal audit services for the company are outsourced and these services cover the parent bank and subsidiaries subject to risk management and internal control regulations.

The internal audit function reports semi-annually to the Board, which adopts annual plans and budgets for the internal audit function. The internal audit's reports and recommendations are reviewed and improvements implemented on a continuous basis.

Ethics and whistleblowing

Ethical guidelines have been drawn up for the company, and ethics is a standard topic at seminars for all new staff members. In addition, the company organises a week of ethics, where all employees participate in discussions focussed on relevant ethics topics. This helps to ensure that the company's values and ethical guidelines are properly communicated and made known throughout the organisation. Clear guidelines have been established for internal communication should an employee learn about matters that conflict with external or internal rules or other matters that could harm the company's reputation or financial situation. Ethical guidelines are available on the company's web pages.

Deviations from point 10 of the Code of Practice: None

11. Remuneration of the Board of Directors

The board members' remuneration recommended by the nomination committee and adopted by the Supervisory Board is not performance-related and no options are issued to board members. The Chair of the Board is remunerated separately, and members participating in board committees receive remuneration for doing so. None of the board members appointed by the Supervisory Board perform tasks for the company beyond serving on the Board of Directors. Further information on remuneration of the Board, Audit Committee and Remuneration Committee is provided in note 22 in the annual report.

Deviations from point 11 of the Code of Practice: None

12. Remuneration of executive personnel

The company has established a remuneration policy that is in accordance with the company's overarching objectives, risk tolerance and long-term interests. The policy has been adopted by the Board and presented to the Supervisory Board. The policy is designed to promote sound management and control of the company's risk, discourage undesirable risk taking, contribute to the avoidance of conflicts of interest and ensure compliance with applicable laws and regulations. The company's remuneration policy includes special rules for executive personnel, other employees and employee representatives with duties of significant importance to the company's risk exposure. This also includes employees and employee representatives with control duties, ref. requirements in the Regulation on Remuneration Arrangements in Financial Institutions, Investment Firms and Management Companies.

The Board has appointed a Remuneration Committee which acts as a preparatory body for the Board in cases relating to the compensation of the company CEO. The committee also recommends guidelines for the remuneration of executive personnel to the Board. The Board establishes the mandate for the Remuneration Committee. See also the account of the Board's Remuneration Committee under point 9.

A description of the remuneration scheme and the remuneration of the CEO and

Management is provided in note 22 to the annual report.

Deviations from point 12 of the Code of Practice: None

13. Information and communications

The company's information policy is based on an active dialogue with various stakeholders with a focus on openness, predictability and transparency. The practices surrounding transparency and the disclosure of information must comply with the Code of Conduct and the Financial Institutions Act, sections 9-6 and 9-7, with those limitations that follow from the duty of non-disclosure and stock exchange rules at any given time.

Correct, relevant and timely information about the company's development and results is intended to reinforce our credibility in the eyes of investors. SpareBank 1 Østlandet has special web pages for investor relations. The financial calendar, annual and interim reports, presentation material and company announcements are all made available on the investor relations pages. All price-sensitive information is published in both Norwegian and English.

In addition to the investor relations web pages and company announcements, information is communicated to the market via regular presentations to partners, lenders, and investors. All reporting is based on openness and the equal treatment of financial market participants. The Board has adopted an IR policy which is available on the company's webpages.

Deviations from point 13 of the Code of Practice: None

14. Take-overs

SpareBank 1 Østlandet is a partly 'self-owned' institution which cannot be taken over by others through acquisition without consideration of the matter by the company's governing bodies. As set out in the foundation's articles of association, Sparebankstiftelsen Hedmark's stake shall represent more than one third of the equity capital certificates at all times. A savings bank's ownership structure is regulated by law, and approval from the Norwegian Financial Supervisory Authority must be granted for stakes higher than 10 per cent of the equity certificate capital. An overview of the largest equity capital certificate holders in SpareBank 1 Østlandet can be found on the company's web pages.

Deviations from point 14 of the Code of Practice: Statutory ownership restrictions.

15. Auditor

An external auditor is appointed by the Supervisory Board based on the recommendation of the Audit Committee and recommendation of the Board. The same auditor is used for all of the companies in the Group. The external auditor performs the statutory confirmation of the financial information provided by the companies in their public financial statements. Each year, the external auditor presents a plan for the audit work to the Audit Committee. The external auditor attends meetings of the Board at which the annual financial statements are reviewed as well as meetings of the Audit Committee where the accounts are reviewed.

The Board holds a minimum of one meeting each year with the external auditor without the Group CEO or others from Group Management being present. Guidelines have been established for the day-to day management team's right to

utilise the external auditor for non-audit services. Any such services from the external auditor must at all times be within the scope of the Auditors Act, section 4-5. The Supervisory Board approves the remuneration of the external auditor for auditing and any other services.

The external auditor provides the Audit Committee with a description of the main elements of the audit for the previous accounting year, including whether any significant weaknesses have been identified in the Bank's internal control related to the procedures for financial reporting and suggested improvements. In addition, the auditor confirms his independence and discloses whether any services other than the statutory audit have been delivered to the company over the course of the accounting year.

Deviations from point 15 of the Code of Practice: None.

Equity investments and sustainability monitoring

The Bank has stakes in 38 companies, six of which are subsidiaries. Two of the subsidiaries are pure property companies without employees and with their operations integrated into the banking operations. Here, the Bank's guidelines for sustainability and corporate social responsibility apply in full.

Four of the subsidiaries operate independent businesses within property management, financing/leasing and accounting/analysis. Group Management reviews these companies' operations on an annual basis. During these reviews, corporate social responsibility and sustainability are on the agenda as one of four pillars along with strategic position, profitability and interaction. The four subsidiaries have prepared their own strategies and guidelines for the area of sustainability based on the Group's framework.

10 of the 38 businesses are SpareBank 1 Alliance companies the Bank works closely with in all relevant governance areas, including environmental and social matters.

In the other 22 companies, the Bank's ownership is less active. Through the framework for corporate governance, the Bank's goal is to contribute to ensuring that the individual company's core values and guidelines for corporate social responsibility and sustainability matches the owners' core values. Any exercise of ownership takes place through boards, general meetings and other meetings of owners. In 12 of these investments, the Bank owns a very small stake, all valued at less than NOK 1.5 million).

All 38 companies are deemed to pass (negative) screening by a good margin.

CHAPTER 2.2

8 DECENT WORK AND
ECONOMIC GROWTH

Business description

The level of activity in the Bank was high throughout 2020. Despite the special challenges due to the Covid-19 pandemic, we experienced good growth in both the retail and corporate markets.

On 13 March 2020, the Bank convened its crisis team in order to deal with the government imposed measures and their impact on the Bank's operations. A preparedness group had already been established in the first week of March and had been tasked with analysing the developing situation.

The crisis team includes a wide range of expertise and has throughout the pandemic made recommendations on how the Bank should actively contribute to the community effort aimed at limiting the spread of infection, safeguarding employees' lives and maintaining proper operations.

The crisis team has met at least once a week and has referred work in the crisis

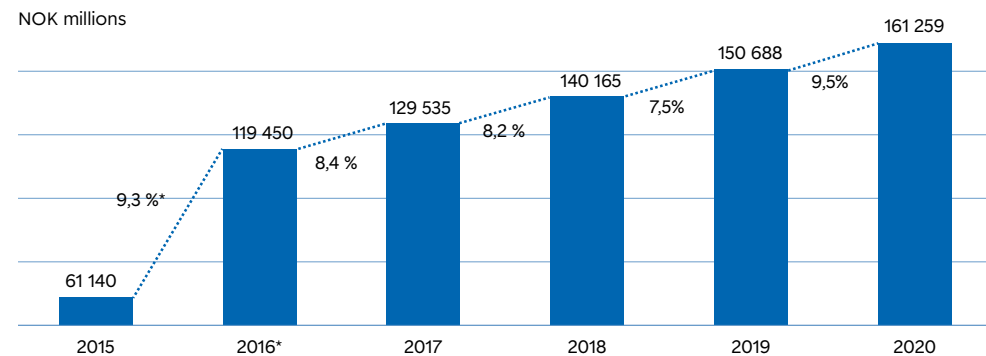
team to the crisis management team on a weekly basis. Complicated issues have been continuously brought before the crisis management team for a decision.

In consultation with the crisis management team and relevant divisions, the crisis team has ensured all employees, customers and media receive continuously updated information about relevant factors. The Bank has thus fulfilled its corporate social responsibility, demonstrated great adaptability and been available to customers throughout the period despite reduced operations in physical channels.

This is also evident from the Bank's overall lending and deposit growth in 2020, see the figures.

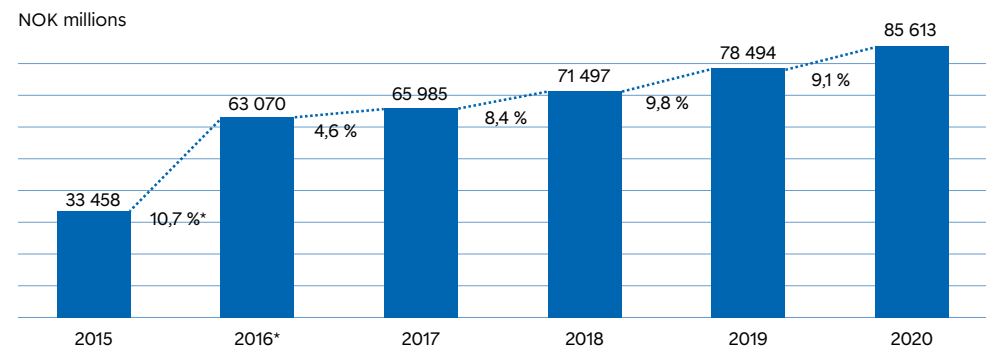
Lending, annual growth in %

NOK millions



Deposits, annual growth in %

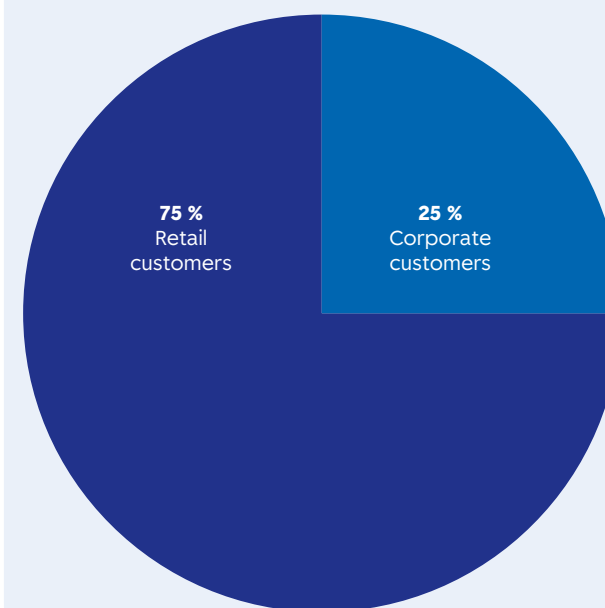
NOK millions



* The growth figures shown include Bank 1 Oslo Akershus as if it had been part of the Group in 2015.

The Bank's total loan portfolio

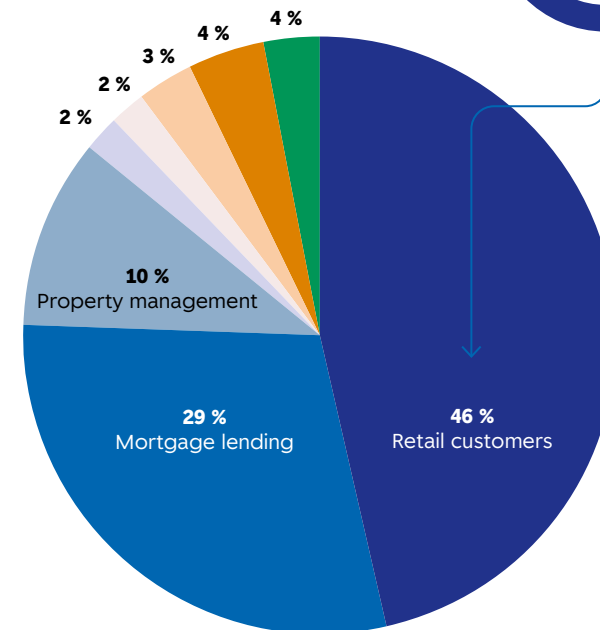
Distributed by retail customers and corporate customers



Distributed by retail customers and corporate customers, per sector

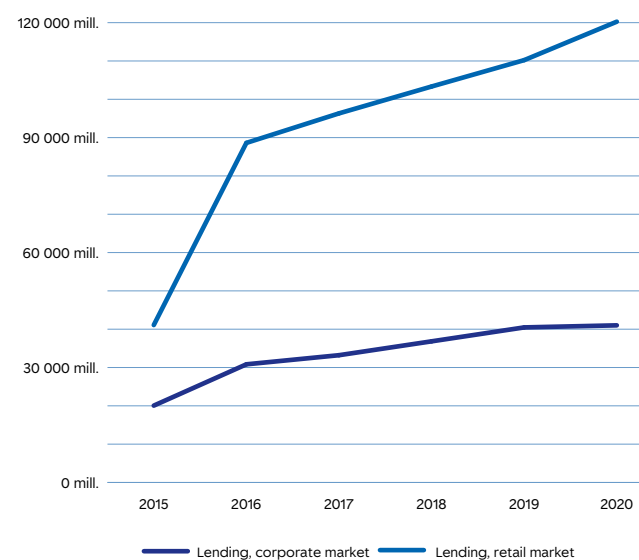
Percentage of loans with a social profile of total loan portfolio in the retail market. See more information in the chapter Responsible lending.

20 %

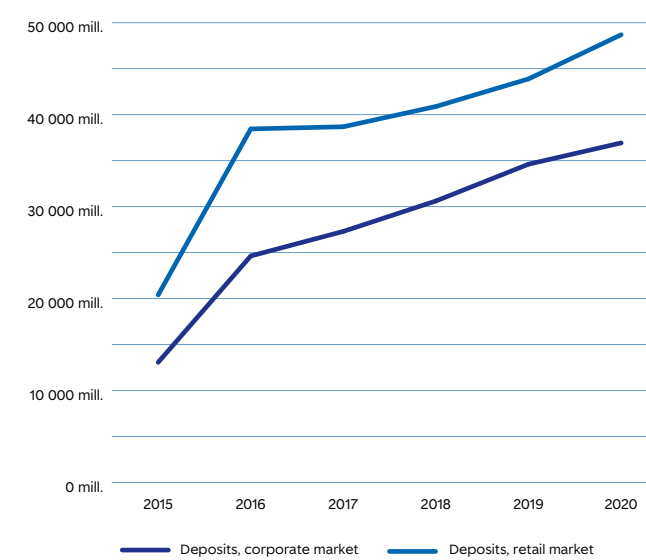


- Manufacturing/Utilities
- Wholesale and retail trade/Hotels and restaurants/Transport and communication
- Building and construction
- Public administration/Business services
- Agriculture and forestry/Primary industries

Lending in NOK millions, RM and CM



Deposits in NOK millions, RM and CM



The retail market (RM)

The retail market division was on the frontline when the coronavirus crisis hit the Bank and our customers in March 2020. We acted quickly, in line with the government guidelines, in order to help reduce the spread of Covid-19.

On 16 March, we temporarily closed our branches, while operations continued at full steam behind closed doors. We received many coronavirus-related enquiries and were there for our customers in a difficult situation. Read more about this and how we are integrating sustainability into the RM in the chapter on 'Responsible lending' on page 84.

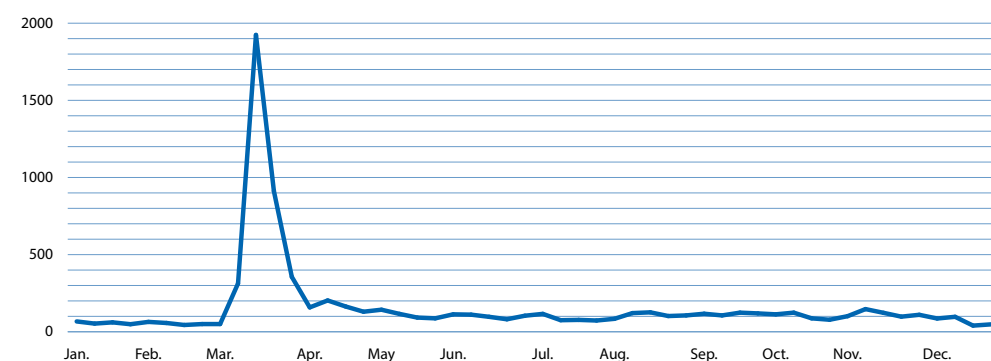
Many branches reopened in May, modified for the local infection situation. Infection control has generally been well addressed in all of our branches, which have made use of plexiglass, antibac, social distancing floor markings and continuous information initiatives.

A number of employees in RM have worked full-time or part-time from home since March and this has worked well. Good digital tools were vital in maintaining operations throughout the year. You can read more on page 64.

Interest rate changes

The Covid-19 situation led to a sharp drop in interest rates within a short space of time in the second quarter of 2020. Norges Bank cut its policy rate to 0 per cent for the first time ever. As a consequence of this, SpareBank 1 Østlandet cut its interest rates several times between mid-March and the end of May. We felt pressure from customers and other stakeholders to implement the rate cuts faster than usual and thus expedited the implementation of the new interest rates during the spring.

The retail market – towards a normalisation of the number of interest-only periods



Good growth in the division

For the year as a whole, the retail market division saw a large increase in new customers and loan applications. Despite the fact that society was in the midst of a pandemic, customers had less need for interest-only periods in the second half-year. Defaults on loans are also low.

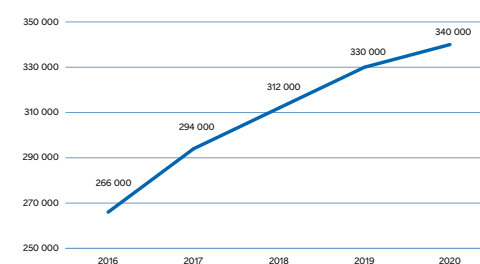
Customers and market position – RM

The Bank provides mortgages for LO's members based on a special agreement. This has contributed to more customers and more across-the-board sales. The agreement with LO contributed to significant customer growth in 2020. The growth in mortgage customers was highest in the young people aged 18-33 segment.

SpareBank 1 Østlandet is a market leader in the Glåmdalen, Østerdalen and Hedmarken regions. In these geographical areas, we generally maintained our customer shares in 2020.

At the same time, our customer shares increased in all of the areas where the Bank is a challenger, namely Oppland, Oslo, Asker and Bærum, Romerike and Follo.

Annual growth of retail customers

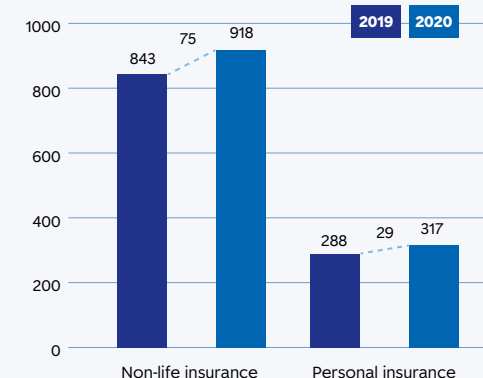


Non-life and personal insurance in the retail market

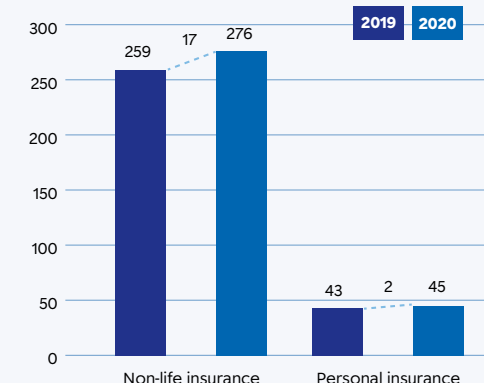
2020 joins the ranks of good years for the insurance segment in the retail market.

SpareBank 1 Østlandet is the Alliance bank with the highest sales volumes, in both non-life and personal insurance. We also have the best portfolio growth in personal insurance and second best in non-life insurance.

Insurance premium volume (NOK mill.)



Insurance sale volume (NOK mill.)



Savings growing

In 2020, customers' savings grew significantly, both in traditional bank saving accounts and in funds. The Bank's total deposits increased by almost 10 per cent. Both retail and corporate customers increased their liquidity in the past year. Many retail customers reduced their proportion of savings in fixed-rate deposit accounts and instead invested their funds in other bank savings plans, while corporate customer have more funds in

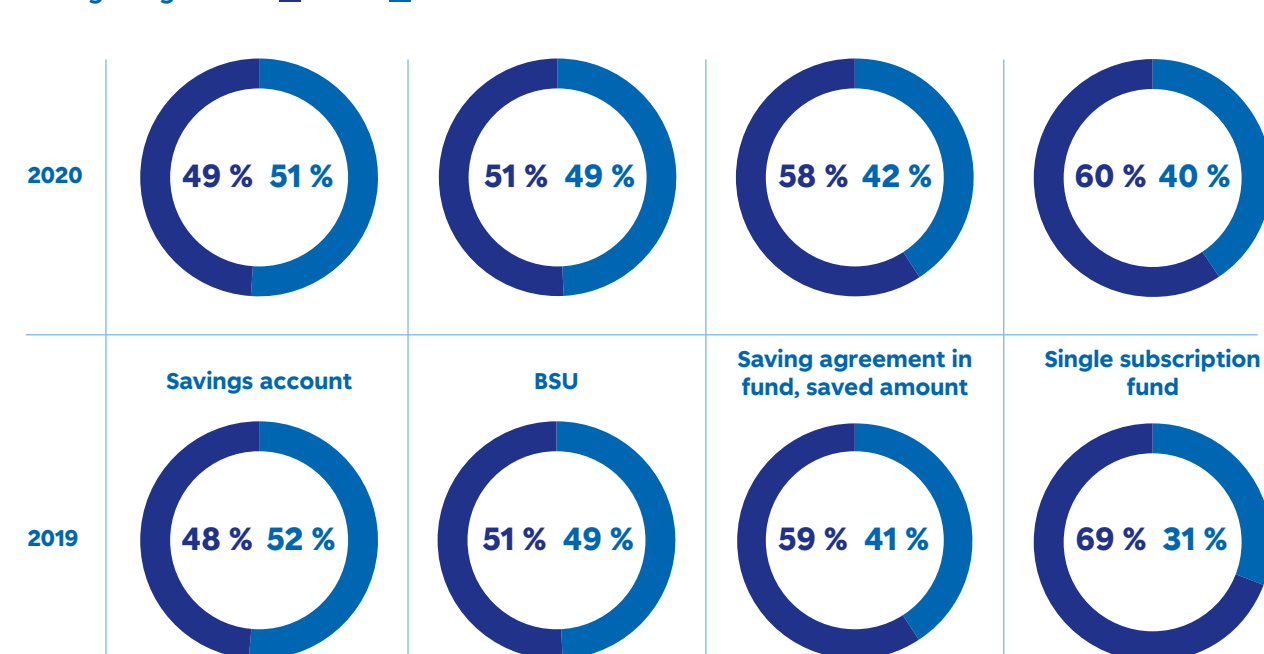
their operating accounts than before. Saving must be a natural continuation of the retail market segment.

Women were better at saving than men and female customers' share of total deposits increased slightly in the past year. Women's share of both fund savings agreements and single subscription funds also increased. Saving in funds and equities is increasing in popularity, among our customers and in the general market in Norway.

8 DECENT WORK AND ECONOMIC GROWTH



Saving and gender



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



15 LIFE ON LAND



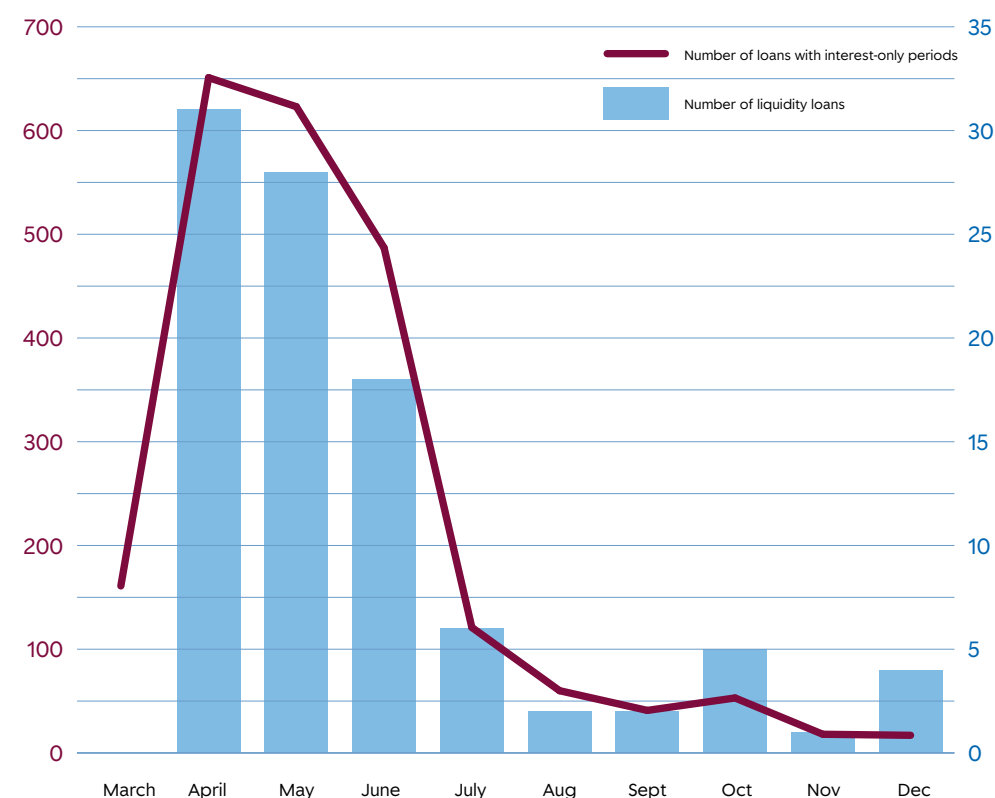
The corporate market (CM)

Over the past year, many corporate advisers have worked hard to help and provide advice to our many corporate customers impacted by Covid-19.

Interest-only periods and government guaranteed liquidity loans are two of the means we have used during the crisis. Read more about this in the chapter on 'Responsible lending' on page 87.

In line with the reopening of society, the situation has normalised to some extent. We received fewer applications for interest-only periods as the year passed and demand for liquidity loans was low and falling in the second half-year.

CM – less demand for liquidity loans and interest-only periods



Deposits and lending – CM

CM approximately achieved its target for deposit growth of 9 per cent in the past 12 months. Because of Covid-19, there has been a significant movement away from deposits subject to lock-in periods towards operating and current accounts.

Lending growth over the past 12 months has been more cautious, primarily attributable to the coronavirus situation. CM saw good growth up until March and was well ahead of its target for 12-month growth. However, when Norway closed down, we stopped accepting new corporate customers due to the

high level of uncertainty surrounding the consequences of the pandemic. We prioritised taking care of our existing customers and analysing their situations. Agriculture, construction and facilities have been largely unaffected by the pandemic, while tourism-related activities have been hit hard. In August, we started accepting new customers again, although a certain degree of caution in the market means that new growth is not making up for redemptions and repayments.

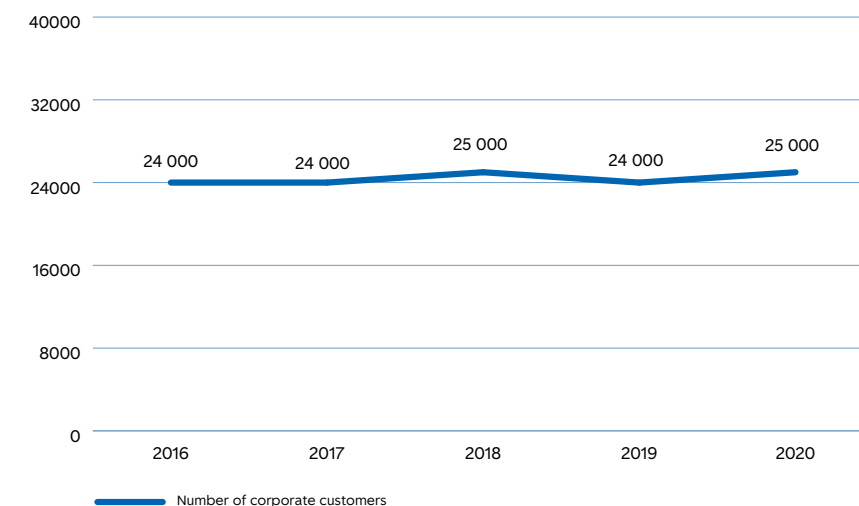
There has been a heavy focus on integrating sustainability into lending in CM. Read more about this in 'Responsible lending' on page 84.

Customers and market position – CM

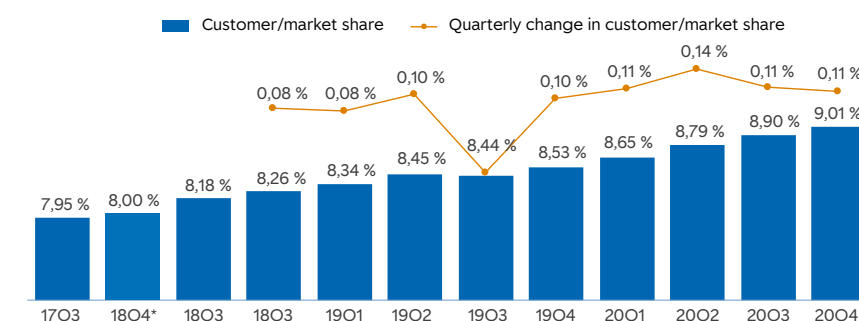
In 2020, the Bank registered around 1,000 new corporate customers and we continue to capture market shares. In terms of customer numbers, SpareBank 1 Østlandet has a market share of 9 per cent of the corporate market in the region. Weaker growth in the second half-year was in part due to a moratorium on accepting new customers needing loans between March and August. Our largest industries are real estate, followed by financing and insurance activities, with agriculture in third place. These three categories account for around 80 per cent of the volume in the corporate market division.

There are big regional differences in our market shares. The competition is fierce, and our market leader position is being challenged in the Hedmarken, Glåmdalen and Østerdalen regions. In the regions where we are a market leader, our relations with customers, often over many years, are an important success factor. Good digital solutions combined with advice when the customer needs it also have a positive result. In Oslo, Akershus and Oppland we are growing challenger.

Annual growth, corporate customers



Customer/market share



* Estimate for the period 17Q4 - 18Q2



Insurance Specialist Per-Arne Lindberg in Kongsvinger visits our corporate customer Bardum in Langhus. General Manager Lene Høysæter Larsen in Bardum to the left.

Insurance and pensions for companies and agriculture

It was a very good year for insurance in the corporate market in SpareBank 1 Østlandet. The good results were due to the high level of activity, capturing new customers and good cooperation between the specialists and account managers in the Bank.

We are delivering the best sales results and the highest portfolio growth in the SpareBank 1 Alliance at 15.3 per cent.

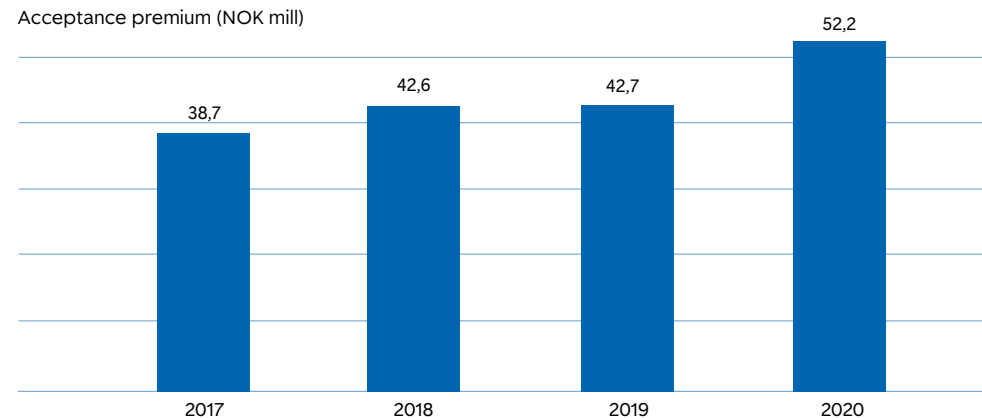
Occupational pensions

Sales of occupational pensions were good in 2020. SpareBank 1 Østlandet achieved the second best results for both sales and growth in the SpareBank 1 Alliance. Sales were good in all customer segments and to both existing customers and new customers in conjunction with other business areas in the Bank.

SpareBank 1 Østlandet achieved the highest growth in total assets within defined contribution occupational pensions in 2020 compared with the other banks in the SpareBank 1 Alliance. This was due to little departure in the portfolio, the development of existing agreements and good returns.

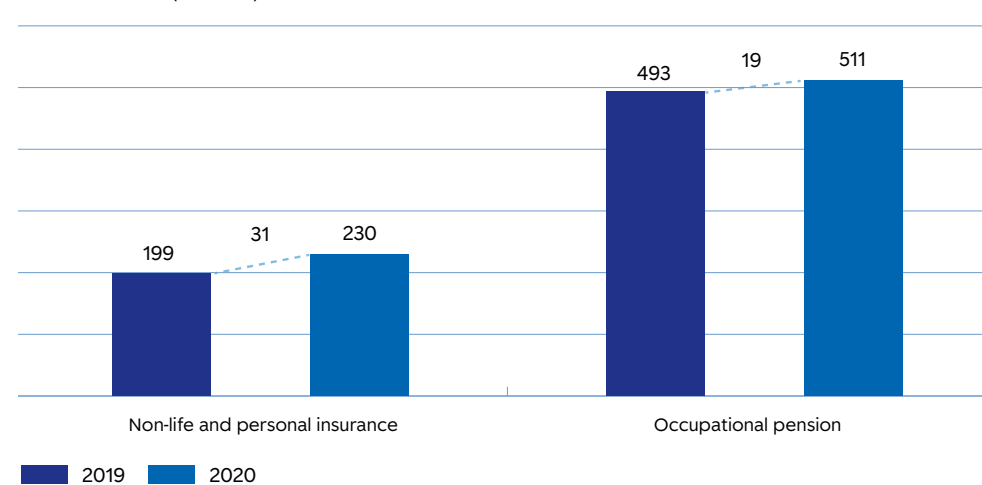
Sales results insurance companies and agriculture, overall overview

Acceptance premium (NOK mill)



Development in the insurance and pension portfolio

Premium volume (NOK mill)



The Bank's insurance and pensions portfolio saw good growth in 2020



According to the Aalund company pension barometer for 2020, SpareBank 1 Forsikring had Norway's most satisfied occupational pension customers for the second year in a row.

Between 2016-2020 SpareBank 1 Østlandet has seen growth of

6.6 %

in total occupational pensions agreements and 36 % in total members linked to the agreements.



Ann Brudevoll – Bank Manager for the corporate market in Østerdalen and Agricultural Manager at SpareBank 1 Østlandet.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Use of the virtual assistant rose by no less than

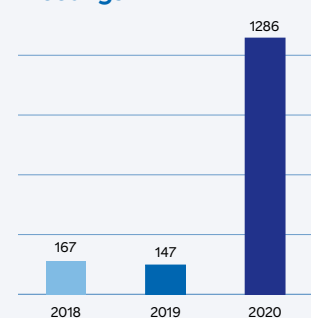
90 %

in the second quarter of 2020 compared with the same period in 2019.

420 000

enquiries dealt with by our virtual assistant in 2020

Trend in number of online meetings



Adaptable bank and satisfied customers in a demanding year

Good customer services and efficient self-service solutions became even more important when Covid-19 struck.

The number of customer enquiries rose sharply, and the Bank's AI technology-based virtual assistant was crucial in being able to manage the increased traffic. With a chat-bot as the first line of support and seamless transitions to chatting with a human adviser, chat became the largest communications channel from March 2020 onwards.

Use of the virtual assistant increased by no less than 90 per cent in the second quarter of 2020 compared with the same period in 2019. The figures for 2020 show traffic growth of 60 per cent compared with 2019, with our virtual assistant dealing with more than 420,000 enquiries in 2020. Some 83 per cent of all chat enquiries started via virtual assistant were dealt with without being forwarded to an adviser.

It would have been almost impossible to handle the huge increase in customer enquiries with more personal, staffed customer service. Our virtual assistant helped to increase availability for customers and the feedback from them has been good. This shows that the technology, solution and users became more digitally mature in 2020.

In 2021, we will launch chat in the mobile bank, including for the corporate market. In addition, we are focusing on working on proactive chat in order to be able to support customers who use digital self-service solutions. We will also develop a more personalised virtual assistant that can help customers with more demanding enquiries. In 2021, the first robot advisers could be authorised via FinAut.

More online meetings

Instead of visiting the Bank in person, our retail customers can book an online meeting with an adviser and get advice via their PC, tablet or mobile phone. Use of online meetings increased significantly in 2020, particularly in the first months of the coronavirus pandemic. SpareBank 1 Østlandet was the SpareBank 1 Alliance bank that had the most online meetings in 2020. We are now testing out Teams as a platform for customer meetings and continue to work on technical and functional adaptations. The plan is to use Teams for customers meetings from the first quarter of 2021.

Monthly trend for online meetings in 2020



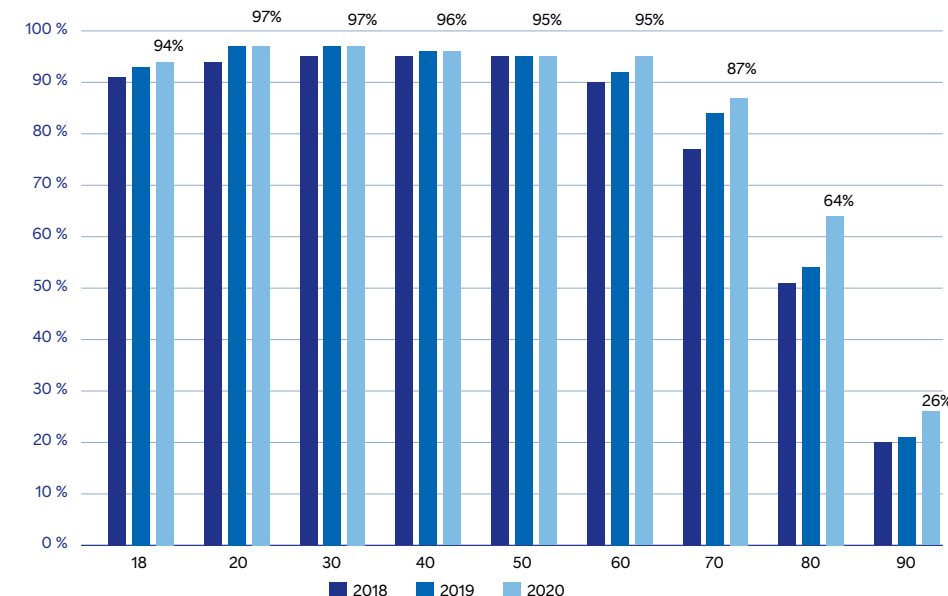
Innovative online bank and mobile bank

SpareBank 1 Østlandet is a modern digital bank with a long tradition of creating new user-friendly solutions. Our products and services are constantly being improved to create the best customer experiences. Below is an overview of the most important new functions that were delivered in the online bank and mobile bank in 2020.

• **'Min økonomi'** By categorising customers' transactions we help them gain an overview of their everyday finances in the online bank and mobile bank. Customers can see their biggest expenses across their accounts.

• **'Avslutte abonnement'** This function provides customers with an overview of their various subscriptions and lets them end subscriptions they are not using.

Digital customers by age group in the last 3 years, in percentage per age group

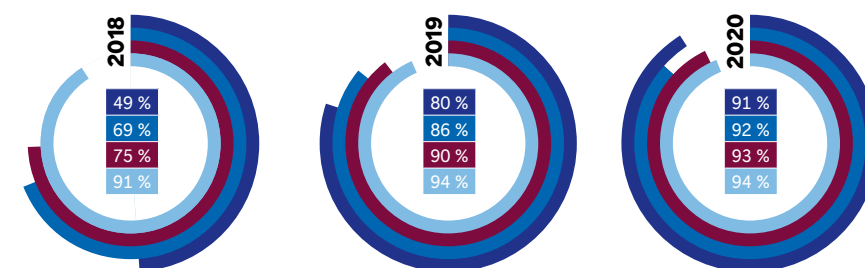


• **'Betaling med biometri'** In the mobile bank, customers can now log in and make payments using biometrics in the form of fingerprints or facial recognition. Customers that use biometrics thus do not need a code device or BankID every day.

• **'Studielån i digitalbank'** Customers can now see the balance of their student loan from the Norwegian State Educational Loan Fund in their online bank and mobile bank. One of the services most requested by customers is thus in place.

• **'Digital sparerådgiver'** The digital saving adviser helps customers who want to start saving find the right means of saving for them based on the customer's savings horizon and willingness to take risk.

Digitalisation rate



■ Discontinued loans ■ Become a customer ■ Degree of digitalization ■ Digital bank coverage

* The digitalisation rate shows whether customers set up products themselves or whether this is done manually by the Bank.

Banking+Accounting

The Bank is constantly trying to customise our customer surfaces to provide the information the business sector wants.

One example of this is Banking+Accounting, which we developed in 2020 and launched in January 2021 in cooperation with our subsidiary, TheVIT.

The aim is to make accounting as simple as possible so that companies can spend more time on their core business.

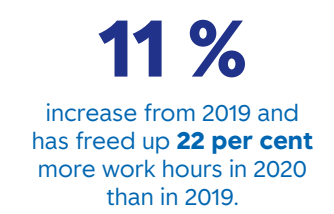
It is natural for banks to tie digital invoicing and bookkeeping closer to bank accounts and payments. Our ambition is for banking and accounting to converge. We want customers to be able to have all of their invoicing, accounting, payroll, time registration, payment and financing needs met regardless of the company's size.

Digitalisation

An ever growing number of our customers are digitally active in the online bank or mobile bank. Well over 90 per cent of customers aged 18-60 are digital customers. The trend is for older customers to follow suit and the proportion of digital customers aged 70 and older is increasing year-on-year.

The Bank is making self-service banking via the digital channels even easier for customers. The figure over shows how digitalisation is increasing.

At the end of December 2020, 92 per cent of mortgage applications in the retail market were digital. This represents good growth from 2019 and is above the target of 90 per cent. We constantly focus on streamlining and automating the loan process. The Bank still does not have fully digital loan processes, but the plan is to start work on this in 2021.



Loan applications are being processed faster and faster because more information is being collected automatically before the applications reach the adviser. One example of this is the automatic retrieval of information from Gjeldsregisteret AS. Digital loan preapproval letters were launched in April 2020 so that customers have easy access to their letters. In May 2020, the scheme was enhanced with a calculator that allows customers themselves to check their maximum purchase sum, after taking account of joint debt and costs, within the current framework and regulations for loan pre-approval letters.

Robot Process Automation

During 2020, the Bank strengthened its capacity and developed new automated customer and work processes. Using Robot Process Automation (RPA) allows us to quickly automate manual work processes without expensive, time-consuming systems development.

The virtual assistants perform a lot of different duties within the corporate market, retail market, business operations and compliance.

A total of some 87 different processes have been automated via Robot Process Automation since we started in 2016. This contributes to faster customer service and more efficient administrative processes. It also helps to improve our services, improve data quality and free up the time of our customer service advisers.

Service project with good results

In 2020, we completed a project together with SpareBank 1 Utvikling and other SpareBank 1 banks aimed at reducing unnecessary service enquiries. The goal of the project was to reduce the number of service enquiries by 20 per cent within priority focus areas by improving the digital solutions.

Three multidisciplinary teams have worked on making banking easier for customers and employees and improving user friendliness in digital surfaces. We have established analyses of customer behaviour and used statistics and insights from customer service centres and our virtual assistant to identify areas for improvement, define measures and gauge the effects of the solutions that have been implemented.

SpareBank 1 Østlandet has been a strong driving force behind the project. The

results show that the project has been successful and that in several areas we have exceeded the target of 20 per cent fewer enquiries. This improves the customer experience, makes the support more effective and increases the sharing of competence across the organisation. The work will be further reinforced in 2021.

New payment technology

We aim to offer our customers the best payment solutions. Three important keywords in this work are simplicity, clarity and helpfulness. We group card payments into three categories: physical purchases, app purchases and online purchases. The Bank is working to offer the best customer journeys within all of these categories.

Both habits and behaviour change quickly in the market and in 2020 'everyone' adopted contactless payments when making in-person purchases. We launched several technological innovations during the year. Among other things, we were one of the first banks in Norway that, together with Vipps, launched the ability to pay via mobile phone in physical shops. The service is called 'Vipps QR code payments' and is included in our customers' Vipps app. We also launched Visa microcards. This is a payment card that can easily be inserted into a watch strap or an accompanying armband. The solution can be used for contactless payments in Norway and abroad.

If one looks at the number of transactions, direct payments from accounts increased from 2019 to 2020, while card payments fell slightly. There was a marked drop in cash withdrawals using cards.

Customer relations and customer satisfaction

A survey conducted in 2020 shows that SpareBank 1 Østlandet has sound and stable customer relationships and its customer satisfaction among both retail and corporate customers is strong. Retail customers particularly highlight our advisers, customer service centre and digital bank as reasons for satisfaction. Corporate customers also highlight our advisers and at the same time appreciate the competence and initiatives the Bank offers. SpareBank 1 Østlandet has stronger customer relationships than the other regional banks in the SpareBank 1 Alliance and we score significantly higher than the large commercial banks on strength of customer relationships and customer satisfaction.

Retail customers who either have a

housing mortgage or use the Bank as their main provider of savings, banking and insurance services are the customers most satisfied with the Bank. Eight out of 10 retail and corporate customers say that they have a better or much better impression of the Bank because we share our profits with our customers and the local communities in our region.

Follow-up of customer complaints

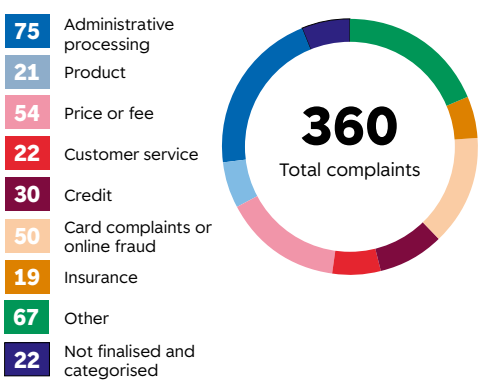
The Bank received 360 registered customer complaints in 2020. Six complaints related to the area of securities; the remainder were bank related. Losses of NOK 229 912 were established with respect to banking and of NOK 19 729 for the area of securities. The majority of the complaints concerned administrative procedures, prices or fees, card refunds and online fraud, such as the so-called 'Olga fraud'.

Customer complaints are dealt with by a complaints board consisting of representatives of the legal department and risk management and compliance. The purpose of this structure is to ensure a thorough and uniform process that provides adequate consumer protection in accordance with the Financial Supervisory Authority of Norway's guidelines.

The Bank's complaints board collects all relevant information so it can make comprehensive and thorough assessments of the complaints. If the complaints board is unable to sustain the complaint, the complainant receives a written letter explaining its decision and information about their right to bring the case before the Norwegian Financial Services Complaints Board.

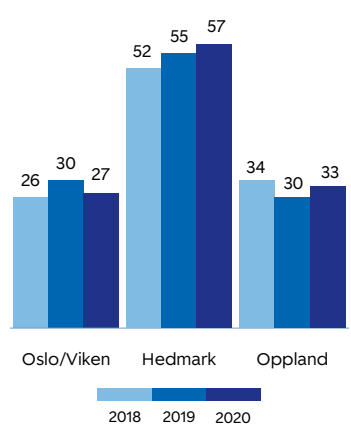
We are constantly striving to improve our products and services. Processing customer complaints provides the Bank with important knowledge and is part of practising our vision of 'Creating together'.

Number of customer complaints in 2020 in various



A clear sustainability profile

One third of the population of Innlandet, Oslo and Viken counties mentions SpareBank 1 Østlandet as being among the banks with a clear sustainability profile. In a survey conducted by Kantar for SpareBank 1 Østlandet, no other banks were mentioned as often, and no banks have achieved greater progress in the survey in the last 2 years. Young people are more aware of which brands are concerned about sustainability. Half of those under 30 surveyed responded that SpareBank 1 Østlandet has such a profile. Among our customers, as many as two thirds believe that we have the clearest sustainability profile. However, a majority of the population still does not know or believe that any of the banks are known for having a clear sustainability profile.



Percentage of the population in different regions that responded that SpareBank 1 Østlandet has a clear sustainability profile.

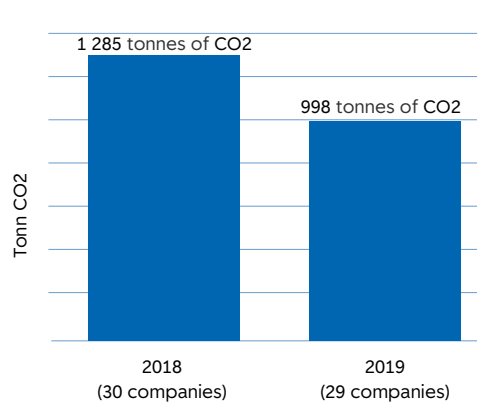
Energy and climate in our business operations

SpareBank 1 Østlandet has been Eco-Lighthouse certified for 13 years and continues to work on various environmental measures. Eco-Lighthouse is a recognised and effective tool for environmental management and provides the basis for the Bank's energy and climate accounts. The Bank has significantly reduced its emissions over time. From 2013 to 2017, we halved our emissions and from 2018 to 2020, we reduced our emissions further from 1,285 tonnes of CO₂ to 748 tonnes of CO₂. In 2020, the Bank was climate neutral, or climate compensated, due to purchases of climate quotas.

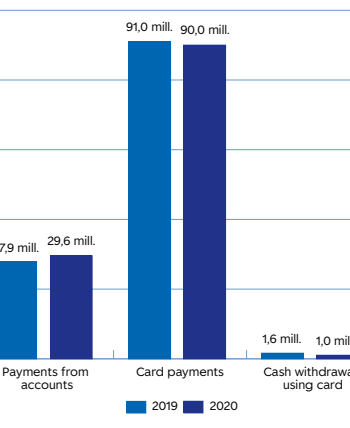
The Bank has also set a target for how operations should reduce their emissions in line with the Paris Agreement, so-called Science Based Targets (SBT). Read more in the Appendix 'Further facts about SpareBank 1 Østlandet's sustainability work' on page 222.



Total CO2-emissions



No. of transactions, debit 2019-2020





The Bank's social role

The Bank's primary social mission is to finance good projects for private individuals, companies, public enterprises and teams and associations. We also contribute to economic and social development through extensive and active collaborations with business, research and education environments. In addition, we sponsor, and contribute to, a number of cultural, community and sports initiatives. Thus, overall we help to make the region a good place to live, work and run a business in.

The SpareBank 1 Østlandet Group is also a large and important taxpayer, not just directly but also through employing around 1,100 tax-paying staff.

The Group's tax contributions (NOK millions).



Below are some of the other contributions we make through our social engagement:

We share our profits

In the spirit of good savings banks and sustainability, SpareBank 1 Østlandet has a long tradition of sharing its profits with its customers. In light of the Covid-19 crisis and the Ministry of Finance's expectations for Norwegian financial institutions, we chose to cut our dividend from 50 to 40 per cent in 2020. In all we distributed a total of NOK 208 million in customer dividends. We also paid out NOK 531 million in dividends to our owners from the profit from 2019.

Teaching children and young people about personal finances

Part of the Bank's corporate social responsibility involves helping to improve the understanding of personal finances among children, young people and vulnerable groups of customers. The Bank, therefore, has for more than 10 years had a travelling teacher in personal finances in collaboration with 'Young Entrepreneurship'. The teacher has taught tens of thousands of pupils and helped to build up the financial skills of children and young people. 2020 was a different kind of teaching year with schools closed for periods and a lot of home schooling.

Nonetheless, 15 activities were conducted in which around

2,000 pupils received tuition through the programmes 'Economics and Career Choices', 'Boss of Your Life', and other financial programmes via the Bank.

Strong focus on personal finances

In order to ensure that most people have healthy and sustainable personal finances, the Bank also provides advice on consumer finances in its own radio series on NRK P1 and in other media. We also regularly provide information on various economic topics through the Bank's news centre and social channels. This allows both customers and others to gain new knowledge, tips and advice on topics such as savings, payments, consumption and debt.

Advice on personal finances was especially important in 2020 because of the Covid-19 situation since many experienced being furloughed or losing their jobs due to the pandemic.

Support for good causes

Most of the donations from the Bank's profits are made via Sparebankstiftelsen Hedmark, see page 71. However, the Bank still makes some individual donations to good causes. For example, in 2020, we donated NOK 200,000 to the stimulator centre at Ullevål Hospital and, in connection with marking our 175th anniversary, we arranged a series of concerts for children's wards in hospitals across Eastern Norway.

Sparebanken Hedmark's art fund

In 2020, the art fund continued to work on previously approved gifts of art for the municipalities of Løten, Stange and Åsnes. After the Norwegian Gaming and Foundation Authority released the fund's bound capital in 2019, the Board of Directors decided to give gifts of art to the municipalities of Kongsvinger, Sør-Odal, Våler, Hamar and Elverum. In 2020, Sparebankstiftelsen Hedmark transferred NOK 2 million to the art fund. NOK 1 million went to the Bank's talent scholarships and was shared between 30 young artists in the arts and culture. The art fund awarded a total of NOK 6.6 million in 2020.

Sponsorship
agreements
NOK

30
million

Donations
NOK

9
million



The bank of sport

SpareBank 1 Østlandet has a long tradition of returning some of the value we create directly to local communities by supporting both top level and grassroots sports. We are now strengthening our work against exclusion in organised activities.

Through the SpareBank 1 Alliance we are one of Norway's largest contributors to sports and the voluntary sector. Overall, thanks to our distribution, product range and social engagement, we are a natural and important partner for sports in Norway.

SpareBank 1 is already a main sponsor of the Norwegian Ski Federation's Cross Country team. In December 2020, SpareBank 1 Østlandet and the Alliance entered into a new, long-term business and market agreement with the Norwegian Olympic and Paralympic Committee and Confederation of Sports (NIF), which underpins and consolidates the role SpareBank 1 plays as the bank of sport. With this agreement we will be able to deliver good, cost-effective solutions for sports, including sports clubs, special associations and NIF centrally.

Money can be a barrier to taking part in organised sports. Together with NIF, we want to help lower this barrier with good measures within inclusion and circular economics.

Combating exclusion in organised activities is high on the Bank's agenda and has been included in multiple

sponsorship agreements. For example, the Bank contributes to lower training dues for the youngest in Lillehammer Skiing Club, Lillehammer Cycling Club, Brumunddal Football Club and Elverum Football Club. In Oslo, we are taking part in a pilot project together with Vålerenga Hockey that involves purchasing ice hockey goalkeeper equipment that can be loaned out for free.

Together with local clubs and the Norwegian Ski Federation, Cross Country, we arrange annual swap weekends for second-hand skiing equipment. During 2021, we hope to expand our swap weekends to also include equipment for all types of summer and winter sports.

We want more people in our community to get out and ski. That is why we are, together with our partners, launching the 'Ski Bank' into which both private people and companies can deposit used and unused skis. The Ski Bank will then distribute the skis to organisations, schools and sports clubs that will make the equipment available to those who need it, with an extra focus on sharing the pleasure of skiing with those who have not tried it before.

Gifts and sponsorship

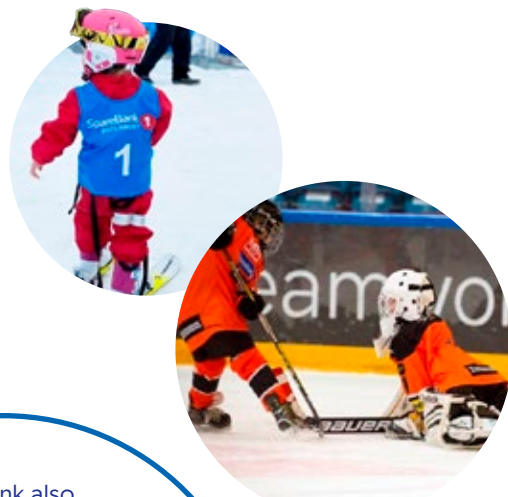
In 2020, the Bank had almost 200 sponsorship agreements, large and small, worth a total of NOK 30 million.

- The Bank also made an extraordinary donation of NOK 6 million as a gift to 70 clubs and societies to ensure that **activities for children and young people** could keep going during the coronavirus crisis.
- SpareBank 1 Østlandet sponsors football, handball, cross-country skiing and ice hockey at both the top and grassroots levels.
- At the top level, we sponsor the football clubs Stabæk (men's and women's teams) and Kongsvinger (men's team), the ice hockey teams Frisk-Asker, Vålerenga and Storhamar, and the handball teams Storhamar (women's team) and Elverum (men's team).

The Bank also distributes NOK

2.5 million in talent scholarships

to talented young people in sports, the arts and culture. This scheme is intended to encourage young athletes and artists to develop their talent and commitment through training, education and expressing their creativity.



Sparebankstiftelsen Hedmark

Sparebankstiftelsen Hedmark was established on 29 October 2015. The foundation's mission is to be a long-term owner of SpareBank 1 Østlandet and continue the savings bank tradition by donating gifts to good causes in the former county of Hedmark.

Sparebankstiftelsen Hedmark owned 52.15 per cent of the Bank's listed equity as at 31 December 2020.

Ownership

Sparebankstiftelsen Hedmark's mission is to manage the equity capital certificates transferred to it upon its establishment and exercise significant, long-term and stable ownership of SpareBank 1 Østlandet. The goal of the ownership is to achieve a financial dividend and contribute to the Bank's future development. The foundation has prepared a 'Owner Expectations Document' to inform the financial markets about who the foundation is, how the foundation will act as an owner, and the foundation's expectations as the Bank's main equity capital certificate holder.

Asset management

Today, Sparebankstiftelsen Hedmark is one of Norway's largest charitable financial foundations. As at 31 December 2020, the foundation's financial capital amounted to more than NOK 8.1 billion and consists of low-risk, high-liquidity, fixed-income securities and bank deposits in banks with a minimum rating of A3 from Moody's, as well as international equity funds.

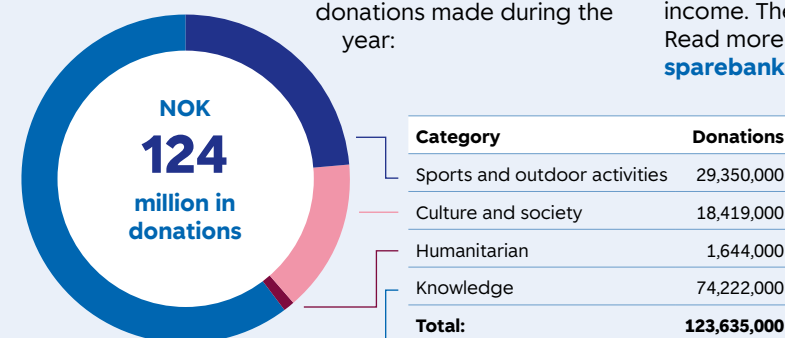
Gifts for good causes – continuing the savings bank tradition

The foundation must use of part of the profit and distribute dividend funds to socially beneficial causes. As part of its distribution of dividend funds, the foundation should preferably take into account the region that built up the capital in Sparebanken Hedmark over 175 years, in other words the former county of Hedmark.

Donations in 2020

Since its inception in 2017, Sparebankstiftelsen Hedmark has distributed almost NOK 340 million to communities in Hedmark, and in 2020 alone it distributed donations worth almost NOK 124 million to more than 300 different projects:

Below are some of the largest donations made during the year:



Record commitment to knowledge

In the spring of 2020, the foundation donated more than NOK 125 million, spread over 4 years, to the Inland Norway University of Applied Sciences. NOK 100 million was earmarked as funds for strengthening its application to become a full university and this will be spent in a targeted manner on its PhD programmes, more research and internationalisation.

Talent initiative in Hedmark

Talent Norway's goal is to improve the framework surrounding talent development in Norway. In 2020, Sparebankstiftelsen Hedmark signed an agreement with Talent Norway concerning three talent initiatives: 'Filmtalent Innlandet', 'Game-Lab Hamar' and 'Teater Innlandet UNG'. The foundation donated a total of NOK 6,150,000 to the talent initiatives. The donation triggered matching government funding.

Day trip cabin project

In collaboration with Sparebankstiftelsen DNB, an agreement has been signed with Innlandet County Authority to build a day trip cabin in every municipality in Innlandet County: 24 in the former county of Oppland and 22 in the former county of Hedmark. A day trip cabin is a simple 'warm cabin' that should be close to where people live and that can easily be reached within an hour's walk. The aim is to complete all of the cabins within 5 years. The foundation has donated NOK 7 450 000 and NOK 6 850 000, respectively, to the project.

Covid-19 support

Covid-19 had an impact on volunteering in 2020 and teams and associations saw a drop in income that would normally be used to run the activities. The foundation has adapted to the situation in three ways. Far more donations were made to support activities than before in an attempt to keep volunteering going in these difficult times as well. The foundation also issued information early on saying that it was standing by earlier donations even if events were cancelled or moved, and that recipients could cover costs that they had already incurred in connection with a now cancelled event. The third measure was to establish a NOK 10 million Covid-19 fund. Teams and associations could apply for grants from the fund to cover lost income. The scheme will be continued in 2021. Read more about Sparebankstiftelsen Hedmark on sparebankstiftelsenhedmark.no/about/

8 DECENT WORK AND ECONOMIC GROWTH



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



Our part of the global responsibility

The world has only 9 years left in which to achieve the UN Sustainable Development Goals by 2030. The goals are important for achieving and sustaining a society that safeguards people, nature, the climate and a sustainable economy. SpareBank 1 Østlandet is actively working to achieve these goals.

The EU and Norway have also set ambitious climate goals for 2030 which the Bank is supporting. The ultimate goal is a low-emission society in 2050 and a rise in global temperatures that does not exceed the Paris Agreement.

Cooperation is essential to achieving the goals. As a bank, we can have the greatest influence through our customers, as well as by being part of the national and international financial sector. The Bank, therefore, spends a lot of time and resources on supporting and contributing to the following initiatives and frameworks:

- **The UN Sustainable Development Goals** – the Bank has identified eight goals that are of particular relevance for our operations within areas where the Bank is exposed to significant risk and has potential positive or negative impact. Within each goal we have identified relevant targets and linked them to the goals in our action plan.
- **UN Global Compact** – the Bank has been a signatory since 2017. We use the GRI index to show how we are delivering on the 10 principles.
- **UNEP FI Principles for Responsible Banking** – we were the first Norwegian bank to sign up and are actively working to realise the principles. In 2020, the Bank conducted UNEP FI's impact analysis, see the results on page 83.
- **The OECD's guidelines for multi-national enterprises** – these are recommendations from the OECD countries for business in all sectors of the economy. The Bank actively uses the guidelines in due diligence

assessments for responsible business, especially in relation to the corporate market.

- **Global Reporting Initiative (GRI)** – This is the leading international standard for reporting sustainability, it is recommended by the Oslo Børs. One of the key principles is materiality. The Bank reports in line with GRI 'Core'.
- **The Coalition for Responsible Business (KAN)** – this is a coalition involving the business sector, trade unions and civil society that is lobbying for a human rights acts for business. The Bank joined the coalition in 2020.

Initiatives specifically aimed at the climate

- **UNEP FI Collective Commitment to Climate Action** – the Bank is one of two Norwegian banks that have signed up to the programme. Our guidelines and action plan for the climate and climate risk, as well as the goals for RM and CM, demonstrate how we will fulfil our commitments, including how we will adapt the loan portfolio to the Paris Agreement.
- **PCAF** – a global partnership between financial institutions that is working to gain access to data about, and report on, greenhouse gas emissions in their portfolios. The Bank signed up in 2020.
- **Science Based Target (SBT)** – the Bank has implemented a Science Based Target to reduce greenhouse gas emissions and will buy climate quotas to cover what we are unable cut through our own emissions.



The bank was a partner with Development Goals Forum 2020 in Oslo. There, young people, businesses and decision-makers met to find sustainable solutions for the future. At a separate innovation camp, the bank challenged the participants to think new about digital banking services for young people, in order to contribute to young people having good personal finances.

- **Eco-Lighthouse** – the Bank has used this management system since 2008 to reduce and report on its direct (scope 1) and indirect (scopes 2 and 3) greenhouse gas emissions. The reporting is published in the annual report, see page 221 and 224.
- **CDP** – in 2020, the bank reported to the internationally recognised non-profit climate organisation CDP and achieved a rating of 'A'.
- **Task Force on Climate-related Financial Disclosures (TCFD)** – used in assessing climate risk, the Bank has been reporting in line with TCFD since 2018.
- **EU classification system (taxonomy) for sustainable activities** – the Bank is working on classifying its portfolio in line with the EU classification system and the forthcoming Norwegian act on the publication of sustainability information.
- **Green bond and product framework** – the Bank will publish a green bond framework and a green product framework in the first half of 2021. Both will take account of the criteria in the EU classification system.

You can read more on sparebank1.no/en/ostlandet/about-us/sustainability.html



Stakeholder map



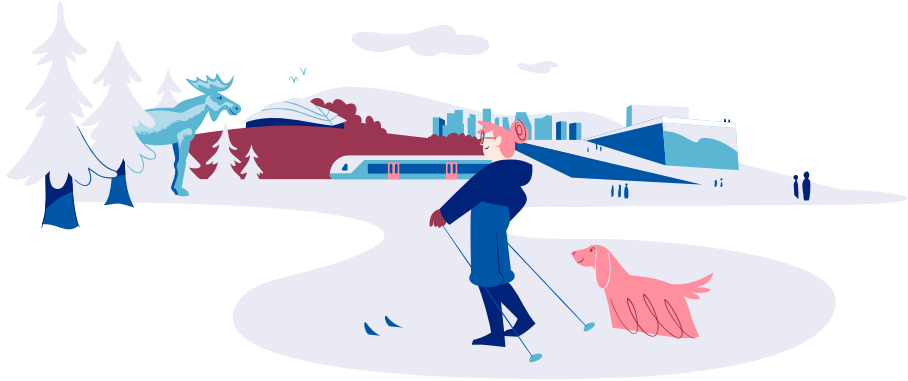
Stakeholders (the overview is not exhaustive)

- **Employees:** Parent Bank, subsidiaries, elected representatives, safety officers, pensioners' association.
- **Customers:** Retail customers, corporate customers, public sector customers, entrepreneurs.
- **Owners:** Sparebankstiftelsen Hedmark, the Norwegian Confederation of Trade Unions (LO) and affiliated unions, and other equity capital certificate holders.
- **Subsidiaries:** EiendomsMegler 1 Innlandet AS, EiendomsMegler 1 Oslo Akershus AS, SpareBank 1 TheVIT AS (SpareBank 1 Østlandet owns 70 per cent stake), Youngstorget 5 AS, Vato AS, and SpareBank 1 Finans Østlandet (SpareBank 1 Østlandet owns 95 per cent stake).
- **Associated companies and joint ventures:** SpareBank 1 Gruppen AS, SpareBank 1 Utvikling DA, SpareBank 1 Kredittkort AS, SMB Lab AS, Betr AS, SpareBank 1 Betaling AS, SpareBank 1, Boligkreditt AS, and SpareBank 1 Næringskreditt AS. The Bank also has investments in SpareBank 1 Markets AS and Totens Sparebank, among others.
- **Authorities:** Municipalities, regional boards, county authorities, county governors, Norwegian government, courts system, Norwegian parliament, Financial Supervisory Authority of Norway, Norges Bank, Norwegian Competition Authority, Consumer Ombudsman.
- **Capital market:** Equity capital 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:** Banks, insurance companies, fund managers, etc. Local, national and international actors.
- **Sponsorships:** Teams and organisations, clubs.
- **Partners:** SpareBank 1 Alliance, central and local actors.
- **Grant recipients:** Recipients of grants from the Art Fund, talent stipends and other donations for non-profit purposes.
- **Special interest organisations:** Finance Norway, the Consumer Council, 'The Future in our Hands', the Norwegian Confederation of Trade Unions (LO), the Confederation of Norwegian Enterprise (NHO), Trainee Innlandet, Vikinglauget, Amnesty, the Rainforest Foundation, WWF, Norwegian People's Aid, Nature and Youth – Young Friends of the Earth Norway and Friends of the Earth Norway. (Not an exhaustive list.)
- **Industry organisations:** Norwegian Farmers Union, Norwegian Farmers and Smallholders Union, Norwegian Wood Cluster, Norwegian Green Building Alliance and others.
- **Education and research environments:** Inland Norway University of Applied Sciences, Norwegian University of Science and Technology (NTNU) Gjøvik, Centre for International Climate and Environmental Research (CICERO), University of Oslo, and NHH Norwegian School of Economics.
- **Society, public opinion, public actors:** Non-customers, potential customers, the Norwegian Financial Services Complaints Board (FinKN), opinion-formers, politicians, emergency response: police/medical/fire.
- **Media:** Local free newspapers, local newspapers, regional media, national media, NRK (Norwegian Broadcasting Corporation - national and local), NTB (content provider).
- **Social media:** Public opinion in social media.
- **Rating agencies and analysts:** Moody's Analytikere, Sustainalytics, MSCI.
- **Oslo Børs.**

Stakeholder engagement

Dialogue and collaboration with various stakeholders are essential if the Bank is to achieve its ambitions and maintain its credibility and good reputation locally and regionally. Among the most important stakeholders are our customers, owners, employees, authorities, investors and organisations, all of which are interested in how SpareBank 1 Østlandet conducts itself as a financial services institution, fulfils its social mission and delivers on sustainability.

In 2020, the Bank had contact with stakeholders in various arenas and about many different topics. Dialogue and collaboration make us better. That is why Sustainable Development Goal No. 17 regarding partnerships is central to the Bank's sustainability work. How and who we work with are described in more detail below and in the various chapters of this annual report.



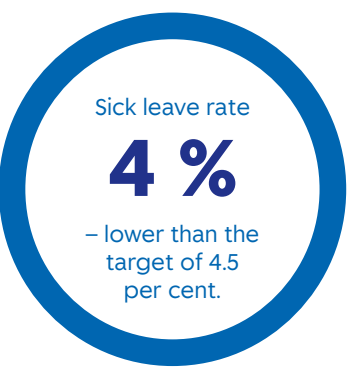
Our dialogue with the most important stakeholders who can help us reinforce our positive and reduce our negative impacts on people, the environment and society:

Who	Why	What and how
Customers and consumers	Gain a greater understanding of the needs of customers and consumers and their views on our products and services.	Customer and consumer surveys Customer meetings Lectures, seminars, conferences. Dialogue on sustainability in loan applications. Sustainability assessments (due diligence assessments) in loan applications.
Employees	Anchoring and training employees is essential for a dialogue with customers about different sustainability issues.	Training, courses, Labour Climate Week, sustainability workshop with mutual dialogue. Working groups.
Special interest groups and civil society	The Bank needs input from organisations with varying expertise to target its efforts at the right areas.	Meetings, phone calls, emails, seminars. In 2020, the Bank initiated regular dialogue meetings with all organisations working on sustainability in finance.
Rating agencies and analysts	An external and objective assessment of the Bank's sustainability work is important for identifying where we have deviations.	Mainly written dialogue through assessments from agencies and the Bank's feedback on them.
Industry organisations	Sustainability must be boosted throughout the industry, as well as being a competitive advantage.	We take part in working groups and have initiated a new working group on natural risk.
Educational and research environments	Due to the rapid development of the sustainability field, the Bank relies on close contact with researchers and academia.	Meetings with various stakeholders. The head of sustainability also sits on the National Advisory Group for the Centre for Collaborative Learning for Sustainable Development (CCL) at the Inland Norway University of Applied Sciences.
International initiatives	Much of the rapid development is being driven by the industry itself through the UNEP FI initiatives.	The Bank actively participates in UN led working groups under the Principles for Responsible Banking and for the climate commitments.
Investors	Sustainability is increasingly becoming topic in meetings with investors.	Investor presentations. Presentation of quarterly reports.

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

There were no accidents that were reported to the Norwegian Labour Inspection Authority in 2020.



Our employees

Proficient and engaged employees are the Bank’s most important input factor. ‘Employee-ship’ entails each employee having to relate actively to strategies and business goals, and how these impact the need for learning and development in order to achieve set goals.

In order to achieve our goals and implement the Group’s strategy, we work individually, in teams and across disciplines. The employees, together with our customers and other stakeholders, contribute to sustainable value creation for the Bank, our customers and various local communities in Eastern Norway.

Working conditions

The Bank normally conducts annual organisation surveys focusing on key working conditions such as job commitment and job satisfaction. The results and reports are considered centrally in the cooperation and working environment committee, and local safety representatives are also involved when managers follow up the results in the individual departments. The results from these surveys have been consistently high. Nevertheless, the HR department still follows up all departments and assists managers in those teams or units where challenges do exist or where the results are not satisfactory. In some cases, the corporate health service is also used in such processes. The results are assessed annually by the Bank’s Board of Directors.

In 2020, many employees worked extensively from home as a result of Covid-19. The Bank has conducted two new surveys tailored to the new situation. The surveys show that on the whole there have been few problems associated with working from home, although there has been a need for some individual adaptation.

HSE and sick leave

SpareBank 1 Østlandet takes a systematic approach to HSE. The cooperation and working environment committee approves annual action plans aimed at preventing health problems and sick leave. The plans involve the safety service, corporate health service and various specialist departments such as HR, security and property management. One key means is the provision of annual extended health checks for all employees. Combined with health insurance with a treatment guarantee, this helps to

ensure illnesses are detected and treated earlier. This reduces the disadvantages and costs for both employees and the Group. We also offer courses and webinars on various topics. This has been a particular priority in 2020 because of Covid-19. In cooperation with a large and professional corporate health provider, we also offer employees chats with external advisors where needed.

Competence and organisational development

Employee performance and career development interviews take place every year in the first quarter. Development plans are tailored to meet the needs of the individual employee based on their employee performance and career development interview. This is an important tool for implementing targeted competence development. Most mandatory training activities are role-dependent and facilitated via a dedicated learning portal. This is supplemented by role-specific training, as well as various technical days and webinars.

Training and education are provided in cooperation with both internal and external partners such as Finance Norway, BI Norwegian Business School, the Norwegian University of Science and Technology (NTNU), universities and university colleges. The need for support and training in the transition to life as a pensioner is clarified during the annual employee performance and career development interview.



The target was 90 per cent and this figure takes into account factors such as job changes, turnover and long-term absence.



Our Financial Advisers in Lillehammer. Front from left: Heidi Roverud Rusten, Emma Charlotte Damhaug and Brita Faanes. Back from left: Frode Korsmo, Anders Haugen, Bank Manager Anstein Ludvigsen and Bjørn Smidesang.

Diversity and equal opportunity

The Bank wants employees who reflect the society of which it is a part. A new recruitment policy with a stronger focus on gender equality and diversity was adopted in 2020. Written assessments are always presented of candidates of both genders when recruiting for managerial positions. Special workshops have been conducted with employee representatives that focused on risk assessments and measures related to gender equality and diversity. We strive to avoid discrimination in all its forms. No cases of discrimination were reported in 2020.

The Bank has no bonus schemes or special incentive schemes for managers.

See the Board of Directors’ report for more information on how the organisation and HR area of the Bank is managed. Here you will also find more detailed information about, and the status of, topics such as working conditions, HSE and sick leave, competence and organisational development, diversity and equality, and ethics and whistleblowing. The latter is also discussed in the chapter on ‘Ethics and anti-corruption’.

The sustainability appendix at the end of the annual report provides more detailed key figures and reporting on various topics within organisation and HR.

In 2020, women and men took an average of 20.6 and 17.3 weeks of parental leave, respectively.

Key figures parent bank, organisation and HR

Employees	2020	2019	2018
No. of FTEs, parent bank	702	672	697
Recruitment	2020	2019	2018
Number recruited, parent bank, internally	38	21	12
Number recruited, parent bank, externally	44	35	35
Number of departures - turnover	2020	2019	2018
Turnover (from 2020 by gender)	W: 1.55 % M: 2.25 %	4.60 %	2 %
Gender distribution	2020	2019	2018
Percentage of women	51.90 %	52 %	53 %
Proportion of female managers	36.1 0%	35.80 %	39 %
Proportion of women on the Board	50 %	50 %	50 %
Proportion of women in Group Management	30 %	30 %	30 %
Age composition	2020	2019	2018
Average age	47.6	47.5	48
Average time of service	15.3 years	15.7 years	16 years
Sick leave	2020	2019	2018
Sick leave	4 %	4.5 %	4 %

Total number of employees by type of employment contract (permanent and temporary), by gender									
	Women			Men			Total		
	Part-time	Full-time	Total	Part-time	Full-time	Total	Part-time	Full-time	Total
Permanent	32	338	370	6	337	343	38	675	713
Temporary		6	6		6	6	0	12	12

Women's average pay as a percentage of men's average pay*	2020	2019	2018
Line functions	89.6 %	90.6 %	Not available
Managers and more demanding professional positions	98.8 %	93.3 %	Not available

* The changes from 2019 to 2020 reflect both the reclassification of some positions and thorough analyses and targeted measures. The analyses are not adjusted for any structural factors related to age, different fields, seniority, level of education, etc.

Training	2020	2019	2018
Hours per employee taken from the Learning Management System (LMS)	11.2	Not available	Not available



Liv Krokan Murud, Head of HR development. Hamar

3 Our material sustainability topics

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**Karoline
Bakka Hjertø**

Head of Sustainability
Oslo

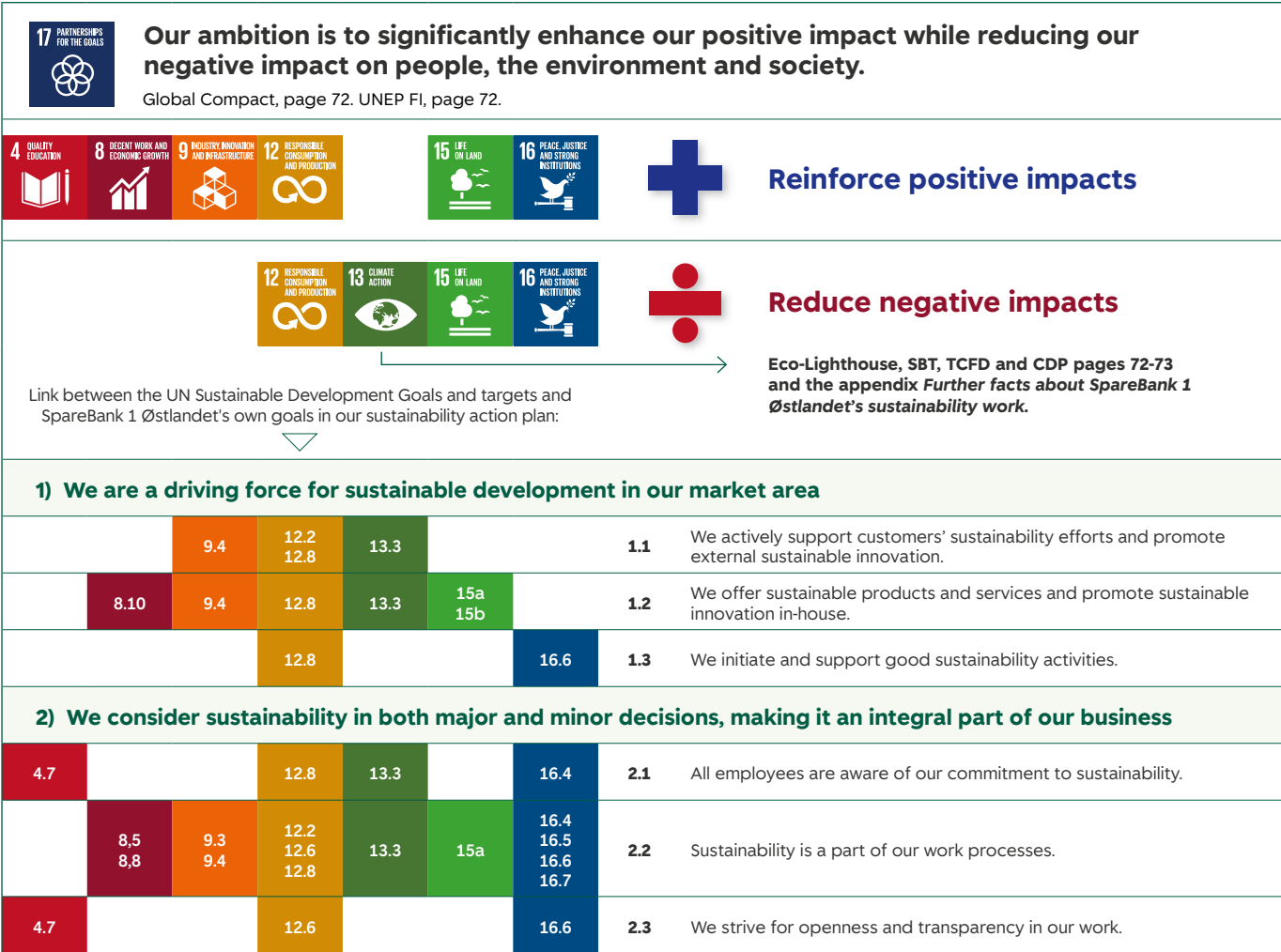


Framework for our sustainability initiative

Below we outline how the Bank's goals for its sustainability work are linked to the various global initiatives and frameworks. The model shows on which UN Sustainable Development Goals the Bank has positive and negative impacts.

We also link the Sustainable Development Goals and Targets with internal targets in the Bank's Action Plan for Sustainability. Other initiatives and frameworks we follow have also been placed where they belong in the framework. The model also shows how the sustainability work is linked to our business model. The Bank is certain that a sustainable

business model will be a fundamental prerequisite for financial strength and profitability in the future, for the benefit of owners, customers and the rest of society. Our business model has generated stable earnings over time and ensured good financial strength, which gives the Bank a solid basis for further developing the Bank, including in the area of sustainability.

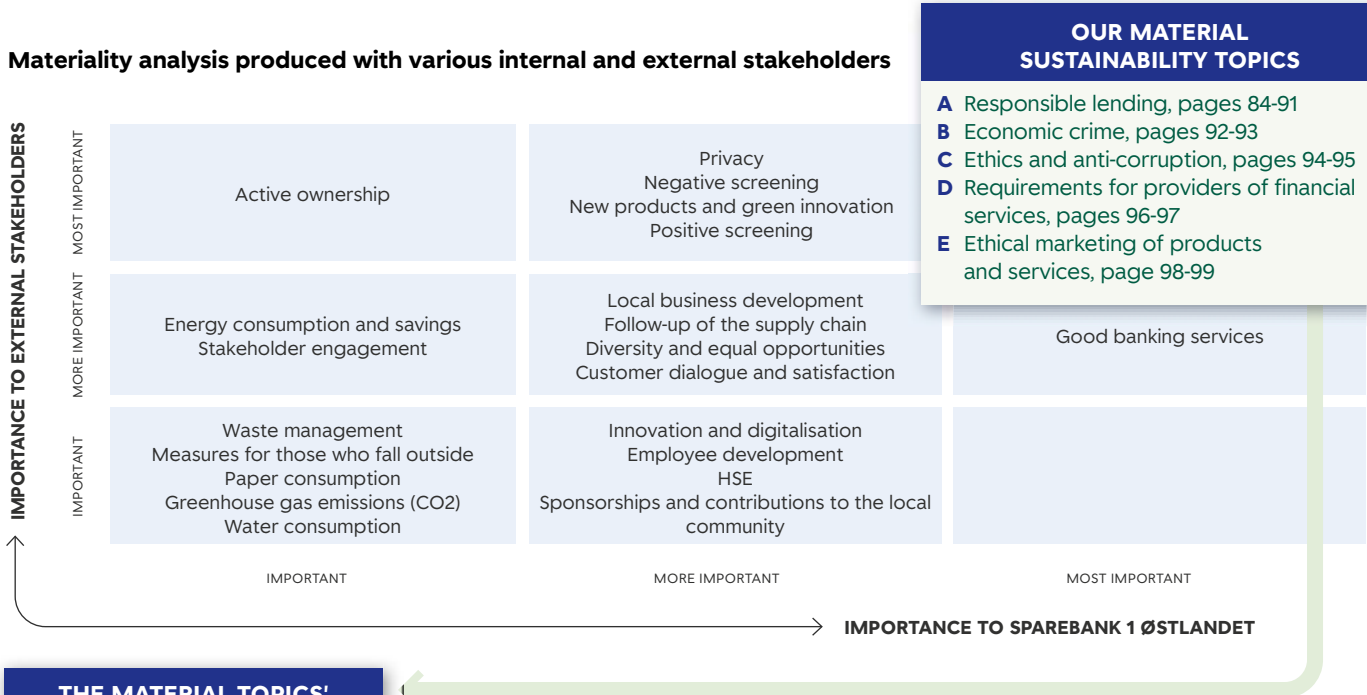


Also see our GRI index on pages 214 in the appendix.

How we prioritise our sustainability work

We prioritise our sustainability work based on which topics are the most material for the bank. The topics are identified via a materiality analysis, which includes an extensive dialogue with our stakeholders. A more detailed account

of how we work on these issues is provided in dedicated chapters in the annual report. The appendices also contain further information about some of these issues.



THE MATERIAL TOPICS' IMPACT ON THE BUSINESS MODEL			Other sustainability topics that impact the business model		
Internal operations	Products and services	Conduct	Internal operations	Products and services	Conduct
	A, D		Customer dialogue and satisfaction	Local business development	
C, E	A, D	C, E	Follow-up of the supply chain	Neg./pos. screening, new products and green innovation	
	A			Local business development	
B, C, E	A	B, C, E	Good banking services, diversity and equal opportunities		Privacy Good banking services
B		B	Good banking services and follow-up of the supply chain		Privacy, good banking services, diversity and equal opportunities
C		C			Privacy

New impact analysis in 2020

In 2020, the Bank conducted an impact analysis based on a template from UNEP FI. The results shows us the areas within our material topics that we need to focus on. Particular attention has therefore been devoted in the reporting to the areas from the impact analysis.

Corporate market > Areas affected			
Positive impacts		Negative impacts	
1	Climate	1	Resources efficiency/security
2	Resources efficiency/security	2	Climate
3	Inclusive, healthy economies	3	Waste
Retail market > Areas affected			
Positive impacts		Negative impacts	
1	Housing	1	Resources efficiency/security
2	Inclusive, healthy economies	2	Climate
3	Work	3	Inclusive, healthy economies

CHAPTER 3.1

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



4 QUALITY EDUCATION



Responsible lending

Why is this a material topic for the Bank?

Providing loans to retail and corporate customers is the Bank's core business. Responsible lending has been an important part of our social mission for 175 years, and today it is the main focus of our sustainability work.

Retail market (PM)

RM is working on solutions that will help customers make more sustainable choices, generally by consuming less, having less unsecured debt and maintaining good control over their personal finances. The Bank conducted an impact analysis via UNEP FI in 2020 (see page 83, which has been published on our website). The analysis showed that housing is the sustainability theme in which RM has the greatest positive and negative impacts. This chapter, therefore, devotes particular attention to housing. RM's long-term ambitions for the period to 2050 are to ensure that:

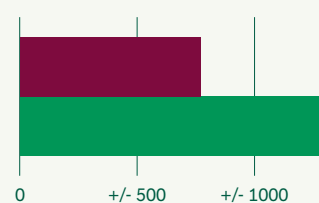
- 40 per cent of the residential properties in the loan portfolio built before 2012 (TEK 10) have been upgraded and are 30 per cent more energy efficient.
- 80 per cent of new buildings in the loan portfolio fall under the EU definition of new buildings as set out in the EU taxonomy for sustainable activities.

Corporate market (CM)

The impact analysis identified resource efficiency and the climate as two areas where the corporate market could potentially have negative impacts through its lending. CM has set goals for both areas. We will offer green products that encourage transformation, and we will integrate sustainability into the establishment of customer relationships and the credit process. CM has published the greenhouse gas emissions associated with our loan portfolio since 2019, and CM's long-term ambition for the period to 2050 is to ensure that:

- The Bank will work to adapt the loan portfolio in the corporate market to the Paris Agreement and Norwegian Climate Change Act. This entails doing our bit to ensure that the global temperature rise does not exceed 2 degrees Celsius and contributing to Norway reducing its emissions by at least 40 per cent by 2030.
- CM's loan portfolio should be nearly climate neutral in 2050.

Climate impact of the CM portfolio (1,000 tonnes of CO2 equivalents per year):



CO2 emission in the loan portfolio: 770
Annual CO2 sequestration in forests: -1 283

If we compare annual carbon sequestration in forests with annual carbon emissions in the remaining portfolio, the Bank's CM portfolio has a net positive carbon footprint. Further information and analysis can be found in the annex "Proportion of green loans and greenhouse gas emissions in the loan portfolio."

Retail market – What did we achieve in 2020?

RM received several thousand Covid-19 related enquiries following the lockdown in March. In order to adapt our products and find bespoke solutions for individual customers, the Bank created several digital solutions to simplify the applicant processes. Many retail customers made use of the offer of an interest-only period. The need to extend the interest-only periods beyond March and April was limited, which indicates that customers adapted to the situation well. However, the Bank will continue to follow-up customers early if they need assistance.

Due diligence assessments and credit ratings

RM carries out assessments for all new customer relationships in line with the current compliance requirements. We verify the customer's identity and the source of their funds in order to counter money laundering and terrorist financing. The goal is for this to be 100 per cent accurate. The deviation from this target is negligible. The work of verifying the identity of all existing customers continued in 2020. Read more in the chapter on economic crime, page 92. RM focuses on accurate credit ratings. This means that the number of loans in default (PD) is generally low and has been falling in the last few years. In 2020, the target was 1.07 per cent, and during the year PD ranged between 0.75 and 0.67 per cent.

Strategic anchoring

Important guidelines:

Corporate Social Responsibility and Sustainability Strategy, General Guidelines for Corporate Social Responsibility and Sustainability, Guidelines for Corporate Social Responsibility and Sustainability for the Retail Market, Guidelines for Corporate Social Responsibility and Sustainability for the Corporate Market, Guidelines for Lending and Investments in Power and Energy Production, Overarching Guidelines for Corporate Social Responsibility and Sustainability – Nature, Agriculture and Environment, Overarching Guidelines for Employee and Human Rights.

Responsible:

Executive Vice President Retail Market (PM), Executive Vice President Corporate Market (BM)

Goals:

(excerpt of most important goals)

RM's ambition for the period to 2030:

- RM will have good mortgage products that encourage customers to upgrade their old homes and thus emit less CO2. We will also have attractive products for new low-emission homes.

RM's other goals in the current strategy period (until end of 2021):

- RM will double green mortgages to NOK 50 million.
- RM will increase green car loan sales by 50 per cent.
- 32.5 per cent of customers should have buffer savings (short-term savings).
- 13.5 per cent of customers should have savings agreements (long-term savings).
- RM aims to reduce the number of flexi loans in relation to repayment loans in the portfolio.
- RM will help to develop a green banking package. This will improve customers' competence and insight and offer a broader range of green products.
- RM will strive to determine the residential mortgage portfolio's carbon footprint. Good insight into this will go hand in hand with incentives and products that help to make older homes greener. The work will follow the EU taxonomy from 1 January 2022.

Our CM loan portfolio should be nearly climate neutral in 2050

CM's long-term goal for the commercial property loan portfolio for the period to 2030:

- At least 50 per cent of the commercial buildings in our portfolio must be green in line with our green framework in 2030 (will be adopted in Q1/2021).

CM's short-term target for sub-portfolios of loans by the end of 2025 compared with the baseline as at 31 December 2020:

Commercial properties (property rental):

- 20 per cent increase in proportion of commercial property defined as green in the EU taxonomy.
- 20 per cent increase in proportion of commercial property defined as green in our green framework.
- At least half of all new loans should be for buildings defined as green according to our framework.

Construction projects (residential or commercial properties)

- An increasing proportion of new buildings each year must be in line with the EU taxonomy.

Energy:

Increase lending within renewable energy by 10 per cent annually. This applies to small-scale hydro projects, solar energy and geothermal heating.

GRI indicators: F7, F8, F10 and F11.

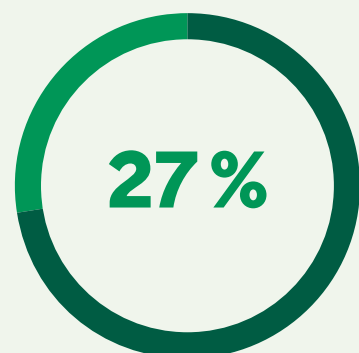
Training: 404-2, 404-3

SDG: 8.10, 9.4, 12.2, 12.6, 12.8, 13.3, 15.a, 15.b and 16.4.

GC: 1, 2, 4, 5, 6, 7, 8, 9

UNEP FI: 2.2, 2.3, 2.4, 3.1, 3.2, 6.1

Eco-Lighthouse: 2065, 2068, 2069, 2070, 2071, 2072



Products with a social profile:

- Restart – NOK 31 million (21 loans)
- Deposit loan young/LOfavør deposit loan young NOK 2.5 million (175 loans)
- Mortgage young/LOfavør mortgage young NOK 27.7 billion (14,331 loans)
- First mortgage and LOfavør first mortgage NOK 3.8 billion. (1,739 loans)
- Loan salary guarantee fund LO NOK 0.6 million (16 loans)
- LOfavør conflict loan 50,000 (1 loan)

Products and activities with a social profile

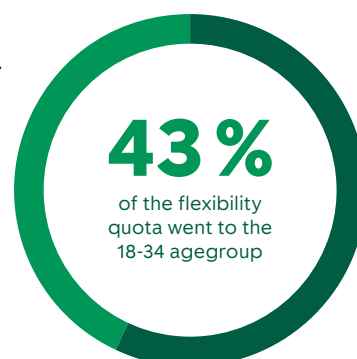
Minimising unsecured credit is an essential component of the responsible lending work. Mortgage customers reduced their unsecured debt by around 14 per cent from 2019 to 2020.

In addition to ordinary housing mortgages, the Bank has a series of products and services with a social profile and economic benefits. These are primarily intended to ease young people's entry into the housing market. In 2020, these products and services amounted to NOK 31.7 billion, which represents 27.3 per cent of the total lending volume.

The residential mortgage lending regulations contain a series of criteria for loans concerning, for example, the customers' debt servicing capacity, debt ratio and loan to value ratio. At the same time, the regulations permit a flexible quota for the total number of customers allowed not to fulfil all of the individual criteria in the regulations.

In that quota, RM prioritises young first-timer buyers who want to enter the housing market. In 2020, we increased the proportion of young people prioritised in the quota. On average, 43 per cent of the quota was allotted to young people aged 18-34.

RM wants customers to have healthy personal finances and a good balance between consumption and debt. Below are our goals for increased savings and the reduction in flexi loans.



Goal for area and when it should be achieved	RM's goal for increased saving in the current strategy period (until the end of 2021):		
	· 32.5 per cent of customers should have buffer savings (short-term savings). · 13.5 per cent of customers should have savings agreements (long-term savings). · A general reduction in flexi loans in RM's portfolio.		
Measurement parameter	Percentage of customers with short-term savings, buffer savings, long-term savings and savings agreements		
	2018	2019	2020
Goal attainment	Figures not available	Figures not available	• Buffers savings 30.8 % • Savings agreements 12.1 % • Flexi loans reduced by 4 %

Products and activities with environmental benefits

The Bank offers green mortgages for eco-friendly and energy saving measures in new and old homes. Examples of such measures include improving thermal insulation, switching to waterborne heating, installing solar panels or new builds of passive or plus houses. The loan can be for up to NOK 1,000,000 and is subject to a more favourable interest rate than regular mortgages. The product amounted to NOK 26 million in 2020. The goal is to increase this volume by 100 per cent to 50 million in 2021.

Goal for area and when it should be achieved	RM will double green mortgages to NOK 50 million in 2021.		
Measurement parameter	Volume in green mortgages		
	2018	2019	2020
Goal attainment	NOK 8.8 million	NOK 21.5 million	NOK 26 million

The Bank also offers green car loans for electric cars. The loan is subject to a very competitive interest rate. The maximum repayment period is 8 years, although the customer gets even better terms with faster repayment. The loan was launched in 2020, and so far the Bank has sold 40 green car loans. The number of loans sold will be increased by at least 50 per cent to 60 green car loans in 2021.

Goal for area and when it should be achieved	PM will increase the number of green car loans sold by 50% by the end of 2021.		
Measurement parameter	Number of green car loans		
	2018	2019	2020
Goal attainment	Product not launched	Product not launched	40

RM is working to determine the CO2 emissions associated with the housing portfolio. This is a demanding work and is described in more detail in the appendix to this chapter. Based on the definition and methodology currently in use, 18.5 per cent of the residential properties in RM's total portfolio are green. The method is similar to the EU classification system for sustainable activities (taxonomy) but does not match it as it yet to be finalised.



Corporate market – What did we achieve in 2020?

In 2020, CM prioritised assisting corporate customers tackle their financial challenges in the wake of the Covid-19 measures. Our main focus was on helping customers find suitable solutions, familiarising ourselves with the schemes banks were tasked with administering, and preparing the new government guaranteed liquidity loans and growth guarantee scheme products.

Some of the Bank's customers were not covered by the liquidity loan scheme. We produced a specially tailored product for them, a contingency loan. This was offered to customers that the Bank judged to have sound operations that could survive, but which were not covered by the criteria for liquidity loans. Many of our customers were also granted interest-only periods due to liquidity challenges during the Covid-19 period. An overview of products with a social profile is provided later in the chapter.

To promote reuse and circular economy, RM has been arranging swap days for sports equipment for several years, see the chapter on 'The Bank's social role', page 69.

The Bank does not provide loans for:

- Fossil energy – coal, oil or gas
- Nuclear power
- Mining
- Timber from producers involved in illegal logging, sell illegally felled timber or engage in deforestation and/or the destruction of tropical rainforests, remove primary forest or protected forests
- Large-scale dam projects
- Onshore wind power
- Enterprises that conduct lobbying aimed at weakening a necessary transition to a low-emission society in line with Norway’s goals through the Climate Change Act and the world’s goals through the Paris Agreement
- Enterprises that are in some way involved in the development, testing, production, storage or transportation of, or components intended exclusively for, controversial weapons, including cluster, nuclear, chemical and biological munitions, as well as anti-personnel mines.
- The production of tobacco products or components explicitly intended for such products
- The production of pornographic material

The EU has six environmental goals, one of them is the “protection and restoration of biodiversity and ecosystems”. This is, therefore, one of the criteria in the EU taxonomy for sustainable activities. We have analysed whether our sustainability assessments address the criteria and good correlation was found for the largest industries, commercial property, agriculture and forestry.

In 2021, we will ensure that the sustainability assessments are even closer to the taxonomy criteria in this area and in this way strengthen the natural disaster risk requirements in the credit ratings.

Due diligence assessments and credit ratings
We address sustainability when establishing new customer relationships, assessing possible risks related to our *Guidelines for Corporate Social Responsibility and Sustainability for the Corporate Market*. However, the main focus is on including sustainability as part of the credit process.

The Bank’s two largest industries are commercial buildings and agriculture. In 2020, CM had dialogue with customers about sustainability in connection with almost all applications for credit facilities. We also conducted thorough sustainability analyses for around 550 loan applications. This represents around 35 per cent of all loan applications for amounts in excess of NOK 1 million. The analyses are part of credit rating and can ultimately result in loans not being approved. This happened in two cases in 2019 and three cases in 2020. One of the cases in 2020 centred around pollution while the second involved a failure to comply with labour rights for foreign workers. The third concerned a risk of money laundering and the real beneficial owners.

The sustainability analyses are industry specific and address relevant risks and opportunities within the specific industry. For example, within commercial property we map:

- Environmental certifications.
- Measures for cutting greenhouse gas emissions and/or reducing energy consumption.
- Energy labelling.
- Whether customers are familiar with the industry’s climate goals
- Climate risk.
- Certification of building materials.

Within agriculture we map:

- Compliance with the quality system in agriculture standard.
- Measures for cutting greenhouse gas emissions or reducing energy consumption.
- Whether customers are familiar with the industry’s climate goals, and whether action has been taken.
- Climate risk.
- Animal welfare.

There is an intense focus on climate risk in the financial services industry. However, this must not come at the expense of the focus on safeguarding nature and the environment. Including in credit cases. The Bank has included questions about the natural world and ecosystems in its sustainability assessments. Specifically, in all industries we ask whether the customer has assessed ‘how their operations, activities or project impacts vulnerable ecosystems’. Examples of this could be building on wetlands, marshlands or in protected areas. In agricultural cases, we ask about fertiliser use and fertiliser storage capacity. Within commercial property, we ask about the use of certified building materials. Little awareness in relation to nature and the environment can ultimately result in credit not being approved.

Raising the awareness of both customer advisers and our customers has been our main focus in 2020.

Products and activities with a social profile
The Bank has a number of products with a social profile for corporate market customers. In connection with the Covid-19 pandemic, we have approved the following loans:

We also assess the risk of negative impacts on human and labour rights in credit cases. The assessment is industry specific and depends on which themes represent a high risk in the relevant industry. Awareness of the risks in one’s own industry is important in countering potential negative impacts. We demand both awareness and guidelines, for example against social dumping. A lack of awareness has ultimately resulted in customers being refused credit.

Products and activities with environmental benefits
We have stated total greenhouse gas emissions in our CM portfolio in an appendix to this chapter. We have set specific targets for the most important industries, as well as Science Based Targets for the entire loan portfolio, see appendix. This is to make the loan portfolio greener, although the main challenge is accessing the data. The Bank wants to offer green products that stimulate sustainable change. Through our green agricultural loans, we financed the construction of 15 solar farms on actual farms to the tune of NOK 3.6 million in 2020. This is equivalent to around 212 tonnes of CO2 emissions avoided per year. In 2021, we want to launch a green product for energy efficiency measures for commercial buildings.

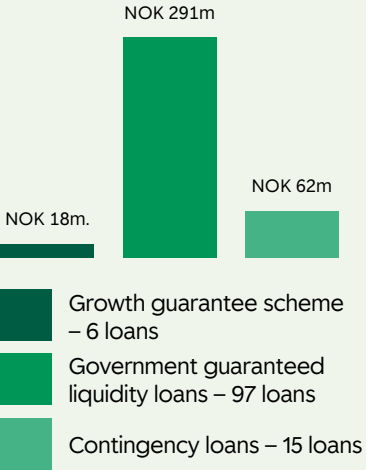
SpareBank 1 Østlandet’s power and energy production portfolio accounts for around 2 per cent of its entire loan portfolio. SpareBank 1 Østlandet mainly lends money for small-scale hydropower projects and most of the customers are in our market region. We do not lend money for fossil energy, mining, wind power or large-scale dam projects. The greenhouse gas emissions in the energy portfolio are low, both because of the size of the portfolio and because we only lend money to smaller hydropower projects.

In 2020, the Bank entered into two business clusters in our region that are working on solutions for the climate and resource utilisation:

- NCE Heidner Biocluster, Norway’s leading industry cluster for the green bioeconomy and sustainable food production.
- Norwegian Wood Cluster, a wood cluster in the forest, industrial and building value chain, that aims to grow into an internationally leading industry cluster for industrial, sustainable wooden buildings.

Goal for area and when it should be achieved	CM: At least 50 per cent of the commercial buildings in our portfolio must be green in line with our product framework in 2030 (will be adopted in Q1/2021).		
Measurement parameter	Proportion of commercial buildings that are green according to our product framework, measured in loan volume.		
	2018	2019	2020
Goal attainment	Project not started	Project not started	15.5 %

Goal for area and when it should be achieved	CM must obtain energy certificates, where they are available, for all commercial property with borrowing in excess of NOK 10 million by the end of 2021.		
Measurement parameter	Proportion of customers with borrowing in excess of NOK 10 million for which an energy certificate has been obtained.		
	2018	2019	2020
Goal attainment	Project not started	Project not started	24 %



212 tonnes of CO2 saved each year

Sustainable Finance

Total courses assigned	785
Total courses completed	691
Total courses not completed	84
Employees on leave/sick leave	10
Completion rate	89 %

Digital sustainability workshop

Total courses assigned	131
Total courses completed	116
Total courses not completed	15
Employees on leave/sick leave and who left	7
Completion rate	93 %

What remains to be done in the strategy period and from a longer perspective?

The impact analysis for RM indicates that the Bank needs to focus more on resource efficiency.

For CM, the main focus during the strategy period will be on classifying the portfolio in line with the EU classification system and on cutting greenhouse gas emissions in the portfolio. CM will have to employ new products, advice and ESG assessments to achieve the desired customer restructuring. We must:

- Increase the competence of advisers and customers.
- Make customers conscious of their choices.
- Deliver products and services that help customers become more sustainable.
- The impact analysis specifically highlights greenhouse gas emissions related to housing and vehicles, which is why the Bank will encourage customers to build and upgrade their homes to make them eligible for green mortgages. Customers will also be encouraged to focus even more on zero-emission vehicles.

Training

Measures for all advisers in RM and CM in 2020:

- Mandatory course: ‘Sustainable Finance’, a basic course.
- All departments have taken part in ‘Arbeidslivets Klimauke’, which involves a series of lectures and other educational activities centred around the theme of the climate and climate risk.
- All employees have been provided with brief email lessons on specific sustainability themes.
- All departments have completed the Bank’s Ethics Week with dilemma training.
- All new employees have taken part in a lecture with dilemma training on sustainability as part of the induction process for new employees.
- All employees that had not completed the basic sustainability workshop by the summer of 2020, were assigned digital courses. All new employees also had to complete the course.
- CM: A series of lectures was conducted covering all of the themes touched on in our sustainability assessment. Example themes include climate risk, natural disaster risk, energy efficiency, industry-specific climate targets and social dumping in agriculture and the property sector.

The Bank also ensures that all financial advisers are certified in the areas of savings and investments, non-life insurance, credit and personal insurance.



Customer Advisors Per Sæbø og Malick Ceesay. Oslo.

Risks and opportunities related to responsible lending

Retail market

There is a lot of potential in encouraging more sustainable consumption. Circular economic themes such as reuse and repair instead of throw away and replace can lead to lower consumption and more saving. This goes hand in hand with good personal finances.

On the risk side, the work on more sustainable private homes must be balanced against several considerations. The Bank’s housing portfolio is relatively old, built before 2012. Upgrading existing homes instead of demolishing and building anew is more eco-friendly, and it is therefore important to encourage customers to do this.

Finding good products that sufficiently encourage sustainable restructuring and at the same time are profitable for the Bank is also difficult.

Corporate market

The climate risk in our loan portfolio is relatively low, especially because it is fossil free. Nonetheless, we have to ensure that our loan portfolio is becoming increasingly greener and avoid stranded assets. The challenge will be to use the EU definitions (taxonomy), which are very detailed in relation to some criteria while also strict about what is defined as green. At the same time, this will present the Bank with great opportunities because all of the industries we lend money to today will also have a natural place in the low-emission society of 2050.

Appendices:

Proportion of green loans and greenhouse gas emissions in the loan portfolio, Responsible lending in liquidity management.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



4 QUALITY EDUCATION



Combating economic crime

Why is this a material topic for the Bank?

Economic crime is a social problem that impacts individuals, business and the economy. Like other banks, SpareBank 1 Østlandet has a legal duty to implement measures to prevent and detect money laundering and terrorist financing. The Bank also has extensive measures for preventing and detecting other economic crime, particularly digital fraud. Customers in particular, and society in general, must have confidence that the Bank is being proactive in this area.

The crime impacting the financial services sector is increasing and becoming increasingly complicated and complex. The Bank's efforts to prevent and detect crime are therefore important from both a national and an international perspective. The Bank has appropriate routines, good training and competent employees for preventing and detecting economic crime. This work is linked to Sustainable Development Goal No. 16, target 16.4, which aims to significantly reduce illicit financial flows and combat all forms of organised crime.

What did we achieve in 2020?

In 2020, the Bank focused extensively on internal control and internal audits within the areas of anti-money laundering and regulatory compliance. This improved work processes and procedures. Among other things, the Bank adopted new technology for identifying suspicious circumstances. The electronic monitoring systems were expanded with improved automatic analyses through machine learning.

The number of staff assigned to work on economic crime increased. In 2020, a total of 22,950 transactions were identified as requiring further checks by the Bank's transaction monitoring. After the Bank's specialists had investigated the area, 374 cases were reported to the financial intelligence unit (EFE) in the National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM). No breaches of the Bank's guidelines have been identified in any of these cases.

Privacy and the GDPR

Our customers must be confident that their personal data is safe with us. We process all personal data in line with the applicable legal requirements and the GDPR, the EU's General Data Protection Regulation, which was introduced in Norway in 2018. In the area of privacy and ICT security, we use an information

22 950

Transactions flagged for further checks

374

Cases reported to ØKOKRIM

No breaches of the Bank's guidelines have been identified in any of these cases.

Strategic anchoring

Important guidelines:

Governing document for complying with anti-money laundering regulations, Anti-Corruption Policy, Privacy Policy, Security Strategy.

Responsible:

Chief Operating Office, anti-money laundering manager, Data protection officer, Executive Vice President HR and Legal.

Goals:

We will focus on being a safe banking partner in which 100 per cent of new customer relationships are correctly established, existing customers have been correctly documented and we know where the customers' funds come from in order to prevent money laundering and/or terrorist financing via our bank.

GRI-indicators: 205-1, 205-2, 205-3, 418-1, SB1Ø-1
Training: 404-2, 404-3
SDG: 16.4
GC: 2, 10
UNEP FI: 5.1

Training

The Bank has worked on training and awareness among all managers and employees. In 2019-2020, all of the Bank's employees underwent mandatory training on the legislation. The training was adapted to the individual employee's role and function in the organisation. The training also included board members.

In 2020, the Bank conducted an Ethics Week (weeks 19 and 42) in which the topic was anti-corruption with a focus on lectures and dilemma training.

security management system (ISMS) that satisfies ISO/IEC 27001.

We conduct regular internal audits of themes within privacy and the GDPR. In addition, internal compliance checks are carried out to check compliance with the privacy requirements and requirements for internal privacy documentation. The data protection officer prepares reports for the Board. We also have internal systems that record deviations, including complaints within the area of privacy.

A total of 38 deviations were registered in the area of privacy in 2020. Most involved sending materials to incorrect addresses or failures in access control that resulted in customers' personal data being sent, or being made available in some other manner, to the wrong people. Nine of the cases were reported to the Norwegian Data Protection Authority.

No instructions or penalties were received from the Norwegian Data Protection

Authority or any other supervisory body for the area of privacy during the course of 2020.

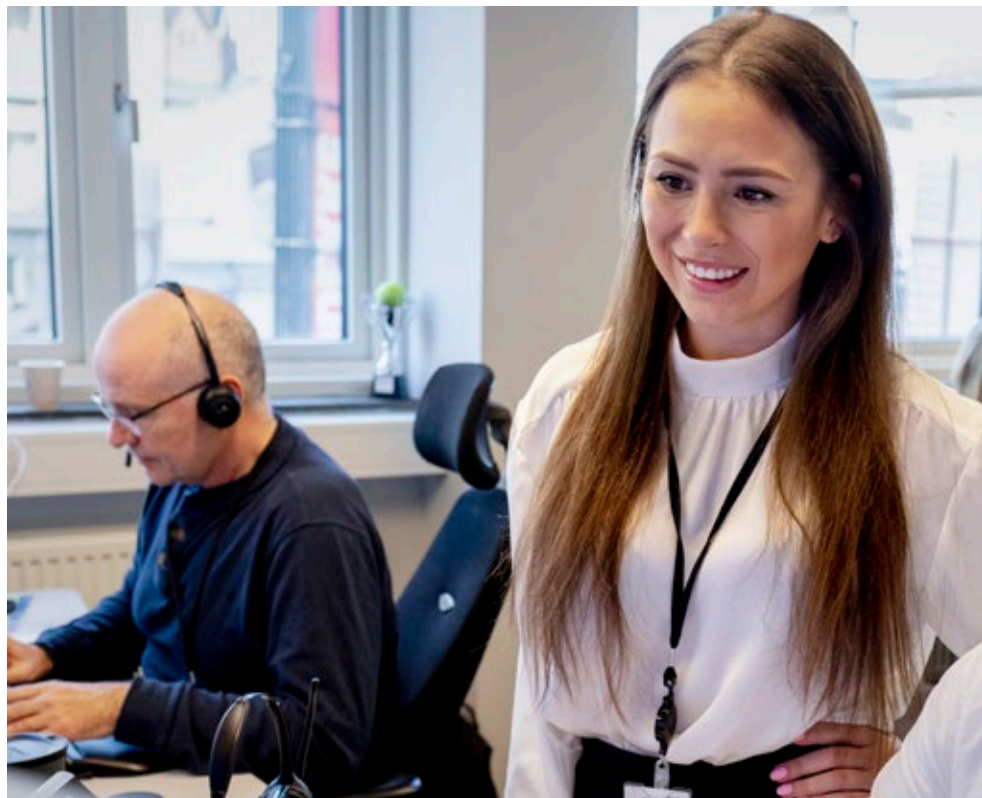
What remains to be done in the strategy period and from a longer perspective?

The Bank will increase its focus on detecting and preventing digital fraud. Among other things, we will invest in a new anti-fraud system.

Risks and opportunities

The risks associated with not focusing enough on this area are breaching compliance requirements and losing credibility among customers and in society as a whole.

The positive impacts of focusing on economic crime are that it builds confidence in the Bank and the Norwegian financial services industry and that it maintains a well-functioning economic system.



Financial Adviser Nicole Irgens Martinez. Oslo.

CHAPTER 3.3

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



4 QUALITY EDUCATION



Ethics and anti-corruption

Why is this a material topic for the Bank?

Corruption is a form of economic crime that impacts both individuals and business. The Group’s employees and board members should be known for their high ethical standards due to their competence, honesty, fairness and ability to inspire confidence. We accept no form of conduct that could be perceived as bribery, corruption or attempts to improperly influence decision-making processes. Our conduct and decisions must be based on the Bank’s strategy and corporate social responsibility and sustainability goals.

What did we achieve in 2020?

Overall, SpareBank 1 Østlandet maintained a strong focus on ethics and anti-corruption during 2020. We paid particular attention to the implementation of a new anti-corruption policy. The Bank established an ethics committee in 2020. This is chaired by the Executive Vice President HR and Legal. The committee discusses matters of principle and general ethical issues. The committee can also make recommendations in individual cases of an ethical nature that could harm customers’ confidence in the Bank or its reputation. The committee can also make statements and recommendations on matters that require an assessment to the Executive Vice President HR and Legal, Group Management or others.

Systems and procedures have been established for registering and following up any deviations. Regular compliance checks are also made, and the Data Protection Officer prepares a report every quarter for the Board of Directors.

Annual reports are prepared for the Board on compliance with the *Code of Conduct* and *Anti-Corruption Policy*.

In the Bank’s opinion, the results in this area satisfy the goals that have been set, without deviations from important points. No unacceptable ethics and anti-corruption related incidents were identified in 2020.

In January 2020, we established a channel for external whistleblowing on the Bank’s website. External stakeholders can use this to report wrongdoing related to the Bank’s operations. External whistleblowers could be, for example, suppliers, partners, public bodies, organisations and people not employed by SpareBank 1 Østlandet. The Bank has its own procedures for processing reports which ensure that they are addressed in a secure and predictable manner. Our procedures for external whistleblowing are published on the Bank’s website. The Bank has received one external notification during 2020. The notification relates to one of the bank’s subsidiaries and concerns the interaction between this company and a partner. The notification was handled in accordance with the bank’s Guidelines for Identifying and Avoiding Conflicts of Interest.

The external whistleblowing channel is not for customer complaints. The Bank has a separate channel for this on its website. For more information on customer complaints, see the chapter ‘Business description’.

No unacceptable ethics and anti-corruption related incidents were identified in 2020.

Strategic anchoring

Important guidelines:
Code of Conduct, Anti-Corruption Policy, Guidelines for Identifying and Countering Conflicts of Interest, and the Programme for the Bank’s Work on Preventing Corruption and Bribery.

Responsible:
Executive Vice President HR and Legal.

Goals:
The Bank has a large number of goals for its anti-corruption work. Two key goals are ensuring that SpareBank 1 Østlandet employees are very familiar with the Bank’s Code of Conduct and SpareBank 1 Østlandet will avoid impartiality problems and conflicts of interest in processing credit applications.

GRI-indicators:
102-16, 205-1, 205-2, 205-3
Training: 404-2, 404-3
SDG: 6.5
GC: 2, 10
UNEP FI: 5.1, 5.2

Training:

All employees received training during Ethics Week 2020 in the form of e-learning, external lectures, dilemma tasks and cases, as well through the introduction of new control measures.

We also have a separate channel for internal whistleblowing. This is easily accessible via the Bank’s intranet. The Board has adopted whistleblowing guidelines intended to protect any whistleblowers. Arrangements are in place that enable anonymous whistleblowing in which whistleblower reports are sent to an external recipient. Any reports received are quality assured and assessed before they are forwarded to the Group’s whistleblowing group. This consists of the Chief Risk Officer, legal director and Executive Vice President HR and Legal. There were no internal reports in the Bank in 2020.

What remains to be done in the strategy period and from a longer perspective?

There are no significant gaps in terms of set targets. However, the Bank will continue to work on improving its competence, work processes, control measures and compliance with procedures for satisfying self-imposed and government-imposed requirements.

Risks and opportunities

The financial services industry constantly faces new threats and more sophisticated fraud and corruption techniques. Thanks to good cooperation within the SpareBank 1 Alliance and within the industry at a national level, it is possible to maintain a robust competence environment and find room for the necessary investments. Continuous work on corporate culture and the control environment are areas that will continue to receive a lot of focus.

Goal for area	SpareBank 1 Østlandet employees need to be very familiar with Bank’s Code of Conduct.		
Measurement parameter	The proportion of employees who have confirmed that they have reviewed and understood the Code of Conduct is measured quarterly. The goal is for at least 92 per cent to confirm (sick leave and churn mean that 100 per cent is not realistic).		
	2018	2019	2020
Goal attainment	New from 2019	✓ 95 %	✓ 97 %

Goal for area	SpareBank 1 Østlandet will avoid impartiality problems and conflicts of interest in processing credit applications.		
Measurement parameter	Number of credit cases in which breaches of impartiality rules are identified. Annual checks. Goal is 0.		
	2018	2019	2020
Goal attainment	New from 2020	New from 2020	✓ 0



Customer Advisor Tord Gunnar Fjeld in Hamar.

CHAPTER 3.4

Requirements for providers of financial services

8

DECENT WORK AND ECONOMIC GROWTH

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

13

CLIMATE ACTION

15

LIFE ON LAND

16

PEACE, JUSTICE AND STRONG INSTITUTIONS

4

QUALITY EDUCATION

Why is this a material topic for the Bank?

For SpareBank 1 Østlandet, providers of financial services are in this context limited to fund providers. The Bank does not manage its own funds, it offers funds from other providers. The Bank is also a co-owner of ODIN, a jointly owned subsidiary of SpareBank 1 Gruppen.

Saving via funds is an important product for our customers. The funds we offer invest in companies in a very large number of sectors, both in Norway and internationally. Maintaining an overview of companies' performance with respect to responsibility and sustainability within areas such as the environment, climate, human and labour rights, economic crime and corporate governance is difficult for customers. Therefore there is an intense focus on this area, both in civil society and in the financial services industry itself. Through annual surveys conducted by the SpareBank 1 Alliance, we contribute in an effective manner to ensuring more savings and investment money is directed towards companies that focus on ESG (short for environmental, social and governance. The term ESG is used in the same way as the term sustainability).

What did we achieve in 2020?

In 2020, we conducted a sustainability analysis of all of the funds offered on the SpareBank 1 Alliance's platform using the same methods as in 2019. A total of 237 funds were analysed by the Alliance's independent partner. Some 73 per cent of the funds were in the two best internal rating categories. No fewer than 15 per cent of the funds have improved their grade since 2020. Based on the sustainability analysis, a label system was launched in our digital surfaces in 2020 that provides customers with access to ESG information on the individual securities fund. This allows customers to take better account of their sustainability preferences in savings/ investments in securities funds through us.

The ESG status of the individual fund has been implemented as part of the product management process and the annual product review. For 2020, this resulted in a handful of securities funds being removed from the recommended list since they did not meet our ESG criteria.

In 2020, the Bank successfully influenced a global equity fund to sell its stake in a company whose activities included deliveries for the controversial arms industry.

What remains to be done in the strategy period and from a longer perspective?

In connection with a new strategy from 2021, we will revise our guidelines in order to take account of the EU classification system for sustainable activities. We will continue analysing funds as an integral part of our product management process. If we make negative findings, these will still be followed up with our providers.

Our goal of in-person sustainability themed seminars has been postponed until 2021 because of the Covid-19 crisis.

Strategic anchoring

Important guidelines:
SStrategy for Corporate Social Responsibility and Sustainability. General Guidelines for Corporate Social Responsibility and Sustainability. Guidelines for the Distribution of Securities Funds.

Responsible:
Executive Vice President Organisation Market and Capital Market.

Goals:
We provide the customer with good information about the ESG profile of all our funds. 10 per cent of our customers' investments in funds are in funds with a clear ESG profile. We have held at least two customer events on investing in funds in which the theme was ESG.

GRI-indicators:
FS10 og FS11
Training: 404-2, 404-3
SDG: 8.10, 12.6, 12.8, 13.3, 15.a, 15.b, 16.4, 16.5
GC: 1-2, 4-8
Eco-Lighthouse: 2065, 2069, 2070, 2071, 2072

Training:

In 2020, all authorised financial advisers (AFRs) completed the 'Sustainable Finance' course, which was part of the AFR updating curriculum. An e-learning module on the ESG labelling scheme was also produced in connection with the launch. All capital market advisers completed this module in 2020 and it was made mandatory for other AFRs by the start of 2021. All employees also completed training related to Ethics Week and took part in 'Arbeidslivets Klimauke'.

Risks and opportunities

Demand for funds with a clear sustainability profile is steadily growing. Offering sustainable products the customers want therefore represents an opportunity for the Bank to increase its business volume. The Bank believes that the risk is mainly linked to not delivering funds with a clear enough sustainability profile. At the same time, there is a financial risk associated with the pricing of sustainable funds. The industry also views greenwashing, or lacking good enough data to classify something as sustainable, as a risk.

Goal for area	Proportion of funds with a clear ESG profile is growing.		
Measurement parameter	Proportion of the Bank's fund offerings graded 'A' or 'B' in the Alliance's ESG labelling.		
	2018	2019	2020
Goal attainment	Not available	✓ 70 %	✓ 79 %

Goal for area	10 per cent of our customers' investments in funds are invested in funds with a clear ESG profile.		
Measurement parameter	Proportion of customers invested in funds graded 'A' or 'B' in the Alliance's ESG labelling.		
	2018	2019	2020
Goal attainment	Not available	✓ 74 %	✓ 89 %

Goal for area	A growing proportion of new sales should be in funds with a clear ESG profile.		
Measurement parameter	Proportion of new sales in funds graded 'A' or 'B' in the Alliance's ESG labelling.		
	2018	2019	2020
Goal attainment	Not available	✓ 80 %	✓ 85 %



Appendices:
'Requirements for other suppliers', page 236. ODIN's greenhouse gas emissions in its fund portfolio.

CHAPTER 3.5

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



4 QUALITY EDUCATION



Ethical marketing of products and services

Why is this a material topic for the Bank?

It is important for the Bank to practise ethical marketing that makes our services and products transparent and understandable. We do this to ensure that the customer is well-informed and able to make good financial decisions.

By focusing on ethical marketing, the Bank is seeking to make sure that our services and products are not marketed as sustainable unless they actually are. We focus on avoiding greenwashing, which involves presenting a product as climate friendly without having a sufficient basis for making such a claim.

Our communications and marketing will always aim to be as relevant as possible for our customers and to add value for them.

The Bank also has major influence when we enter into sponsorships and other cooperation agreements. Therefore, we require everyone we enter into agreements with to meet our expectations and requirements for sustainable products and solutions.

What did we achieve in 2020?

No breaches of the regulations and guidelines for product and service information and labelling were reported in 2020. No failures to comply with regulations and/or voluntary guidelines for marketing, including advertising, promotions and sponsorships, were reported either. In 2020, we achieved the following:

- We started measuring the SpareBank 1 Østlandet brand in relation to sustainability/corporate social responsibility.
- All of our sponsorship agreements were followed up in relation to sustainability.
- We evaluated and measured our activities such that we can always be assured that our market communications are relevant.
- We quality assured that our purchases were being thoroughly checked in relation to sustainability and complied with the Bank's rules for purchases.
- The year was marked by the Covid-19 crisis, and our most significant communications were aimed at reaching out to our customers in the retail and corporate markets with solutions that could help them through the financial challenges the crisis caused.

What remains to be done in the strategy period and from a longer perspective?

- Revise our brand and sponsorship strategy to clarify the area.
- Signing The Guide Against Greenwashing.

Risks and opportunities

Ethical marketing helps to strengthen our reputation in the market we want to serve.

Strategic anchoring

Important guidelines:

General Guidelines for Corporate Social Responsibility and Sustainability. Code of Conduct. Brand strategy.

Responsible:

Marketing manager.

Goals:

2.2.29 Sustainability requirements are incorporated into all new or extended agreements. 2.2.30 We carry out a sustainability assessment of all the content we produce and communicate. 2.2.31 We have clarified the Bank's sustainability profile.

GRI-indicators:

203-1, 417-2, 417-3
Training: 404-2, 404-3
SDG: 8.3, 9.4, 12.6, 12.8, 13.3, 16.5
GC: 2

Training:

Everyone who works in marketing in the Bank has completed the Bank's Ethics Week.

These days, being sustainable and socially responsible in everything we do is important for the brand.

By always choosing sustainable options in our actions and decisions, we will be seen as a clear brand that focuses on sustainability and corporate social responsibility. The risk associated with ignoring sustainability is huge and it can, for example, result in fines, reputational loss and reduced loyalty.

Goal for area	We have clarified the Bank's sustainability profile so that it can maintain its position as the bank consumers view as the most sustainable.		
Measurement parameter	Results achieved in the Sustainable Brand Index, within our industry. The goal is for the SpareBank 1 brand to be an industry winner. This is a common goal for the SpareBank 1 Alliance, adopted in 2019.		
	2018	2019	2020
Goal attainment	✓ Achieved, industry winner	✓ Achieved, industry winner	✓ Achieved, industry winner



Head of Analysis and Sponsorship Roald Stene and Professional Consultant Thomas Railton Ik Dahl in the Marketing Department in Oslo.



4

Statement and results

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Geir Schjølberg
Bank Manager
retail market
Tynset

Information about the Board of Directors



Siri J. Strømmevold

(born 1961) Chair, lives in Tynset. Strømmevold is a qualified computer engineer and has extensive experience from the oil industry, including Mobil Expl., Statoil, and Saga Petroleum. She is currently the general manager of Tynset Bokhandel. Strømmevold was elected to the Board in 2006. Chair of the Board since 2012.



Nina Cecilie Lier

(born 1972) board member, Deputy Chair, lives in Brumunddal.

Lier is a qualified business economist and has worked for PriceWaterhouseCoopers and Oppland Central Hospital, among others. She is currently the CFO of Sykehuset Innlandet HF. Board member since 2010. Deputy Chair of the Board since 2016.



Hans-Christian Gabrielsen

(born 1967), board member, lives in Slemmestad.

Gabrielsen is a qualified process operator and also holds qualifications within management and organisation. He has worked for Tofte Industrier and Fellesforbundet. He is currently the President of the Norwegian Confederation of Trade Unions (LO). Board member since 2016.



Tore Anstein Dobloug

(born 1962), board member, lives in Furnes.

Dobloug holds a Cand. Polit. degree from the University of Oslo and a PhD in Economic Geography from Lund University. He has been a director in Energy Future Invest, CFO in Hedmark Energi and a bank executive and the CFO in Sparebanken Hedmark. He is now the director of Sparebankstiftelsen Hedmark. Board member since 2019.



Alexander Sandberg Lund

(born 1969) board member, lives in Oslo.

Lund holds a Cand. Jur. degree with education from the University of Oslo. He has been a deputy judge at Trondenes District Court and an associate, lawyer and partner in Wikborg Rein, Oslo. He is currently a partner/lawyer in CLP. Board member since 2019.



Espen Bjørklund Larsen

(born 1976) board member, lives in Elverum.

Larsen holds a university college candidate degree in economics and administration, took a 1-year advanced course in innovation, and also graduated as an Executive Master of Management from BI Norwegian Business School. He has been the chief employee representative in the Finance Sector Union of Norway in SpareBank 1 Østlandet since 2007 and an employee representative on the Board since 2008.



Marit Jørgenrud

(born 1965) board member, lives in Oslo.

Jørgenrud has taken employment Law at Toppskolering AOF, various courses at BI Norwegian Business School, and a student specialised computer course at Oslo Commerce School. She has been a bank manager in Landsbanken Haugenstua, a bank manager in SpareBank 1 Storo and has held various positions in SpareBank 1 Oslo Akershus. She has been the chief employee representative in LO Finance Østlandet since 2017 and an employee representative on the Board since 2020.



Guro Nina Vestvik

(born 1967), board member, lives in Hamar.

Vestvik holds a bachelor's degree in Business and Administration and further qualifications in organisation and management. She has worked for Gjensidige and also been the CFO of Moelven Industrier and a project manager for the city region programme in ElverumRegionen Næringsutvikling. She is currently an urban developer with Hamar Municipality. Board member since 2016.

CHAPTER 4.1

Report of the Board of Directors

SpareBank 1 Østlandet operates in one of the country's most interesting market areas, with good growth in population and company start-ups, and good future prospects. The Bank has satisfied customers and is experiencing strong customer growth. SpareBank 1 Østlandet achieved a consolidated profit after tax of NOK 1 608 million in 2020, compared with NOK 1 928 million in 2019. The return on equity for 2020 was 10.1 per cent, compared with 12.8 per cent for 2019, and the Board of Directors ('the Board') is proposing that 50 per cent of the controlling interest's share of the consolidated profit be paid out to owners and customers. The Board is very satisfied with the Group's deliveries and results in 2020.

The Group's composition and market area

SpareBank 1 Østlandet is Norway's fourth largest regional savings bank and the largest financial institution headquartered in Innlandet County.

The Group comprises SpareBank 1 Østlandet and the wholly-owned subsidiaries EiendomsMegler 1 Innlandet AS, EiendomsMegler 1 Oslo Akershus AS, EiendomsMegler 1 Oslo AS (second tier subsidiary), Youngstorget 5 AS and AS Vato, as well as the 95 per cent-owned subsidiary SpareBank 1 Finans Østlandet AS. The Group also includes the 70.68 per cent-owned holding company SpareBank 1 Østlandet VIT AS, which in turn owns 100 per cent of the shares in the subsidiary TheVIT AS. The accounts of these companies are fully consolidated into SpareBank 1 Østlandet's consolidated financial statements.

SpareBank 1 Østlandet owns 12.40 per cent of SpareBank 1 Gruppen AS, 18.00 per cent of SpareBank 1 Utvikling DA, 20.87 per cent of SpareBank 1 Kreditt AS, 9.99 per cent of BN Bank ASA, 20.00 per cent of SpareBank 1 Bank og Regnskap AS (formerly SMB Lab AS), 18.74 per cent of SpareBank 1 Betaling AS and 14.78 per cent of SpareBank 1 Gjeldsinformasjon AS. The Bank also owns 22.45 per cent of SpareBank 1 Boligkreditt AS and 15.15 per cent of SpareBank 1 Næringskreditt AS (the covered bond companies). The above companies' net profit or loss is recognised in the Bank's consolidated financial statements in proportion to the Bank's stake.

SpareBank 1 Østlandet's head office is in Hamar and its home market consists of the counties of Innlandet, Oslo and parts of Viken. SpareBank 1 Østlandet has a total of 37 branches: 23 in Innlandet, five in Oslo and nine in Viken. SpareBank 1 Østlandet VIT AS and its subsidiaries have 12 branch offices: seven in Innlandet, two in Oslo and three in Viken.

The Group's mission is to be a full-service provider of financial products and services. Besides loans, deposits, leasing and money-transfer services, this also means most savings and investment services, as well as life and non-life insurance, credit cards

and various debt recovery services through jointly owned companies in the SpareBank 1 Alliance. The Group also provides real estate brokering and accounting related services.

The Group distributes its products and services via a number of channels. The Group has a clear local presence thanks to its substantial network of branches that offer personal advice. The Group also offers a broad range of services in other channels too where customers have access to various services via a direct bank on the telephone, chat and video, as well as an online bank and mobile phone solutions.

The Group's development

Sustainability is a strong social trend that presents challenges for the Group in many areas, and SpareBank 1 Østlandet is working to integrate sustainability throughout its business areas.

The Group's total lending to retail and corporate customers grew by 7.0 per cent in 2020. This includes loans transferred to the covered bond companies. Retail lending grew by 9.1 per cent, while corporate lending grew by 1.3 per cent.

The most important customer groups are retail customers, small and medium-sized enterprises, and the organisation market, in which the trade union movement is especially important.

Changes in customer behaviour and the increasing automation of work processes are creating both opportunities and an expectation that the Bank's products and services will be available in all channels. The Bank is therefore making considerable investments, through the SpareBank 1 Alliance and its own organisation, in the development of future-oriented system solutions for self-service and efficient customer advisory services. These efforts were further intensified in 2020, and the Bank offers industry-leading digital solutions.

Consolidated financial statements for 2020

The annual financial statements have been prepared on a going concern basis, and the Board hereby confirms that the use of the going concern assumption is appropriate.

The following figures are consolidated figures. The figures in brackets concern 2019.

The consolidated profit after tax for 2020 was NOK 1 608 (1 928) million and the return on equity 10.1 (12.8) per cent.

Specification of the consolidated profit after tax in NOK millions:	2020	2019
Parent Bank's profit after tax	1 342	1 856
Dividends received from subsidiaries/ associated companies	-287	-582
Share of profit from:		
SpareBank 1 Gruppen - consolidated figures	340	451
SpareBank 1 Boligkreditt AS	19	27
SpareBank 1 Næringskreditt AS	8	6
EiendomsMegler 1 Innlandet AS	10	5
EiendomsMegler 1 Oslo Akershus - consolidated figures	12	7
SpareBank 1 Finans Østlandet AS	126	118
SpareBank 1 Østlandet VIT - consolidated figures	0	-7
SpareBank 1 Kreditt AS	3	16
SpareBank 1 Betaling AS	-2	3
BN Bank ASA	34	20
Youngstorget 5 AS	4	8
Other associated companies/joint ventures	0	1
Consolidated profit after tax	1 608	1 928

Net interest income

Net interest income amounted to NOK 2 177 (2 166) million. Net interest income must be viewed in conjunction with commission income from mortgages transferred to the part-owned covered bond companies totalling NOK 368 (333) million. The total net interest income including fee and commission income from the covered bond companies amounted to NOK 2 545 (2 499) million. Improved lending margins and lending growth contributed to the increase in net interest income, while lower deposit margins had the opposite effect. Net interest income was also affected by lending rates in the second quarter being reduced earlier than deposit rates and earlier than issued securities were repriced after the drop in market rates.

Net interest income as a percentage of average total assets was 1.51 (1.66) per cent.

Net commission and other operating income

Net commission and other operating income amounted to NOK 1 441 (1 388) million.

Figures in NOK millions	2020	2019
Net money transfer fees	118	125
Commissions from insurance and savings	233	201
Commissions from covered bonds companies	368	333
Commission from credit cards	58	61
Real estate brokerage commissions	340	332
Accounting services	185	185
Other operating income	140	151
Net commissions and other (non interest) operating income	1 441	1 388

The increase in net commission and other operating income was due to increased commissions from funds and insurance, increased commissions from the covered bond companies, and increased income from real estate brokerage, while reduced income from money transfer services had the opposite effect.

For detailed information about the various profit centres in the Group, see Note 4 'Segment information'.

Net profit from financial assets and liabilities

Net income from financial assets and liabilities was NOK 545 (735) million.

Figures in NOK millions	2020	2019
Dividends from shares, participations and other equity instruments	41	19
Share of profit or loss of associates and joint ventures	394	519
Net profit from other financial assets and liabilities	109	197
Net profit from financial assets and liabilities	545	735

Dividends of NOK 41 (19) million primarily consisted of dividends from VN Norge AS of NOK 28 (6) million and from Totens Sparebank of NOK 11 (12) million.

Profit contributions from associated companies and joint ventures amounted to NOK 394 (519) million.

Contribution from associated companies and joint ventures in NOK millions	2020	2019
SpareBank 1 Gruppen AS	340	451
SpareBank 1 Boligkreditt AS	19	27
SpareBank 1 Næringskreditt AS	8	6
SpareBank 1 Kreditt AS	3	16
SpareBank 1 Betaling AS	-2	3
BN Bank ASA	34	20
Other associated companies/joint ventures	-7	-3
Share of profit or loss of associates and joint ventures	394	519

The NOK 125 million reduction since 2019 was primarily attributable to weaker results from SpareBank 1 Gruppen, although SpareBank 1 Boligkreditt AS, SpareBank 1 Kreditt AS and SpareBank 1 Betaling AS also posted weaker results for 2020 than for 2019. Profit contributions from BN Bank ASA were included in the Group's consolidated statements for the first time with effect from 24 May 2019.

The profit contribution from SpareBank 1 Gruppen was NOK 340 (451) million. Of this, SpareBank 1 Østlandet's share of the gain in SpareBank 1 Gruppen in 2020 from the transfer of the personal risk area from SpareBank 1 Forsikring AS to Fremtind Forsikring AS amounted to NOK 217 million. Correspondingly, SpareBank 1 Østlandet's share of the gain in SpareBank 1 Gruppen in 2019 in connection with the insurance merger and selldown in Fremtind Forsikring AS amounted to NOK 291 million.

Net income from other financial assets and liabilities was NOK 109 (197) million. For detailed information please see Note 21 'Net profit from financial assets and liabilities'.

Operating expenses

Total operating expenses were NOK 1 902 (1 930) million and amounted to 45.7 (45.0) per cent of net income.

Specifications of the expenses in the period in NOK millions	2020	2019	Change
Personnel expenses excl. restructuring expenses	1 083	1 096	-1.2 %
Depreciation/amortisation	132	131	0.6 %
IT expenses	303	286	5.9 %
Marketing expenses	77	84	-8.5 %
Operating expenses from real estate	55	49	12.5 %
Other expenses	252	279	-9.7 %
Total operating expenses excl. restructuring expenses	1 902	1 925	-1.2 %
Restructuring expenses	1	5	
Total operating expenses	1 902	1 930	-1.4 %

The NOK 28 million reduction in total operating expenses was mainly attributable to lower personnel expenses, marketing expenses and other operating expenses, including as a consequence of a period with some furloughs in some subsidiaries during the initial phase of the coronavirus pandemic. The Group also incurred expenses of NOK 7 million in 2019 related to discounts on purchases of equity capital certificates in connection with an offering to employees. The reduction was offset to some extent by higher ICT expenses and higher operating expenses for properties. Restructuring expenses amounted to NOK 1 (5) million and were due to severance payments arising from redundancies in the parent bank.

As at 31 December 2020, the Group had 1 149 (1 127) FTEs. The increase in staffing of 22 FTEs consisted of an increase of 30 FTEs in the parent bank and a reduction of 8 FTEs in subsidiaries.

Impairment losses on loans and guarantees

In 2020, the Group saw impairment losses on loans and guarantees of NOK 330 (32) million.

The losses consist of the following elements:

Isolated loss effects	RM	CM	Parent bank	SB1FØ	Group
Change ECL due to period growth and migration	1	10	11	7	19
Change ECL due to adjusted key assumptions (PD / LGD)	3	36	39	18	58
Change ECL due to changed scenario weighting	14	26	41	3	44
Change in model-based loss provisions	19	73	91	29	120
Post model adjustments	0	20	20	5	25
Change individual loss provisions	2	28	30	13	43
Net write-offs	9	95	104	38	142
Total losses	29	216	245	84	330

Model-generated provisions for loss (Stage 1 and Stage 2) increased by NOK 120 million, primarily due to adjusted assumptions (PD/LGD) and changes to scenario weights. Post model adjustments (PMAs) of NOK 25 million were also made in the period for estimated, not observed, migration from Stage 1 to Stage 2. Individual provisions for loss (Stage 3) were also increased by NOK 43 million, while the period's net realised loss was NOK 142 million. Reference is also made to Note 6 'Loan loss provisions'.

Some 75 (73) per cent of the SpareBank 1 Østlandet Group's total lending, inclusive of mortgages transferred to the covered bond companies, was to retail customers, mainly in the form of housing mortgages. The corporate portfolio's exposure to cyclical industries is low.

Credit risk

The Group's capitalised provisions for loss on loan receivables as at 31 December 2020 amounted to NOK 548 (360) million. The increase from the same date last year was due to a combination of increased model-generated provisions for loss, increased individual provisions for loss and a PMA for estimated, not observed, migration from Stage 1 to Stage 2.

The Group's lending and liabilities are categorized into three groups: Stage 1, Stage 2 and Stage 3.

Stage 1 is used for lending that does not have a substantially higher credit risk than it did upon initial recognition. A provision is made for 12 months' expected loss.

Stage 2 is used for lending that has a substantially higher credit risk than it did upon initial recognition, but where no credit loss has occurred on the balance sheet date. A provision is made for expected loss over the entire lifetime.

Stage 3 is used for lending that has a substantially higher credit risk than it did upon initial recognition, and where credit loss has occurred on the balance sheet date. A provision is made for expected loss over the entire lifetime.

Gross loans and liabilities defined as Stage 3 amounted to NOK 488 (456) million as at 31 December 2020. This corresponded to 0.43 (0.43) per cent of

gross loans. NOK 130 (87) million of gross loans and liabilities defined as Stage 3 was provisions for credit losses. This results in a loan loss impairment ratio of 26.68 per cent (19.07 per cent).

Gross exposure in the different stages was as follows:

For detailed information about provisions for loss, see Note 2 'Accounting policies', Note 8 'Loans to and receivables from customers' and Note 10 'Provisions for credit losses'.

The coronavirus crisis resulted in the Bank implementing a series of extraordinary measures in 2020. Lending rates were generally reduced by 1.25 percentage points for both retail and corporate customers. The Group's loan customers, both retail and corporate, were granted an interest-only period upon application, generally for 3-6 months. In addition, the Bank provided government guaranteed liquidity loans and other liquidity facilities to corporate customers.

Credit risk measured using the Bank's internal credit models through 2020 shows some improvement in the retail lending. For the corporate market, it is generally stable, but some measurement parameters have a marginal negative development. The individual provisions for loss for retail customers are stable while the individual provisions for loss for corporate customers have increased. The measured credit risk in the loan portfolio is still expected to gradually weaken as the effects of the coronavirus crisis become apparent in the Bank's credit models. At the end of 2020, the Bank's measured credit risk was within the risk tolerances approved by the Board. The Board is of the opinion that the Group's credit risk is moderate to low but has increased due to the coronavirus crisis.

Total assets

As at 31 December 2020, total assets amounted to NOK 146.1 (134.8) billion. Adjusted total assets, defined as total assets inclusive of mortgages transferred to the covered bond companies, amounted to NOK 194.0 (178.4) billion.

Lending to customers

Gross loans to customers, inclusive of mortgages transferred to the covered bond companies, totalled NOK 161.3 (150.7) billion. As at 31 December 2020, mortgages totalling NOK 46.9 (42.6) billion had been transferred to SpareBank 1 Boligkreditt AS and mortgages totalling NOK 1.0 (1.0) billion had been transferred to SpareBank 1 Næringskreditt AS.

Lending growth in the past 12 months, inclusive of mortgages transferred to the covered bond companies, was NOK 10.6 (10.5) billion, equivalent to 7.0 (7.5) per cent. The growth in retail lending was NOK 10.0 (6.9) billion, while the growth in corporate lending was NOK 0.5 (3.6) billion.

Deposits from customers

As at 31 December 2020, deposits from customers totalled NOK 85.6 (78.5) billion. Deposit growth in the past 12 months was NOK 7.1 (7.0) billion, equivalent to

9.1 (9.8) per cent. The retail deposit growth was NOK 4.8 (3.1) billion, while the corporate deposit growth was NOK 2.3 (3.9) billion.

The Group's deposit coverage ratio was 75.5 (73.3) per cent. The Group's deposit coverage ratio, inclusive of mortgages transferred to the covered bond companies, was 53.1 (52.1) per cent.

Liquidity

Borrowing from financial institutions and securities issued (senior preferred debt, senior non-preferred debt, subordinated loan capital and additional Tier 1 capital) totalled NOK 39.8 (38.2) billion, 47.7 (44.8) per cent of which was Euro-denominated. The average term to maturity for the Group's long-term funding was 4.0 (4.1) years, while the average term to maturity for all funding was 3.4 (3.8) years.

As at 31 December 2020, the liquidity coverage ratio (LCR) was 140.6 (162.2) per cent, whereas the average last 12 months was 143.5 (170.6) per cent. The Group enjoyed strong liquidity prior to the coronavirus outbreak in Norway and this was maintained during the year. Even given the occasionally strong turbulence in the securities markets, the Board considers the Group's liquidity situation to be satisfactory.

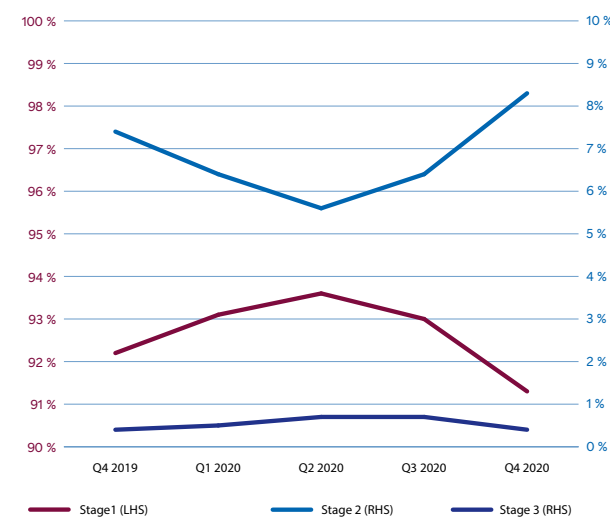
Equity capital certificates

As at 31 December 2020, the equity share capital comprised 115 829 789 (115 829 789) equity capital certificates and book value per equity capital certificate was NOK 98.76 (93.67). Earnings per equity capital certificate amounted to NOK 9.57 (11.55) for the full year 2020.

As at 31 December 2020, the market price for the Bank's equity capital certificate (ticker 'SPOL') was NOK 97.80 (92.50). On 7 April 2020, a dividend for the accounting year 2019 of NOK 4.58 (4.12) per equity capital certificate was paid.

Solidity and capital adequacy

As at 31 December 2020, the Group's equity totalled NOK 17.1 (15.9) billion and represented 11.7 (11.8) per cent of total capital. The leverage ratio was 7.2 (7.2) per cent.



The Group's Common Equity Tier 1 ratio was 17.8 (17.2) per cent as at 31 December 2020. The Tier 1 capital and Tier 2 capital ratios were 18.8 (17.9) per cent and 20.8 (19.8) per cent, respectively.

The Bank's appeal regarding the Financial Supervisory Authority of Norway's instruction to increase buffers in the LGD estimates in the corporate portfolio was still being considered by the Ministry of Finance on the balance sheet date.

The Group's long-term target for its Common Equity Tier 1 ratio is the regulatory requirement plus a management buffer of 100 basis points. The Group's capital targets and capital planning take account of announced and expected changes to the capital requirements.

The Bank was subject to a total buffer requirement of 7.8 per cent as at 31 December 2020. On 13 March 2020, the Ministry of Finance reduced the countercyclical capital buffer by 1.5 percentage points from 2.5 per cent to 1.0 per cent for Norwegian exposures. On 8 December 2020, the Ministry of Finance increased the required systemic risk buffer from 3 per cent to 4.5 per cent for exposures in Norway for banks that have IRB permission from and including the end of 2020. In the total buffer requirement as at 31 December 2020, the institution-specific buffer requirements, the countercyclical buffer and the systemic risk buffer, were calculated to be 1 per cent and 4.3 per cent for both the parent bank and the Group.

In parallel with the increase in the systemic risk buffer, a floor was also introduced for risk weights calculated using internal methods for loans receivable with collateral in residential property or commercial property in Norway. The Bank's risk weights for the aforementioned segments are higher than the introduced risk weighting floors and this change therefore had no immediate effect as at 31 December 2020. As at 31 December 2020, the Bank's Common Equity Tier 1 ratio requirement, inclusive of a Pillar 2 requirement of 1.8 percentage points, was 14.1 per cent. The Bank's Common Equity Tier 1 ratio is therefore significantly higher than the current and expected capital requirements. The Board regards the Bank's capital situation as satisfactory.

The revised capital requirements directive and the associated regulation are expected to come into effect in Norway in 2021, which will, among other things, impact the calculation of capital adequacy. This is expected to affect both the regulatory capital levels, due to changes to deduction rules, and change the basis for calculation, due, among other things, to the introduction of a new framework for counterparty risk.

In light of the Covid-19 pandemic, the Basel Committee has decided to delay implementation of the revised Basel III framework by one year until 1 January 2023.

Ratings

On 5 March 2020, Moody's Investors Service (Moody's) upgraded SpareBank 1 Østlandet's base-

line credit assessment (BCA) and deposit/debt rating. This meant that the rating of the Bank's deposits and senior debt were upgraded from A1 to Aa3, with a stable outlook. The Bank's BCA and adjusted BCA were upgraded from baa1 to a3. On 3 July 2020, Moody's awarded the Bank's senior non-preferred debt an A3 rating. On 4 September 2020, Moody's confirmed the Bank's BCA and deposit/debt rating of Aa3. SpareBank 1 Østlandet is, therefore, one of the two savings banks with the highest credit rating from Moody's in Norway.

SpareBank 1 Østlandet's work on climate is rated at the highest level, A, by the CDP (Carbon Disclosure Project).

Parent banks' annual financial statements for 2020

The parent bank's profit after tax for 2020 was NOK 1 342 (1 856) million. The reduction from 2019 was largely due to a NOK 295 million reduction in net income from subsidiaries, associated companies and joint ventures, mainly due to the fact that the parent bank received an extraordinary dividend from SpareBank 1 Gruppen AS of NOK 211 million in 2019 as a result of DNB ASA increasing its 20 per cent stake in Fremtind Forsikring AS to a 35 per cent stake. The parent bank also saw NOK 256 million in increased credit losses and a NOK 88 million reduction in net income from other financial assets and liabilities, as well as a NOK 35 million reduction in net interest income. The was offset to some extent by NOK 47 million in increased net commission and other operating income, NOK 23 million in increased dividends from equity investments pursuant to IFRS 9, and NOK 5 million in reduced operating expenses compared with the year before.

Operating expenses

Total operating expenses in the parent bank amounted to NOK 1 341 (1 346) million for 2020 and represented 41.9 (37.9) per cent of net income.

NOK 5 million reduction in operating expenses was mainly due to lower personnel expenses. Personnel expenses were lower due to a reduction in average headcount of four FTEs and the Bank incurring expenses of NOK 7 million in 2019 linked to discounts for purchases of equity capital certificates in connection with an employee offering, as well as NOK 4 million in reduced employer's NI contributions. Other operating expenses were lower due to lower expenses as a result of the coronavirus pandemic.

Restructuring expenses amounted to NOK 1 (5) million and were due to severance payments arising from redundancies in the parent bank.

Specifications of the expenses in the period in NOK millions	2020	2019	Change
Personnel expenses excl. restructuring expenses	677	694	-2.4 %
Depreciation/amortisation	104	104	0.6 %
IT expenses	273	262	4.1 %
Marketing expenses	63	53	18.9 %
Operating expenses from real estate	45	44	2.2 %
Other expenses	177	184	-3.6 %
Total operating expenses excl. restructuring expenses	1 340	1 341	-0.1 %
Restructuring expenses	1	5	
Total operating expenses	1 341	1 346	-0.4 %

SpareBank 1 Østlandet had targeted ‘zero growth in expenses in the parent bank’ for 2020. Total operating expenses for 2020 were NOK 5 million, or 0.4 per cent, lower than in 2019.

As at 31 December 2020, the parent bank employed 702 (672) FTEs.

Impairment losses on loans and guarantees

Impairment losses on loans and guarantees amounting to NOK 245 million were recognised as costs in the parent bank in 2020 (net reversals on losses of NOK 11 million).

Model-generated provisions for credit losses amounted to NOK 91 million, mainly due to updated assumptions (PD/LGD) and changes to scenario weights. Post model adjustments (PMAs) of NOK 20 million were also made for estimated, not observed, migration from Stage 1 to Stage 2. Individual provisions for credit losses (Stage 3) increased by NOK 30 million, while the period’s net realised losses were NOK 104 million. By comparison, last year’s figures were heavily affected by a reduction in provisions for credit losses following the validation of the loss models showing that the previous LGD estimates were significantly higher than realised loss rates. For detailed information about provisions for credit losses, see Note 1 ‘Accounting policies’, Note 5 ‘Loans to and receivables from customers’ and Note 6 ‘Provisions for loss’.

Solidity and capital adequacy

The parent bank’s equity amounted to NOK 15.9 (15.0) billion, which represented 11.0 (11.2) per cent of total capital as at 31 December 2020.

The parent bank’s Common Equity Tier 1 ratio was 22.1 (21.3) per cent. The Tier 1 capital ratio was 23.1 (21.8) per cent and the Tier 2 capital ratio was 25.1 (23.9) per cent.

Underlying banking operations

Underlying banking operations are defined as the profit before loan losses, excluding securities effects and dividends. Costs related to restructuring are also excluded.

Underlying banking operations, NOK millions	2020	2019	Change
Net interest income	1 887	1 923	-1.8 %
Net commission and other operating income	882	835	5.6 %
Total operating costs	-1 341	-1 346	-0.4 %
Adjustments: Restructuring costs	1	5	
Operating profit underlying banking operations	1 429	1 416	0.9 %

The operating profit from underlying banking operations amounted to NOK 1 429 (1 416) million for 2020. The profit from underlying banking operations increased by NOK 13 million, or 0.9 per cent. The improvement in profit was mainly due to an increase in net commission and other operating income, while reduced net interest income had the opposite effect.

Covid-19 measures

SpareBank 1 Østlandet granted interest-only periods for 7 436 loans representing total lending of NOK 15.2 billion to retail customers in the parent bank during 2020. The number of requests for new interest-only periods tailed off significantly over the year, and of the approximately 1 600 customers who were granted 3-month interest-only periods in March and April, approximately 280 customers received an additional 3-month extension.

Similarly, interest-only periods were granted to corporate customers for approximately 760 loans representing total lending of approximately NOK 5.8 billion. Some 97 government guaranteed liquidity loans totalling NOK 290 million and 24 contingency loans totalling NOK 111 million were also granted to corporate customers. Of the approximately 600 customers granted a 3-month interest-only period in the corporate market division in March and April, just over 200 customers received an additional 3-month extension.

Subsidiaries

SpareBank 1 Finans Østlandet AS

The financing company SpareBank 1 Finans Østlandet AS (95 per cent stake) posted a profit after tax of NOK 126 (118) million for 2020. Net interest income amounted to NOK 297 (246) million, while credit losses were NOK 84 (43) million.

The results for 2020 were characterised by good margins due to lower funding costs and good portfolio interest in the company, as well as increased credit losses due to increases in both model-generated and individual provisions for loss as a result of the coronavirus crisis. A long-term monitoring portfolio was sold at a profit of NOK 9 million in the first quarter of 2020.

SpareBank 1 Finans Østlandet AS granted interest-only periods to corporate customers for approximately 650 loans representing total lending of around NOK 1.9 billion in 2020. In the initial round of interest-only periods, approximately 30 per cent of corporate customers were granted 3-month interest-only periods, while approximately 5 per cent of customers needed and were granted a further 3-month interest-only period. Interest-only periods were also granted to approximately 1 900 loans to retail customers

representing total lending of around NOK 460 million. In the initial round of interest-only periods, approximately 17 per cent of retail customers were granted 3-month interest-only periods, while approximately 3 per cent needed and were granted a further 3-month interest-only period. The need for further interest-only periods has been limited.

As at 31 December 2020, gross loans to customers amounted to NOK 9.1 (8.8) billion and lending growth the past 12 months was 3.4 (10.7) per cent.

EiendomsMegler 1 Innlandet AS

EiendomsMegler 1 Innlandet AS posted earnings for 2020 of NOK 133 (124) million and achieved a profit after tax of NOK 10 (5) million. The results were helped by a strong housing market and the fact that the company’s investment in strengthened staffing paid off.

The property market in Innlandet County was only briefly and lightly affected by the uncertainty resulting from the coronavirus crisis. The second half-year was characterised by increased sales volumes, supply side reductions and rising housing prices, in both the residential and holiday property markets. Despite the reduction in earnings at the start of the second quarter due to the coronavirus crisis, total earnings for 2020 increased compared with last year. The sales volume for used homes increased by 10.3 per cent from 2019 to 2020, and the company achieved a market share for 2020 in its market area of 29.8 (28.9) per cent of sales of used homes and holiday properties.

The company adopted its own guidelines for corporate social responsibility and sustainability in 2020. ESG was also implemented in the company’s strategy and the overarching ambition is to be perceived as a real estate broker with a clear sustainability profile.

EiendomsMegler 1 Oslo Akershus Group – consolidated figures

The EiendomsMegler 1 Oslo Akershus Group posted earnings for 2020 of NOK 207 (208) million and achieved a profit after tax of NOK 12 (7) million. The NOK 1 million decrease in earnings was due to a change in the accounting policy for costs and income linked to outlays for customers. The policy was changed from gross recognition to net recognition with effect from 1 January 2020. Adjusted for the changed accounting policy, the company achieved earnings growth of NOK 27 million from 2019 to 2020. Profit after tax was NOK 5 million higher than last year, despite the fact that the correction of an error in the income tax expense from previous years boosted the profit for 2019 by NOK 3 million.

The housing market in the company’s market area was characterised by a very high level of activity in the second half-year following a volatile first half-year. The year started well, before the market quietened significantly in March when stringent government measures were introduced in connection with the coronavirus pandemic. The market recovered somewhat in April, was back to normal levels in May and was slightly better than normal in June. The second half-year was characterised by a very high level of

activity, and approximately 12 per cent more homes were sold than in the second half of 2019. Large volumes of homes were for sale throughout the entire second half-year and earnings increased significantly because of this. The stock of unsold new homes in projects has fallen slightly since construction in the area has fallen slightly. Housing prices in Oslo and the surrounding area rose during the second half-year. In its market area, the company had a market share of 8.8 (8.0) per cent of sales of used homes in 2020.

The company adopted its own guidelines for corporate social responsibility and sustainability in 2020. ESG was also implemented in the company’s strategy and the overarching ambition is to be perceived as a real estate broker with a clear sustainability profile.

SpareBank 1 Østlandet VIT AS – consolidated figures

The SpareBank 1 Østlandet VIT Group posted earnings for 2020 of NOK 186 (185) million and a profit after tax of NOK 0 (-7) million.

While TheVIT AS has seen steady earnings growth in all service areas over time, in the second quarter it experienced a decrease in earnings due to the coronavirus crisis. Earnings improved again in the second half-year and profitability showed an improvement compared with last year thanks to good cost control.

Associated companies and joint ventures

SpareBank 1 Gruppen AS

SpareBank 1 Gruppen (12.40 per cent stake of the controlling interest) comprises the SpareBank 1 Alliance’s joint product companies within insurance, fund management, claims management and collection.

For SpareBank 1 Gruppen, the coronavirus crisis resulted in significant insurance provisions, payouts on travel insurance claims, and a weaker financial return in the first half-year 2020. The results improved in the second half-year and SpareBank 1 Gruppen posted a consolidated profit before tax for 2020 of NOK 1 817 (1 578) million. The consolidated profit after tax for 2020 was NOK 1 404 (1 503) million. The controlling interest’s share of the consolidated profit after tax amounted to NOK 995 (1 291) million and SpareBank 1 Østlandet’s share of this amounted to NOK 123 (160) million.

Fremtind Forsikring AS achieved a very good insurance result and accounted for NOK 1 506 (585) million of SpareBank 1 Gruppen’s result before tax for 2020, while SpareBank 1 Forsikring AS posted a result before tax of NOK 298 (1 040) million. Furthermore, ODIN Forvaltning AS posted a profit before tax of NOK 132 (95) million for 2020, driven by higher assets under management and positive net subscriptions. Sparebank 1 Factoring AS saw a decrease in volume due to the coronavirus crisis and posted a profit before tax of NOK 71 (78) million. The Modhi Finance AS posted a group profit before tax of NOK 20 (64) million, while SpareBank 1 Spleis AS posted a loss before tax of NOK -16 (-30) million.

The merger of the personal risk products of SpareBank 1 Forsikring AS and DNB Livsforsikring AS and transfer to Fremtind Livsforsikring AS, where the settlement was paid by Fremtind Forsikring AS, was implemented with accounting effect from 1 January 2020. The total value of the personal risk area was assumed to be NOK 6.25 billion. The merger resulted in increased equity for SpareBank 1 Gruppen at a group level. The controlling interest's (the SpareBank 1 banks and LO) share of this increase was NOK 1.75 billion. This gain was recognised directly against equity in SpareBank 1 Gruppen but was recognised through profit and loss in the consolidated financial statements of the owner banks. SpareBank 1 Østlandet's share of the gain from the transfer of personal risk products to Fremtind Forsikring AS amounted to NOK 217 million.

For 2019, SpareBank 1 Østlandet's share of the gain in connection with the insurance merger and sell-down in Fremtind Forsikring AS to DNB ASA amounted to NOK 291 million.

The profit contributions included in SpareBank 1 Østlandet's consolidated financial statements for 2020 therefore amounted to NOK 340 (451) million.

SpareBank 1 Boligkreditt AS

SpareBank 1 Boligkreditt AS (22.45 per cent stake) was established by the banks in the SpareBank 1 Alliance to utilise the market for covered bonds. The banks sell prime housing mortgages to the company and thereby achieve lower funding costs.

The company posted a profit after tax for 2020 of NOK 139 (169) million. The reduction was primarily due to fee and commission costs increasing by more than net interest income, while increased loss costs also contributed to a somewhat weaker result. Reduced losses on financial instruments had the opposite effect.

The result contribution from SpareBank 1 Boligkreditt AS, which is included in the consolidated accounts for SpareBank 1 Østlandet using the equity method, is adjusted for interest paid on the additional Tier 1 capital that is recognised directly in equity. The profit contribution for 2020 amounted to NOK 19 (27) million.

SpareBank 1 Næringskreditt AS

SpareBank 1 Næringskreditt AS (15.15 per cent stake) was established according to the same model, and with the same management, as SpareBank 1 Boligkreditt AS. SpareBank 1 Næringskreditt AS has two classes of shares with differing rights to dividends. SpareBank 1 Østlandet includes 12.67 per cent of the company's results in its consolidated financial statements, equivalent to the Bank's share of the company's dividend payments.

The company posted a profit after tax for 2020 of NOK 59 (62) million. The profit contribution included in SpareBank 1 Østlandet's consolidated financial statements amounted to NOK 8 (6) million for 2020.

SpareBank 1 Kreditt AS

SpareBank 1 Kreditt AS (20.87 per cent stake) is the SpareBank 1 Alliance's joint venture for credit cards

and consumer lending. The company posted a profit after tax for 2020 of NOK 12 (75) million. The reduction was mainly due to lower earnings resulting from the coronavirus crisis, reduced net transaction income and a reduced interest-bearing balance sheet, while reduced losses had the opposite effect. The profit contribution included in SpareBank 1 Østlandet's consolidated financial statements amounted to NOK 3 (16) million for 2020.

SpareBank 1 Betaling AS

SpareBank 1 Betaling AS (18.74 per cent stake) is the SpareBank 1 Alliance's joint venture for payment solutions. The company manages the SpareBank 1 Alliance's stake in Vipps AS.

The company posted a loss after tax for 2020 of NOK -9 (-58) million. The profit contribution included in SpareBank 1 Østlandet's consolidated financial statements amounted to NOK -2 (3) million for 2020.

BN Bank ASA

BN Bank ASA (9.99 per cent stake from 24 May 2019) is a nationwide bank for corporate and retail customers owned by seven of the banks in the SpareBank 1 Alliance.

BN Bank ASA and Bolig- og Næringskreditt AS merged in the third quarter of 2020. The comparable figures for the same period last year are consolidated figures inclusive of Bolig- og Næringskreditt AS. BN Bank ASA posted a profit after tax for 2020 of NOK 354 (327) million and a return on equity of 8.3 (8.0) per cent. Net interest income increased by NOK 41 million compared with last year, while other income increased by NOK 37 million. Total operating expenses increased by NOK 8 million and credit losses increased by NOK 38 million. Increased loss costs were heavily affected by model-generated provisions under IFRS 9 related to the coronavirus crisis.

The profit contribution from BN Bank ASA, which is included in the consolidated accounts for SpareBank 1 Østlandet using the equity method, is adjusted for interest paid on the additional Tier 1 capital that is recognised directly in equity. The profit contribution for 2020 amounted to NOK 34 (20) million.

For more information about the financial statements of the various companies, please see the interim reports available on the companies' own websites.

Proposed distribution of profits

The Parent Bank's accounts form the basis for distributing the profit for the year.

Figures in NOK millions	2020	2019
Profit after tax (Parent Bank)	1 342	1 856
Changes in fund for unrealised gains	15	-83
Profit available for distribution	1 357	1 773
Dividend	555	531
Dividend equalisation fund	396	737
Customer dividend/gifts	237	234
Primary capital	169	272
Total distribution profit available	1 357	1 773

The profit for the year available for distribution equals the profit after tax in the Parent Bank of NOK 1 342 (1 856) million corrected for changes in the fund for unrealised gains of NOK -15 (83) million. The total amount available for distribution is NOK 1 357 (1 773) million.

The net profit was divided between primary capital and the equity share capital based on their relative share of the equity, where 70.1 per cent of the distributable profit for the year was allocated to the equity share capital and 29.9 per cent of the distributable profit for the year was allocated to primary capital.

The Board is proposing to the Supervisory Board a dividend of NOK 555 (531) million. This results in a payout ratio of 50 (40) per cent of the controlling interest's share of the consolidated profit, which in line with the Bank's long-term-oriented dividend policy. Of this, the proposed cash dividend would be NOK 4.79 (4.58) per equity capital certificate, totalling NOK 555 (531) million. The Board is also proposing to the Supervisory Board a customer dividend of NOK 231 (208) million and provisions of NOK 6 (26) million for donations. The dividend equalisation fund and primary capital will thus be allocated NOK 396 (737) million and NOK 169 (272) million, respectively.

The Board has assessed the prudence of the dividend given the current situation involving Covid-19 and the pandemic's effects on the regional economy and its impact on the Bank's solidity. Thorough assessments have also been carried out regarding a potential deterioration of the situation and the possible consequences for the Bank's earnings and solidity. It is a fundamental prerequisite that the Bank is able to deliver with respect to the region's need for financing among retail and corporate customers within the credit policy. The Board agrees with the Ministry of Finance's assessments regarding conservative dividend payments at a time when there is still heightened uncertainty about future economic developments.

In line with the Ministry of Finance's recommendations, the total payments will be kept within a maximum of 30 per cent of the cumulative annual profits for 2019 and 2020 until 30 September 2021. The Board therefore proposes to the Bank's Supervisory Board that the approved payments be paid out in two rounds. At the normal time for dividend payments (April 2021), a dividend of NOK 203 million will be paid out, which corresponds to a cash dividend of NOK 1.75 per equity capital certificate, and NOK 6 million will be allocated to donations for good causes. The Board will also ask the Supervisory Board for authorisation to carry out the remaining approved dividends in the fourth quarter of 2021, assuming that this is deemed prudent at the time of payment. The Board is asking the Supervisory Board for authorisation to pay out a further dividend of up to NOK 3.04 per equity capital certificate and up to NOK 231 million in customer dividends. The Board will ask for the authorisation to remain valid until the ordinary meeting of the Supervisory Board in 2022. The resolution regarding the Board's authorisation will be contingent on the announced regulatory amendments allowing the approval of board authorisations to pay out dividends in savings banks being approved and

coming into force before the board authorisation is registered.

The distribution for 2019 was changed and the Board's revised recommendation was communicated in a market announcement dated 19 March 2020. Given the economic outlook, the Board decided to reduce the payout ratio from 50 per cent to 40 per cent. The annual financial statements for 2019 were not amended to reflect this.

Corporate governance

Corporate governance in SpareBank 1 Østlandet encompasses the values, goals and overarching principles that provide the basis for its management and control, as well as long-term value creation that benefits its equity certificate holders, customers and other stakeholders.

SpareBank 1 Østlandet reviews its corporate governance principles and how they are functioning in the company every year. SpareBank 1 Østlandet presents an account of the principles and practice of its corporate governance in accordance with section 3-3b of the Accounting Act and the Norwegian Code of Practice for Corporate Governance. A more detailed summary is provided in a separate chapter.

Risk management

SpareBank 1 Østlandet's risk management aims to ensure that its exposure to risk is known at all times and is within the limits set by the Board. The risk management should support the Group's strategic development and target achievement, as well as help ensure financial stability and prudent asset management.

The Board has approved 'Risk Strategy and Policy in SpareBank 1 Østlandet'. The document defines the Group's risk tolerance and general framework for risk management, including management of the various categories of risk. Each year, the Board approves risk-based governing documents within various risk categories, including for credit risk, liquidity and market risk, as well as for operational risk, compliance risk and conduct risk. Risk exposure and development are regularly monitored and reported to the Bank's board and executive management team.

Ever greater attention is being paid to ESG risk, and especially climate risk. The Bank does not manage ESG risk as a separate risk category but as an integral component of all risk categories. Nevertheless, ESG is described separately below.

Credit risk

Credit risk is defined as the risk of loss due to customers or counterparties being unable or unwilling to meet their financial obligations.

Credit risk in the loan portfolio is the Bank's greatest risk. The risk is managed based on board-approved governing documents that define the Board's risk tolerance. The Bank has been authorised by the Financial Supervisory Authority of Norway to use the

Advanced IRB method to calculate capital needs for credit risk and we thus use statistical models as a basis for classifying the portfolio into risk groups. For more information, please refer to the Pillar 3 document, which is available from the Bank's website.

The Bank mainly provides financing services for retail and corporate customers in the Eastern Norway region and participates in the financing of individual projects in collaboration with other banks in the SpareBank 1 Alliance.

Despite the coronavirus situation, the Bank's measured risk in its loan portfolio remains stable. The retail market portfolio saw a marginally positive development in measured risk, and defaults and losses remain low. The Bank's retail market portfolio is generally secured by collateral in real estate. As long as the value of collateral is not impaired due to significantly lower house prices or a substantial rise in unemployment, the risk of losses in the portfolio is limited.

The corporate market portfolio saw a marginal deterioration in measured risk, which is manifesting itself in the form of higher defaults and increased provisions for loss. The coronavirus crisis has presented some customers with liquidity problems that have mainly been resolved through short-term interest-only periods or government guaranteed liquidity loans.

A rise in measured risk due to the coronavirus crisis would not be unexpected in 2021, especially in the corporate market's loan portfolio.

The Bank's portfolio of interest-bearing securities also entails a credit risk. This is described in greater detail in the market risk section below. The Parent Bank is also exposed to credit risk due to accounts receivable from other credit institutions. The decidedly largest single receivable is a loan to the Bank's subsidiary, SpareBank 1 Finans Østlandet AS.

The Board considers SpareBank 1 Østlandet's total credit risk to be within the Bank's accepted risk tolerance. The Group's credit risk is considered to be moderate to low.

Market risk

Market risk is the risk of loss due to changes in observable market variables such as interest rates, foreign exchange rates and shares/equity certificates. The risk associated with falls in value in the real estate market is also included in market risk. The same applies to the risk of changes in the market value of bonds, certificates and funds due to general changes in credit spreads.

The management of market risk is based on the strategy adopted by the Board and the policy for market risk, which sets limits for the exposure in various risk categories. Risk exposure and development are continuously monitored and reported to the Bank's board and executive management team.

Interest rate risk arises because the Group's balance sheet items have different remaining interest rate commitment terms. The Board has adopted limits

for the total interest rate risk with respect to parallel shifts in, and distortion of, the yield curve (yield curve risk), and the equivalent for various currency categories. Interest rate risk is steered towards the desired level by means of interest rate commitments for investments and funding loans and through the use of interest rate derivatives.

Currency risk is managed by means of the adopted exposure limits.

Equity risk is measured in terms of exposure to such equity instruments. The greatest part of the exposure concerns strategic investments in alliance companies and is managed as ownership risk.

The Group's property investments consist mainly of its own bank buildings.

The guidelines and frameworks for investments in fixed-income securities are tailored to the Board's risk tolerance and regulatory requirements for liquidity management. The Bank's fixed-income portfolio is exclusively a bank portfolio and consists mainly of investments in issues with very high credit ratings (AA or better, as well as Norwegian municipalities and county authorities), which limits the spread risk.

The Board considers SpareBank 1 Østlandet's overall market risk to be within the Bank's accepted risk tolerance. The Group's market risk as assessed to be low.

Liquidity risk

Funding risk is the risk of being unable to fulfil obligations or finance assets, including desired growth, without significant extra costs.

Liquidity risk is managed in line with the governing document for liquidity risk approved by the Board. This sets requirements for time horizons by which the Group should be independent of new external funding, the size and quality of the liquidity reserve, and the duration and diversification of funding. Risk exposure and development are continuously monitored and reported to the Bank's board and executive management team.

Deposits from customers represent one of the Group's main sources of funding. SpareBank 1 Østlandet's goal is to maintain a broad base of deposits from both retail and corporate customers, and our deposit coverage ratio at year end 2020 was satisfactory.

In addition to deposits, the Group is funded by loans in the Norwegian and international securities markets, loans from financial institutions and the sale of loans to the covered bond companies SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS.

SpareBank 1 Østlandet maintains a portfolio of liquid securities as part of its funding management. In addition to the securities portfolio, the Group has a liquidity reserve in the form of cash, funds and equities, as well as loans prepared for sale to the covered bond companies.

The Board considers SpareBank 1 Østlandet's overall liquidity risk to be within the Bank's adopted risk tolerance. The Group's liquidity risk is considered to be low.

Operational risk

Operational risk is the risk of losses due to inadequate or failed internal processes or systems, human error or external events. The process for managing operational risk must, insofar as it is possible, ensure that no individual events caused by operational risk seriously damage the Group's financial position.

Operational risk is managed in line with the governing document for operational risk approved by the Board. Risk assessments are conducted on an ongoing basis at various levels. The Bank uses a tool for following up improvement measures identified by either the internal auditor, external auditor or supervisory authorities. All suggested improvements from internal reviews such as risk assessments, compliance reviews or their equivalent are also followed up using the same tool. Adverse incidents and customer complaints are recorded and followed up in the same way. Events that have impacted or could impact the Group's profitability and/or reputation are systematically followed up. The Board has adopted a policy and guidelines for important products, solutions and processes to ensure that the necessary quality assurance is carried out before these are established or changed.

Given the risk inherent in using information technology, this area is monitored constantly. Internal Audit conducts independent reviews and tests of the Bank's security in this area. Banks in the SpareBank 1 Alliance work together closely to ensure good, stable operations. No serious events occurred in 2020 and operational losses were low.

The Board believes that given the Bank's earnings and financial strength, as well as the organisation's competence and management systems, the Bank's overall risk exposure in relation to operational risk is acceptable. In the opinion of the Board, the area is under satisfactory control but requires continuous monitoring.

Compliance risk

Compliance risk is the risk that the Bank will incur public sanctions, penalties, other criminal sanctions, loss of reputation or financial losses as a consequence of failure to comply with acts, regulations, official guidelines and mandatory public orders.

Management and control of the Bank's compliance risk is based on the governing document for compliance risk approved by the Board. The governing document establishes the Board's risk tolerance for compliance risk and also regulates responsibilities, including by providing guidance on every employee's responsibility for complying with regulations, reporting, and requirements for procedures aimed at ensuring and following up compliance with the regulations.

The Group has a low tolerance for compliance risk and zero tolerance for deliberate breaches of the

regulations. No compliance incidents may significantly impair the Group's financial strength, performance or reputation. The Group's business operations must be executed/performed in a manner that prevents the imposition of fines and sanctions.

The scope of regulatory requirements remains significant as in previous years. The rate of change and the scope of detail in regulations and regulatory amendments represent a risk in themselves. The Bank has therefore established procedures for ensuring that all significant changes are identified and followed up. Extensive regulatory changes that will impact the Bank's framework conditions are also expected in the future. In this context, the introduction of the new EU regulations for capital requirements and crisis management, as well as the new Financial Contracts Act, are particularly important. When the aforementioned regulations will come into effective is currently unknown.

Compliance risk can manifest as a typical 'tail risk', i.e. a risk that materialises very rarely but can potentially have very serious consequences if it does. In addition to traditional internal control and risk assessments, as well as impact analyses of new regulations, the Bank uses stress testing and reverse stress tests to analyse and assess actual exposure to compliance risk. In the opinion of the Board, the Bank exercises satisfactory governance and control of compliance risk and the Bank's exposure to compliance risk is prudent.

Business practice risk ('conduct risk')

Business practice risk is the risk of public sanctions, criminal sanctions, loss of reputation or financial loss as a consequence of the Bank's business methods or the employees' conduct materially jeopardising customers' interests or the integrity of the market.

Over time, the regulation of the financial services industry has evolved to increasingly include regulations to protect customers and consumers. The Bank's conduct risk is therefore closely associated with the Bank's compliance. The new Financial Contracts Act is of particular importance in the area of conduct.

The Board has adopted a dedicated governing document for conduct risk in order to highlight the importance of this topic for the Bank. This governing document establishes the Board's risk tolerance in this area. The Group has a low tolerance for conduct risk. This means that no single conduct incidents should be able to materially damage the Group's financial strength, performance or reputation. The governing document also regulates responsibilities, follow-up and reporting requirements, and the main principles for ensuring good conduct. All employees are required to help ensure that the rights and needs of customers are satisfactorily safeguarded, and that this is done by providing professional and straightforward customer services that enable the Bank's customers to make clear and well-informed choices.

Other key means of ensuring good conduct include, among other things, a code of conduct, internal information and training initiatives, conducting risk analyses, a well-functioning procedure for handling

customer complaints, including root cause analyses and improvement measures, and an appropriate whistleblowing channel. When products and services are established or changed, the necessary quality assurance must be carried out prior to launch. Payment and remuneration schemes must be designed to ensure and encourage appropriate conduct and good conduct.

In the opinion of the Board, the Bank's exposure to conduct risk is within the risk tolerance adopted for the area.

ESG risk

The Group is affected by ESG factors either directly through its operations or indirectly, mainly through the loan portfolio. ESG factors that have a direct impact are primarily managed as operational risk, compliance risk, conduct risk and liquidity risk, and are integrated into the methods and assessments within these risk categories.

ESG risk is defined as the risk of loss due to the Group's exposure to counterparties being adversely impacted by ESG factors. ESG risk is a risk driver for credit risk, counterparty risk and market risk and may be divided into:

- a) Environmental risk (E) is the risk of loss due to the Group's exposure to counterparties being adversely impacted by environmental factors, including climate change and/or other environmental harm.
- b) Social risk (S) is the risk of loss due to the Group's exposure to counterparties being adversely impacted by social conditions, labour rights, human rights, poverty, etc.
- c) Governance risk (G) is the risk of loss due to the Group's exposure to counterparties being adversely impacted by poor corporate governance of the counterparty.

ESG risks have been integrated into governing documents, methods, procedures and policies within the aforementioned risk categories, and are managed as an integral part of these individual areas. The Bank has previously conducted an overarching climate risk analysis. This has been continued with scenario analyses based on the Network for Greening the Financial System (NGFS). Based on the scenarios, simulations have been carried out relating to the potential risk in the corporate market's loan portfolio. The provisional assessment is that the loan portfolio will not be significantly affected by climate risk in a medium-term perspective.

Sustainability assessments are conducted in the corporate market division, especially for customers in the real estate industry and in the agricultural segment.

This work will continue in 2021 and is expected to provide a steadily better picture of the Bank's exposure to ESG risk – primarily climate risk.

Within liquidity management, guidelines have been established regarding which sectors the Bank can invest in based on ESG assessments. When investing in new issuers and/or sectors, these are assessed against the guidelines before transactions are carried out, and the investment portfolio is reviewed annually in relation to the assessment criteria in the guidelines.

For more information about the Bank's ESG work, please refer to the TFCF reporting elsewhere in this annual report.

Our employees

The Group's most important input factor is its employees. 'Employeeeship' entails each employee having to actively relate to an organisation's strategy and business goals, and how these impact the need for learning and development in order to achieve set goals.

The Bank systematically strives to anchor, prioritise and follow up the importance of good consistency and the relationship between the Bank's overarching strategic objectives and the objectives, activities and points for follow-up that apply to employees in different roles. Reporting key target figures and measures within the area of HR is included in the ongoing corporate governance that is reported to the Board each year.

The Bank has a dedicated HR strategy, as well as secondary strategies and governing documents such as its Code of Conduct, Anti-corruption Policy, Remuneration Policy and Recruitment Policy.

Working conditions

The Bank normally conducts annual organisational surveys focusing on key working conditions such as job commitment and job satisfaction. The results of these surveys have consistently been high.

In 2020, a decision was made to conduct two surveys that were tailored to the situation that has arisen due to the coronavirus situation and many of the employees working from home. This has given rise to new working environment risks and made demands of both employees and managers. Nevertheless, the surveys show that on the whole there have been few problems associated with working from home, although there has been a need for some individual adaptation.

HSE and sick leave

SpareBank1 Østlandet takes a systematic approach to HSE and adopts annual action plans focusing on health problems and sick leave. The total sick leave rate for 2020 was 4.0 per cent. This means sick leave was 0.5 percentage points lower than in 2019 when sick leave was 4.5 per cent and within the target rate of 4.5 per cent. The target rate was set based on an assessment of the nature of the business and the work, industry benchmarks and the age demographics of the organisation.

The Bank makes special adjustments for employees who, because of illness, experience reduced capacity for work or who, for some other reason, require adaptation of their workplace and work tasks. In

collaboration with the Norwegian Labour and Welfare Service (NAV) and the local 'Muligheter med Mangfold' ['Opportunities from Diversity'] initiative in the Inland Region, the Bank also welcomes employees who need training.

Managers and safety representatives receive basic working environment training every year.

The Bank has established collective agreements with the Finance Sector Union of Norway in SpareBank 1 Østlandet, and with LO Finans Østlandet. The cooperation between the executive management team and employee representatives is very good. A joint cooperation and working environment committee has been established with representation from the trade unions and safety service.

There were no accidents that were reported to the Norwegian Labour Inspection Authority in 2020.

Competence and organisational development

The Bank follows an annual cycle in which employee performance and career development interviews are held in the first quarter of the year. Employee performance and career development interviews are a strategic tool for ensuring that every employee understands the Group's strategy and for achieving targeted competence development. Based on the interviews, development plans designed to meet the needs of the individual employee are drawn up and these are followed up over the year in a dialogue between employees and their line manager.

A special adviser academy has been established in the retail market division. This focuses on competence development and training for financial advisers and operations managers. The Bank has also established its own 'Management Academy', which provides basic training for all new managers, as well as various professional refresher and development courses. The Group is collaborating on various management development projects within the SpareBank 1 Alliance.

In 2020, the CEO also carried out a separate management development programme for the executive management team. This focused on mutual expectation clarification and obligations and on further improving procedures for corporate governance and decision-making.

Diversity and equal opportunity

The Bank wants to have employees who reflect the community of which it is a part – irrespective of cultural background, ethnicity, religion and gender. The Bank strives to achieve gender balance at all levels of the organisation. A new recruitment policy with a stronger focus on gender equality and diversity was adopted in 2020.

The vast majority of the Bank's employees are in permanent positions. Some 0.8 per cent are temporary employees, which breaks down as 1 per cent among women and 0.6 per cent among men, respectively. In addition to this the Bank employs temporary resources hired in from staffing agencies to replace employees who are on leave, away sick, etc.

Of the new recruits in 2020, 48 per cent were women and 52 per cent men. The Bank has set a goal of achieving a gender balance between applicants for all types of position and, on an aggregated level, achieved this in 2020 with 48 per cent female applicants and 52 per cent male applicants.

The proportion of women in managerial positions with personnel responsibilities is 36 per cent, which is lower than the target for the strategy period of 45 per cent. The CEO's executive management team consists of three women and seven men. The Bank's board has four women and four men. In 2020, a dedicated management development programme was started for both potential and existing female managers. This is considered an adequate and necessary measure to achieve the long-term objectives, and it is anchored at the top level of management.

All employees must have the same opportunities for salary development and local salary supplements are made on the basis of an assessment of individual performance and contributions to the collective achievement of results over time. These processes involve a particular focus on identifying any equal pay disparities.

The Bank uses external position assessment systems to classify position categories and analyse salary data. In operational positions, which include advisers, case officers and so on, women's pay was 89.6 per cent of men's pay at year end 2020, compared with 90.6 per cent in 2019. Among employees in management positions and more demanding technical positions, women's pay was 98.8 per cent of men's pay, compared with 93.3 per cent in 2019. The relatively large changes in the space of a single year reflect both the reclassification of some positions and thorough analyses and targeted measures. The analyses are not adjusted for any structural factors related to age, different fields, seniority, level of education, etc.

The Bank has set a collective wage agreement adjustment for employees who return to work after at least 5 months of maternity leave in order to prevent wage disparities arising between women and men. In 2020, women and men took an average of 20.6 and 17.3 weeks of parental leave, respectively.

Ethics and whistleblowing

SpareBank 1 Østlandet's employees should be known for their high ethical standards. Its employees should be competent, honest, fair, and inspire confidence. The necessary professional distance should be maintained in all interactions with others. An annual 'ethics week', which in 2020 concentrated on the implementation of a new anti-corruption policy, involves employees throughout the organisation and helps to ensure that employees focus on and are familiar with the Code of Conduct. Through their documented participation in Ethics Week, all employees confirm on an annual basis that they have reviewed and understood the contents of the code of conduct.

The induction programme for new employees also focuses on the code of conduct and thereby familiarises them with the Bank's systems and whistle-

blowing procedures. The whistleblowing channel is easily accessible via the Bank's intranet. The Board has adopted whistleblowing guidelines intended to protect any whistleblowers. Arrangements are in place that enable anonymous whistleblowing in which whistleblower reports are sent to an external recipient.

An ethics committee was established in 2020. This is chaired by the Executive Vice President HR and Legal. The committee discusses matters of principle and general ethical issues. The committee can also make recommendations in individual cases of an ethical nature that could harm customers' confidence in the Bank or its reputation.

Liability insurance for board members and the CEO
SpareBank 1 Østlandet and its subsidiaries, together with the other companies in the SpareBank 1 Alliance, have taken out insurance for its board members and CEO to cover their potential liability in relation to the company and third parties. The insurance cover for board liability is NOK 800 million per claim and in total per year, while the cover for professional liability and criminality insurance is NOK 1,050 million per claim and in total per year.

Corporate social responsibility and sustainability

For SpareBank 1 Østlandet, sustainability is a strategic destination. The Bank provides an account of its corporate social responsibility in accordance with section 3-3(c) of the Accounting Act, which requires "an account of what the enterprise is doing to integrate human rights, labour rights, equality and non-discrimination, social conditions, the external environment and combating corruption into its business strategies, in its day-to-day operations and in relation to its stakeholders." Sustainability and corporate social responsibility are an integral part of the Bank's activities and the reporting is therefore integrated into other annual reporting. The Global Reporting Initiative (GRI) reporting standard and its accompanying index are used to show where significant information can be found.

Guidelines, principles and procedures have been established for sustainability work and have been published on the Bank's website and are referred to in the annual report. The most important sustainability topics for the Bank are discussed in separate sections. In line with the Accounting Act, these report on how the Bank is working to translate guidelines and principles into action, provide an assessment of the results that have been achieved and state our future expectations for this work. The main responsibility for follow-up within their areas has been assigned to the executive vice presidents in order to integrate sustainability into day-to-day operations.

Research and business development

Despite the pandemic and the somewhat reduced activity and investment budgets for research and business development in 2020, SpareBank 1 Østlandet takes a long-term perspective as far as development work is concerned and systematically worked on

customer-centric and open innovation throughout the year. We continue to believe that the best customer experiences are created by combining 175 years of solid banking experience and a well-developed network of branches with well-functioning and user-friendly digital solutions. Our research and development work is not just about creating new products, services and business models, it is also about strengthening the delivery capacity of existing business through new technology and new partnerships. A long-term focus on both cultural transformation and using innovation as a tool for new growth will help our long-term development work strengthen the finance house of the future.

In 2019, SpareBank 1 Østlandet, together with VR company Fynd Reality AS (formerly EON Reality Norway AS) further developed the augmented reality-based solution for teaching children and young people about finances. The response from the market has been good and in 2020 the Bank signed an agreement for the distribution of the solution in Japan and Japanese schools with AVR Japan.

In 2020, SpareBank 1 Østlandet became the first bank in Norway to integrate subscription management into its mobile bank. Through a strategic partnership with Minna Technologies (SE), we have enabled our customers to obtain an overview of their subscriptions in the mobile bank and easily end subscriptions directly in it. A year of empirical figures confirm that we have hit the target, both with respect to customer needs and the solution, and the functionality is now being implemented in all of the SpareBank 1 banks.

Together with the other SpareBank 1 banks, NOK 200 million was invested in 2020 in the development of new solutions and the improvement of existing ones. The SpareBank 1 banks are also working closely with TietoEVRY to develop the money transfer and core banking systems of the future.

SpareBank 1 Østlandet received tax deductions totalling NOK 792,067 in 2020 for research and development activities that took place in 2019.

Outlook

At the start of the year, the Board highlighted the prevalence of the coronavirus as a risk factor for the region's growth and value creation.

It became steadily clearer during the first quarter that the coronavirus crisis would have global consequences, and on 13 March the Norwegian government announced the strictest restrictions for individuals and companies in peacetime. In the subsequent interim report, the Board pointed out that it was difficult to forecast the duration and impact of the crisis on health and on corporate and personal finances that Norway, the region and the world found themselves in.

During the second quarter, the perception that the Norwegian and regional economies were normalising grew steadily stronger. The financial markets, both internationally and in Norway, saw a historically swift return to previous levels. The government's measures

for restricting the spread of infection were eased in line with the falling number of sick and new cases of infection during the summer. Affected companies started normalising operations, which resulted in a rapid reduction in unemployment and furlough rates.

After a summer that saw significant easing of the government measures and increased travel activity in Europe and Norway, infection numbers increased in the autumn with the consequence that government measures again were tightened significantly towards the end of 2020 and at the start of 2021.

The level of activity in large segments of the Norwegian and regional economies has been climbing since the autumn, although some industries have been especially hard hit. This is particularly true for parts of the tourism, entertainment and hotel industries, which have seen significantly lower activity than normal. There appears to be little prospect of a rapid improvement in these industries. The level of activity in the Bank has been high during the entire period and the Bank's employees have impressed by being there for their customers. The Bank experienced strong customer growth and good volume growth during the year. This demonstrates that the Bank's market position and customer offering are particularly attractive in a crisis situation.

Overall, the Bank's experience since the summer suggests that the consequences of the crisis for individuals and companies in the region appear to be less far-reaching than feared when the lockdown measures were first implemented in March. The experience during the autumn has shown that there

has been a limited need to extend the interest-only periods that both corporate and retail customers were granted at the beginning of the crisis.

In Norway as a whole, bankruptcies and compulsory liquidations actually dropped by 13 per cent in 2020 compared with 2019. However, behind this statistic lie strong government measures that will at some point be phased out or reversed. Various forms of direct state support, payment deferrals for public taxes and the fact that the state stopped presenting bankruptcy petitions for large parts of the year probably mean that the bankruptcy picture is excessively positive.

Therefore, the Bank expects Norway as whole to experience an increase in bankruptcies going forward since some lag in bankruptcies must be assumed given the government support measures and interest-only periods from other creditors. When the expected increase in bankruptcies will become clear is difficult to predict, but the Board believes this could happen as early as in 2021.

The Bank has a history of supporting its customers through difficult times as well and will continue to be present and available to customers in need of assistance.

During the year, the Bank strengthened its provisions for losses, increases its solidity and further developed a competent organisation. The Board, therefore, regards the Bank as being very well positioned to assist our customers going forward.

The Board of Directors of SpareBank 1 Østlandet
Hamar, 3 March 2021


Siri J. Strømmevold
Chair of the Board


Nina C. Lier


Alexander Sandberg Lund


Espen Bjørklund Larsen
Employee representative


Guro Nina Vestvik


Marit Jørgenrud
Employee representative


Hans-Christian Gabrielsen


Tore Anstein Dobloug


Richard Heiberg
CEO

CHAPTER 4.2 Income statement

Parent bank			Group		
2019	2020	(Nok million)	Notes	2020	2019
3 204	2 875	Interest income effective interest method	19	3 167	3 453
335	268	Other interest income	19	268	335
1 617	1 256	Interest expenses	19	1 258	1 622
1 923	1 887	Net interest income		2 177	2 166
892	947	Commission income	20	1 359	1 295
94	95	Commission expenses	20	144	143
37	30	Other operating income	20	226	236
835	882	Net commission and other operating income		1 441	1 388
19	41	Dividends from shares, participations and other equity instruments	21	41	19
576	282	Net income from subsidiaries, associates and joint ventures	21		
		Share of profit or loss of associates and joint ventures	21,4	394	519
197	109	Net profit from other financial assets and liabilities	21	109	197
792	432	Net income from financial assets and liabilities		545	735
3 549	3 201	Total net income		4 164	4 289
699	678	Personnel expenses	22,23	1 083	1 098
104	104	Depreciation	32,33,34	132	131
543	559	Other operating expenses	24	687	702
1346	1341	Total operating expenses		1 902	1 930
2 203	1 860	Operating profit before losses on loans and guarantees		2 262	2 359
-11	245	Impairment on loans and guarantees		330	32
2 214	1 615	Pre-tax operating profit		1 932	2 326
358	273	Tax expense	25	323	398
1 856	1 342	Profit after tax		1 608	1 928
		Hybrid Capital Owner's share of profit after tax (Interest on hybrid capital)		20	15
		Profit after tax for controlling ownership interest		1 583	1 909
		Profit after tax for non-controlling ownership interest		6	4
		Profit after tax		1 608	1 928
		Earnings/diluted earnings per equity certificate (in NOK)		9,57	11,55
		Earnings/diluted earnings per average equity certificate (in NOK)		9,57	11,56

CHAPTER 4.3 Statement of other comprehensive income

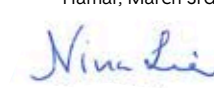
2019	2020	(Nok million)	2020	2019
1 856	1 342	Profit after tax	1 608	1 928
3	-6	Actuarial gains/losses on pensions	-6	3
-1	2	Tax effects of actuarial gains/losses on pensions	2	-1
-13	10	Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	10	-13
3	-3	Tax effects related to the above	-3	3
		Share of other comprehensive income from associated companies and joint ventures	9	13
-7	3	Total items that will not be reclassified through profit or loss	12	6
-1	11	Net fair value adjustments on loans at fair value through other comprehensive income	11	-1
0	-3	Tax effects related to the above	-3	0
5	13	Fair value changes on hedge derivatives due to changes in the currency basis spread	13	5
-1	-3	Tax effects related to the above	-3	-1
		Share of other comprehensive income from associates companies and joint ventures	13	-9
3	18	Total items that will be reclassified through profit or loss	30	-6
-4	21	Total profit and loss items recognised in equity	43	0
1 852	1 363	Total profit/loss for the period	1 651	1 928
		Hybrid Capital Owner's share of total profit after tax (Interest on hybrid capital)	20	15
		Total profit after tax for controlling ownership interest	1 626	1 910
		Total profit after tax for non-controlling ownership interest	6	4
		Total profit/loss for the period	1 651	1 928

CHAPTER 4.4 Balance sheet

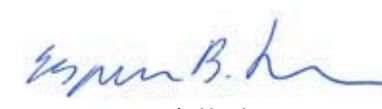
Parent bank			Group		
2019	2020	NOK million	Notes	2020	2019
ASSETS					
1 325	683	Cash and deposits with central banks		683	1 325
8 273	8 887	Loans to and receivables from credit institutions	7	1 576	1 199
98 041	103 911	Loans to and receivables from customers	8,10	112 885	106 718
17 252	20 999	Certificates, bonds and fixed-income funds	29	20 999	17 252
878	2 212	Financial derivatives	13,30,38	2 212	878
675	616	Shares and other equity interests	31	616	675
4 323	4 510	Investments in associates and joint ventures	40	5 325	4 870
1 758	1 758	Investments in subsidiaries	40	0	0
89	96	Goodwill and other intangible assets	32	410	406
514	463	Property, plant and equipment	33, 34	620	672
520	505	Other assets	35	746	787
133 648	144 641	Total assets		146 074	134 783
LIABILITIES					
3 647	5 129	Deposits from and liabilities to credit institutions	7	5 090	3 650
78 534	85 643	Deposits from and liabilities to customers	36	85 613	78 494
33 732	34 952	Liabilities arising from issuance of securities	13,30,38	34 952	33 732
373	697	Financial derivatives	13,30	697	373
335	81	Current tax liabilities	25	128	376
88	288	Deferred tax liabilities	25	417	212
663	631	Other debt and liabilities recognised in the balance sheet	39	739	739
1 303	1 302	Subordinated loan capital	37	1 302	1 303
118 676	128 723	Total liabilities		128 939	118 880
EQUITY CAPITAL					
5 791	5 791	Equity capital certificates	40	5 791	5 791
848	848	Premium fund		848	848
2 740	3 269	Dividend equalisation fund	40	3 269	2 740
663	555	Recommended dividends and other equity capital		555	663
3 825	4 053	Primary capital	40	4 053	3 825
166	166	Other paid-up equity		166	166
12	29	Provision for gifts	40	29	12
334	320	Fund for unrealised gains		320	334
292	237	Recommended dividend customers return	40	237	292
300	650	Hybrid capital	40	650	300
0	0	Other equity		1 104	817
		Non-controlling interests		113	114
14 972	15 918	Total equity capital		17 135	15 903
133 648	144 641	Total equity capital and liabilities		146 074	134 783

The Board of Directors of SpareBank 1 Østlandet
Hamar, March 3rd 2021


Siri J. Strømmevold
Chair of the Board

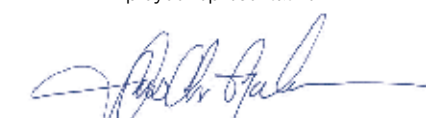

Nina C. Lier


Alexander Sandberg Lund


Espen Bjørklund Larsen
Employee representative


Guro Nina Vestvik


Marit Jørgenrud
Employee representative


Hans-Christian Gabrielsen


Tore Anstein Dobloug


Richard Heiberg
CEO

CHAPTER 4.5

Statement of change in equity

Parent Bank	Paid-up equity			Earned equity capital						
	Equity certificates	Premium fund	Other paid-up equity	Primary capital ¹⁾	Dividend equalisation funds ²⁾	Provision for gifts	Fund for unrealised gains	Other equity	Hybrid-capital	Total equity capital
(NOK million)										
Equity capital as of 01.01.2019	5 766	830	166	3 912	2 589	15	252	-30	400	13 900
Reclassification ³⁾				-66	36			30		0
ECs issued and transferred to owners	26	18								43
Hybrid capital									-100	-100
Interest on hybrid kapital ³⁾				-5	-11					-15
Profit after tax				505	1 268		83			1 856
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				-3	-7					-10
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				1	3					4
Net fair value adjustments on loans at fair value through other comprehensive income after tax				0	0					-1
Actuarial gains or loss after tax on pensions				1	2					3
Dividend paid				-222	-477					-699
Donations distributed from profit 2018				-6						-6
Grants from provision for gifts in 2019						-2				-2
Equity capital as of 31.12.2019	5 791	848	166	4 117	3 403	12	334	0	300	14 972
Equity capital as of 01.01.2020	5 791	848	166	4 117	3 403	12	334	0	300	14 972
ECs issued and transferred to owners										0
Hybrid capital									350	350
Interest after tax on hybrid capital				-6	-14					-20
Profit after tax				406	951		-15			1 342
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				2	5					7
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				3	7					10
Net fair value adjustments on loans at fair value through other comprehensive income after tax				2	6					8
Actuarial gains or loss after tax on pensions				-1	-3					-4
Dividend paid				-208	-531					-739
Donations distributed from profit 2019				-6						-6
Grants from provision for gifts in 2020				-20		17				-3
Equity capital as of 31.12.2020	5 791	848	166	4 289	3 824	29	319	0	650	15 918

Group	Paid-up equity			Earned equity capital							Non-controlling interests	Total equity capital
	Equity certificates	Premium fund	Other paid-up equity	Primary capital ¹⁾	Dividend equalisation funds ²⁾	Provision for gifts	Fund for unrealised gains	Other equity	Hybrid-capital			
(NOK million)												
Equity capital as of 01.01.2019	5 766	830	166	3 912	2 589	15	252	728	400	102	14 762	
OB Corr. Subsidiary								0			0	
OB Corr. In Group companies								-8			-8	
Adjusted equity capital at 01.01.2019	5 766	830	166	3 912	2 589	15	252	719	400	102	14 753	
Reclassification ³⁾				-66	36			30			0	
ECs issued and transferred to owners	26	18								13	57	
Hybrid capital									-100		-100	
Interest on hybrid capital ³⁾				-5	-11						-15	
Profit after tax				505	1 268		83	69		4	1 928	
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				-3	-7						-10	
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				1	3						4	
Net fair value adjustments on loans at fair value through other comprehensive income after tax				0	0						-1	
Actuarial gains or loss after tax on pensions				1	2						3	
Other items in comprehensive income								4			4	
Share of other comprehensive income from associated companies and joint ventures								-6			-6	
Dividend paid				-222	-477					-6	-705	
Donations distributed from profit 2018				-6							-6	
Grants from provision for gifts in 2019						-2					-2	
Equity capital as of 31.12.2019	5 791	848	166	4 117	3 403	12	334	817	300	114	15 903	
Equity capital as of 01.01.2020	5 791	848	166	4 117	3 403	12	334	817	300	114	15 903	
OB Corr. Subsidiary								1			1	
OB Corr. In Group companies								0			0	
Adjusted equity capital at 01.01.2020	5 791	848	166	4 117	3 403	12	334	818	300	114	15 904	
ECs issued and transferred to owners											0	
Hybrid capital									350		350	
Interest on hybrid capital				-6	-14						-20	
Profit after tax				406	951		-15	260		6	1 608	
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				2	5						8	
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				3	7						9	
Net fair value adjustments on loans at fair value through other comprehensive income after tax				2	6						8	
Actuarial gains or loss after tax on pensions				-1	-3						-5	
Other items in comprehensive income								22			22	
Share of other comprehensive income from associated companies and joint ventures								4			4	
Dividend paid				-208	-531					-6	-744	
Donations distributed from profit 2019				-6							-6	
Grants from provision for gifts in 2020				-20		17					-3	
Equity capital as of 31.12.2020	5 791	848	166	4 289	3 824	29	320	1 104	650	114	17 135	

1) Amounts transferred to primary capital include dividend payments.
2) Amounts transferred to dividend equalization funds includes dividends to customers return.
3) Interest on hybrid capital is reclassified from other equity and distributed between primary capital and equalization funds according to the ownership fraction.

CHAPTER 4.6

Cash flow statement

Parent bank			Group	
2019	2020	(NOK millions)	2020	2019
-7 136	-5 990	Change in gross lending to customers	-6 333	-8 095
3 171	2 911	Interest receipts from lending to customers	3 316	3 586
6 994	7 109	Change in deposits from customers	7 119	6 997
-889	-618	Interest payments on deposits from customers	-621	-896
259	855	Change in receivables and debt from credit institutions	1 049	941
158	99	Interest on receivables and debt to financial institutions	-14	-7
-2 762	-3 731	Change in certificates and bonds	-3 731	-2 762
148	81	Interest receipts from commercial papers and bonds	81	148
835	882	Net commission receipts	1 406	1 354
70	77	Capital gains from sale on trading	77	70
-1 236	-1 231	Payments for operations	-1 764	-1 792
-216	-342	Taxes paid	-380	-248
-20	375	Other accruals	379	-46
-623	477	Net change in liquidity from operations (A)	584	-751
-28	-44	Investments in tangible fixed assets	-60	-58
12	0	Receipts from sale of tangible fixed assets	36	46
-687	-113	Change in long-term investments in equities	-113	-687
601	329	Dividends from long-term investments in equities	204	474
-101	172	Net cash flow from investments (B)	66	-225
5 948	4 729	Debt raised by issuance of securities	4 729	5 948
400	0	Debt raised by subordinated loan capital	0	400
300	350	Equity raised by hybrid capital	350	300
-4 150	-4 992	Repayments of issued securities	-4 992	-4 150
-200	0	Repayments of issued subordinated loan capital	0	-200
-400	0	Repayments of hybrid capital	0	-400
37	0	Payments arising from issuance of equity capital certificates	0	37
-645	-575	Interest payments on securities issued	-575	-645
-36	-30	Interest payments on subordinated loans	-30	-36
-42	-41	Lease payments	-36	-35
-238	0	Payments arising from placements in subsidiaries	0	13
-477	-531	Payment of dividend	-536	-483
-220	-206	Payment of customer dividend	-206	-220
-4	-10	Donations	-10	-4
274	-1 305	Net cash flow from financing (C)	-1 306	525
-451	-656	CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	-656	-451
1 958	1 507	Cash and cash equivalents at 1 January	1 507	1 958
1 507	851	Cash and cash equivalents at the end of the period	851	1 507
		Cash and cash equivalents at comprise:		
1 325	683	Cash and deposits with central banks	683	1 325
183	169	Deposits etc. at call with banks	169	183
1 507	851	Cash and cash equivalents at the end of the period	851	1 507



Insurance Advisor Arne Fiskvik and Management Consultant Marit Fiskvik. Tynset.

CHAPTER 4.7

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Note 1 – General information

The SpareBank 1 Østlandet Group

The Group comprises SpareBank 1 Østlandet and the wholly-owned subsidiaries EiendomsMegler 1 Innlandet AS, EiendomsMegler 1 Oslo Akershus AS, EiendomsMegler 1 Oslo AS (second tier subsidiary), Youngstorget 5 AS and AS Vato, as well as the 95 per cent-owned subsidiary SpareBank 1 Finans Østlandet AS. The Group also includes the 70.68 per cent-owned holding company SpareBank 1 Østlandet VIT AS, which in turn owns 100 per cent of the shares in the subsidiary TheVIT AS. The accounts of these companies are fully consolidated into SpareBank 1 Østlandet's consolidated financial statements.

SpareBank 1 Østlandet is domiciled in Norway and its head office is located in Hamar. The group has a total of 37 branches in three counties. The office network extends to Innlandet, Oslo and Viken. The head offices of Youngstorget 5 AS, EiendomsMegler 1 Oslo Akershus AS and the second tier subsidiary EiendomsMegler 1 Oslo AS are in Oslo. The other subsidiaries have their head office in the county of Innlandet.

The Group's core operations include deposits, lending, settlement of payments, leasing, sale of other financial products and services, and real estate brokering, accounting and advisory services.

Joint ventures

SpareBank 1 Østlandet owns 12.40 per cent of SpareBank 1 Gruppen AS. This ownership interest is classified as an investment in a joint venture. Other owners are SpareBank 1 SR-bank ASA, SpareBank 1 Nord-Norge, SpareBank 1 SMN and Samarbeidende Sparebanker AS, each of which holds a 19.50-per-cent interest, and the Norwegian

Federation of Trade Unions (LO), which holds a 9.60-per-cent interest. The Alliance's management structure is regulated by an agreement between the owners.

The Group also owns 18.00 per cent of SpareBank 1 Utvikling DA. This investment is also classified as a joint venture. The other owners of SpareBank 1 Utvikling DA are banks in the SpareBank 1 Alliance.

Associated companies

SpareBank 1 Østlandet owns 20.87 per cent of SpareBank 1 Kreditt AS, 18.74 per cent of SpareBank 1 Betaling AS and 9.99 per cent of BN Bank ASA. The bank also owns 20.00 per cent in the alliance company SpareBank 1 Bank og Regnskap AS (formerly SMB Lab AS) and 14.78 per cent of SpareBank 1 Gjeldsinformasjon AS. The bank also holds a 22.45-per-cent interest in the covered bond company SpareBank 1 Boligkreditt AS and a 15.15-per-cent interest in the covered bond company SpareBank 1 Næringskreditt AS. The above companies are classified as associated companies. The above companies' net profit or loss is recognised in the Bank's consolidated financial statements in proportion to the Bank's stake.

Some alliance companies are classified as associated companies in spite of the fact that the stake owned is less than 20 per cent. The reason for this is that the ownership structure and the strategic cooperation between the owning banks of Sparebank 1 Gruppen AS gives Sparebank 1 Østlandet a significant influence over these companies.

Changes in corporate composition and strategic investments

2020

A reallocation of the shares of SpareBank 1 Boligkreditt AS pursuant to the shareholder agreement increased the stake in the company from 22.29 to 22.45 per cent in December.

SMB Lab AS changed its company name to SpareBank 1 Bank og Regnskap AS on 9 November.

Betr AS was sold in Q4.

On 16 October, the Bank subscribed for shares in SpareBank 1 Gjeldsinformasjon AS. The ownership is 14.78 per cent and the company is classified as an affiliated company.

SpareBank 1 Kredittkort AS changed its name to SpareBank 1 Kreditt AS on 5 June.

A reallocation of shares in SpareBank 1 Kredittkort AS pursuant to the shareholder agreement resulted in the Group increasing its stake in the company from 20.85 per cent to 20.87 per cent with effect from 1 January 2020.

2019

EA reallocation of the shares of SpareBank 1 Boligkreditt AS pursuant to the shareholder agreement increased the stake in the company from 21.61 to 22.29 per cent in December. The corresponding reallocation in SpareBank 1 Næringskreditt AS led to a reduction of the stake from 17.73 to 15.15 per cent.

Eiendomsmegler 1 Hedmark Eiendom AS changed name to Eiendomsmegler 1 Innlandet AS on 4 September.

A business transfer involving SMB Lab AS to SpareBank 1 Utvikling DA was carried out in Q3.

SpareBank 1 Banksamarbeidet DA changed its name to SpareBank 1 Utvikling DA in Q2.

The sister companies with the same name TheVIT AS merged into TheVIT AS in Q2.

On 28 February, the SpareBank 1 banks entered into an agreement concerning an amended ownership model for BN Bank ASA. This included a redistribution of the 'B' shares in SpareBank 1 Næringskreditt AS, whereby a few owners changed their stakes at the same time that SpareBank 1 Østlandet entered as a new owner. After completing the transactions, SpareBank 1 Østlandet has a stake in BN Bank ASA and holds 9.99 per cent of the 'B' shares in SpareBank 1 Næringskreditt AS. The total stake in SpareBank 1 Næringskreditt AS changed from 13.35 per cent to 17.73 per cent after the transaction.

A reallocation of shares in SpareBank 1 Kredittkort AS pursuant to the shareholder agreement resulted in the Group increasing its stake in the company from 20.50 per cent to 20.85 per cent with effect from 1 January 2019.

Note 2 – Accounting policies

Accounting policies	Note disclosures in the annual report	Applicable IFRS/IAS
1. Basis for preparation of the annual financial statement		
2. Changes to the accounting policies		
3. Presentation currency		
4. Consolidation procedures	41	IFRS 3, IFRS 10, IFRS 11, IAS 28
5. Financial assets and liabilities	13, 26, 27, 28, 29, 30, 31, 37	IFRS 9, IFRS 7, IFRS 13
6. Loan receivables	8, 10, 27, 28, 39	IFRS 9, IFRS 7, IAS 37
7. Assets held for sale	N/A	IFRS 5
8. Acquired assets	N/A	
9. Leases	34	IFRS 16
10. Goodwill and other intangible assets	32	IAS 38, IAS 36
11. Property, plant and equipment	33	IAS 16, IAS 36
12. Pensions	23	IAS 19
13. Issued hybrid tier 1 capital		
14. Interest revenue and interest costs	19	
15. Commission income and commission costs	20	IFRS 15, IFRS 9
16. Transactions and monetary items in foreign currency		
17. Taxes	25	IAS 12
18. Segment reporting	4	IFRS 8
19. Events after the balance sheet date	43	IAS 10

1. Basis for preparation of the annual financial statement

The 2020 parent bank and consolidated financial statements for SpareBank 1 Østlandet were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. This also includes interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).

The basis for measurement in both the parent bank and consolidated financial statements is acquisition cost, with the exceptions described below. The financial statements were prepared in accordance with IFRS standards and interpretations that are obligatory for financial statements submitted as at 31 December 2020.

The preparation of accounts in accordance with IFRS requires the use of estimates. Furthermore, the application of the Group's accounting principles requires the Group Management to exercise discretion. Areas comprising a high degree of discretionary estimates and complexity, or areas where assumptions and estimates are material for the consolidated financial statements are described in Note 3.

The consolidated financial statements were prepared on the assumption that the Group is a going concern.

2. Changes to the accounting policies

New standards and interpretations that have been adopted

Applied accounting principles are consistent with the principles applied in the preceding financial year, except for the changes in IFRS that were implemented by the Group during the current financial year. The changes in IFRS that affect the 2020 financial statements and that were relevant to and affected the consolidated financial statements are listed below.

Changes to IFRS 9 and IFRS 7 due to the IBOR reform
In September 2019, IASB issued changes to IFRS 9 and IFRS 7. These changes are mandatory from 1 January 2020, but may be retrospectively implemented in the 2019 financial statements. The Group has chosen to retrospectively implement the changes. The Group's decision regarding retrospective implementation means that the hedging relationships can be continued unaffected by the IBOR reform. The IBOR reform is an ongoing process in which existing benchmark rates used in receivables, loans and derivative agreements are replaced by alternative benchmark rates.

New standards and interpretations that have not yet been adopted

IFRS 16 Leases
In 2020, as a result of the Corona Pandemic, amendments to IFRS 16 were adopted. Tenants can, but must not, read rent reductions as something other than rent modification. In practice, this means that rent loss or rent reduction can be regarded as a variable rent as a result of the period in which the rent is actually reduced. The alternative according to the main rule for a modification is to accrue the rent reduction over the entire rental period. The group has not taken advantage of the changes made in IFRS 16 as a result of Covid-19.

The IBOR reform, phase 2
In 2020, the IASB introduced phase 2 of the IBOR reform. Phase 2 comprises issues that could affect the time at which existing reference rates are actually replaced and involves changes to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These changes make it possible for companies to reflect the effect of transition from reference rates, such as IBOR, to alternative reference rates without providing accounting effects that would not provide useful information to users of financial statements. Companies are required to provide information about the nature and extent of risks arising from the benchmark interest rate reform, about how risk is handled and about how the transition is managed including progress made in completing the transition from interest rate calculations to alternative benchmark rates. Phase 2 will come into effect on 1 January 2021 with an option for retrospective application.

IFRS 17 Insurance Contracts
IFRS 17 Insurance contracts will replace IFRS 4 Insurance contracts and set out principles for accounting, measuring, presentation and information on insurance contracts. The purpose of the new standard is to eliminate inconsistent practices in the accounting of insurance contracts, and the standard describes a model in which the insurance liability is based on the expected present value of future cash flows, with the addition of a risk margin and a profit margin.

IFRS 17 must basically be applied retrospectively, but it provides scope for modified retrospective application or application based on fair value at the time of transition if retrospective application is impracticable. The effective date is 1 January 2023 with a requirement that comparable figures be provided.

No standards or interpretations yet to enter into force are expected to have a significant impact on the Group's financial statements.

3. Presentation currency

The presentation currency is NOK (Norwegian kroner), which is also the functional currency of all the units in the Group. All amounts are presented in NOK million unless otherwise stated.

4. Consolidation procedures

The consolidated financial statements include the Bank and all its subsidiaries that are not planned to be divested in the near future and must therefore be classified as held for sale in accordance with IFRS 5. Subsidiaries are defined as all enterprises that the Bank controls, i.e. has the power to manage a company's financial and operational principles with the aim of profiting from that company's activities. Subsidiaries are consolidated as from the date on which the Bank assumes control and are no longer consolidated from the date the Bank relinquishes control. Mutual balance sheet items and all significant profit and loss elements are eliminated.

On achieving a controlling influence in an enterprise (business combination), all identifiable assets and liabilities are carried at fair value in accordance with IFRS 3. Any positive difference between the fair value of the purchase consideration and the fair value of identifiable assets and liabilities is recognised as goodwill, whereas any negative difference is recognised as income at the time of acquisition. The accounting of goodwill after the initial recognition is commented on under the section on intangible assets. The Bank has not applied IFRS 3 retrospectively on business combinations that were implemented before 1 January 2006.

All transactions between Group companies are eliminated in the consolidated financial statements. The minority's share of the Group's profit/loss is presented on a separate line under profit/loss after tax in the income statement. Their share of the minority's equity is shown as a separate item.

Subsidiaries

Assets in subsidiaries are valued in accordance with the cost method of accounting in the parent bank financial statements. The investment is valued at the acquisition cost of the shares unless a write-down of the shares has been necessary.

Dividends, group contributions and other distributions are recognised as income in the year that they are adopted by the General Meeting. The definition of subsidiary is dealt with in IFRS 10 - Consolidated Financial Statements. It is the degree of actual control that determines whether or not a company should be classified as a subsidiary. Control only exists when an investor has power over relevant activities in the investment object, the risk of variable returns, and also the ability to affect those returns through exercising its power. In cases where loan terms and conditions are breached, the Bank will assess whether it has achieved genuine power in relation to IFRS 10.

Associated companies

The definition of an associated company is governed by IAS 28. Associated companies are companies in which the Bank has significant influence, but not control. Normally, significant influence exists when the Bank owns a stake of 20 per cent or more, unless it can be clearly established that this is not the case. Enterprises are treated as associated companies from the time significant influence is established and until it no longer applies. The investment is recognised for the first time on the balance sheet at cost and subsequently adjusted for changes in the Bank's share of the net assets of the associated company. Associated companies are recognised in accordance with the cost method of accounting in the Parent Bank and in accordance with the equity method in the Group.

Joint ventures

According to IFRS 11, investments in jointly controlled arrangements must be classified as either a joint operation or a joint venture depending on the contractual rights and liabilities of each individual investor. SpareBank 1 Østlandet has assessed its jointly controlled organisations and has concluded that they are joint ventures.

In a joint venture, the partners involved have joint control over operations based on contractual agreements. The agreements demand unanimity between the partners on strategic, financial and operations-related decisions. Joint ventures are recognised in accordance with the cost method of accounting in the parent bank and in accordance with the equity method in the Group.

5. Financial assets and liabilities

Financial assets and liabilities are recognised and deducted, classified and measured in accordance with IFRS 9 Financial Instruments. Note information is prepared in accordance with IFRS 7 Financial Instruments – Information.

Recognition and derecognition

Financial assets and liabilities are recognised on the day of trading, that is, the date the Bank becomes a party to the contractual terms of the instruments. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset have expired, or when the rights to cash flows from the assets are transferred in a manner that means that the risk and returns associated with ownership have essentially been transferred. Financial liabilities are derecognised when the contractual terms have been met, are cancelled or have expired.

Measurement categories

The measurement category must be determined upon initial accounting for the asset or liability. According to IFRS 9, financial instruments can be conditionally classified in the following measurement categories:

- Amortised cost
- Fair value with value changes through profit or loss
- Fair value with value changes through other comprehensive income
- Fair value with value changes through net profit or loss and other comprehensive income

As a general rule, financial liabilities should be measured at amortised cost, with the exception of financial derivatives measured at fair value through profit or loss and financial liabilities determined to be recognised at fair value with value changes through profit or loss and other comprehensive income (OCI). Where it has been decided that financial liabilities will be recognised at fair value through profit or loss, changes in value that are due to changes in the company's own credit risk will be recognised in OCI, unless this creates or reinforces an 'accounting mismatch'.

In the case of financial assets, one differentiates between debt instruments, derivatives and equity instruments, where debt instruments are all financial assets that are not derivatives or equity instruments. Financial assets are classified on the basis of the contractual terms and conditions for the financial assets and the business model used to manage the portfolio of which the assets are a part.

Financial assets that are debt instruments

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

Instruments with contractual cash flows that are only payments of interest and the principal on given dates and that are held in a business model for the purpose of receiving contractual cash flows and sales, should initially be measured at fair value with value changes through OCI, with interest income, currency translation effects, and any impairments presented in the ordinary income statement. Value changes recognised through OCI must be reclassified to the income statement upon the sale or other disposal of the assets.

Other debt instruments must be measured at fair value with value changes through profit or loss. This applies to instruments with cash flows that are not only payments of normal interest and the principal, and instruments that are held in a business model in which the main purpose is not the reception of contractual cash flows. Instruments that should basically be measured at amortised cost or at fair value with changes through OCI can be designated to be measured at fair value with changes through profit or loss if this eliminates or significantly reduces an accounting mismatch.

Equity instruments

Investments in equity instruments must be measured on the balance sheet at fair value. As a general rule, value changes should be recognised in the ordinary profit or loss, but an equity instrument can be conditionally designated as measured at fair value with value changes through OCI. When equity instruments are designated at fair value with value changes through OCI, ordinary dividends must be recognised as income, while value changes should not be posted to the income statement on either an ongoing basis or in the event of disposal.

Derivatives

All derivatives must be measured at fair value with value changes through profit or loss. Derivatives designated as hedging instruments are recognised in accordance with the hedging accounting rules.

Financial instruments assessed at amortised cost

In the Bank's financial statements, the following main items are classified and measured at amortised cost:

- Loans to and receivables from credit institutions as well as cash and balances at central banks
- Lending to floating-rate customers who do not qualify for transfer to SpareBank 1 Boligkreditt
- Liabilities arising from issuance of securities that are not determined to be recognised at fair value
- Subordinated loan capital
- Deposits from and liabilities to financial institutions
- Deposits from and liabilities to customers

Financial assets and liabilities assessed at amortised cost are assessed at initial measurement at fair value adjusted for direct transaction expenses. During periods after initial measurement, the instruments are valued at amortised cost using the effective interest rate method.

Liabilities arising from the issuance of securities are presented including accrued interest. As a general rule, hedge accounting (hedging of fair value) is applied on the issue of securities debt at fixed interest rates. For hedging, there is a clear, direct and documented correlation between value changes for the hedged item (the borrowing) and the hedging instrument (fixed income derivative). For the hedged item, changes in fair value related to the hedged risk are carried as an addition to or deduction from the capitalised securities issued and recognised under 'Net result from financial assets and liabilities'. Hedging instruments are assessed at fair value and the changes in fair value are recognised on the same line of the income statement as the hedging objects. See a further description of hedge accounting in Note 38.

Issued subordinated loan capital has priority after all other liabilities and is measured in the same way as other securities issued at amortised cost.

Financial instruments assessed at fair value through profit or loss

In the Bank's financial statements, the following main items are classified and measured at fair value with value changes through profit or loss:

- Financial derivatives
- Certificates, bonds and fixed-income funds
- Shares, units and other equity interests
- Loans for customers with fixed interest rates

Derivative contracts with unrealised gains are presented in the balance sheet as an asset, and contracts with unrealised losses are presented as a liability. The balance sheet values include accrued interest. Interest income and expenses on all derivative contracts are entered net as other interest income. The changes in value are included in net income from financial assets and liabilities and in a corresponding note they are dispersed over derivatives that secure purchased fixed income securities, derivatives that secure issued securities and other derivatives.

The holdings of certificates, bonds and fixed income funds are part of the Bank's cash management and holdings. The assets are managed, measured and reported internally at fair value. Changes in fair value and realised gains and losses are recognised in the income statement under 'Net result from financial assets and liabilities' and are presented excluding and including the change of value securing in a corresponding note. Fixed-income securities are presented on the balance sheet including accrued interest.

Changes in value on equity instruments are included in the income-statement line 'Net income from financial assets and liabilities'. Unrealised changes in value on equity instruments are shown in a separate line in a corresponding note. The same specification shows dividends from equity instruments at fair value and gains or losses at the realisation from assets at fair value through profit or loss.

Fixed-rate loans for customers are determined to be recognised at fair value through the profit and loss to eliminate an accounting mismatch that would otherwise arise because associated hedging instruments are obliged to be measured at fair value through profit or loss. Changes in value are recognised in the income statement as net income from financial assets and liabilities and are shown on a separate line in a corresponding note. All loans for customers with fixed-interest are presented on the balance sheet including accrued interest.

Financial assets assessed at fair value with value changes through other comprehensive income

The Bank transfers a qualified proportion of residential mortgages to the jointly owned covered bonds company SpareBank 1 Boligkreditt. Consequently, variable rate residential mortgages are included in a business model that entails both the receipt of contractual cash flows and sales. Loans to floating rate customers who potentially qualify for transfer to SpareBank 1 Boligkreditt are consequently classified and measured at fair value with changes in value over other comprehensive income.

Financial liabilities assessed at fair value with change in value through profit and loss and other comprehensive income

A share of the securities debt is determined to be recognised at fair value through profit or loss. The part of the change in fair value that is attributable to changes in the liability's credit risk is recognised on a separate line under the comprehensive income statement. Other value adjustments are recognised in the income statement under 'Net profit from financial assets and liabilities'. The Group estimates the amount for change in the real value of the liability that is attributable to changes in the liability's credit risk with an approximately equal method described in the application of IFRS 9 Financial Instruments (B5.7.18). See a further description of the determination of fair value in note 26 Determination of fair value of financial instruments.

6. Loan receivables

All loans to and receivables from customers are presented in the balance sheet, including the accrued interest.

Sale of loans

SpareBank 1 Østlandet has signed agreements for the legal sale of loans to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. In accordance with the management agreement between the Bank and the covered bond companies, the Bank is responsible for managing the loans and contact with the customers. The Bank receives consideration in the form of commissions for the liabilities associated with managing the loans. There is a remaining involvement associated with the transferred loans due to a limited settlement of losses against commissions. Please refer to the description in Note 9.

Loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS are deducted from the Bank's balance sheet.

Loan loss provisions

Losses on loans are recognised on the basis of expected credit losses (ECL). The general model for loss provisions for financial assets in IFRS 9 applies to financial assets that are measured at amortised cost and to financial assets at fair value with value changes through OCI, and that were not purchased or issued with an explicit expectation of a realised credit loss. Loan pledges, financial guarantee contracts that are not measured at fair value through profit or loss, and lease agreement claims are also included.

The measurement of provisions for expected losses in the general model depends on whether or not the credit risk has increased significantly since initial capitalisation. Credit deterioration is measured by the development of financial PD. Financial PD (see further description below) is the Bank's best assessment of the customer's risk of default. Upon initial capitalisation and when the credit risk has not increased significantly after initial capitalisation, losses must be recognised amounting to 12 months' expected losses. 12 months' expected losses are the loss that is expected to occur over the lifetime of the instrument, but which can be linked to default events that occurred in the first 12 months. If the credit risk has increased substantially after initial recognition, the loss provisions will equal the expected loss over the entire lifetime. The expected credit loss is calculated based on the scenario weighted present value of all cash flows over the remaining lifetime, i.e. the difference between the contractual cash flows and the cash flow that the Bank expects to receive, discounted by an effective interest rate on the instrument.

In addition to the general model, there are separate principles for issued, including renegotiated loans that are treated as new, and purchased loans where a credit loss has occurred upon initial capitalisation. For these, an effective interest rate will be calculated that takes account of the expected credit loss, and in the event of changes in expected cash flows the change will be discounted at the effective interest rate originally fixed, and recognised in the income statement. For these assets there is thus no need to monitor the extent to which there has been a significant increase in credit risk after initial capitalisation, since the expected loss over the entire lifetime will be taken into account in any case.

Further information on the Bank's impairment model

Loss estimates are made on a quarterly basis according to data in the data warehouse, which contains a history of account and customer data for the entire credit portfolio. The loss estimates are calculated on the basis of the 12-month and lifelong probability of default (PD), loss given default (LGD) and exposure at default (EAD). The data warehouse contains a history of observed PD and observed LGD. This provides the basis for producing estimates of future values for PD and LGD. In line with IFRS 9, the Bank groups its loans into three stages.

Stage 1:

This is the starting point for all financial assets covered by the general loss model. A provision equal to 12 months' expected losses will be calculated for all assets that do not have a significantly higher credit risk than they did upon initial recognition. This category will contain all assets that have not been transferred to Stage 2 or 3.

Stage 2:

Stage 2 of the loss model cover assets that have had a significant increase in credit risk since initial recognition, but where no credit loss has occurred on the balance sheet date. A provision equivalent to the expected losses over the entire lifetime will be calculated for these assets. This group includes accounts with a significant degree of credit deterioration, but which on the balance sheet data belong to customers that are classified as healthy. As far as the demarcation with Stage 1 is concerned, the Bank bases its definition of a significant degree of credit deterioration on the extent to which the commitment's calculated probability of default (PD) has increased significantly. SpareBank 1 Østlandet has decided to use both absolute and relative changes in lifetime PD as the criterion for reclassification to Stage 2.

The main driver of a significant change in credit risk is a quantitative change in PD on the balance sheet date compared with PD upon initial recognition. A change in PD by over 150 percent to a level above 0.60 per cent is considered to be a significant change in credit risk. In addition, customers who are in arrears for more than 30 days will always be reclassified to Stage 2. Furthermore, a qualitative assessment is made based on the extent to which the commitment's credit risk has significantly increased if it is subject to special monitoring. If the quantitative or qualitative conditions that lead to a move to Stage 2 are sufficiently improved so that they no longer meet any of the mentioned criteria, the commitment will be moved back to Stage 1.

Stage 3:

Stage 3 of the loss model cover assets that have had a significant rise in credit risk since initial recognition and where there is, on the balance sheet date, considered to be a default that entails reduced future cash flows to service the commitment. For these assets the loss provision will cover expected losses over the entire lifetime.

For loans measured at amortised cost, the net carrying amount of the asset is reduced by a loss provision determined by the stage-based treatment described above. For loans classified at fair value through OCI, the loss provisions recognised in ordinary profit are reversed through OCI. However, the carrying amount of loans in this category is adjusted by a fair value adjustment due to the change in credit risk. For loans at fair value with a significant increase in credit risk, a correlation will be expected between the accumulated loss provision according to the method described and the capitalised fair value adjustment.

Commitments in default

The definition of default in IFRS 9 under Stage 3 concurs with internal risk management and capital requirement calculations. Also here, 90 days' overdue payment is used as an important criterion for default, in addition to other qualitative factors. If a commitment is in default, it affects the risk classification in the impairment model pursuant to IFRS 9.

Forbearance and confirmation of loss

Renegotiated loans are defined as loans where modified terms have been granted in connection with the customer developing payment problems, and that these terms would not be granted for an ordinary loan. These accounts will be labelled as renegotiated (forbearance) and will be transferred to Stage 2 (if the exposure is not already in Stage 2 or Stage 3). Write-offs will be confirmed once all collateral has been realised and there is no reasonable expectation of recovery. The claim on the customer remains and will be followed up unless it has been agreed with the customer that the loan is to be written off.

7. Assets held for sale

In connection with legal recovery of claims under non-performing loans and guarantees, the Bank in some cases repossesses assets that have been pledged as security for such commitments. Upon takeover, the assets are valued at the estimated realisation value. Any deviation from the carrying value of non-performing or written-down commitment at takeover is classified as an impairment of loans. Acquired assets are recognised in the balance sheet by type. In the event of a final divestment, the deviation from the carrying amount is recognised in accordance with the type of asset in the financial statements.

8. Acquired assets

Assets that the Bank's Board of Directors has decided to sell are processed according to IFRS 5 if it is highly likely that the asset will be sold within 12 months. This type of assets mainly comprises acquired assets in connection with a loss-giving commitment as well as investments in subsidiaries held for sale. Fixed assets and groups of fixed assets and liabilities classified as held for sale are measured at the lowest value of previous carrying value and fair value less sales costs. The net profit or loss from such activities as well as associated assets and liabilities are presented on a separate line as held for sale.

9. Leases

IFRS 16 Leases sets the policies for recognition, measurement, presentation and information about leases for both parties in a lease, i.e. the customer (lessee) and the bidder (lessor). For the lessee, the recognition of assets and liabilities is required in the balance sheet for most leases. The lessor classify its leases as operational or financial leases and recognises these two types of leases differently.

The Group has chosen to make use of the following practical exceptions:

- Exceptions for capitalisation of low-value leases (USD 5,000) and exemptions for capitalisation of short-term leases (lease term of 12 months or less). Leases covered by these exemptions are recognised on a continuous basis as other operating expenses.
- Fixed non-lease components that are embedded in the lease are separated out and expensed continuously as other operating expenses.
- For leases classified as operating leases under IAS 17, the Group has chosen to make use of the practical opportunity to apply a common discount rate to a portfolio of leases with fairly similar characteristics.

Measuring the lease liability

At the time of implementation, the lease liability is measured at the present value of future payments for the lease for the right to use the underlying asset during the period of contract. The lease term represents the non-terminable period of a lease. In addition, options for extension and termination are considered in the lease term if it is reasonably certain that the option will be exercised.

In subsequent measurements, the lease liability is measured by increasing the carrying value to reflect the interest rates for the liability, reducing the carrying value to reflect the payments for the lease and re-measuring the carrying value to reflect any reassessments or lease modifications. The right of use is depreciated using the straight-line method, adjusted for any re-measurements of the lease liability and tested for impairment pursuant to IAS 36.

The lease payments included in the measurement consist of:

- Fixed payments for the lease
- Variable payments for the lease that depend on an index or interest rate
- Amounts expected to payable for the lessee in accordance with residual value guarantees
- The price of a call option, if it is reasonably certain that it will be exercised
- Payment of fine for terminating the lease, if the lease term reflects that the Group will exercise an option to terminate the lease

Discount rate

IFRS 16 refers to two different methods for determining the discount rate for lease payments:

- Implicit interest in the lease
- The lessee's incremental borrowing rate of interest, if the implicit rate cannot be easily determined.

If the lease's implicit rate of interest cannot easily be determined, SpareBank 1 Østlandet applies marginal loan rate to its leases on the balance sheet. The marginal loan rate is defined as the interest rate a lessee in a similar environment would have to pay for a loan, over an equivalent period and with equivalent collateral, for an amount necessary to acquire an asset with the equivalent value as the right-to-use asset. This interest rate is defined as follows:

Discount rate = Financing cost + supplement for capital cost

The premium in the financing cost reflects the average duration of our leases weighted between NOK and EUR on senior funding plus a weighted premium for capital cost. As at 31 December 2020, the discount rate was calculated at 1.11 per cent. The discount rate changes only in the event of a change in the lease period or in the event of a change in the assessment of an option to purchase the underlying asset.

Presentation

The right-of-use asset is presented in the balance sheet under the accounting line 'Property, plant and equipment'. The associated lease liability is presented under the accounting line 'Other liabilities'. The income statement results in depreciation on the right-of-use asset while interest expense for the liability is included in net interest income. The payments for the lease are classified as a financing activity in the cash flow while the portion of the payment that is interest is presented as cash flow from operating activities.

Under IFRS 16 it is a lease, or contains a contract, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. For the SpareBank 1 Østlandet Group, it is primarily residential leases that are covered by the new standard. Reference is made to Note 34 Leases in the Annual Report for further information.

Financial leases where the Group is the lessee are classified as loans on the balance sheet and recognised at amortised cost. All fixed income during the ordinary leasing period is included in the calculation of the agreement's effective rate of interest. Financial leases are written down in accordance with the rules in IFRS 9.

10. Goodwill and other intangible assets

Goodwill is defined as the difference between the purchase price and the value of the acquired business included on the balance sheet, after the acquisition cost has been allotted to identifiable tangible and intangible assets, liabilities and contingent liabilities. Goodwill is not amortised, but is subject to an annual impairment test with a view to ascertaining any impairment, in accordance with IAS 36. When assessing impairment, the assessment is carried out at the lowest level where it is possible to identify cash flows. Any write-down of goodwill cannot be reversed. Negative goodwill is recognised as income immediately. Negative goodwill relating to investments in associated companies and joint ventures is recognised as income immediately according to the equity method of accounting. Other immaterial assets are depreciated on a straight-line basis over their estimated useful life.

11. Property, plant and equipment

Fixed assets comprise buildings, plots of land and operating equipment. Buildings and operating equipment are recorded at acquisition cost less depreciation and write-downs. Plots of land are recorded at acquisition cost price less write-downs. The acquisition cost includes all direct costs related to getting the asset to function as intended. Non-current assets, less any residual value, are depreciated on a straight-line basis over their estimated useful life. When determining a depreciation schedule, the separate assets are split up into components with different useful lives to the extent that this is regarded as necessary, taking into account the estimated residual value. Property, plant and equipment that individually are regarded as insignificant, such as computers and other office equipment, are not assessed individually for residual value, useful life or impairment, but are assessed in groups. Useful lives of various classes of property, plant and equipment:

- Buildings, furniture and fittings: 10–100 years
- Operating equipment: 3–25 years

Property, plant and equipment that are depreciated are subject to an impairment test in accordance with IAS 36 whenever circumstances so indicate. Plots of land, buildings and sections of buildings owned by the Group for the purpose of earning rental income and/or capital gains are classified as investment properties. In buildings where the Group uses parts of the building for its own

operations, that part that is leased to others is treated as an investment property if that part is divisible. The Group has chosen to recognise investment properties in accordance with the cost method of accounting. The fair value of investment properties is established through an appraisal or valuation by a government-authorised estate agent. Further information is available in Note 33 Property, plant and equipment.

12. Pensions

The SpareBank 1 Østlandet Group has a pension scheme for its employees that satisfies the mandatory occupational pension requirements. The Group has gradually transitioned to a defined contribution scheme as the defined benefit schemes have been closed and discontinued. The Group still has unsecured pension liabilities related to additional pensions in excess of 12G.

Defined contribution scheme

A defined contribution pension scheme entails that the Group does not guarantee a future pension of a given size, the Group pays instead an annual contribution to the employees' collective pension savings plan. The future pension will depend on the size of the contribution and the annual return on the pension savings. The Group does not have any further liability related to work performed after the annual contribution has been paid. There are no provisions for accrued pension liabilities in such schemes. Defined contribution pension schemes are recognised directly as a cost. Any prepaid contributions are recognised as assets (pension assets) to the extent that the contribution can be refunded or reduce future payments. The Group has offered a defined contribution pension scheme to its employees since 1 July 2008. Since 1 July 2017, contributions have amounted to 7 per cent on pay from 0–7.1G and 15 per cent from 7.1–12G. Salary includes fixed supplements, but does not include overtime, taxable benefits in kind and other allowances for expenses.

Early retirement pension scheme

The Act on state subsidies to employees who take out an early retirement pension in the private sector (Early Retirement Subsidy Act) entered into force on 19 February 2010. Employees who take early retirement under the AFP scheme with effect from 2011 or later, will be given benefits under the new scheme. The new early retirement (AFP) scheme is a lifelong addition to the National Insurance benefits and can be taken out from age 62. Employees earn an annual entitlement to early retirement at the rate of 0.314 per cent of their pensionable income up to 7.1 G up to and including the calendar year in which the employee turns 62. Accrual in the new scheme is calculated based on the employee's lifelong income, so that all earlier working years are included in the accrual basis. The new early retirement (AFP) scheme is regarded as a defined benefit multi-company scheme for accounting purposes. This means that each individual company shall account for its proportionate share of the scheme's pension liabilities, plan assets and pension expenses. In the absence of estimates of the individual components and a consistent and reliable basis for allocation recorded, the new pension scheme is recognised as a defined contribution scheme. At the current point in time no such basis exists, and the new early retirement (AFP) scheme will therefore be accounted for as a defined contribution scheme. Accounting for the new early retirement (AFP) scheme as a defined benefit scheme will not take place until reliable measurement and allocation can be made. The new scheme will be financed by the state covering one-third of the pension costs and employers covering two-thirds of the pension costs. The employers' premium is determined as a percentage of salary payments between 1G and 7.1G. The premium for 2020 is set at 2.5 per cent (2.5 per cent in 2019).

Unsecured defined benefit schemes

A defined benefit scheme will typically define an amount an employee will receive from the date of retirement. Accounting liabilities for defined benefit schemes are the present value of the liability on the balance sheet date. The gross liability is calculated by an independent actuary and discounted to its present value using the interest rate for high-quality corporate bonds and an approximately equal term as the payout horizon for the liability. Gains and losses arising from the recalculation of the liability as a result of experience deviations and changes in actual assumptions are recognised against equity via OCI in the period in which they arise. The impact of changes on the schemes' benefits are recognised immediately.

13. Issued hybrid tier 1 capital

Hybrid tier 1 capital is debt security with a nominal interest rate, but the Bank is not obliged to pay interest in periods when no dividend is paid, nor is the investor subsequently entitled to interest that is not disbursed, i.e. the interest is not accumulated. Hybrid tier 1 capital is approved as a constituent of core capital, up to a limit of 15 per cent of total core capital. The Financial Supervisory Authority of Norway can demand that hybrid tier 1 capital be written down proportionate to equity if the Bank's tier 1 capital ratio falls below 5 per cent or the combined capital adequacy falls below 6 per cent. The written down amount relating to the hybrid tier 1 capital should be written up before dividends can be disbursed to shareholders or the equity written up. From and including Q2 2016, hybrid tier 1 capital was reclassified from liabilities to equity since it does not satisfy the definition of a financial liability pursuant to IAS 32. The hybrid tier 1 capital is perpetual and the Bank has a unilateral right not to pay interest to the investors under certain conditions. Interest is not presented as an interest cost in the income statement, but as a reduction in other equity.

14. Interest revenue and interest costs

Interest revenue and expenses related to assets and liabilities measured at amortised cost and fair value over other income and expenses are recognised in the income statement on an ongoing basis based on an effective interest method. Fees related to interest-bearing payable and receivable loans are included in the calculation of effective interest rates and are thus amortised over the expected time to maturity. For debt instruments relating to assets recognised at amortised cost and which are written down as a result of objective evidence of loss, interest is recognised based on the net carrying amount.

For interest-bearing instruments at amortised cost not included in hedging relationships, the premium/discount is amortised as interest revenue during the contract's time to maturity.

15. Commission income and commission costs

Commissions and commission costs are generally accrued in line with the delivery/receipt of a service. Fees in conjunction with interest-bearing instruments are not recorded as commissions, but are included in calculating the effective interest rate and recognised through profit or loss accordingly. Advisory fees are accrued in accordance with the consultancy agreement, typically at the time the service is provided. Fees and charges related to the sale or brokerage of financial instruments, property or other investment objects that do not generate balance sheet items in the Bank's or the Group's financial statements are recognised when the transaction is completed.

Income from customer contracts is treated in accordance with IFRS 15. The amount of income recognised reflects the consideration the company expects in exchange for transferring an item or service to a customer. Income is recognised on the date a customer obtains control of an item or service and also has the opportunity to make direct use of it. The Group treats the following income streams in accordance with this principle:

- Transaction fees
- Product fees
- Annual fees
- Commission sales of insurance, savings, funds and credit cards
- Commission from mortgages transferred to partly-owned covered bond companies
- Brokerage commissions
- Fees earned via third parties (interbank, VISA etc)
- Other fees according to the price list

16. Transactions and monetary items in foreign currency

Transactions in foreign currencies are converted into Norwegian kroner at the time of the transaction. Gains and losses related to completed transactions or to the conversion of monetary items in foreign currencies on the balance sheet date are recognised in profit and loss.

17. Taxes

Taxes consist of taxes payable and deferred taxes. Taxes payable are the estimated taxes on the year's taxable profit. Deferred taxes are accounted for by means of the liability method in accordance with IAS 12. Deferred tax assets or liabilities are calculated based on all the temporary differences, which are the differences between the book value of assets and liabilities for accounting purposes and

the book value for taxation purposes. Deferred tax assets are calculated with respect to accumulated tax losses carried forward at the balance sheet date. Deferred tax assets are included only to the extent that future taxable profits make it possible to exploit the related tax benefit. Taxes and levies that are not based on the tax-related result are recognised according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 clarifies how a levy imposed by public authorities, which is not a tax according to IAS 12 Income Taxes, should be recognised. IFRIC can, in some circumstances, change the timing of when a liability is recognised, especially when such taxes are imposed due to a given condition on a specific date. For SpareBank 1 Østlandet, this means that wealth tax is first recognised in full in Q4 and not in the earlier interim financial statements.

The Group presents for tax on all equity transactions (distributions) if the source of the dividends is past performance (accrued income), the tax consequences of the distribution are now presented as tax expenses in the income statement when dividends are decided on.

18. Segment reporting

SpareBank 1 Østlandet aims to be a full-service provider of financial products and services, partly through services provided by the Bank and partly by distributing products and services on behalf of joint venture partners. In addition, the Bank has a number of subsidiaries that provide different financial services. Different kinds of operations are therefore conducted within the Group. The Group's segment reporting is primarily divided into the following areas: retail banking, corporate banking, financing, real estate brokerage, accounting and other operations. SpareBank 1 Østlandet applies IFRS 8.

19. Events after the balance sheet date

The financial statements are deemed to be approved for publication once the Board of Directors has approved the financial statements. The Supervisory Board and regulatory authorities may refuse to approve the published financial statements subsequent to this, but they cannot change them. Events occurring up to the time when the annual financial statements are approved for publication involving issues that were already known on the balance sheet date will form part of the information basis for determining accounting estimates and will thus be fully reflected in the financial statements. Events that were not known on the balance sheet date will be reported if they are significant. The financial statements have been prepared on the assumption that the Group will continue as a going concern. This assumption was valid in the Board of Directors' opinion at the time the financial statements were approved for publication.

Note 3 – Critical estimates and assessments regarding the use of accounting principles

Executive management team's assessments in connection with the choice of accounting policies

In preparing the financial statements, management makes estimates, discretionary assessments and assumptions which influence the effect of applying the accounting policies. This will in turn affect the recognised amounts for assets, liabilities, income and costs.

The Covid-19 pandemic prompted the Group to launch a number of measures to help individuals and businesses cope with the financial consequences of the virus outbreak, primarily by easing payback on payment of debt for private and corporate customers. In addition to this, the Bank provided government guaranteed liquidity loans and other liquidity facilities to corporate customers. Forecasts of how the Covid-19 pandemic will affect both Norway and the world economy remain uncertain and the situation is in constant flux. This infuses critical estimates with considerable uncertainty.

Critical estimates

Losses on loans

The coronavirus has challenged the Group's estimation of expected credit losses. As at the balance sheet date, there were limited signs of a general deterioration in the loan portfolio's credit quality. However, the Bank expects the coronavirus crisis to be reflected in the Bank's credit- and risk models over time through companies' reduced earnings in 2020 and higher unemployment in the retail customer segment. The challenge lies in defining unbiased assumptions about the coronavirus crisis when its severity and duration are highly uncertain.

Please see Note 2 'Accounting Policies' for 2019 for a detailed description of the applied loss model pursuant to IFRS 9. The model contains several critical estimates. The most important is related to the definition of substantially increased credit risk and important assumptions in the general loss model.

Substantially increased credit risk

The measurement of impairments for expected credit losses in the general loss model depends on whether or not the credit risk has increased significantly since initial capitalisation. Credit deterioration is measured by the development of financial PD. Financial PD is the Bank's best assessment of the customer's risk of default. In the definition applied by the Bank, a significant degree of credit deterioration occurs when the customer's PD has increased by over 150 per cent to a PD level above 0.60 per cent. In addition, credit risk is deemed to have increased significantly when an account is overdrawn or has arrears that are 30 days past due or more, and when the customer is flagged for special follow-up. Results from the validation of credit models in the SpareBank 1-alliance have historically provided good support for the critical estimates of significantly increased credit risk based on an increase in financial PD and they have also been on par with what other banks use in similar loss models also been on par with what other banks use in similar loss models.

Because the Bank believes that there is reason to assume that there will be some time lag in the effects of the coronavirus pandemic impacting the credit models as of 31 December 2020, the models have been overridden in that it is assumed that a proportion of customers in exposed industries will migrate from Stage 1 to Stage 2 as a result of an assumed, but not observed, significant degree of credit deterioration. These extra provisions for loss are based on a discretionary assessment of a proportion of loan receivables that may be expected to migrate in each industry and the related higher expected credit loss in the event of migration. As at 31.12.2020, total provisions of NOK 25 million had been made for the SpareBank 1 Østlandet Group: NOK 20 million in the parent bank and NOK 5 million in the subsidiary SpareBank 1 Finans Østlandet. An associated estimated commitment volume of NOK 700 million has been moved from Stage 1 to Stage 2 with override.

Sensitivity related to substantially increased credit risk:

The effects of a more conservative definition of a significant degree of credit deterioration were simulated as at 31 December 2020, where this alternative occurs when the customer's PD has increased by more than 100 per cent (other conditions unchanged). The simulation increased expected loss on loan receivables in the parent bank by NOK 12 million (2.8 per cent) and the estimated effect on the consolidated portfolio was around NOK 15 million.

Important assumptions in the overall loss model: Scenario-weighting and estimate of expected development on the default and losses, stage 1 and stage 2, in level.

The overall loss model calculates expected credit losses in three economic development scenarios: an expected scenario, a downside scenario and an upside scenario. The scenarios use different future levels of probability of default (PD) and loss given default (LGD). In combination with estimated exposure at default (EAD), PD and LGD are the most important assumptions in calculations of expected credit losses (ECL).

The starting point for the expected scenario is observed and validated level of default (DR) and loss (actually LGD) in the last three years, but the starting point is subject to ongoing, thorough assessments of whether historical default and loss are expected, and the levels of future PD and LGD then adjusted. The bank has over time experienced a very low default, and even before the Korona pandemic, estimated future PD levels were set significantly higher than the average DR over the past three years. Based on an overall assessment of the macro picture, the PD estimates were raised significantly at the end of the first quarter of 2020. Based on available macro forecasts, with emphasis on Monetary Policy Report from Norges Bank, Economic trends from Statistics Norway and monthly analyzes from Moody's Investor Service. the assumptions were further adjusted at the end of the second quarter of 2020. Updated field forecasts from the same sources as of the end of the third and fourth quarters were considered to provide support to keep the PD assumptions assumed in the second quarter virtually unchanged. The bank has not found reason to change the LGD estimates in the expected scenario as these also reflect a significantly higher loss ratio than the actual LGD in recent years

The downside scenario reflects an economic outlook that is substantially worse than the expected development, and PD and LGD have been set higher than in the expected scenario. The starting point is the expected default and loss levels in a crisis situation with levels of PD and LGD used in conservative stress scenarios for other purposes in the Bank's credit management. These conservative assumptions have been kept unchanged since the implementation of IFRS 9.

The upside scenario reflects an economic outlook that is better than the expected development, and PD and LGD have been set lower than in the expected scenario. The starting point is the observed level of defaults and losses in an historical economic recovery. The Bank believes that the DR in the last 3 years and the actual LGD in the last 5 years reflect such a period of economic prosperity. However, the assessments as at 30 June 2020 take account of the fact that it could take some time for PD levels to come down after the coronavirus pandemic. The PD curves was consequently adjusted upwards in the short and medium term, especially in the corporate segment. The assumptions in the upside scenario were kept unchanged in the third and fourth quarter of 2020.

The scenario weighting is subject to ongoing assessment based on the available information. The Bank's executive management team conducts, at least annually, a review of the basis and principles for the current weighting. As at 31 December 2018, the expected scenario was assigned a weighting of 80 per cent, the downside scenario 10 per cent and the upside scenario 10 per cent (80/10/10 per cent). On 31 December 2019, the Bank increased the weighting of the downside scenario by 5 percentage points such that the expected scenario was assigned a weighting of 75 per cent, the downside scenario 15 per cent and the upside scenario 10 per cent (75/15/10 per cent). In light of the coronavirus pandemic, it is the assessment of the Bank that the probability of the downside scenario occurring has further increased and it increased the scenario's weighting by a further 5 percentage points as at 31 March 2020. The Bank's executive management team chose to keep the scenario weighting from the first quarter as at 31 December 2020. Consequently, as at 31 December 2020, ECL was calculated as a combination of a 70 per cent expected scenario, a 20 per cent downside scenario and a 10 per cent upside scenario (70/20/10 per cent).

Sensitivity related to key assumptions in the general loss model:

The table on the next page shows the estimated ECLs in the three scenarios described above: expected scenario, downside scenario and upside scenario. The calculations are divided into the main segments retail customers and corporate customers, which are totalled for the Parent Bank. The table also shows corresponding ECL calculations for the subsidiary SpareBank 1 Finans Østlandet. The ECLs of the Parent Bank and the subsidiary, adjusted for group eliminations, are totalled in the Group column. Besides the segment distributed ECLs with the scenario weighting applied, the table shows four alternative scenario weightings. The first two alternatives reflect previously applied scenario weightings. The last two alternatives show the sensitivity to a further deterioration in relation to the applied scenario weighting with a 60-65 per cent probability of the expected scenario, 25-30 per cent probability of the downside scenario and 10 per cent probability of the upside scenario (65/25/10 per cent and 60/30/10 per cent).

31.12.2020	Retail market	Corporate market	Parent Bank	SpareBank 1 Finans Østlandet	Group
ECL in expected scenario	81	183	264	91	351
ECL in downside scenario	402	691	1 093	183	1 272
ECL in upside scenario	64	100	164	66	226
ECL with used scenario weighting 70/20/10 per cent	144	276	420	107	523
ECL with alternative scenario weighting 80/10/10 per cent	112	225	337	98	431
ECL with alternative scenario weighting 75/15/10 per cent	128	251	378	102	477
ECL with alternative scenario weighting 65/25/10 per cent	160	301	461	111	569
ECL with alternative scenario weighting 60/30/10 per cent	176	327	503	116	615

The table reflects the fact that there are some significant differences in underlying PD and LGD estimates in the various scenarios and that there are differentiated levels and level differences between the segments. At a group level, the ECL in the upside scenario is around two-thirds of the ECL in the expected scenario, meanwhile, the downside scenario has an ECL three to four times higher than in the expected scenario. The applied scenario weighting, with 20 per cent downside and 10 per cent upside, thereby results in an around 50 per cent higher ECL than in the expected scenario. A further 10-percentage point increase in the probability of the downside scenario would have increased the weighted ECL by around NOK 90 million (18 per cent). A 10-percentage point reduction in the probability of the downside scenario, the probability weightings the Bank used when introducing IFRS 9, would reduce the weighted ECL correspondingly.

Reference is also made to Note 10 'Provisions for credit losses', where the table shows the loss cost effects per segment of the various changes in the model assumptions in isolation. Note that the table above does not include loan loss impairments due to model overriding (PMA), which totals NOK 25 million at a group level.

Valuation of collateral value

The Bank uses collateral to mitigate credit risk. Guidelines have been established for specification of the valuation criteria that must be used to estimate the value of the collateral. See Note 11 "Credit exposure for each internal risk rating" for further details.

Risk classification of loans

Risk classification is based on observed PD in the bank's credit models and no change has been made as a result of model overruns for expected, but no significantly increased credit risk has been observed.

Note 4 – Segment information

This segment information is linked to the way the Group is governed through reporting on performance and capital, authorisations and routines. Reporting on segments is divided into following areas retail division (RD), corporate division (CD), real estate brokerage (EM1I and EM1OA), leasing (SB1FØ), accounting (TheVIT) and other operations.

Reviews:

- Real estate brokerage, leasing, financing and accounting are organized as independent companies.
- From September 30th 2020, the tax expense for RD and CD is calculated as 25 per cent of the segment's share of Pre-tax operating profit and

then deducted with the segment's share of the tax deduction in relation to customer dividends.

- From 2019 until June 30th 2020 the tax expense for RD, CD and Other operations was distributed according to the segment's share of Pre-Tax operating profit. For earlier periods, tax is calculated at 25 per cent for RD anc CD.
- Operating expenses in RD and CD includes its share of shared costs.
- Net commission and other income in RD and CD includes its share for shared income.
- Group eliminations arise together with other operations in a separate column.

2020	RD	CD	SB1FØ	EM1I	EM1OA	TheVit	Other operations	Total
Income statement								
Net interest income	908	968	297	-1	-1	-2	8	2 177
Net commission and other income	679	185	55	133	207	185	-3	1 441
Net income from financial assets and liabilities	25	58	0	0	0	0	463	545
Operating expenses	882	432	99	120	190	183	-5	1 902
Profit before losses by segment	730	779	253	12	16	0	472	2 262
Impairment losses on loans and guarantees	29	216	84	0	0	0	0	330
Profit / loss per segment before tax	700	563	169	12	16	0	472	1 932
Tax	124	131	42	3	4	0	20	323
Profit / loss per segment after tax	576	432	126	10	12	0	452	1 608

Balance sheet

Gross lending to customers	70 021	34 128	9 120	0	0	0	99	113 368
Provisions for credit losses	-74	-298	-112	0	0	0	0	-484
Other assets	2 904	553	151	70	149	131	29 231	33 189
Total assets per segment	72 852	34 384	9 159	70	149	131	29 330	146 074

Deposits from and liabilities to customers	49 520	36 043	0	0	0	0	50	85 613
Other liabilities and equity	23 332	-1 659	9 159	70	149	131	29 280	60 461
Total equity capital and liabilities per segment	72 852	34 384	9 159	70	149	131	29 330	146 074

2019	RD	CD	SB1FØ	EM1I	EM1OA	TheVit	Other operations	Total
Income statement								
Net interest income	1 049	957	246	-1	1	-2	-84	2 166
Net commission and other income	698	228	52	124	208	185	-109	1 388
Net income from financial assets and liabilities	0	0	0	0	0	0	735	735
Operating expenses	888	429	96	116	204	192	1	1 930
Profit before losses by segment	859	756	201	7	5	-9	541	2 359
Impairment losses on loans and guarantees	1	-13	43	0	0	0	1	32
Profit / loss per segment before tax	857	768	158	7	5	-9	540	2 326
Tax	142	127	40	2	-2	-2	92	398
Profit / loss per segment after tax	715	641	118	5	7	-7	448	1 928

Balance sheet

Gross lending to customers	64 281	34 028	8 824	0	0	0	-98	107 035
Provisions for credit losses	-65	-186	-65	0	0	0	0	-316
Other assets	2 810	486	160	74	140	125	24 246	28 064
Total assets per segment	67 026	34 328	8 918	74	140	125	24 148	134 783

Deposits from and liabilities to customers	45 028	33 422	0	0	0	0	44	78 494
Other liabilities and equity	21 998	906	8 918	74	140	125	24 105	56 289
Total equity capital and liabilities per segment	67 026	34 328	8 918	74	140	125	24 148	134 783

Note 5 – Capital Adequacy

The Bank's capital adequacy is calculated on the basis of the applicable rules and rates at any given time. The rules are based on the three pillars that are intended to ensure that financial undertakings have capital commensurate with their risks:

Pillar 1: Minimum regulatory capital requirements

Pillar 2: Evaluation of the overall capital requirements and supervisory follow-up

Pillar 3: Requirement to publish information

The Bank has permission to use internal models (IRB method) in order to calculate the capital requirement for parts of its lending portfolio. This entails calculating the capital requirement based on own estimates for the Probability of Default (PD), Loss Given Default (LGD), presumed utilisation of off-balance sheet exposures (CCF - Credit Conversion Factors) and Maturity (M). Modelled estimates will always entail some uncertainty. SpareBank 1 Østlandet has permission to use IRB Advanced method for calculating the capital requirements for the exposure classes Corporate and Retail. The Bank has exceptions for certain types of exposures. This includes states, municipalities and institutions where there is a permanent exception as well as housing associations and general associations where the bank applies the standardised method. At the consolidated level the Bank consolidates partly owned companies using the proportional method of consolidation.

Capital adequacy is calculated at three levels based on different definitions of capital:

- Common Equity Tier 1 ratio (CET1)
- Tier 1 capital ratio (including hybrid tier 1 capital)
- Total capital adequacy ratio (including subordinated loans)

The current requirement for CET1 capital consists of a minimum requirement of 4.5 per cent and a buffer requirement totalling 7.8 per cent. The total buffer requirement consists of two Institution-specific buffers, the countercyclical capital buffer requirement and the systemic risk buffer which is set to 1 per cent and 4.3 per cent correspondingly for both the parent bank and at the consolidated level. SpareBank 1 Østlandet is also subject to a Pillar II requirement of 1.8 per cent as at 31.12.2020. The total capital requirement for Common Equity Tier 1 capital was thus 14.1 per cent at 31.12.2020. In addition to this, a further 1.5 per cent is covered by additional Tier 1 capital and 2 per cent is covered by Tier 2 capital.

The Banks final dividend for 2019 was changed from a foreseeable dividend of 50 per cent to a final dividend of 40 per cent. Payouts including dividend to owners, customers as well as provisions for gifts was therefore reduced from NOK 955 mill. to NOK 765 mill. The withheld part of the dividend was part of the equity as of 1. quarter 2020 which results in increased capital adequacy levels. As as 31.12.2019 this increase in equity would have increased CET1 capital ratio with about 0.3 percentage points for the parent bank as well as on a consolidated level.

Parent bank			Group	
2019	2020		2020	2019
14 972	15 918	Total equity carried	17 135	15 903
Common Equity Tier 1				
-955	-791	Results for the accounting year not included	-791	-955
-300	-650	Hybridcapital	-650	-300
		Minority interests that is not eligible as CET1 capital	-74	-60
25	17	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	17	25
-67	-78	Goodwill and other intangible assets	-461	-420
-348	-196	Positive value of expected losses under the IRB approach	-278	-441
-156	-156	CET 1 instruments of financial sector entities where the institution does have a significant investement	-539	-292
-29	-32	Value adjustments due to the requirements for prudent valuation (AVA)	-36	-33
0	0	Other adjustments in CET1	12	3
13 143	14 031	Common Equity Tier 1	14 335	13 430
Additional Tier 1 capital				
300	650	Hybrid capital	650	300
		Instruments issued by consolidated entities that are given recognition in AT1 Capital	162	179
300	650	Tier 1 capital	812	479
Supplementary capital in excess of Tier 1 capital				
1 300	1 300	Subordinated loan capital	1 300	1 300
		Instruments issued by consolidated entities that are given recognition in T2 Capital	257	235
1 300	1 300	Total supplementary capital	1 557	1 535
14 743	15 981	Total eligible capital	16 704	15 444
4 809	4 764	Corporates - SME	4 775	4 819
14 300	13 760	Corporates - Specialised Lending	14 428	14 980
1 783	1 953	Corporates - Other	1 986	1 815
1 162	1 314	Retail - SME	1 530	1 381
19 179	20 059	Retail - Mortgage exposures	28 485	27 293
1 034	873	Retail - Other	907	1 071
0	0	Equity exposures	0	3
42 267	42 723	Credit exposures calculated using IRB-approach	52 110	51 361

13 831	15 289	Credit exposures calculated using the standardised approach	19 705	17 972
351	417	Counterparty credit risk	1 966	1 881
0	0	Market risk	0	0
5 356	5 133	Operational risk	6 664	6 659
61 805	63 562	Risk-weighted assets	80 445	77 873
4 944	5 085	Capital requirements (8%)	6 436	6 230
1 112	1 144	Pillar 2 (1.8%)	1 448	1 402
Buffer requirements				
1 545	1 589	Capital conservation buffer (2.5%)	2 011	1 947
1 545	636	Countercyclical capital buffer (1% and 2.5% as at 31.12.2019)	804	1 947
1 854	2 733	Systemic risk buffer (4.3% and 3% as at 31.12.2019)	3 459	2 336
4 944	4 958	Total buffer requirements for CET1 (7.8% and 8% as at 31.12.2019)	6 275	6 230
4 305	5 069	Available CET1 above current requirements (14.1%, and 14.3% as at 31.12.2019)	2 992	2 294
Capital ratios				
21.3 %	22.1 %	CET 1 capital ratio	17.8 %	17.2 %
21.8 %	23.1 %	Tier 1 capital ratio	18.8 %	17.9 %
23.9 %	25.1 %	Capital adequacy ratio	20.8 %	19.8 %
9.8 %	10.0 %	Leverage Ratio	7.2 %	7.2 %

Note 6 – Financial risk management

Overall responsibility and supervision

SpareBank 1 Østlandet's risk management must support the Bank's strategic development and the attainment of its goals. Risk management should also ensure financial stability and satisfactory asset management. This shall be achieved by:

- A clear corporate culture characterised by a high awareness of risk management.
- A good understanding of the risks driving earnings.
- Striving for good use of capital
- Avoiding unexpected negative events that can seriously harm the Group's financial status

In order to ensure an effective and appropriate process for risk and capital management, the framework is based on the following elements, which reflect the way in which SpareBank 1 Østlandet is managed by the Board and executive management team:

- Strategic targets
- Organisation and corporate culture
- Risk review
- Risk analysis
- Stress tests
- Risk strategies
- Capital management (including returns and capital adequacy)
- Reporting
- Follow-up
- Contingency plans
- Compliance
- Recovery plans

Management and supervision comprise all the processes and control measures that have been introduced and implemented by the Bank's management to ensure efficient operations and the implementation of the Group's strategies. The Group attaches importance to having a supervisory and management structure that promotes targeted and independent management and control:



The Board's Audit Committee and Risk Committee prepare matters concerning the economy, finance and risk management for consideration by the Board. The committees do not have the authority to make decisions.

SpareBank 1 Østlandet aims to have a moderate to low risk profile. The risk profile is defined by determining the Group's risk appetite and capacity in key risk areas.

The Board is responsible for making sure that SpareBank 1 Østlandet has an appropriate level of subordinated capital in relation to the desired risk profile and regulatory requirements stipulated by the authorities. The Board of Directors defines the overall objectives, including the overall limits, authorisations and guidelines for risk management. The chief executive is responsible for risk management. This means that the CEO is responsible for the introduction of effective risk management functions and systems and for the monitoring of the risk exposure. The business areas and branches are responsible for the day-to-day risk management within their own areas of responsibility and must ensure that risk management and risk exposure are within the limits and authorisations provided by the Board of Directors or CEO.

The credit departments are responsible for ensuring that decision-making processes and the basis on which decisions are made in relation to applications for credit comply with the governing documents and routines. The departments must prepare proposals for revised targets and management principles within the area of credit. The Risk Management department is independent and reports directly to the CEO. The Risk Management function is responsible for the development of effective risk management systems, including the Bank's risk models, while the Compliance function is responsible for maintaining an appropriate framework for the management and control of Compliance risk. The control functions are also responsible for monitoring risk and compliance, as well as periodic reporting to the Board and management. The functions can report directly to the Board where the Board does not receive the necessary information about significant risks through general reporting.

Internal Audit reports to the Board of Directors and is primarily the Board of Directors', but also the management's, tool for monitoring the effectiveness and appropriateness of the risk management process. Internal Audit's improvement recommendations are considered on an on-going basis.

A more detailed description of financial risk management relating to credit risk, liquidity risk and market risk is provided below.

Credit risk

The greatest financial risk exposure in SpareBank 1 Østlandet is credit risk in its lending portfolio. Credit risk is the risk of loss where customers or other counterparties are unable or unwilling to meet their obligations to SpareBank 1 Østlandet. Each year, the Board reviews the Bank's governing documents and credit regulations. The governing documents define the Bank's credit policy and overall targets for exposure relating to portfolios, sectors and individual customers. Together they provide the basis for determining the desired risk profile. The Bank's credit regulations authorise the CEO to grant credit and also allow the CEO to delegate such powers. The delegated powers are related to the size and risk of individual commitments.

SpareBank 1 Østlandet uses statistical models in its calculation of risk and categorisation of the credit portfolio. The Bank makes every effort to price credit risk correctly and has established price matrices and price models based on the risk classification system.

The portfolio of interest-bearing securities also entails credit risk for the Bank. The Board reviews the Bank's governing documents every year for market and liquidity risk, and sets limits for exposure to interest-bearing securities.

For further information, see notes 7-14.

Market risk

Market risk is the risk of loss due to changes in observable market variables such as interest rates, foreign exchange rates and shares/equity certificates. The risk associated with falls in value in the real estate market is also included in market risk. So is the risk of changes in the market value of bonds, certificates and funds due to general changes in credit spreads.

Market risk generally arises as a result of activities which underpin the Group's other operations, such as borrowing, liquidity management and interest rate and currency trading.

Market risk is managed by board-approved limits that are established in the annual revision of the market risk strategy and associated policies. Risk exposure and development are continuously monitored and reported to the Bank's board and executive management team.

For further information, see notes 15 and 16.

Concentration risk

Risk concentrations occur when financial instruments with corresponding characteristics are affected in the same way by changes in economic or other conditions. Identifying concentration risk involves exercising judgement. SpareBank 1 Østlandet seeks to manage the concentration of risk by setting limits for various areas. In the case of credit risk, larger risk concentrations are limited via restrictions on major commitments, high risk commitments and sector exposure. The actual exposure, classified by risk groups, sector, industry and geographic area, is presented in notes 8, 11, 12, 14 and 29. In the case of market risk, concentration risk is limited via restrictions on maximum interest rate risk, currency risk and equity exposure. The concentration of interest rate risk is presented in note 15. Currency exposure is specified in notes 7 and 16. The Group's largest investments in equity instruments are presented in note 31. The Group has not identified any significant risks other than those presented in the aforementioned notes.

Liquidity risk

Liquidity risk is the risk of being unable to fulfil obligations when they fall due or finance assets, including undesired growth, without significant extra costs. The management of the Group's liquidity risk is based on risk-based governing documents for the area of liquidity. The governing documents set the framework for funding risk through limits for survival for various time horizons, the size and quality of the liquidity reserve, and the funding's duration and diversification. The governing documents are adopted by the Board and revised as required and at least once a year. In connection with the governing documents, a separate contingency plan has been established for managing the funding situation during periods of turbulence in the financial markets, and the funding situation is also a key theme in the Group's recovery plan.

In addition to liquidity forecasts, stress tests are used that analyse the Group's liquidity-related vulnerability during periods without access to external funding.

Treasury is responsible for managing liquidity, while the Risk Management department is responsible for monitoring and reporting in accordance with the limits of the finance strategy. For further information, see notes 17 and 18.

Note 7 – Credit institutions – assets and liabilities

Parent bank			Group	
2019	2020	Loans to and receivables from credit institutions	2020	2019
183	169	Loans and receivables at call	168	197
8 090	8 718	Loans and receivables with agreed maturities or notice	1 407	1 002
8 273	8 887	Total	1 575	1 199
Loans and receivables specified by major currencies				
8 090	8 784	NOK	1 472	1 017
81	18	EUR	18	81
6	9	USD	9	6
66	65	GBP	65	66
7	2	CHF	2	7
4	4	JPY	4	4
18	5	Other	5	18
8 273	8 887	Total	1 575	1 199
Parent bank			Group	
2019	2020	Deposits from and liabilities to credit institutions	2020	2019
722	1 704	Loans and deposits at call	1 667	727
2 925	3 425	Loans and deposits with agreed maturities or notice	3 423	2 923
3 647	5 129	Total	5 090	3 650
Liabilities specified by major currencies				
3 206	5 100	NOK	5 061	3 209
429	17	EUR	17	429
1	11	SEK	11	1
6	0	USD	0	6
5	1	Other	1	5
3 647	5 129	Total	5 090	3 650
1,7 %	1,0 %	Average interest rate	1,0 %	2,0 %

Deposits with and loans from / to credit institutions tend to have floating interest rates. Receivables from and liabilities to credit institutions are classified as loans and receivables pursuant to IFRS 9 are stated at amortised cost.

Average interest rate is calculated on the actual interest expense during the year as a percentage of the average outstanding debt to credit institutions.

Note 8 – Loans to and recieveables from customers

Parent Bank	Loan and advances to customers at amortised cost 2020	Provisions for credit losses			Loan and advances to customers at fair value 2020	Net lending 2020
		Stage 1	Stage 2	Stage 3		
Public sector	18	-0	0	0	0	18
Primary industries	3 089	-2	-7	-8	2 017	5 090
Paper and pulp industries	1 539	-1	-2	-1	342	1 877
Other industry	1 203	-5	-10	-1	47	1 234
Building and constructions	3 454	-25	-9	-20	299	3 699
Power and water supply	436	-1	-1	-1	1	433
Wholesale and retail trade	833	-5	-3	-8	141	957
Hotel and restaurants	471	-1	-3	-4	57	519
Real estate	15 433	-37	-71	-8	458	15 775
Commercial services	4 132	-17	-5	-10	636	4 737
Transport and communication	257	-1	-2	-1	210	462
Post model adjustments	0	0	-20	0	0	-20
Gross corporate loans by sector and industry	30 866	-94	-133	-63	4 206	34 782
Retail market	708	-1	-1	-31	68 454	69 129
Post model adjustments	0	0	0	0	0	0
Total loans to private customers	708	-1	-1	-31	68 454	69 129
Adjustment fair value			-44	-8	52	0
Total loans to customers	31 574	-95	-178	-102	72 712	103 911
Loans transferred to SpareBank 1 Boligkreditt AS						46 872
Loans transferred to SpareBank 1 Næringskreditt AS						1 018
Total loans including loans transferred to covered bond companies						151 801
Other liabilities ¹⁾						15 135
Total commitments including loans transferred to covered bond companies						166 936

Parent Bank	Loan and advances to customers at amortised cost 2019	Provisions for credit losses			Loan and advances to customers at fair value 2019	Net lending 2019
		Stage 1	Stage 2	Stage 3		
Public sector	22	-0	-	-	0	22
Primary industries	2 936	-2	-5	-11	1 873	4 791
Paper and pulp industries	775	-1	-2	-0	327	1 099
Other industry	1 217	-5	-3	-1	49	1 257
Building and constructions	3 676	-19	-13	-1	270	3 912
Power and water supply	221	-0	-0	-1	1	220
Wholesale and retail trade	1 025	-3	-3	-5	128	1 142
Hotel and restaurants	403	-1	-1	-1	61	461
Real estate	15 673	-33	-31	-7	461	16 064
Commercial services	4 572	-11	-8	-11	562	5 104
Transport and communication	325	-1	-3	-0	162	483
Other	0	0	0	0	0	0
Gross corporate loans by sector and industry	30 845	-75	-70	-39	3 894	34 555
Retail market	776	-1	-1	-23	62 735	63 486
Adjustment fair value			-37	-9	46	-
Total loans to customers	31 621	-76	-108	-71	66 675	98 041
Loans transferred to SpareBank 1 Boligkreditt AS						42 630
Loans transferred to SpareBank 1 Næringskreditt AS						1 022
Total loans including loans transferred to covered bond companies						141 694
Other liabilities ¹⁾						13 058
Total commitments including loans transferred to covered bond companies						154 752

Group	Loan and advances to customers at amortised cost 2020	Provisions for credit losses			Loan and advances to customers at fair value 2020	Net lending 2020
		Stage 1	Stage 2	Stage 3		
Public sector	327	-1	-0	-0	0	326
Primary industries	3 469	-3	-7	-8	2 017	5 468
Paper and pulp industries	1 539	-1	-2	-1	342	1 877
Other industry	1 439	-6	-12	-1	47	1 467
Building and constructions	4 520	-29	-16	-23	299	4 751
Power and water supply	458	-1	-1	-1	1	456
Wholesale and retail trade	1 089	-8	-6	-8	141	1 207
Hotel and restaurants	492	-2	-3	-4	57	540
Real estate	15 838	-41	-94	-15	458	16 145
Commercial services	4 975	-20	-8	-11	636	5 572
Transport and communication	1 633	-1	-4	-2	210	1 835
Other	0	0	-24	0	0	-24
Gross corporate loans by sector and industry	35 779	-113	-177	-76	4 206	39 620
Retail market	4 877	-7	-12	-47	68 454	73 265
Post model adjustments	0	0	-1	0	0	-1
Total loans to private customers	4 877	-7	-13	-47	68 454	73 265
Adjustment fair value			-44	-8	52	-
Total loans to customers	40 656	-119	-234	-130	72 712	112 885
Loans transferred to SpareBank 1 Boligkreditt AS						46 872
Loans transferred to SpareBank 1 Næringskreditt AS						1 018
Total loans including loans transferred to covered bond companies						160 775
Other liabilities ¹⁾						14 787
Total commitments including loans transferred to covered bond companies						175 562

Group	Loan and advances to customers at amortised cost 2019	Provisions for credit losses			Loan and advances to customers at fair value 2019	Net lending 2019
		Stage 1	Stage 2	Stage 3		
Public sector	336	-0	-0	-0	0	336
Primary industries	3 356	-3	-7	-12	1 873	5 207
Paper and pulp industries	788	-1	-2	-0	327	1 112
Other industry	1 424	-6	-4	-2	49	1 462
Building and constructions	4 710	-22	-17	-4	270	4 938
Power and water supply	243	-1	-0	-1	1	242
Wholesale and retail trade	1 289	-5	-4	-5	128	1 402
Hotel and restaurants	419	-1	-1	-1	61	476
Real estate	16 028	-35	-32	-7	461	16 415
Commercial services	5 327	-14	-9	-8	562	5 859
Transport and communication	1 643	-6	-9	-3	162	1 787
Other	0	0	0	0	0	0
Gross corporate loans by sector and industry	35 562	-93	-86	-43	3 895	39 235
Retail market	4 797	-4	-10	-35	62 735	67 483
Adjustment fair value			-37	-9	46	0
Total loans to customers	40 359	-97	-133	-87	66 676	106 718
Loans transferred to SpareBank 1 Boligkreditt AS						42 630
Loans transferred to SpareBank 1 Næringskreditt AS						1 022
Total loans including loans transferred to covered bond companies						150 371
Other liabilities ¹⁾						13 638
Total commitments including loans transferred to covered bond companies						164 009

¹⁾ Consists of guarantees, unused credits and loan commitments.

Parent Bank								
Gross loans	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	91 115	6 858	323	98 296	85 386	5 403	371	91 160
Transfers in (out) to Stage 1	1 547	-1 541	-6	0	1 268	-1 261	-7	0
Transfers in (out) to Stage 2	-4 055	4 063	-8	0	-3 198	3 233	-34	0
Transfers in (out) to Stage 3	-60	-131	191	0	-53	-80	133	0
Net increase/decrease existing loans	1 439	-1 011	-40	388	-2 315	-320	-42	-2 678
Purchases and originations*	23 443	645	28	24 116	44 252	1 562	58	45 872
Derecognitions and maturities*	-17 212	-1 225	-66	-18 503	-34 224	-1 678	-145	-36 047
Write-offs	0	0	-12	-12	0	0	-11	-11
Ending balance	96 216	7 659	411	104 286	91 115	6 858	323	98 296
Loan and advances to customers at amortised cost				31 574				31 621
Loan and advances to customers at fair value				72 712				66 675

Gross loans to private customers	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	60 148	3 214	209	63 571	57 787	2 316	223	60 326
Transfers in (out) to Stage 1	781	-778	-3	0	569	-563	-6	0
Transfers in (out) to Stage 2	-1 079	1 084	-5	0	-1 433	1 446	-13	0
Transfers in (out) to Stage 3	-27	-45	72	0	-32	-51	84	0
Net increase/decrease existing loans	1 753	-325	-22	1 406	-1 692	-56	-17	-1 766
Purchases and originations*	19 055	450	33	19 539	32 226	1 014	62	33 302
Derecognitions and maturities*	-14 569	-656	-66	-15 291	-27 276	-892	-121	-28 289
Write-offs	0	0	-9	-9	0	0	-3	-3
Ending balance	66 062	2 945	208	69 214	60 148	3 214	209	63 571
Loan and advances to customers at amortised cost				708				776
Loan and advances to customers at fair value				68 506				62 795

Gross corporate loans	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	30 967	3 645	114	34 726	27 599	3 087	148	30 834
Transfers in (out) to Stage 1	766	-763	-3	0	699	-698	-1	0
Transfers in (out) to Stage 2	-2 976	2 979	-3	0	-1 765	1 787	-21	0
Transfers in (out) to Stage 3	-33	-86	119	0	-21	-29	50	0
Net increase/decrease existing loans	-314	-686	-18	-1 017	-623	-264	-25	-912
Purchases and originations*	4 388	194	-5	4 578	12 027	547	-4	12 570
Derecognitions and maturities*	-2 644	-569	1	-3 211	-6 948	-785	-24	-7 757
Write-offs	0	0	-2	-2	0	0	-9	-9
Ending balance	30 154	4 714	204	35 072	30 967	3 645	114	34 726
Loan and advances to customers at amortised cost				30 866				30 845
Loan and advances to customers at fair value				4 206				3 881

*In 2019, refinancing which involved the redemption of a loan and the disbursement of a new loan was depicted in the note as a decrease of “Derecognitions and maturities” and an increase of “Purchases and originations”. For 2020, this net amount is shown on the line “Net increase/(decrease) in the existing loans”.

Group								
Gross loans	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	98 654	7 925	456	107 035	92 167	6 317	456	98 940
Transfers in (out) to Stage 1	1 874	-1 867	-7	0	1 496	-1 484	-12	0
Transfers in (out) to Stage 2	-4 717	4 738	-21	0	-3 711	3 754	-44	0
Transfers in (out) to Stage 3	-97	-183	280	0	-104	-130	233	0
Net increase/decrease existing loans	309	-1 224	-53	-968	-3 388	-520	-60	-3 968
Purchases and originations*	26 620	921	45	27 586	47 764	1 870	86	49 721
Derecognitions and maturities*	-18 686	-1 388	-200	-20 273	-35 571	-1 883	-192	-37 646
Write-offs	0	0	-12	-12	0	0	-11	-11
Ending balance	103 958	8 922	488	113 368	98 654	7 925	456	107 035
Loan and advances to customers at amortised cost				40 656				40 360
Loan and advances to customers at fair value				72 712				66 675

Gross loans to private customers	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	63 656	3 675	261	67 591	60 635	2 645	264	63 544
Transfers in (out) to Stage 1	932	-929	-4	0	645	-639	-7	0
Transfers in (out) to Stage 2	-1 213	1 222	-9	0	-1 642	1 658	-16	0
Transfers in (out) to Stage 3	-32	-61	93	0	-45	-71	116	0
Net increase/decrease existing loans	1 292	-379	-24	889	-2 107	-116	-21	-2 245
Purchases and originations*	20 659	538	36	21 233	34 191	1 175	72	35 438
Derecognitions and maturities*	-15 454	-768	-98	-16 320	-28 022	-977	-144	-29 143
Write-offs	0	0	-9	-9	0	0	-3	-3
Ending balance	69 840	3 297	245	73 383	63 656	3 675	261	67 591
Loan and advances to customers at amortised cost				4 877				4 797
Loan and advances to customers at fair value				68 506				62 795

Gross corporate loans	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	34 998	4 250	195	39 443	31 532	3 672	193	35 397
Transfers in (out) to Stage 1	942	-938	-4	0	851	-845	-6	0
Transfers in (out) to Stage 2	-3 504	3 516	-12	0	-2 068	2 096	-28	0
Transfers in (out) to Stage 3	-65	-122	187	0	-59	-59	118	0
Net increase/decrease existing loans	-983	-846	-28	-1 857	-1 281	-403	-39	-1 724
Purchases and originations*	5 960	385	9	6 354	13 573	695	13	14 282
Derecognitions and maturities*	-3 232	-620	-101	-3 953	-7 549	-906	-48	-8 503
Write-offs	0	0	-2	-2	0	0	-9	-9
Ending balance	34 118	5 625	243	39 986	34 998	4 250	195	39 443
Loan and advances to customers at amortised cost				35 779				35 562
Loan and advances to customers at fair value				4 206				3 881

*In 2019, refinancing which involved the redemption of a loan and the disbursement of a new loan was depicted in the note as a decrease of “Derecognitions and maturities” and an increase of “Purchases and originations”. For 2020, this net amount is shown on the line “Net increase/(decrease) in the existing loans”.

Parent bank								
Credit exposure to financial assets subject to ECL	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit risk								
Low risk	91 678	1 967	0	93 645	74 793	563	1	75 356
Medium risk	17 279	4 497	0	21 775	14 880	4 457	0	19 336
High risk	1 880	2 270	0	4 150	1 443	1 839	0	3 282
Defaults	0	0	476	476	0	0	322	322
Total gross commitments at 31.12.	110 837	8 734	476	120 046	91 115	6 858	323	98 296
Loan loss allowance	-149	-189	-103	-441	-76	-108	-71	-255
Total net commitments at 31.12.	110 688	8 545	373	119 605	91 039	6 751	251	98 041

Credit exposure to financial assets subject to ECL - private customers	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit risk								
Low risk	67 365	566	0	67 931	57 029	465	0	57 494
Medium risk	4 435	1 606	0	6 040	2 941	1 877	0	4 818
High risk	159	841	0	1 001	179	871	0	1 050
Defaults	0	0	226	226	0	0	209	209
Total gross commitments at 31.12.	71 959	3 013	226	75 198	60 148	3 214	209	63 571
Loan loss allowance	115	128	63	306	-1	-35	-31	-66
Total net commitments at 31.12.	72 074	3 141	289	75 504	60 147	3 179	178	63 504

Credit exposure to financial assets subject to ECL - corporate customers	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit risk								
Low risk	24 313	1 401	0	25 714	17 764	98	1	17 862
Medium risk	12 844	2 891	0	15 735	11 939	2 579	0	14 518
High risk	1 721	1 428	0	3 149	1 265	968	0	2 232
Defaults	0	0	250	250	0	0	113	113
Total gross commitments at 31.12.	38 878	5 721	250	44 848	30 967	3 645	114	34 726
Loan loss allowance	-115	-128	-63	-306	-75	-73	-41	-189
Total net commitments at 31.12.	38 763	5 593	187	44 542	30 892	3 572	73	34 537

Group								
Credit exposure to financial assets subject to ECL	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit risk								
Low risk	93 752	1 971	0	95 722	77 866	565	1	78 432
Medium risk	21 686	5 015	0	26 701	18 791	4 836	0	23 627
High risk	2 345	2 964	0	5 309	1 998	2 523	5	4 526
Defaults	0	0	599	599	0	0	451	451
Total gross commitments at 31.12.	117 783	9 950	599	128 332	98 654	7 925	456	107 035
Loan loss allowance	-173	-244	-131	-548	-97	-133	-87	-317
Total net commitments at 31.12.	117 610	9 706	468	127 784	98 557	7 792	369	106 718

Credit exposure to financial assets subject to ECL - private customers	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit risk								
Low risk	69 003	566	0	69 569	58 388	465	0	58 853
Medium risk	6 557	1 759	0	8 316	5 054	2 077	0	7 131
High risk	182	1 036	0	1 218	214	1 132	0	1 346
Defaults	0	0	263	263	0	0	261	261
Total gross commitments at 31.12.	75 742	3 361	263	79 367	63 656	3 675	261	67 592
Loan loss allowance	-41	-57	-57	-155	-4	-44	-42	-90
Total net commitments at 31.12.	75 701	3 304	206	79 212	63 652	3 631	219	67 501

Credit exposure to financial assets subject to ECL - corporate customers	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit risk								
Low risk	24 748	1 405	0	26 153	19 478	100	1	19 579
Medium risk	15 130	3 256	0	18 386	13 737	2 758	0	16 495
High risk	2 163	1 928	0	4 091	1 784	1 392	5	3 180
Defaults	0	0	336	336	0	0	190	190
Total gross commitments at 31.12.	42 041	6 589	336	48 966	34 998	4 250	195	39 443
Loan loss allowance	-132	-187	-74	-393	-93	-89	-45	-227
Total net commitments at 31.12.	41 909	6 402	262	48 573	34 906	4 161	150	39 216

Credit quality	Risk class	PD	The Bank uses its own classification system for monitoring credit risk in the portfolio. Risk categorisation is based on each customer's probability of default (PD). The risk groups are categorised according to the Bank's 11 risk classes (A–K).
Low risk	A, B, C, D	0 - 0.75 %	
Medium risk	E, F, G	0.75-5.00%	
High risk	H, I	5.00-10.00%	
Defaulted	J	Defaulted	
Written down	K	Impaired	

Parent			Group			
Stage 2	Stage 3	Total	2020	Total	Stage 2	Stage 3
Gross loans subject to forbearance						
314	5	319	Retail market	366	360	5
880	63	943	Corporate market	1 101	1 038	63
1 194	68	1 262	Gross loans forbearance	1 467	1 399	68

If a customer gets into financial difficulties, the bank may in some cases grant voluntary concessions in the form of less stringent financial covenants or reduced/deferred interest and instalment payments (forbearance). The table shows total forbearance exposures.

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Note 9 – Transfer of financial assets etc

SpareBank 1 Østlandet has signed agreements for the legal sale of loans with security and high collateral in real estate to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. Under the management agreements signed with these two companies in the Alliance, the Bank manages the loans and is responsible for the contact with the customers. The Bank receives compensation in the form of commissions for the obligations associated with managing the loans. The Bank has judged the accounting implications of this as meaning that the risk and benefits of ownership associated with the sold loans has been transferred. This entails full derecognition. The remuneration received for the loans that have been transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS matches the book value and is judged to match the loans fair value at the time of transfer. The Bank recognises all rights and obligations that were generated or retained upon transfer separately as assets or liabilities.

If the covered bond companies experience a loss on transferred loans, they are entitled to offset these against commissions from all Banks that have transferred loans. There is thus a residual involvement associated with sold loans with possible limited offsetting of losses against commissions in the current year. However, the nature of this right to offset considered to alter the conclusion that the majority of the risks and benefits associated with ownership have been transferred. The Bank's maximum exposure to losses is represented by the highest amount for which cover could be claimed under the agreements.

The covered bond companies can resell loans purchased by the Bank, and the Bank's right to manage the customers and receive commission goes along with this. If the Bank is unable to serve its customers, the right to servicing and commission could be lost. The Bank also has an option to buy back loans under certain conditions.

SpareBank 1 Boligkreditt AS

SpareBank 1 Boligkreditt AS is owned by the banks that make up the SpareBank 1 Alliance. The SpareBank 1 Østlandet Group had an ownership interest of 22.45 per cent as at 31 December 2020 (22.29 per cent as at 31 December 2019). The purpose of the covered bond company is to ensure banks in the Alliance stable and long-term financing for residential mortgages at competitive prices. SpareBank 1 Boligkreditt's bonds are rated Aaa by Moody's. SpareBank 1 Boligkreditt AS acquires loans with collateral in housing and issues covered bonds in accordance with the regulations established for this in 2007. As part of the Alliance, the Bank can transfer loans to the company and this has been done as part of the Bank's funding strategy. Loans transferred to SpareBank 1 Boligkreditt AS are secured by collateral in housing up to a ceiling of 75 per cent of their valuation. The transferred loans are legally owned by SpareBank 1 Boligkreditt AS and, apart from the right to administer them fully or in part, SpareBank 1 Østlandet has no right to use the loans. SpareBank 1 Østlandet manages the sold loans and receives commissions based on the net returns on the loans the Bank has sold and the costs in the company.

At the end of December 2020, the book value of the transferred loans was NOK 46.9 billion (NOK 42.6 billion at end of December 2019).

The remuneration received for the loans transferred from the Bank to SpareBank 1 Boligkreditt AS matches the nominal value of the transferred loans and was assessed as being almost equal to the loans' fair value at the end of 2020 and 2019. The loans transferred to SpareBank 1 Boligkreditt AS are very well secured and have a small probability of loss.

The Bank has also entered into a shareholder agreement with the shareholders of SpareBank 1 Boligkreditt AS. This involves, among other things, the Bank contributing to ensuring that SpareBank 1 Boligkreditt AS always has a core equity tier 1 ratio that matches the requirements set by the authorities (incl. the requirements for buffer capital and Pillar 2 calculations), and if required to do so supplying core capital if it falls to a lower level. SpareBank 1 Boligkreditt AS has internal guidelines for its core capital adequacy ratio that exceed the authorities' requirements, as well as a management buffer of 0.4 per cent. Based on a concrete assessment, the Bank has chosen not to hold capital for this obligation because the risk of the Bank being forced to contribute is considered very small. In connection with this, it also appears that there are a number of options with respect to measures that may also be appropriate should such a situation occur.

Together with the other owners of SpareBank 1 Boligkreditt AS, the Bank has signed an agreement on the establishment of liquidity facilities for SpareBank 1 Boligkreditt AS. This means that the banks have committed to purchase covered bonds in the event that SpareBank 1 Boligkreditt AS is unable to refinance its activities in the market. The purchase of the bonds is contingent on the company's collateral not having stopped payments, so that it is actually able to issue such bonds. There is, therefore, no credit guarantee that can be invoked in the event of the company or collateral becoming insolvent. The purchase is limited to the total value of the amount due in the company for the next 12 months at any given time. Previous purchases under this agreement are deducted from future obligations to purchase. In principle, each owner is liable for its share of the need, secondarily for twice the primary liability under the same agreement. The bonds can be deposited with Norges Bank and thus entail no material increase in risk for the Bank. In accordance with its internal policy, SpareBank 1 Boligkreditt AS retains liquidity for the amount due in the next 6 months. This is deducted when valuing the banks' liabilities. Therefore, it is only in the event that SpareBank 1 Boligkreditt AS does not have liquidity for the amount due in the next 12 months that the Bank will report any commitment here in relation to capital adequacy or large commitments.

SpareBank 1 Næringskreditt AS

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

SpareBank 1 Næringskreditt was established in 2009 and has a licence from the Financial Supervisory Authority of Norway to operate as a covered bond company. The SpareBank 1 Østlandet Group had an ownership interest of 15.15 per cent as at 31 December 2020 (15.15 per cent as at 31 December 2019). SpareBank 1 Næringskreditt's bonds are rated Aaa by Moody's. The company is owned by the savings banks that are part of the SpareBank 1 Alliance and is co-located with SpareBank 1 Boligkreditt in Stavanger. The purpose of the covered bond company is to ensure banks in the Alliance stable and long-term financing for commercial property at competitive prices. SpareBank 1 Næringskreditt acquires loans with security in commercial real estate and issues covered bonds under the regulations for this established in 2007. As part of the Bank's financing strategy, loans have been transferred to the company. Loans transferred to SpareBank 1 Næringskreditt are secured by security in commercial real estate within 60 per cent of its valuation. The transferred loans are legally owned by SpareBank 1 Næringskreditt AS and, apart from the right to administer them and the right to take over, fully or in part, impaired loans (at their impaired value), the Bank has no right to use the loans. At the end of December 2020, the book value of the transferred loans was NOK 1.0 billion (NOK 1.0 billion at end of December 2019). The Bank manages the transferred loans and receives commissions based on the net returns on the loans the Bank has transferred and the costs in the company.

The remuneration received for the loans transferred from the Bank to SpareBank 1 Næringskreditt AS matches the nominal value of the transferred loans and was assessed as being almost equal to the loans' fair value at the end of 2020 and 2019.

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

SpareBank 1 Boligkreditt AS – The remaining involvement is as follows:

	Book value asset	Fair value asset	Book value liability	Fair value liability
Remaining involvement	0	0	0	NOK 357 million

SpareBank 1 Næringskreditt AS – The remaining involvement is as follows:

	Book value asset	Fair value asset	Book value liability	Fair value liability	Maximum exposure to losses
Remaining involvement	0	0	0	0	NOK 11 million



Customer Advisors Ingrid Arnesen and Karianne Furuseth. Hamar.

The Bank has also entered into a shareholder agreement with the shareholders of SpareBank 1 Næringskreditt AS. This involves, among other things, the Bank contributing to ensuring that SpareBank 1 Næringskreditt's core capital adequacy ratio is always at least 11.0 per cent, and if required to do so supplying core capital if it falls to a lower level. SpareBank 1 Næringskreditt AS has internal guidelines for its core capital adequacy ratio that exceed the authorities' requirements, as well as a management buffer of 0.4 per cent. Based on a concrete assessment, the Bank has chosen not to hold capital for this obligation because the risk of the Bank being forced to contribute is considered very small. In connection with this, it also appears that there are a number of options with respect to measures that may also be appropriate should such a situation occur.

Together with the other owners of SpareBank 1 Næringskreditt AS, the Bank has signed agreements on the establishment of liquidity facilities for SpareBank 1 Næringskreditt AS. This means that the banks have committed to purchase covered bonds in the event that SpareBank 1 Næringskreditt AS is unable to refinance its activities in the market. The purchase of the bonds is contingent on the company's collateral not having stopped payments, so that it is actually able to issue such bonds. There is, therefore, no credit guarantee that can be invoked in the event of the company or collateral becoming insolvent. The purchase is limited to the total value of the amount due in the company for the next 12 months at any given time. Previous purchases under this agreement are deducted from future obligations to purchase. In principle, each

owner is liable for its share of the need, secondarily for twice the primary liability under the same agreement. The bonds can be deposited with Norges Bank and thus entail no material increase in risk for the Bank. In accordance with its internal policy, SpareBank 1 Næringskreditt AS retains liquidity for the amount due in the next 6 months. This is deducted when valuing the banks' liabilities. Therefore, it is only in the event that SpareBank 1 Næringskreditt AS not has liquidity for the amount due in the next 12 months that the Bank will report any commitment here in relation to capital adequacy or large commitments.

SpareBank 1 Kreditt as
SpareBank 1 Kreditt AS is owned by savings banks that are part of the SpareBank 1 alliance, and aims to be a joint credit card company for the banks' customers. SpareBank 1 Østlandet has entered into a shareholder agreement with the shareholders in SpareBank 1 Kreditt AS. The agreement entails, among other things, that the bank is obliged to contribute equity so that SpareBank 1 Kreditt AS has a prudent subordinated capital, and at all times meets the minimum requirements for subordinated capital that follow from legislation and / or recommendations from Finanstilsynet and which are necessary for a prudent operation of Sparebank 1 Kreditt. The bank is also obliged to contribute funding own portfolio (total balance sheet). The bank receives a commission from Sparebank 1 Kreditt AS corresponding to the bank's share of interest income less funding costs and established losses, the bank's share of transaction income and new sales commission.

Note 10 – Provisions for credit losses

The table shows isolated loss effects.

2020	Retail market	Corporate market	Parent bank	SB1FØ	Group
Isolated loss effects					
Change ECL due to period growth and migration	1	10	11	7	19
Change ECL due to adjusted key assumptions (PD / LGD)	3	36	39	18	58
Change ECL due to changed scenario weighting	14	26	41	3	44
Change in model-based loss provisions	19	73	91	29	120
Post model adjustments	0	20	20	5	25
Change individual loss provisions	2	28	30	13	43
Net write-offs	9	95	104	38	142
Total losses	29	216	245	84	330

There has been calculations of ECL on credit institutions and central banks, but the effect is deemed insignificant and consequently not included in the write-downs.

Parent Bank 2020				
(MNOK)	2019	Provision for credit losses	Net write-offs	2020
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	232	135	-11	356
Provisions for loan losses at fair value over OCI	67	18	-1	84
Total provisions for losses	299	153	-12	440
Presented as:				
Assets: Provisions for loan losses - decrease of assets	255	132	-12	375
Liabilities: Provisions for loan losses - increase of liabilities	22	10	0	32
Equity: Fair value adjustment of losses	21	11	0	32

2019				
(MNOK)	01.01.2019	Provision for credit losses	Net write-offs	2019
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	265	-22	-11	232
Provisions for loan losses at fair value over OCI	65	2	-1	67
Total provisions for losses	329	-19	-11	299

Presented as:				
Assets: Provisions for loan losses - decrease of assets	282	-15	-11	255
Liabilities: Provisions for loan losses - increase of liabilities	25	-3	0	22
Equity: Fair value adjustment of losses	22	-1	0	21

Group 2020				
(MNOK)	2019	Provision for credit losses	Net write-offs	2020
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	294	182	-11	464
Provisions for loan losses at fair value over OCI	67	18	-1	84
Total provisions for losses	360	200	-12	548
Presented as:				
Assets: Provisions for loan losses - decrease of assets	317	179	-12	484
Liabilities: Provisions for loan losses - increase of liabilities	22	10	0	32
Equity: Fair value adjustment of losses	21	11	0	32

2019				
(MNOK)	01.01.2019	Provision for credit losses	Net write-offs	2019
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	320	-16	-11	294
Provisions for loan losses at fair value over OCI	65	2	-1	67
Total provisions for losses	385	-13	-11	360

Presented as:				
Assets: Provisions for loan losses - decrease of assets	337	-9	-11	317
Liabilities: Provisions for loan losses - increase of liabilities	25	-3	0	22
Equity: Fair value adjustment of losses	22	-1	0	21

There has been calculations of ECL on credit institutions and central banks, but the effect is deemed insignificant and consequently not included in the write-downs.

Parent Bank								
Provisions for credit losses *	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	115	115	69	299	111	136	83	329
Provision for credit losses								
Transfers in (out) to Stage 1	5	-5	0	0	3	-3	0	0
Transfers in (out) to Stage 2	-85	85	0	0	-46	48	-2	0
Transfers in (out) to Stage 3	-12	-26	38	0	-9	-7	16	0
Net remeasurement of loss provisions	112	6	5	124	33	-49	2	-14
Purchases and originations	29	13	4	46	56	24	1	81
Derecognitions and maturities	-15	-19	-2	-36	-33	-34	-19	-86
Write-offs	0	0	-12	-12	0	0	-11	-11
Post model adjustment	0	20	0	20	0	0	0	0
Ending balance	149	189	103	440	115	115	69	299

Provisions for credit losses - personal customers *	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	23	37	30	90	24	34	31	88
Provision for credit losses								
Transfers in (out) to Stage 1	1	-1	0	0	1	-1	0	0
Transfers in (out) to Stage 2	-14	14	0	0	-13	13	0	0
Transfers in (out) to Stage 3	-4	-2	6	0	-2	-3	5	0
Net remeasurement of loss provisions	21	-4	17	34	10	-7	6	9
Purchases and originations	11	5	4	19	13	12	1	25
Derecognitions and maturities	-4	-8	-8	-21	-10	-11	-9	-30
Write-offs	0	0	-10	-10	0	0	-3	-3
Post model adjustment	0	0	0	0	0	0	0	0
Ending balance	34	41	39	113	23	37	30	90

Provisions for credit losses - corporate customers *	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	91	78	39	208	87	102	52	241
Provision for credit losses								
Transfers in (out) to Stage 1	4	-4	0	0	2	-2	0	0
Transfers in (out) to Stage 2	-71	71	0	0	-34	35	-2	0
Transfers in (out) to Stage 3	-8	-24	32	0	-7	-4	11	0
Net remeasurement of loss provisions	92	9	-12	90	23	-42	-4	-23
Purchases and originations	19	8	1	27	43	12	0	55
Derecognitions and maturities	-11	-11	6	-16	-23	-23	-11	-57
Write-offs	0	0	-2	-2	0	0	-9	-9
Post model adjustment	0	20	0	20	0	0	0	0
Ending balance	115	148	63	327	91	78	39	208

* Including loss provisions on guarantees, unused credits and loan facilities
The Parent Bank has outstanding claims for loans ascertained during 2020 as totalling 248 thousand Norwegian kroner (NOK 2.8 million), which are still subject to enforcement activities.
The Parent Bank has NOK 411 million in its stage 3 loan volume, NOK 151 milion. of which has no provision for loss due to the collateral.

Group

Provisions for credit losses *	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	131	142	87	360	127	162	96	385
Provision for credit losses								
Transfers in (out) to Stage 1	12	-12	0	0	8	-8	0	0
Transfers in (out) to Stage 2	-88	89	-1	0	-48	50	-2	0
Transfers in (out) to Stage 3	-12	-29	41	0	-9	-11	21	0
Net remeasurement of loss provisions	109	33	16	158	24	-42	8	-11
Purchases and originations	40	20	10	71	66	31	4	101
Derecognitions and maturities	-18	-24	-11	-54	-35	-41	-27	-103
Write-offs	0	0	-12	-12	0	0	-11	-11
Post model adjustment	0	25	0	25	0	0	0	
Ending balance	173	244	131	548	131	142	87	360

Provisions for credit losses - personal customers *	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	28	49	46	123	28	47	42	117
Provision for credit losses								
Transfers in (out) to Stage 1	4	-4	0	0	2	-2	0	0
Transfers in (out) to Stage 2	-14	14	0	0	-13	13	-1	0
Transfers in (out) to Stage 3	-4	-3	7	0	-2	-6	8	0
Net remeasurement of loss provisions	20	0	24	44	9	-4	10	16
Purchases and originations	13	7	5	26	15	14	2	31
Derecognitions and maturities	-6	-11	-15	-32	-10	-14	-13	-38
Write-offs	0	0	-10	-10	0	0	-3	-3
Post model adjustment	0	4	0	4	0	0	0	
Ending balance	41	57	57	155	28	49	46	123

Provisions for credit losses - corporate customers *	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	103	93	42	238	98	115	55	269
Provision for credit losses								
Transfers in (out) to Stage 1	8	-8	0	0	6	-6	0	0
Transfers in (out) to Stage 2	-74	74	0	0	-35	37	-2	0
Transfers in (out) to Stage 3	-8	-26	34	0	-8	-5	13	0
Net remeasurement of loss provisions	89	33	-8	114	15	-39	-3	-27
Purchases and originations	26	13	6	45	52	17	1	70
Derecognitions and maturities	-13	-13	4	-22	-25	-26	-14	-65
Write-offs	0	0	-2	-2	0	0	-9	-9
Post model adjustment	0	21	0	21	0	0	0	0
Ending balance	132	187	74	393	103	93	42	238

* Including loss provisions on guarantees, unused credits and loan facilities

The Group has outstanding claims for loans ascertained during 2020 as totalling NOK 24 million (NOK 5 million), which are still subject to enforcement activities.

The Group has NOK 488 million in its stage 3 loan volume, NOK 222 million of which has no provision for loss due to the collateral.

Note 11 – Credit risk exposure for each internal risk rating

The Bank uses its own classification system for monitoring credit risk in the portfolio. Risk is classified according to a calculation of probability of default for all customers in the loan portfolio based on objective data. Risk is categorised into low, medium and high risk, with a separate category for non-performing and impaired loans. Customers are scored in the Bank’s portfolio system on a monthly basis.

Unsecured exposure is the total commitment less the market value of the collateral for the respective commitments. Collateral is used to mitigate the Bank’s credit risk. The most common type of collateral comprises real property mortgages, but other types of collateral are also used. Guidelines

have been established for specific valuation criteria that must applied to the respective types of collateral. The starting point for valuating collateral is the market value of the respective collateral types. The turnover value for collateral other than real estate is normally set equal to the book value in the last submitted annual accounts.

Parent bank	Average unsecured exposure (%)	Total commitment	Average unsecured exposure (%)	Total commitment
	2020	2020	2019	2019
Low risk	3.0 %	93 645	3.6 %	82 201
Medium risk	2.8 %	21 775	3.4 %	21 845
High risk	2.5 %	4 150	3.0 %	3 897
Defaulted and written down	24.8 %	476	16.6 %	320
Total	3.1 %	120 046	3.6 %	108 263

Group	Average unsecured exposure (%)	Total commitment	Average unsecured exposure (%)	Total commitment
	2020	2020	2019	2019
Low risk	3.0 %	95 723	3.5 %	85 062
Medium risk	2.4 %	26 701	2.9 %	26 540
High risk	2.4 %	5 309	2.8 %	5 017
Defaulted and written down	20.3 %	599	12.5 %	455
Total	2.9 %	128 333	3.4 %	117 075

Note 12 – Maximum credit risk exposure, not taking into account assets pledged as security

The table below shows maximum exposure to credit risk. Exposure is shown gross before any assets pledged as security or permitted off-sets.

Parent bank			Group	
2019	2020		2020	2019
		Assets		
1 248	588	Deposits with central banks	588	1 248
8 273	8 887	Loans to and receivables from credit institutions	1 576	1 199
98 296	104 286	Gross loans to and receivables from customers	113 368	107 035
-255	-375	Provisions for credit losses	-484	-317
98 041	103 911	Net loans to and receivables from customers	112 885	106 718
17 252	20 999	Certificates and bonds	20 999	17 252
878	2 212	Financial derivatives	2 212	878
125 693	136 597	Credit risk exposure, balance sheet	138 260	127 296
		Liabilities		
1 363	1 186	Contingent liabilities (guarantees provided)	1 047	1 084
18 609	10 267	Unutilised credit lines	9 132	10 578
3 108	4 306	Loans approved not disbursed	4 607	3 356
23 080	15 760	Total financial guarantees, off balance sheet items	14 787	15 018
148 773	152 357	Total credit risk exposure	153 047	142 314

Credit risk exposure on financial assets distributed by geographic area

Parent bank			Group	
2019	2020		2020	2019
		Banking activities		
66 304	60 931	Innlandet	55 647	44 877
28 470	31 102	Viken	34 722	8 839
31 783	32 793	Oslo	33 627	33 052
3 781	4 144	Rest of Norway	5 773	10 286
558	550	Abroad	550	558
-255	-375	Provisions for losses, undistributed	-484	-317
130 642	129 145	Total banking activities	129 836	124 184
		Financial market activities		
11 622	14 470	Norway	14 470	11 622
6 110	7 507	Europe	7 507	6 110
399	524	USA	524	399
0	710	Other	710	
18 130	23 211	Total financial market activities	23 211	18 130
148 773	152 357	Total distributed by geographic area	153 047	142 314

Note 13 – Financial derivatives and offsetting

In accordance with IFRS 7 it should be disclosed which financial instruments the Bank considers to fulfill the requirements for offsetting and which financial instruments have entered into a settlement agreement.

In the balance sheet, the Bank has no derivatives presented net.

SpareBank 1 Østlandet has three sets of agreements which regulate counterparty risk and netting of derivatives. For retail and corporate customers, use is made of limit agreements requiring provision of collateral. For customers engaged in trading activity, only cash deposits are accepted as collateral. The agreements are unilateral, i.e it is only the customers that provide collateral. As regards financial institutions, the Bank enters into standardised and mainly bilateral ISDA agreements. Additionally the Bank

has entered into supplementary agreements on provision of collateral (CSA) with eighteen institutional counterparties.The Bank has also entered into agreements on clearing derivatives where the counterparty risk is moved to a central counterparty (clearing house) that calculates the need for collateral. Reverse repurchase agreements are governed by GMRA agreements with counterparty. The Bank has five GMRA agreements.

The assets and liabilities below may be offset.

Parent bank and Group				Amounts not presented on the balance sheet on a net basis		
	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/(liabilities) on the balance sheet	Financial instruments	Cash collateral given/(received)	Net amount
2020						
Derivatives as assets	2 212	0	2 212	-612	-1 450	150
Derivatives as liabilities	-697	0	-697	612	61	-25

				Amounts not presented on the balance sheet on a net basis		
	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/(liabilities) on the balance sheet	Financial instruments	Cash collateral given/(received)	Net amount
2019						
Derivatives as assets	878	0	878	-274	-550	54
Derivatives as liabilities	-373	0	-373	274	54	-45

Note 14 – Credit quality per class of financial assets

Parent bank						
2020	Notes	Low risk	Medium risk	High risk	Defaulted or with individual loan loss impairments	Total
Loans to and receivables from credit institutions	7	8 887	0	0	0	8 887
Gross loans to and receivables from customers measured to amortisert cost						
Retail market	8	482	56	22	148	708
Corporate market	8	15 723	12 602	2 349	192	30 866
Gross loans to and receivables from customers classified as financial assets at fair value over OCI through profit and loss on initial recognition						
Retail market	8	5 379	350	47	0	5 775
Corporate market	8	482	66	6	2	556
Gross loans to and receivables from customers classified as financial assets at fair value through profit and loss on initial recognition						
Retail market	8	57 944	3 875	852	60	62 731
Corporate market	8	3 187	334	120	10	3 650
Total gross lending		92 083	17 282	3 397	411	113 173
Financial investments						
Certificates, bonds and fixed-income funds	29	20 999	0	0	0	20 999
Total financial investments		20 999	0	0	0	20 999
Total lending-related assets		113 082	17 282	3 397	411	134 172

2019	Notes	Low risk	Medium risk	High risk	Defaulted or with individual loan loss impairments	Total
Loans to and receivables from credit institutions	7	8 273	0	0	0	8 273
Gross loans to and receivables from customers measured to amortisert cost						
Retail market	8	510	88	32	146	776
Corporate market	8	14 560	14 100	2 087	99	30 845
Gross loans to and receivables from customers classified as financial assets at fair value through profit and loss on initial recognition						
Retail market	8	5 749	468	30	3	6 249
Corporate market	8	426	61	17	2	505
Gross loans to and receivables from customers classified as financial assets at fair valuethrough profit and loss on initial recognition						
Retail market	8	51 235	4 262	988	60	56 545
Corporate market	8	2 877	357	129	13	3 375
Total gross lending		83 629	19 336	3 282	322	106 569
Financial investments						
Certificates and bonds	29	17 251	0	1	0	17 252
Total financial investments		17 251	0	1	0	17 252
Total lending-related assets		100 880	19 336	3 283	322	123 821

Group	Notes	Low risk	Medium risk	High risk	Defaulted or with individual loan loss impairments	Total
2020						
Loans to and receivables from credit institutions	7	1 576	0	0	0	1 576
Gross loans to and receivables from customers measured to amortisert cost						
Retail market	8	2 120	2 332	240	185	4 877
Corporate market	8	16 962	15 248	3 291	278	35 779
Gross loans to and receivables from customers classified as financial assets at fair value over OCI through profit and loss on initial recognition						
Retail market	8	5 379	350	47	0	5 775
Corporate market	8	482	66	6	2	556
Gross loans to and receivables from customers classified as financial assets at fair value through profit and loss on initial recognition						
Retail market	8	57 944	3 875	852	60	62 731
Corporate market	8	3 187	334	120	10	3 650
Total gross lending		87 650	22 203	4 556	535	114 944
Financial investments						
Certificates, bonds and fixed-income funds	29	20 999	0	0	0	20 999
Total financial investments		20 999	0	0	0	20 999
Total lending-related assets		108 649	22 203	4 557	535	135 944

2019	Notes	Low risk	Medium risk	High risk	Defaulted or with individual loan loss impairments	Total
Loans to and receivables from credit institutions	7	1 199	0	0	0	1 199
Gross loans to and receivables from customers measured to amortisert cost						
Retail market	8	1 869	2 401	328	198	4 797
Corporate market	8	16 276	16 077	3 034	175	35 562
Gross loans to and receivables from customers classified as financial assets at fair value through profit and loss on initial recognition						
Retail market	8	5 749	468	30	3	6 249
Corporate market	8	426	61	17	2	505
Gross loans to and receivables from customers classified as financial assets at fair value through profit and loss on initial recognition						
Retail market	8	51 235	4 262	988	60	56 545
Corporate market	8	2 877	357	129	13	3 375
Total gross lending		79 631	23 627	4 526	451	108 234
Financial investments						
Certificates and bonds	29	17 251	0	1	0	17 252
Total financial investments		17 251	0	1	0	17 252
Total lending-related assets		96 882	23 627	4 527	451	125 486

For details on risk classification of loans, see Note 8 Loans to and receivables from customers.

Classification of financial investments into different risk groups is based on ratings from Standard Poor's, Moody's, Fitch, Scope or Japan Credit Rating Agency (or a combination of these) according to the conversion table presented below. No official ratings are available for some issues/issuers. For the Group, these amount to NOK 4 158 million in 2020 and primarily includes certificates and bonds in Norwegian municipalities (NOK 3 120 million), other certificates and bonds from Norwegian issuers with risk weights equal or below 20 per cent (NOK 525 million) and fixed income funds with low risk profiles (NOK 455 million). After individual assessments, based on market pricing and alternative risk analyses from recognised brokerage houses, are issues without official rating assigned to low risk.

Credit quality	Rating (using S&P's system)			
Low risk	AAA	AA	A	BBB
Medium risk	BB			
High risk	B	CCC	CC	C

Note 15 – Market risk related to interest rate risk

Interest rate risk arises because interest bearing assets and liabilities have different remaining fixed rate terms.

The Board has set limits for the total interest rate risk, both with regard to parallel shifts and yield curve risk. The Bank steers interest rate risk towards the desired level on investments and funding by means of fixed interest rates and through the use of interest rate derivatives.

Basis risk is the change in the value of the Group's assets and liabilities that arises when there is a parallel shift in the entire yield curve. This risk is shown in the table below by calculating the interest rate risk as the effect on the financial instruments' fair value of a change in interest rates

assuming a parallel shift in the entire yield curve of one percentage point. Administrative interest rate risk has not been taken into account, i.e. the effect of the fact that in practice there will be a lapse between a change in markets interest rates and the bank having adjusted the terms and conditions for deposits and loans at floating rates of interest.

The Group's interest rate risk is related primarily to shifts in the yield curve for Norwegian kroner (NOK) and euro (EUR).

Parent bank			Group		
Interest rate risk, 1 per cent change			Interest rate risk, 1 per cent change		
2019	2020	Basis risk	2020	2019	
-128	-139	Certificates and bonds	-139	-128	
-134	-118	Fixed-rate loans to customers	-118	-134	
16	9	Fixed-rate deposits to customers	9	16	
3	3	Loan and receivables from credit institutions	3	3	
839	745	Bond loans	745	839	
-12	-12	Other	-12	-12	
-589	-483	Derivatives	-483	-589	
-6	6	Total interest rate risk, effect on profit after tax	6	-6	

Positive figures indicates that the Bank gains on an increase in interest rates.

Although the calculations above show that the Bank will profit from an increase in interest rates, the way in which the increase in interest rates

happens is not insignificant. The table below shows yield curve risk, i.e. the risk of the yield curve shifting differently within the different time periods when there is a change in interest rates, by measuring the Bank's net interest rate exposure within the different periods.

Parent bank			Group		
Interest rate risk, 1 per cent change			Interest rate risk, 1 per cent change		
2019	2020	Yield curve risk	2020	2019	
3	1	0–1 month	1	3	
5	7	1–3 months	7	5	
1	2	3–6 months	2	1	
6	4	6–12 months	4	6	
-16	-10	1–3 years	-10	-16	
-14	-7	3–5 years	-7	-14	
9	11	5–10 years	11	9	
0	0	More than 10 years	0	0	
-6	6	Total interest rate risk, effect on profit after tax	6	-6	

Note 16 – Market risk related to currency exposure

Currency risk is the risk of the Group incurring a loss as a result of changes in currency exchange rates. Currency risk arises when the Group has differences in assets and liabilities in an individual currency.

Foreign exchange trading shall always comply with adopted guidelines, limits and authorisations. The Group's limits define quantitative goals for maximum currency exposure, measured in NOK. The Group has set limits for the net exposure in each individual currency and limits for aggregate net currency exposure and total absolute sum of net positions per currency:

- The net position in a single currency must not exceed NOK 25 million overnight.

- The absolute total of each net position in any single currency must not exceed NOK 75 million overnight.
- The net position in a single currency must not exceed NOK 100 million intraday.
- The absolute total of each net position in any single currency must not exceed NOK 150 million intraday.

Currency risk is quantified and monitored at all times. The Group's currency risk throughout the year and at year-end is limited.

At 31 December, the net positions in the most important currencies, based on fair value of the underlying assets, was as follows:

Parent bank			Group		
2019	2020	Net Currency exposure NOK	2020	2019	
-1	-2	GBP	-2	-1	
-3	3	USD	3	-3	
-1	-4	JPY	-4	-1	
1	-1	PLN	-1	1	
4	-2	SEK	-2	4	
-2	3	EUR	3	-2	
0	3	CHF	3	0	
2	0	Andre	0	2	
0	-2	Sum	-2	1	
0	0	Effect on after-tax profit/loss and equity of a 3 per cent change in FX-rates	0	0	
0	0	Effect on after-tax profit/loss and equity of a 10 per cent change in FX-rates	0	0	

Note 17 – Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its obligations when they fall due, or be unable to finance its assets, including the desired growth, without significantly increased costs.

The group's framework for managing liquidity risk reflects its conservative risk profile, and the group manages the liquidity risk by maintaining a sufficient proportion of liquid reserves at all times, while the financing is diversified and long-term. Diversification is achieved by spreading borrowing across different markets, maturities and instruments. The group's goal is to be able to survive for

twelve months without access to new financing while house prices fall by 30 per cent. The Bank must satisfy the minimum requirement for LCR over the same period. Stress testing is undertaken at various maturities for a bank-specific crisis, a systemic crisis and a combination of these, and a contingency plan has been established to handle various liquidity crises.

Average time to maturity in the Bank's borrowing portfolio was 3.4 (3.8) years at the end of Q4 2020. At the same date, total LCR was 140.6 (162.2) per cent.

Cash flows relating to liabilities with agreed maturity based on notional contract sizes including estimated interest payments until maturity.

Parent bank						
2020	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Cash flows related to liabilities						
Deposits from and liabilities to credit institutions	-1 704	-507	-618	-1 807	-552	-5 189
Deposits from and liabilities to customers	-77 162	-2 374	-2 586	-3 521	0	-85 643
Liabilities arising from issuance of securities	0	-947	-4 903	-24 249	-4 216	-34 315
Subordinated loan capital ¹⁾	0	-6	-18	-1 337	0	-1 361
Derivatives related to liabilities	0	15	43	219	199	476
Other liabilities	0	-4 306	0	0	0	-4 306
Total cash flows related to liabilities	-78 866	-8 125	-8 082	-30 695	-4 569	-130 337

2019	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Cash flows related to liabilities						
Deposits from and liabilities to credit institutions	-44	-18	-53	-1 558	-1 576	-3 250
Deposits from and liabilities to customers	-68 387	0	-10 147	0	0	-78 534
Liabilities arising from issuance of securities	0	-581	-3 662	-25 443	-5 197	-34 882
Subordinated loan capital ¹⁾	0	-11	-32	-1 411	0	-1 453
Derivatives related to liabilities	0	-58	-185	-588	-2	-833
Other liabilities	0	-3 108	0	0	0	-3 108
Total cash flows related to liabilities	-68 432	-3 776	-14 414	-29 088	-6 775	-122 484

Group						
2020	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Cash flows related to liabilities						
Deposits from and liabilities to credit institutions	-1 667	-507	-618	-1 807	-552	-5 152
Deposits from and liabilities to customers	-77 162	-2 343	-2 586	-3 521	0	-85 613
Liabilities arising from issuance of securities	0	-947	-4 903	-24 249	-4 216	-34 315
Subordinated loan capital ¹⁾	0	-6	-18	-1 337	0	-1 361
Derivatives related to liabilities	0	15	43	219	199	476
Other liabilities	0	-4 607	0	0	0	-4 607
Total cash flows related to liabilities	-78 829	-8 396	-8 082	-30 695	-4 569	-130 571

2019	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Cash flows related to liabilities						
Deposits from and liabilities to credit institutions	-44	-18	-53	-1 558	-1 580	-3 253
Deposits from and liabilities to customers	-68 347	0	-10 147	0	0	-78 494
Liabilities arising from issuance of securities	0	-581	-3 662	-25 443	-5 197	-34 882
Subordinated loan capital ¹⁾	0	-11	-32	-1 411	0	-1 453
Derivatives related to liabilities	0	-58	-185	-588	-2	-833
Other liabilities	0	-3 356	0	0	0	-3 356
Total cash flows related to liabilities	-68 391	-4 023	-14 455	-29 212	-6 779	-122 861

¹⁾ For subordinated loan capital the maturity date is set at first call date.

Note 18 – Maturity analysis of assets and liabilities

Parent bank

Spesification of the balance sheet

2020	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	683	0	0	0	0	683
Loans to and receivables from credit institutions	7676	205	992	15	0	8 887
Gross loans to and receivables from customers	12 503	456	2 059	9 483	79 786	104 286
-Loan loss allowance for loans at amortised cost	0	0	0	-324	0	-324
-Fair value adjustments for loans at fair value through OCI	0	0	0	-52	0	-52
Net loans to and receivables from customers	12 503	456	2 059	9 107	79 786	103 911
Certificates and bonds	0	2 320	1 230	16 628	822	20 999
Financial derivatives	0	36	372	1 079	726	2 213
Shares, units and other equity interests	0	0	0	0	616	616
Investments in associates and joint ventures	4 510	0	0	0	0	4 510
Investments in subsidiaries	1 758	0	0	0	0	1 758
Property, plant and equipment	96	0	0	0	0	96
Goodwill and other intangible assets	463	0	0	0	0	463
Other assets	0	74	44	23	364	505
Total assets	27 689	3 090	4 697	23 179	82 314	144 641

Liabilities						
Deposits from and liabilities to credit institutions	0	2 225	602	1 753	550	5 129
Deposits from and liabilities to customers	77 162	2 374	2 586	3 521	0	85 643
Liabilities arising from issuance of securities	0	893	4 982	24 470	4 607	34 952
Financial derivaties	0	130	32	341	195	697
Current tax liabilities	0	32	49	0	0	81
Defferred tax liabilities	0	0	0	288	0	288
Other debt and liabilities recognised in the balance sheet	0	38	477	33	83	631
Subordinated loan capital	0	0	0	1 302	0	1 302
Total liabilities	77 162	5 692	8 728	31 707	5 434	128 723

2019	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	325	1 000	0	0	0	1 325
Loans to and receivables from credit institutions	8256	0	0	16	0	8 273
Gross loans to and receivables from customers	12 822	228	1 322	8 732	75 191	98 296
-Loan loss allowance for loans at amortised cost	0	0	0	-209	0	-209
-Fair value adjustments for loans at fair value through OCI	0	0	0	-46	0	-46
Net loans to and receivables from customers	12 822	228	1 322	8 477	75 191	98 041
Certificates and bonds	0	413	2 045	14 095	699	17 252
Financial derivatives	0	26	46	434	373	878
Shares, units and other equity interests	0	0	45	0	630	675
Investments in associates and joint ventures	0	0	0	0	4 323	4 323
Investments in subsidiaries	1 758	0	0	0	0	1 758
Property, plant and equipment	514	0	0	0	0	514
Goodwill and other intangible assets	89	0	0	0	0	89
Other assets	0	76	100	0	343	520
Total assets	23 765	1 744	3 558	23 022	81 560	133 648

Liabilities						
Deposits from and liabilities to credit institutions	0	734	0	1 358	1 555	3 647
Deposits from and liabilities to customers	69 022	1 492	3 397	4 624	0	78 534
Liabilities arising from issuance of securities	0	457	3 352	24 798	5 125	33 732
Financial derivaties	0	21	21	249	81	373
Current tax liabilities	0	167	167	0	0	335
Defferred tax liabilities	0	0	0	88	0	88
Other debt and liabilities recognised in the balance sheet	0	17	538	28	80	663
Subordinated loan capital	0	0	0	1 303	0	1 303
Total liabilities	69 022	2 889	7 476	32 448	6 841	118 676

Group						
2020	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	683	0	0	0	0	683
Loans to and receivables from credit institutions	364	206	992	15	0	1 576
Gross loans to and receivables from customers	12 503	468	2 068	12 895	85 434	113 368
-Loan loss allowance for loans at amortised cost	0	0	0	-362	-69	-432
-Fair value adjustments for loans at fair value through OCI	0	0	0	-52	0	-52
Net loans to and receivables from customers	12 503	468	2 068	12 481	85 365	112 884
Certificates and bonds	0	2 320	1 230	16 628	822	20 999
Financial derivatives	0	36	372	1 079	726	2 213
Shares, units and other equity interests	0	0	0	0	616	616
Investments in associates and joint ventures	5 325	0	0	0	0	5 325
Property, plant and equipment	620	0	0	0	0	620
Goodwill and other intangible assets	410	0	0	0	0	410
Other assets	18	287	44	33	364	746
Total assets	19 925	3 316	4 706	30 235	87 893	146 074
Liabilities						
Deposits from and liabilities to credit institutions	0	2 186	602	1 753	550	5 090
Deposits from and liabilities to customers	77 162	2 343	2 586	3 521	0	85 613
Liabilities arising from issuance of securities	0	893	4 982	24 470	4 607	34 952
Financial derivatives	0	130	32	341	195	697
Current tax liabilities	0	79	49	0	0	128
Deferred tax liabilities	129	0	0	288	0	417
Other debt and liabilities recognised in the balance sheet	0	137	477	43	83	740
Subordinated loan capital	0	0	0	1 302	0	1 302
Total liabilities	77 291	5 768	8 728	31 717	5 434	128 939

2019	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	325	1 000	0	0	0	1 325
Loans to and receivables from credit institutions	1 182	0	0	16	0	1 199
Gross loans to and receivables from customers	12 822	251	1 397	12 568	79 996	107 035
-Loan loss allowance for loans at amortised cost	0	0	-1	-238	-33	-271
-Fair value adjustments for loans at fair value through OCI	0	0	0	-46	0	-46
Net loans to and receivables from customers	12 822	251	1 397	12 285	79 963	106 718
Certificates and bonds	0	413	2 045	14 095	699	17 252
Financial derivatives	0	26	46	434	373	878
Shares, units and other equity interests	0	0	45	0	630	675
Investments in associates and joint ventures	0	0	0	0	4 870	4 870
Property, plant and equipment	672	0	0	0	0	672
Goodwill and other intangible assets	406	0	0	0	0	406
Other assets	0	78	293	0	417	787
Total assets	15 407	1 767	3 825	26 830	86 952	134 783
Liabilities						
Deposits from and liabilities to credit institutions	0	734	0	1 362	1 555	3 650
Deposits from and liabilities to customers	68 982	1 492	3 397	4 624	0	78 494
Liabilities arising from issuance of securities	0	457	3 352	24 798	5 125	33 732
Financial derivatives	0	21	21	249	81	373
Current tax liabilities	0	188	188	0	0	376
Deferred tax liabilities	0	0	0	212	0	212
Other debt and liabilities recognised in the balance sheet	0	50	475	59	155	739
Subordinated loan capital	0	0	0	1 303	0	1 303
Total liabilities	68 982	2 942	7 433	32 607	6 916	118 880

Note 19 – Net interest income

Parent bank			Group	
2019	2020		2020	2019
		Interest income		
220	151	Interest income from loans to and claims on central banks and credit institutions (amortised cost)	38	55
1 286	1 253	Interest income from loans to and claims on customers (amortised cost)	1 664	1 704
1 697	1 471	Interest income from loans to and clamis on customers (fair value over OCI)	1 465	1 694
3 204	2 875	Total interest income, effective rate method	3 167	3 453
188	187	Interest income from loans to and claims on customers (fair value over profit and loss)	187	188
269	221	Interest on certificates and bonds (fair value over profit and loss)	221	269
-121	-141	Other interest income	-141	-121
335	268	Total other interest income	268	335
3 539	3 143	Total interest income	3436	3 789
		Interest expenses		
62	53	Interest on debt to credit institutions	53	62
889	618	Interest on deposits from and liabilities to customers	621	896
590	501	Interest on securities issued	501	590
36	30	Interest on subordinated loan capital	30	36
35	49	Fees to the Banks' Guarantee Fund	49	35
4	5	Interest on leases	4	4
1	0	Other interest expenses and similar expenses	0	1
1 617	1 256	Total interest expenses	1 258	1 622
1 923	1 887	Total net interest income	2 177	2 166

Note 20 – Net commission income and other operating income

Parent bank			Group	
2019	2020		2020	2019
		Commission income		
20	19	Guarantee commissions	18	20
19	29	Securities trading	29	19
268	163	Payment transmission	262	268
182	204	Insurance services	204	182
334	368	Commission from loans transferred to cover bond companies	368	334
0	0	Commission from real estate brokerage	334	331
69	64	Other commission income	145	142
892	947	Total commission income	1 359	1 295
		Commission expenses		
94	95	Payment transmission	144	143
0	0	Other commission expenses	0	0
94	95	Total commission expenses	144	143
		Other operating income		
11	11	Operating income from real estate	3	3
0	0	Income from accounting	183	185
4	0	Income payroll	0	4
23	18	Other operating income	40	44
37	30	Total other operating income	226	236
835	882	Total net commission income and other operating income	1 441	1 388

Note 21 – Net income from financial assets and liabilities

Parent bank			Group	
2019	2020		2020	2019
19	41	Dividends from equity investments at fair value through profit and loss	41	19
19	41	Dividends from shares, participations and other equity instruments	41	19
582	287	Dividends from subsidiaries, associates and joint ventures		
0	-6	Gains or losses on realisation of subsidiaries, associates and joint ventures		
-6	0	Impairment on subsidiaries, associates and joint ventures		
576	282	Net income from subsidiaries, associates and joint ventures (Parent bank)		
		Share of profit or loss of associates and joint ventures (Group)	394	519
3	135	Net change in value on certificates, bonds and fixed-income funds excl. FX	135	3
14	-118	Net change in value of derivatives that hedge securities above excl. FX	-118	14
17	16	<i>Sum of fixed-income securities and related derivatives</i>	16	17
-96	-514	Net change in value of securities issued excl. FX	-514	-96
106	520	Net change in value in derivatives that hedge securities issued excl. FX	520	106
10	6	<i>Sum of securities issued and related derivatives</i>	6	10
82	-6	Net change in value on equity intruments at fair value through profit and loss	-6	82
-18	150	Net change in value on fixed-rate loans to customers at fair value through profit and loss	150	-18
36	-135	Net change in value of other derivatives	-135	36
16	27	Gains or losses on realisation of assets at fair value through profit or loss	27	16
55	50	Net income from FX trading and -hedging	50	55
197	109	Net profit from other financial assets and liabilities	109	197
792	432	Net income from financial assets and liabilities	545	735

Note 22 – Payroll expenses and payments to senior employees and elected officers

Parent bank			Group	
2019	2020		2020	2019
493	495	Payroll	821	807
110	106	Employers' National Insurance contribution	124	162
52	54	Pension costs (note 23)	74	79
44	24	Social security expenses	64	50
699	678	Total personnel expenses	1 083	1 098
709	707	Average no. of employees	1 196	1 189
672	702	No. of fulltime equivalents at 31 December	1 149	1 127
695	722	No. of employees at 31 December	1 201	1 190

Payments to Group management (NOK thousand) 2020			Salaries and other short-term benefits	Other remunera- tion	Accrued pension entitlements in the last 12 months	Board fees in subsidi- aries etc.	Loans	Number of EC's
Title / name								
Chief Executive Officer (CEO) Richard Heiberg			4 545	136	152	649	271	102 538*
Chief Financial Officer (CFO) Geir-Egil Bolstad			2 771	176	164	799	9 513	38 769
Head of Corporate Banking Hans Olav Wedvik			2 227	201	144	255	19 461	3 055
Head of Retail Banking Kari E. Gisle			2 117	335	161	391	4 751	3 055
Head of HR and Legal Eldar Kjendlie			1 951	199	149	190	2 746	6 564
Acting Head of HR and Legal Liv Krokan Murud			1 458	231	172	0	1 191	3 376
Head of Communications Siv Stenseth			1 859	297	166	0	3 056	3 055
Head of Innovation and Business Development Dag-Arne Hoberg			1 998	422	143	202	3 496	7 134
Chief Risk Officer (CRO) Vidar Nordheim			1 951	243	152	0	2 647	5 060
Head of Organizations and Capital Markets Espen Mejlænder-Larsen			1 951	156	153	21	6 714	6 308
Chief Operating Officer (COO) Elin B. Ørbæk			2 042	44	182	25	3 899	1 602
Managing Director, EiendomsMegler 1 Hedmark Eiendom AS Magnus Aasen			1 460	172	145	0	1 465	4 584
Managing Director, SpareBank 1 Finans Østlandet AS Bjarne Chr. Finstad			1 544	202	149	72	6 755	3 250
Managing Director, TheVit AS Stein Ragnar Nordeng			1 721	28	76	0	3402	0
Managing Director, EiendomsMegler 1 Oslo Akershus AS Kent Victor Syverstad			2 586	348	155	0	0	4 453

There are given none guarantees to anyone in the Group management in 2020.

* Also includes EC's owned through Richard Heiberg Invest AS.

Payments to Group management (NOK thousand)		Salaries and other short-term benefits	Other remuneration	Accrued pension	Board fees in subsidiaries etc.	Loans	Number of EC's
2019				entitlements in the last 12 months			
Title / name							
Chief Executive Officer (CEO) Richard Heiberg		4 394	138	153	370	2 875	92.538*
Chief Financial Officer (CFO) Geir-Egil Bolstad		2 690	162	158	360	9 766	28 769
Head of Corporate Banking Hans Olav Wedvik		2 152	189	140	278	19 714	3 055
Head of Retail Banking Kari E. Gisle		2 046	316	156	406	4 558	3 055
Head of HR and Legal Eldar Kjendlie		1 886	193	145	108	3 163	6 564
Head of Communications Siv Stenseth		1 630	376	162	0	2 835	3 055
Head of Innovation and Business Development Dag-Arne Hoberg		1 936	409	141	206	1 394	5 884
Chief Risk Officer (CRO) Vidar Nordheim		1 887	236	147	0	2 894	5 060
Head of Organizations and Capital Markets Espen Mejlænder-Larsen		1 886	154	148	37	2 556	4 978
Chief Operating officer (COO) Elin B. Ørbæk		1 871	42	177	25	3 364	1 602
Managing Director, EiendomsMegler 1 Hedmark Eiendom AS Magnus Aasen		1 375	168	141	0	1 679	3 056
Managing Director, SpareBank 1 Finans Østlandet AS Bjarne Chr. Finstad		1 489	184	143	45	6 788	3 250
Managing Director, TheVit AS Stein Ragnar Nordeng		1 690	9	87	0	0	0
Managing Director, EiendomsMegler 1 Oslo Akershus AS Kent Victor Syverstad		3 179	426	162	0	0	4 453

There are given none guarantees to anyone in the Group management in 2019.

* Also includes EC's owned through Richard Heiberg Invest AS.

Remuneration to the Board (NOK thousand) 2020					
Title / name	Fees	Other remuneration	Loans	Number of EC's	Number of meetings
Board:					
Chairman Siri J. Strømmevold	358	1	3 091	2 282	18/18
Vice Chairman Nina C. Lier	302	1	5 296	1 282	16/18
Board member Alexander Sandberg Lund	272	0	0	4 286	18/18
Board member Guro Nina Vestvik	201	0	0	346	18/18
Board member Tore-Anstein Dobloug	282	0	6 305	2 100	17/18
Board member Hans-Christian Gabrielsen	92	0	2 118	1 350	15/18
Board member Espen B. Larsen (employee, incl. in salary)	966	154	3 415	1 602	15/18
Board member Marit Jørgenrud (employee, incl. in salary)	945	160	4 321	1 282	13/13
Deputy Elin Ramleth Østli	0	0	0	0	0
Deputy Gudrun Sanaker Lohne	19	0	3 251	0	0
Deputy member Vibeke Hanvold Larsen (employee, incl. in salary)	638	110	2 860	1 602	7/5
Deputy Jørn-Henning Eggum	97	0	0	0	14
Deputy Øistein Kure Syversen (employee, incl. in salary)	632	97	3 463	1 602	0

There are given none guarantees to any boardmembers in 2020.

Remuneration to the Board (NOK thousand) 2019					
Title / name	Fees	Other remuneration	Loans	Number of EC's	Number of meetings
Board:					
Chairman Siri J. Strømmevold	361	3	3 989	2 282	11/11
Vice Chairman Nina C. Lier	286	1	1 835	1 282	11/11
Board member Alexsander Sandberg Lund	193	0	0	4 286	7/11
Board member Guro Nina Vestvik	182	0	0	346	11/11
Board member Tore Anstein Dobloug	180	0	8 001	0	7/11
Board member Hans-Christian Gabrielsen	142	0	2 192	0	7/11
Board member Espen B. Larsen (employee, incl. in salary)	980	83	4 329	0	10/11
Board member Vibeke Hanvold Larsen (employee, incl. in salary)	767	59	2 937	1 602	11/11
Deputy Elin Ramleth Østli	13	0	0	0	0
Deputy Gudrun Sanaker Lohne	0	0	3.277	0	0
Deputy Marit Jørgenrud (employee, incl. in salary)	897	70	4 606	1 282	0
Deputy Jørn-Henning Eggum	103	0	0	0	4
Deputy Thor Even Thorstensen (employee, incl. in salary)	712	31	3 215	3 055	0

There are given none guarantees to any boardmembers in 2019.

Remuneration to the Board of Representatives

(NOK thousands)	2020	2019
Chairman Pål Jan Stokke	56	47
Other members	3-84	3-84

All of the above payments to executive personnel and elected officers, apart from loans and guarantees, are liable for employers' National Insurance contributions.

Remuneration policy in relation to the Financial Institutions Regulation

SpareBank 1 Østlandet's remuneration policy is an important strategic instrument and is intended to underpin the Group's financial goals, brand strategy, risk tolerance and long-term interests. It is intended to provide a basis for how the Group should organise its pay and incentive systems, and how resources should be channelled and allocated. The remuneration policy's general guidelines are adopted by the Bank's board following prior consideration by the Bank's remuneration committee.

The remit of the Bank's remuneration committee is as follows:

“The Remuneration Committee shall be a preparatory body that assists the Board of Directors with setting the terms and conditions of employment for the CEO of SpareBank 1 Østlandet, as well as with assessing whether the direction and practice of the remuneration policy are appropriate, including the main principles and strategy for compensation of the Group's senior management. The committee is a reference group for the CEO in relation to the CEO's assessments regarding compensation of the Bank's executive management team.”

The Remuneration Committee consists of the Chair of the Board, one employee-elected board member and one other board member. The committee held three meetings in 2020.

SpareBank 1 Østlandet's compensation for senior employees complies with the rules and guidelines laid down in the Financial Institutions Regulation.

An annual process is conducted to identify which employees are covered by the Regulation's definitions of senior employees and others. These assessments are based on principles that include the EBA Guidelines on Sound Remuneration Policies. The results of the annual assessments are presented to the Remuneration Committee and the Board.

Senior employees and others covered by the Regulation's definition receive remuneration in the form of a fixed salary. They are members of the Bank's ordinary defined contribution pension scheme. Those who were members of the defined benefit pension scheme at the time the members were moved to a defined contribution pension scheme receive compensation for the transition from a defined benefit pension to a defined contribution pension in line with the same rules that apply to other employees.

No schemes involving variable pay elements or other special administrative schemes have been established for this group of employees in SpareBank 1 Østlandet or SpareBank 1 Finans Østlandet in 2020.

The company has no form of bonus scheme or any obligations to consider bonuses for the CEO or Chair of the Board.

There are no incentive schemes or obligations concerning share value based remuneration for the benefit of employees or elected officers.

The pay conditions are assessed via annual processes at the end of the year and any changes normally come into effect on 1 January the following year. The assessments are based on the Bank's remuneration system and described processes.

The CEO's assessments and proposals on limits and conditions for changes for the members of the Bank's executive management team are presented to the Remuneration Committee to get any input and comments they may have before the CEO makes a decision.

The Remuneration Committee is similarly briefed on the thinking concerning the pay conditions of the managing directors of the Bank's subsidiaries and thereby has an opportunity to present any comments before decisions are made by the subsidiaries' boards. The CEO's terms are set by the Board based on the recommendations of the Remuneration Committee.

The CEO of SpareBank 1 Østlandet has an agreement on possible early retirement from the age of 62. If the company decides to exercise the option of early retirement, the company will pay an annual early retirement pension that amounts to 70 per cent of the applicable fixed salary on the retirement date. Should the CEO wish to retire between the ages of 62 to 67, the company will pay an annual early retirement pension that amounts to 60 per cent of the applicable fixed salary on the retirement date. Early retirement pensions that are being paid, including previous adjustment supplements, are adjusted upwards on 1 May each year by the percentage increase in the National Insurance Scheme's basic amount (G). From age 67 to 77, a service pension equivalent to 5.47 times the National Insurance Scheme's basic amount (G) has been agreed in addition to the company's ordinary defined contribution scheme, in which the ceiling for pensionable income is 12 G.

Note 23 – Pensions

The SpareBank 1 Østlandet Group offers a defined contribution based pension scheme to its employees, as well as a contractual early retirement pension (AFP) that can be taken out from the age of 62. The Group also has some unsecured pension liabilities in relation to pensioners and some employees with salaries in

excess of 12G. For further information about the Group's pension schemes, see Note 2 – Accounting policies and Note 22 – Payroll expenses and payments to senior employees and elected officers.

Contribution based pension rates from 1 July 2017:

Salary from 0-7.1 G*	7.00 %
Salary from 7.1-12 G*	15.00 %

*Salary includes fixed supplements, but does not include overtime, taxable benefits in kind and other allowances for expenses.

Calculations of costs and liabilities for unsecured pension schemes are based on the following assumptions:

Financial assumptions	01.01.2021	01.01.2020	01.01.2019
Discount rate	1.50 %	2.30 %	2.60 %
Expected future development of pay	2.00 %	2.00 %	2.25 %
Expected future adjustment of G	1.75 %	2.00 %	2.50 %
Expected future adjustment of pension ¹⁾	0.00 %/1.75 %	0.50 %/2.00 %	0.80 %/2.50 %
Employer's NI contributions	19.10 %	19.10 %	19.10 %
Expected voluntary turnover	0.00 %	0.00 %	0.00 %
Anticipated AFP payout from 62 years	0.00 %	0.00 %	0.00 %
Disability table used	IR02	IR02	IR02
Mortality table used	K2013 BE	K2013 BE	K2013 BE

¹⁾ There are different regulations to the remaining agreements

The above-mentioned times indicate the time from which the liability is calculated using the changed assumptions. This means, for example, that the pension liability as at December 31, 2020 has been discounted by the

assumptions that applied as at January 1, 2021, while the annual cost for 2020 is based on the assumptions that applied at the start of the year.

Pension expenses

Parent bank		Group	
2019	2020	2020	2019
0	0	0	0
2	2	2	2
42	43	61	62
8	8	10	9
1	0	1	2
0	0	0	0
52	54	74	74

Pension liability

Parent bank		Group	
2019	2020	2020	2019
72	66	71	77
0	0	0	0
2	2	2	2
-5	-5	-8	-5
-3	6	6	-3
66	69	71	71
14	13	10	11
-1	-1	1	-1
-1	1	1	-1
0	0	0	0
13	13	13	10
86	79	82	88
79	83	83	82

Actuarial gains and losses (changes in estimates)

Parent bank		Group	
2019	2020	2020	2019
-3	6	6	-3
194	200	199	193

Parent bank	2020	2019	2018	2017	2016
Present value of pension liability	83	79	86	117	57
Fair value of pension assets	0	0	0	32	17
Deficit / surplus	83	79	86	84	40
Experience adjustments to pension liabilities	5	-3	2	20	-5
Experience adjustments to pension assets	0	0	0	14	-13

Group	2020	2019	2018	2017	2016
Present value of pension liability	83	82	88	120	399
Fair value of pension assets	0	0	0	32	280
Deficit / surplus	83	82	88	87	119
Experienced adjustments to pension liabilities	5	-3	2	20	28
Experienced adjustments to pension assets	0	0	0	14	-25

Note 24 – Other operating expenses

Parent bank		Group	
2019	2020	2020	2019
262	273	303	286
53	63	77	84
69	71	97	80
44	45	55	49
8	6	6	8
107	101	149	195
543	559	687	702
Auditor's fee (NOK thousands)			
1 196	1 992	3 179	3 543
50	82	156	126
969	376	525	1 139
239	0	304	371
2 454	2 450	4 164	5 179

* Deloitte AS was elected as new auditor from April 2020. Expenses for statutory audit for the parent bank in 2020 was distributed with TNOK 1 234 incl. VAT to Deloitte AS and TNOK 758 to PricewaterhouseCoopers AS. Expenses for statutory audit for the group in 2020 was TNOK 1 659 incl. VAT to Deloitte AS and TNOK 1 520 incl. VAT to PricewaterhouseCoopers AS.

Note 25 – Taxes

Parent bank			Group	
2019	2020		2020	2019
2 214	1 615	Profit before tax	1 932	2 326
-842	-524	+/- permanent differences *	-629	-780
-36	-761	+/- changes in temporary differences	-781	-46
3	-6	+/- tax effect recorded directly against equity	-6	3
1 340	324	Tax base/taxable income for the year	516	1 504
335	81	Of which is tax payable 25% / 22%	128	375
22	200	Change in deferred tax 25% / 22%	203	24
0	0	Foreign withholding tax	0	0
0	-1	Excess/insufficient tax allocation in previous years	-1	-2
0	0	Excess/insufficient deferred tax allocation in previous years	0	0
1	-7	+/- of which change not recorded in income statement	-7	1
358	273	Total tax expense	323	398
Explanation of why the tax charge for the year is not 25% / 22% of the year's profit before tax				
554	404	25% / 22% tax on profit before tax	454	595
-195	-130	25% / 22% of permanent differences*	-130	-195
0	0	Foreign withholding tax	0	0
0	-1	Excess/insufficient tax allocation in previous years	-1	-2
0	0	Excess/insufficient deferred tax allocation in previous years	0	0
358	273	Total tax expense	323	398
16 %	17 %	Effective tax rate (%)	17 %	17 %
Composition of deferred tax assets recognized in the balance sheet				
-22	-22	Total deferred tax assets	-45	-47
110	310	Total deferred tax	462	259
88	288	Net deferred tax/deferred tax asset	417	212
Specification of temporary differences				
10	8	Gains and loss account	10	13
-80	-83	Pension liabilities	-83	-82
47	38	Operating equipment	608	599
-2	-6	Leases	-7	-2
251	1 059	Differences in finacial items	1 057	250
126	137	Other temporary differences	106	103
		Carry forward tax loss	-20	-32
352	1 152	Total temporary differences	1 672	850
25 %	25 %	Tax rate applied	25% / 22%	25 % / 22%

*) Includes tax-exempted dividends, customer dividends, non-tax-deductible expenses, net tax-exempt gains on realisation of shares in the European Economic Area (EEA), and tax allowances for profit attributable to associated companies (the percentage of the profit is extracted as it has already been taxed in the individual company).

Pursuant to IFRS, wealth tax is classified as a levy and not as a tax charge. Wealth tax of NOK 6 million was recognised as a cost in 2020 (NOK 8 million in 2019) and classified as other operating costs.

Note 26 – Financial instruments at fair value

The table below shows financial instruments at fair value by valuation method. The different levels are defined as follows:

- Level 1: Quoted prices for similar asset or liability on an active market.
- Level 2: Valuation based on other observable factors either direct (price) or indirect (deduced from prices) than the quoted price (used on level 1) for the asset or liability.
- Level 3: Valuation based on factors not based on observable market data (non-observable inputs).

Group	Level 1	Level 2	Level 3	Total
2020				
Assets				
Financial assets at fair value				
- Derivatives	0	2 212	0	2 212
- Certificates, bonds and fixed-income funds	0	20 999	0	20 999
- Fixed-rate loans to customers	0	0	6 331	6 331
- Equity instruments	349	0	267	616
- Mortgages (FVOCI)	0	0	66 330	66 330
Total assets	349	23 211	72 928	96 488
Liabilities				
Financial assets at fair value				
- Derivatives	0	697	0	697
- Securities issued	0	3 050	0	3 050
Total liabilities	0	3 747	0	3 747
2019				
Assets				
Financial assets at fair value				
- Derivatives	0	878	0	878
- Certificates, bonds and fixed-income funds	0	17 252	0	17 252
- Fixed-rate loans to customers	0	0	6 765	6 765
- Equity instruments	331	45	299	675
- Mortgages (FVOCI)	0	0	59 865	59 865
Total assets	331	18 175	66 929	85 435
Liabilities				
Financial assets at fair value				
- Derivatives	0	373	0	373
- Securities issued	0	4 036	0	4 036
Total liabilities	0	4 409	0	4 409

Fair value of financial instruments traded on active markets is based on the market value on the balance sheet day. A market is considered active if the market prices are easily and regularly available, and these prices represent actual and regularly occurring arm's-length market transactions. The market price used for financial assets is the current purchase price; for financial liabilities the current selling price is used. Instruments included in level 1 include only equity instruments listed on Oslo Børs or the New York Stock Exchange.

Fair value of financial instruments that are not traded in an active market(such as individual OTC derivatives) is determined using valuation methods. These valuation methods make maximum use of observable data where available and try to avoid using the Group's own estimates. If all the significant data required to determine the fair value of an instrument is observable data, the instrument is included in level 2.

If one or more important inputs required to determine the fair value of an instrument are not observable market data, the instrument is included in level 3.

Valuation methods used to determine the value of financial instruments include:

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flow based on observable yield curves.
- Fair value forward contracts in a foreign currency is determined by looking at the present value of the difference between the agreed forward exchange rate and the foreign exchange rate on balance sheet day.
- Fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated future cash flow based on observable yield curves, including an indicated credit spread on issuers from Nordic Bond Pricing, Refinitivs pricing service, Bloomberg or reputable brokers.
- Fair value of fixed-rate deposits is calculated as the present value of the estimated future cash flow based on an observable swap yield curve, plus an implicit mark-upcalculated as the difference between the reference rate and the interest rate indicated by the Bank's price list on balance sheet day.
- Fair value of fixed-rate loans to customers is calculated as the present value of the estimated future cash flow based on an observable swap yield curve, plus a calculated marked premium.
- Fair value of floating rate mortgages is estimated based on carrying amount and expected credit losses.
- Other methods, such as multiplier models, have been used to determine the fair value of the remaining financial instruments.

The table below presents the changes in value of the instruments classified in level 3:

	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Other financial assets	Total
31.12.2019-31.12.2020					
Opening balance	6 765	299	59 865	0	66 929
Investments in the period	881	0	15 934	0	16 815
Sales/redemption in the period	-1 465	-24	-9 463	0	-10 952
Gains/losses recognised through profit and loss	150	-8	-17	0	126
Gains/losses recognised directly against comprehensive income	0	0	11	0	11
Closing balance	6 331	267	66 330	0	72 928
Gains/losses for the period included in the profit for assets owned on the balance sheet day	150	-8	-17	0	126

	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Other financial assets	Total
31.12.2018-31.12.2019					
Opening balance	6 471	279	56 859	4	63 614
Investments in the period	1 608	2	30 858	0	32 468
Sales/redemption in the period	-1 297	0	-27 851	-4	-29 152
Gains/losses recognised through profit and loss	-18	18	-3	0	-3
Gains/losses recognised directly against comprehensive income	0	0	1	0	1
Closing balance	6 765	299	59 865	0	66 929
Gains/losses for the period included in the profit for assets owned on the balance sheet day	-18	18	-3	0	-3

Specification of fair value, instruments classified in level 3:

	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Other financial assets	Total
2020					
Nominal value including accrued interest (fixed income instruments)/cost (shares)	6 198	200	66 381	0	72 779
Fair value adjustment	133	67	-52	0	148
Closing balance	6 331	267	66 330	0	72 928

	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Other financial assets	Total
2019					
Nominal value including accrued interest (fixed income instruments)/cost (shares)	6 782	209	59 911	0	66 902
Fair value adjustment	-17	90	-46	0	27
Closing balance	6 765	299	59 865	0	66 929

Sensitivity, instruments classified as level 3

The valuation of fixed-rate loans to customers is based on an agreed rate with the customer. The loans are discounted by the current yield curve plus a discretionary market premium. An increase in the discount rate by ten basis points would have resulted in a negative change in fair value of NOK 16 million.

Equity instruments in Level 3 consists of the significant shareholdings in Oslo Kongressenter Folkets Hus BA (NOK 57 million), Eksportfinans ASA (NOK 73 million), SpareBank 1 Markets AS (NOK 40 million) and VN Norge AS (NOK 27 million). The valuation of the two former is based on the book value of their equity adjusted for surplus and deficit values. Based on valuation from 2010 and later broker reviews, it is considered to be significant added value in the property mass belonging to Oslo Kongressenter Folkets Hus BA (P/B 3.7). Based on an external valuation in connection with a demerger in 2012 and subsequent equity transactions, the value of Eksportfinans ASA is considered to be less than book value (P/B 0.85). The value of the shareholding in SpareBank 1 Markets are based on current issue pricing. The value of the shareholding in VN Norge (former Visa Norge FLI, transformed into a limited company medio 2018) are based on valuation of underlying assets, of witch preference shares in Visa Inc are most significant. Preference shares in Visa Inc will be converted into tradable shares no later than 2028. The valuation of this underlying asset is based on the share price of tradable Visa Inc stocks and the closing exchange rate (USDNOK) as well as agreed conversion factor for the preference shares. Net value is less deferred tax and a liquidity discount. The preference shares are priced by an external party.

Floating rate mortgages classified at fair value through other comprehensive income (OCI) are valued bases on carrying amounts and expected credit losses. Mortgages that do not have a significantly higher credit risk than they did upon initial recognition, are valued at nominal amount. For loans with a significant increase in credit risk since initial recognition, expected credit loss will be calculated as for assets at amortised cost. Estimated fair value on these mortgages are the carrying amount less lifetime expected credit losses. With the current assumptions on expected credit loss, the fair value adjustment amounts to NOK -52 million. Change in fair value will mainly relate to estimates on probability of default (PD) and loss given default (LGD), both at portfolio level and for individual loans.



Financial Adviser Tonje Sirevaag. Tveita.

Note 27 – Classification of financial instruments

Parent bank	Financial investments at fair value					Total
	Mantadory at fair value through profit and loss	Designated at fair value through profit and loss	Mantadory at fair value through other comprehensive income	Designated at fair value through profit and loss and OCI	Financial instruments assessed at amortised cost ¹⁾	
2020						
Assets						
Cash and deposits with central banks	0	0	0	0	683	683
Loans to and receivables from credit institutions	0	0	0	0	8 887	8 887
Net loans to and receivables from customers	0	6 331	66 330	0	31 250	103 911
Certificates, bonds and fixed income funds	20 999	0	0	0	0	20 999
Financial derivatives	2 212	0	0	0	0	2 212
Shares, units and other equity interests	616	0	0	0	0	616
Total assets	23 828	6 331	66 330	0	40 820	137 308
Liabilities						
Deposits from and liabilities to credit institutions	0	0	0	0	5 129	5 129
Deposits from and liabilities to customers	0	0	0	0	85 643	85 643
Liabilities arising from issuance of securities	0	0	0	3 050	31 902	34 952
Financial derivatives	697	0	0	0	0	697
Subordinated loan capital	0	0	0	0	1 302	1 302
Total liabilities	697	0	0	3 050	123 976	127 723

	Financial investments at fair value					Total
	Mantadory at fair value through profit and loss	Designated at fair value through profit and loss	Mantadory at fair value through other comprehensive income	Designated at fair value through profit and loss and OCI	Financial instruments assessed at amortised cost ¹⁾	
2019						
Assets						
Cash and deposits with central banks	0	0	0	0	1 325	1 325
Loans to and receivables from credit institutions	0	0	0	0	8 273	8 273
Net loans to and receivables from customers	0	6 765	59 910	0	31 366	98 041
Certificates, bonds and fixed income funds	17 252	0	0	0	0	17 252
Financial derivatives	878	0	0	0	0	878
Shares, units and other equity interests	675	0	0	0	0	675
Total assets	18 805	6 765	59 910	0	40 963	126 444
Liabilities						
Deposits from and liabilities to credit institutions	0	0	0	0	3 647	3 647
Deposits from and liabilities to customers	0	0	0	0	78 534	78 534
Liabilities arising from issuance of securities	0	0	0	4 036	29 696	33 732
Financial derivatives	373	0	0	0	0	373
Subordinated loan capital	0	0	0	0	1 303	1 303
Total liabilities	373	0	0	4 036	113 180	117 589

¹⁾ Liabilities arising from issuance of securities includes liabilities subject to hedge accounting.

Group	Financial investments at fair value					Total
	Mantadory at fair value through profit and loss	Designated at fair value through profit and loss	Mantadory at fair value through other comprehensive income	Designated at fair value through profit and loss and OCI	Financial instruments assessed at amortised cost ¹⁾	
2020						
Assets						
Cash and deposits with central banks	0	0	0	0	683	683
Loans to and receivables from credit institutions	0	0	0	0	1 576	1 576
Net loans to and receivables from customers	0	6 331	66 330	0	40 224	112 885
Certificates, bonds and fixed income funds	20 999	0	0	0	0	20 999
Financial derivatives	2 212	0	0	0	0	2 212
Shares, units and other equity interests	616	0	0	0	0	616
Total assets	23 828	6 331	66 330	0	42 483	138 971
Liabilities						
Deposits from and liabilities to credit institutions	0	0	0	0	5 090	5 090
Deposits from and liabilities to customers	0	0	0	0	85 613	85 613
Liabilities arising from issuance of securities	0	0	0	3 050	31 902	34 952
Financial derivatives	697	0	0	0	0	697
Subordinated loan capital	0	0	0	0	1 302	1 302
Total liabilities	697	0	0	3 050	123 907	127 654

	Financial investments at fair value					Total
	Mantadory at fair value through profit and loss	Designated at fair value through profit and loss	Mantadory at fair value through other comprehensive income	Designated at fair value through profit and loss and OCI	Financial instruments assessed at amortised cost ¹⁾	
2019						
Assets						
Cash and deposits with central banks	0	0	0	0	1 325	1 325
Loans to and receivables from credit institutions	0	0	0	0	1 199	1 199
Net loans to and receivables from customers	0	6 765	59 910	0	40 043	106 718
Certificates, bonds and fixed income funds	17 252	0	0	0	0	17 252
Financial derivatives	878	0	0	0	0	878
Shares, units and other equity interests	675	0	0	0	0	675
Total assets	15 859	6 471	56 859	0	42 567	128 047
Liabilities						
Deposits from and liabilities to credit institutions	0	0	0	0	3 650	3 650
Deposits from and liabilities to customers	0	0	0	0	78 494	78 494
Liabilities arising from issuance of securities	0	0	0	4 036	29 696	33 732
Financial derivatives	373	0	0	0	0	373
Subordinated loan capital	0	0	0	0	1 303	1 303
Total liabilities	354	0	0	4 831	113 142	117 551

¹⁾ Liabilities arising from issuance of securities includes liabilities subject to hedge accounting.

Note 28 — Information about fair value

Parent bank	Book value 2020	Fair value 2020	Level in the valuation hierarchy	Book value 2019	Fair value 2019	Level in the valuation hierarchy
Assets						
Loans to and receivables from credit institutions	8 887	8 887	2	8 273	8 273	2
Net loans to and receivables from customers						
-Retail banking	69 129	69 129	2,3	63 505	63 505	2,3
-Corporate banking	34 782	34 782	2,3	34 536	34 536	2,3
Securities	21 616	21 616	1,2,3	17 927	17 927	1,2,3
Derivatives	2 212	2 212	2	878	878	2
Total financial assets	136 626	136 626		125 119	125 119	
Liabilities						
Liabilities to credit institutions	5 129	5 129	2	3 647	3 647	2
Deposits from and liabilities to customers	85 643	85 643	2	78 534	78 534	2
Liabilities arising from issuance of securities	34 952	35 152	2	33 732	33 934	2
Derivatives	697	697	2	373	373	2
Subordinated loan capital	1 302	1 319	2	1 303	1 315	2
Total financial liabilities	127 723	127 940		117 589	117 802	

Group	Book value 2020	Fair value 2020	Level in the valuation hierarchy	Book value 2019	Fair value 2019	Level in the valuation hierarchy
Assets						
Loans to and receivables from credit institutions	1 576	1 576	2	1 199	1 199	2
Net loans to and receivables from customers						
-Retail banking	73 265	73 265	2,3	67 514	67 514	2,3
-Corporate banking	39 620	39 620	2,3	39 204	39 204	2,3
Securities	21 616	21 616	1,2,3	17 927	17 927	1,2,3
Derivatives	2 212	2 212	2	878	878	2
Total financial assets	138 289	138 289		126 723	126 723	
Liabilities						
Liabilities to credit institutions	5 090	5 090	2	3 650	3 650	2
Deposits from and liabilities to customers	85 613	85 613	2	78 494	78 494	2
Liabilities arising from issuance of securities	34 952	35 152	2	33 732	33 934	2
Derivatives	697	697	2	373	373	2
Subordinated loan capital	1 302	1 319	2	1 303	1 315	2
Total financial liabilities	127 654	127 871		117 552	117 765	

Financial instruments assessed at fair value

Financial instruments that is not measured to fair value is accounted for at amortised cost. See note 26 for an overview of financial instruments to fair value, and note 2 for a more detailed description of accounting principles.

Financial instruments assessed at amortised cost

Financial instruments that are not assessed at fair value are recognised at amortised cost. See note 2 for a more detailed description. Amortised costs entails assessing balance sheet items after originally agreed cash flows and, as applicable, adjusted for write-downs.

Assessment at fair value will always be subject to uncertainty.

Assessment at fair value of assets and liabilities recognised at amortised cost

Differing pricing methods are used for loans to customers and loans to credit institutions. Below is a summary of the various pricing models for the different categories:

- Loans to and receivables from credit institutions are priced using NIBOR.
- Loans to customers are priced using floating and fixed customer interest rates, and a number of loans are priced using NIBOR.

It is the Bank's view that loans in the retail and corporate market with floating interest rates always have a fair market price. The justification for this is that floating interest is subject to continuous assessment and adjustment to the interest rates in the capital market and changes in the competition situation, and that changes in credit risk are adjusted by provisions for expected credit losses. This portfolio has in the bank opinion a correct price in the market. The other NIBOR loans can be renegotiated continuously. The bank endeavors that these loans have the right market value at any time.

For deposits to customers and liabilities to credit institutions, fair value is estimated to be equal to book value, since they generally have floating rates of interest.

For liabilities arising from issuance of securities and subordinated loan capital at amortised cost, fair value is assessed with the same method as for bonds and certificates described in note 26.

In the light of these assessments, there is no material difference between book value and real value in the table above.

Note 29 – Certificates, bonds and fixed-income funds

Parent bank and Group

Certificates and bonds by sector of issuers	2020	2019
Government		
Nominal value	400	350
Fair value	416	359
Other public sector issuers		
Nominal value	4 377	2 492
Fair value	4 413	2 500
Financial institutions		
Nominal value	15 719	14 199
Fair value	15 964	14 326
Non-financial institutions		
Nominal value	203	66
Fair value	205	67
Total fixed-income securities, nominal value	20 699	17 107
Total fixed-income securities at fair value through profit	20 999	17 252

Fair value is presented including accrued interest (dirty price). Accrued interest in the Parent bank and Group amounts to NOK 53 million in 2020 and NOK 62 million in 2019.

Note 30 – Financial derivatives

Parent bank and Group

	2020		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	1 872	26	21
Currency swaps	2 257	14	84
Total currency instruments	4 129	40	104
Interest rate instruments			
Interest rate swaps (including cross-currency)	49 293	2 171	593
Other interest rate contracts	3 985	1	0
Total interest rate instruments	53 279	2 172	593
Total currency instruments	4 129	40	104
Total interest rate instruments	53 279	2 172	593
Total financial derivatives	57 408	2 212	697

	2019		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	1 562	15	18
Currency swaps	1 712	5	18
Total currency instruments	3 275	20	36
Interest rate instruments			
Interest rate swaps (including cross-currency)	46 793	858	336
Other interest rate contracts	2 958	0	0
Total interest rate instruments	49 751	858	336
Total currency instruments	3 275	20	36
Total interest rate instruments	49 751	858	336
Total financial derivatives	53 026	878	373

Note 31 – Shares and other equity interests

Parent bank			Group	
2019	2020		2020	2019
675	616	At fair value through profit or loss (FV)	616	675
331	349	-Of this listed	349	331
344	267	-Of this unlisted	267	344

Spesification

Listed companies	Classification	Ownership (%)	No. of shares	Cost of acquisition	Market value/book value
Visa Inc. (shares, NYSE)	FV	0.0 %	73 400	8	134
Totens Sparebank (equity capital certificates, OSE)	FV	24.6 %	1 503 661	101	215
Total listed shares and equity certificates				109	349

Unlisted companies	Classification	Ownership (%)	No. of shares	Cost of acquisition	Market value/book value
Eksportfinans ASA	FV	1.3 %	3 499	45	73
NorgesInvestor Proto AS	FV	16.9 %	150 000	15	22
Oslo Kongressenter Folkets Hus BA	FV	13.9 %	70 638	7	57
SpareBank 1 Markets AS	FV	6.0 %	191 562	58	40
Visa Inc. preferanseaksjer	FV	0.1 %	1 913	9	22
VN Norge AS (number of shares in billions)	FV	2.8 %	28 071 986	40	27
Other shares and units	FV			25	26
Total shares unlisted companies				200	267
Total shares, units and equity certificates				309	616

Note 32 – Goodwill and other intangible assets

Parent bank 2020				Group 2020		
Intangible assets	Goodwill	Total		Total	Goodwill	Intangible assets
163	22	185	Acquisition cost at 1 January	527	329	198
-3	0	-3	Correction between acquisition cost and accumulated depreciation as of 1 January	-3	0	-3
0	0	0	Reclassification between goodwill and intangible assets	0	3	-3
24	0	24	Acquisitions	33	0	33
0	0	0	Disposals at cost price	0	0	0
184	22	206	Acquisition cost at 31 December	557	331	226
96	0	96	Accumulated depreciation at 1 January	121	24	97
-3	0	-3	Correction between acquisition cost and accumulated write-downs as of 1 January	-3	0	-3
0	0	0	Accumulated write-downs on current year's disposals	0	0	0
16	0	16	Current year's depreciation	29	0	29
110	0	110	Accumulated depreciation at 31 December	147	24	123
74	22	96	Closing balance at 31 December	410	306	104

Distribution of closing balance						
0	0	0	Acquisition of finance function and accounting company TheVit AS, 2018	43	40	2
25	22	47	Acquisition of portfolio from Bank 1 Oslo Akershus AS, Hamar branch in 2006	47	22	25
0	0	0	Acquisition of SpareBank 1 Regnskapshuset AS, 2011	0	0	0
0	0	0	Acquisition of shares in Bank 1 Oslo Akershus AS, 2016	151	151	0
9	0	9	Acquisition of portfolio from SpareBank 1 Ringerike Hadeland, 2011	9	0	9
9	0	9	Acquisition of portfolio from Bank 1 Oslo Akershus AS Årnes, 2012	9	0	9
0	0	0	Acquisition of companies Eiendomsmegler 1 Innlandet AS	12	12	0
0	0	0	Acquisition of accounting offices in SpareBank 1 Regnskapshuset AS	78	78	0
0	0	0	Goodwill and intangible assets from subsidiaries	30	4	27
31	0	31	Proprietary software	31	0	31
74	22	96	Closing balance at 31 December	410	306	104

2019				2019		
Intangible assets	Goodwill	Total		Total	Goodwill	Intangible assets
156	22	178	Acquisition cost at 1 January	506	329	178
7	0	7	Acquisitions	21	0	21
0	0	0	Disposals at cost price	0	0	0
163	22	185	Acquisition cost at 31 December	527	329	198
82	0	82	Accumulated depreciation at 1 January	106	24	82
0	0	0	Accumulated write-downs on current year's disposals	0	0	0
14	0	14	Current year's depreciation	15	0	15
96	0	96	Accumulated depreciation at 31 December	121	24	97
67	22	89	Closing balance at 31 December	406	304	102

Distribution of closing balance						
0	0	0	Acquisition of finance function and accounting company TheVit AS, 2018	44	40	3
28	22	50	Acquisition of portfolio from Bank 1 Oslo Akershus AS, Hamar branch in 2006	54	26	28
0	0	0	Acquisition of SpareBank 1 Regnskapshuset AS, 2011	0	0	0
0	0	0	Acquisition of shares in Bank 1 Oslo Akershus AS, 2016	151	151	0
11	0	11	Acquisition of portfolio from SpareBank 1 Ringerike Hadeland, 2011	11	0	11
11	0	11	Acquisition of portfolio from Bank 1 Oslo Akershus AS Årnes, 2012	11	0	11
0	0	0	Acquisition of companies Eiendomsmegler 1 Innlandet AS	12	10	3
0	0	0	Acquisition of accounting offices in SpareBank 1 Regnskapshuset AS	78	78	0
0	0	0	Intangible assets from subsidiaries	30	0	30
16	0	16	Proprietary software	16	0	16
67	22	89	Closing balance at 31 December	406	304	102

Goodwill is defined as the difference between the purchase price and the value of the acquired business included on the balance sheet, after the acquisition cost has been allotted to identifiable tangible and intangible assets, liabilities and contingent liabilities. Goodwill is not amortised, but is subject to an annual impairment test with a view to ascertaining any impairment, in accordance with IAS 36. When assessing impairment, the assessment is carried out at the lowest level where it is possible to identify

cash flows. Any write-down of goodwill cannot be reversed. Negative goodwill is recognised as income immediately. Negative goodwill relating to investments in associated companies and joint ventures is recognised as income immediately according to the equity method of accounting. Other immaterial assets are depreciated on a straight-line basis over their estimated useful life.

Note 33 – Property, plant and equipment

Parent bank			Group		
Buildings, land and other property	Fixtures, fittings and vehicles	Total	Buildings, land and other property	Fixtures, fittings and vehicles	Total
432	391	823	767	369	1 136
18	2	20	25	25	50
11	1	12	11	1	12
439	392	831	781	393	1 174
189	296	485	299	294	593
11	40	52	27	57	84
0	0	0	0	0	0
5	1	6	5	1	6
195	335	530	321	350	671
214	0	214	169	0	169
458	57	515	628	43	672
439	392	831	781	393	1 174
-22	-8	-30	-22	-8	-30
8	12	21	9	26	35
2	45	48	2	45	48
423	351	774	765	366	1 132
195	335	530	321	350	671
5	-34	-29	5	-34	-29
13	35	48	21	50	72
0	0	0	0	0	0
2	45	47	2	45	47
212	292	503	346	322	668
192	0	192	156	0	156
404	59	463	575	45	620

Collateral security

The Bank has not pledged or accepted any other limitations on its right to dispose of the fixed assets.

Acquisition cost of depreciated assets

The acquisition cost of fully depreciated assets still in use in the Bank in 2020 was NOK 159 million. The corresponding figure for 2019 was NOK 197 million.

Gross value of fixed assets temporarily not in operation

The Group did not have any fixed assets temporarily out of operation at 31 December 2020.

Investment properties (NOK thousands)

Parent bank					Group				
Value 01.01.2020	Acqu./depr.	Value 31.12.2020	Rent	Rented on 31.12.2020	Value 01.01.2020	Acqu./depr.	Value 31.12.2020	Rent	Rented on 31.12.2020
5 357	90	5 447	385	93 %	5 357	90	5 447	385	93 %
5 357	90	5 447	385	Total	5 357	90	5 447	385	
		8 391		Fair value			8 391		

Parent bank					Group				
Value 01.01.2019	Acqu./depr.	Value 31.12.2019	Rent	Rented on 31.12.2019	Value 01.01.2019	Acqu./depr.	Value 31.12.2019	Rent	Rented on 31.12.2019
5 747	-390	5 357	425	100 %	5 747	-390	5 357	224	66 %
5 747	-390	5 357	425	Total	5 747	-390	5 357	224	
		8 391		Fair value			8 391		

Fair value of investment properties is based on an appraisal by an independent appraiser.

Note 34 – Leases

Right of use

Parent Bank			Group	
2019	2020	Right-of use assets (buildings)	2020	2019
224	214	Right-of use asset at 01.01	169	170
0	4	Indexation of the right of use asset	4	0
7	5	Additions	9	26
22	9	Adjustments of discount rates and options	10	8
38	39	Depreciation	37	35
214	192	Total right-of use asset at 31 December	156	169

Liability

Parent Bank			Group	
2019	2020	Undiscounted rental obligations and payment maturity	2020	2019
-42	-40	Less than 1 year	-35	-36
-38	-36	1-2 years	-29	-31
-34	-34	2-3 years	-24	-25
-32	-31	3-4 years	-20	-20
-28	-23	4-5 years	-17	-16
-69	-51	Less than 5 years	-54	-74
-243	-215	Total undiscounted rental obligation as at 31 December	-179	-202

2019	2020	Lease liability (buildings)	2020	2019
224	216	Lease liability at 01.01	170	170
0	4	Indexation of the lease obligation	4	0
7	5	Additions	9	26
22	9	Adjustments of discount rates and options	10	8
42	41	Lease payments in the period	36	39
4	5	Interest	4	4
216	198	Total lease liability at 31 December	161	170

41	39	Current lease liabilities	35	35
175	159	Non-current lease liabilities	126	134
42	41	Total cash outflows for leases	36	37

Over Profit/Loss

Parent Bank			Group	
2019	2020	Effects on earnings	2020	2019
4	5	Interest expense	4	4
38	39	Depreciation	37	33
43	44	Total cost from lease liabilities	41	37

2019	2020	Other lease expenses recognised in profit or loss	2020	2019
0	0	Operating expenses in the period related to short-term leases (including short-term low value assets)	1	0
1	1	Operating expenses in the period related to low value assets (excluding short-term leases included above)	2	1
1	1	Total lease expenses included in operating expenses	2	1

The leases do not contain restrictions on the Group's dividend policy or financing opportunities. The Group has no residual value guarantees linked to its leases. The Group has no leases that start after 31 December 2020. The Group has no purchase options for any of its leases. The Group has not taken advantage of the changes made in IFRS 16 due to the Covid-19 pandemic.

Note 35 – Other assets

Parent bank			Group	
2019	2020		2020	2019
273	273	Capital payments into pension fund	273	273
33	35	Accrued income, not yet received	36	34
70	91	Prepaid costs, not yet incurred	158	144
0	24	Unsettled trades	24	0
144	82	Other assets	255	336
520	505	Other assets	746	787

Note 36 – Deposits from and liabilities to customers

Parent bank			Group	
2019	2020	Deposits from and liabilities to customers	2020	2019
68 387	77 162	Deposits from and liabilities to customers at call	77 132	68 347
10 147	8 481	Deposits from and liabilities to customers with agreed maturity dates	8 481	10 147
78 534	85 643	Total deposits from and liabilities to customers	85 613	78 494
		Of total deposits		
4 634	3 523	Fixed-rate deposits, book value	3 523	4 634
10	10	Term deposits, book value	10	10

2019	2020	Deposits by sector and industry	2020	2019
43 884	48 689	Private customers	48 689	43 884
7 106	6 798	Public sector	6 798	7 106
1 039	1 140	Primary industries	1 140	1 039
302	454	Paper and pulp industries	454	302
801	1 153	Other industry	1 153	801
1 964	2 186	Building and construction	2 186	1 964
244	105	Power and water supply	105	244
1 814	2 199	Wholesale and retail trade	2 199	1 814
319	369	Hotel and restaurants	369	319
3 966	3 958	Real estate	3 958	3 966
15 924	17 244	Commercial services	17 214	15 884
1 173	1 348	Transport and communications	1 348	1 173
78 534	85 643	Total deposits by sector and industry	85 613	78 494

2019	2020	Deposits by geographic area	2020	2019
37 876	40 110	Innlandet	40 080	37 836
12 685	15 355	Viken	15 355	12 685
23 599	25 328	Oslo	25 328	23 599
3 152	3 428	Rest of Norway	3 428	3 152
1 222	1 423	Abroad	1 423	1 222
78 534	85 643	Total deposits by geographic area	85 613	78 494

Note 37 – Debt securities issued

Parent Bank and Group

	2020	2019
Bond debt		
- nominal value	30 199	32 964
- book value	32 450	33 732
Senior non-preferred		
- nominal value	2 500	
- book value	2 502	
Subordinated loan capital		
- nominal value	1 300	1 300
- book value	1 302	1 303
Total liabilities arising from issuance of securities, nominal value	32 699	32 964
Total subordinated loan capital, nominal value	1 300	1 300
Total liabilities arising from issuance of securities, book value	34 952	33 732
Total subordinated loan capital, book value	1 302	1 303

Nominal value is converted to NOK by using the exchange rate at first recognition

Average interest rate on bond debt (including related interest rate derivatives)	1.6 %	2.2 %
Average interest rate senior non-preferred	1.4 %	
Average interest rate on subordinated loan capital	2.3 %	3.0 %

Liabilities from issuance of securities by maturity date

	2020	2019
2020		3 750
2021	5 471	7 536
2022	4 851	3 700
2023	7 422	7 422
2024	7 089	7 089
2025	5 297	897
2026	520	520
2027	761	761
2028	141	141
2029	142	142
2030	146	146
2031	0	0
2032	715	715
2033	1 055	1 055
2034	390	390
Total liabilities from issuance of securities, nominal value	34 000	34 264

For subordinated loan capital the maturity is set to the first call date.

Parent Bank and Group

Changes in liabilities from issuance of securities	2020	Issued	Due / redeemed	Other changes	2019
Bond debt, nominal value	30 199	3 081	-4 992	-853	32 964
Senior non-preferred , nominal value	2 500	2 500	0	0	0
Subordinated loan capital, nominal value	1 300	0	0	0	1 300
Accrued interest	184	0	0	-51	235
Adjustments	2 070	0	0	1 533	537
Total debt raised through issuance of securities and subordinated loan capital, book value	36 254	5 581	-4 992	629	35 036

Changes in liabilities from issuance of securities	2019	Issued	Due / redeemed	Other changes	31.12.2018
Bond debt, nominal value	32 964	6 677	-4 150	-729	31 165
Subordinated loan capital, nominal value	1 300	400	-200	0	1 100
Accrued interest	235	0	0	4	231
Adjustments	537	0	0	-54	591
Total debt raised through issuance of securities and subordinated loan capital, book value	35 036	7 077	-4 350	-778	33 087

Parent Bank and Group

		Other effects				
Change in liabilities from financing	2019	Cash flow	Accrued interest	Exchange rate	Value adjustments	2020
Liabilities arising from issuance of securities	33 732	-264	-49	1 067	467	34 952
Subordinated loan capital	1 303	0	-1	0	0	1 302
Total	35 037	-264	-51	1 067	467	36 255

		Other effects				
Change in liabilities from financing	2018	Cash flow	Accrued interest	Exchange rate	Value adjustments	2019
Liabilities arising from issuance of securities	31 984	1 799	4	-146	92	33 732
Subordinated loan capital	1 102	200	1	0	0	1 303
Total	33 087	1 999	4	-146	92	35 037

The issued securities are presented net of own holdings and book value including accrued interest.

Part of the debt securities issued, NOK 3 050 million as of 31.12.2020, was designated at fair value through profit and loss and other comprehensive income (OCI). The part of the fair value that is attributable to the securities own credit risk is booked under OCI. The accumulated effect from changes to the security specific credit risk at the end of 2020 was an unrealized loss of NOK 23 million At the end of 2019 there was a corresponding unrealized loss of NOK 33 million.

Changes in fair value that was caused by changes in own credit risk, NOK 10 million, was booked under OCI in 2020. The difference between book value, NOK 3 050 million, and nominal value, NOK 2 866 million, was NOK 184 mill. Hereof was NOK 75 million from currency exchange effects and accumulated interest rates of NOK 23 million.

The Group estimate the amount for changes in fair value that can be attributable to changes in the securities own credit risk with approximate the method described in IFRS 9 B5.7.18.

Note 38 – Hedge accounting

Market risk is the risk of loss due to changes in observable market variables. Market risk related to interest rate risk arises as a consequence of interest-bearing assets and liabilities having different remaining fixed-rate periods. Market risk is managed through Board-approved limits that are established in the annual revision of the market risk strategy with associated policies. Risk exposure and development are continuously monitored and reported to the bank's Board and executive management team. The bank's Board has approved limits for the total interest risk with respect to parallel shifts in the yield curve and distortion in the yield curve (yield curve risk). The interest rate risk is kept satisfactorily low by matching the binding interest rate for the bank's liabilities with the binding interest rate for the bank's assets.

The coupon for issued securities consists of a market interest rate component and an issuer specific credit risk premium. For securities

borrowing at fixed interest rates, the bank hedges itself against value changes due to changes in market interest rates (IBOR). Both IBOR and the credit risk premium are material components on calculating the fair value of fixed interest-rate borrowing, but the IBOR component dominates.

The bank uses fair value hedging, whereby the securities issues are part of a hedging structure with individually tailored hedging derivatives. In all of the Bank's hedging relationships as of 31.12.2020, the hedged item and the hedging instrument have the same nominal value, equivalent maturity and coupon for the fixed leg (1:1 hedging). The fixed interest rate is swapped to a floating interest rate on a three-month basis. As a consequence, net cash flows for securities issued at fixed interest rates in hedging relationships are equivalent to the cash flow for an equivalent issue at a variable 3-month IBOR interest rate.

Parent Bank and Group

All amounts in MNOK

Information concerning hedging instruments

2020	Nominal amount of the hedging instruments	Carrying amount of the hedging instruments		Line of the balance sheet	Changes in fair value used to calculate inefficiency
		Assets	Liabilities		
Issued securities in NOK	6 831	323	0	Financial derivatives	275
Issued securities in EUR	13 073	1 146	0	Financial derivatives	656
Total	19 904	1 469	0		931

2019	Nominal amount of the hedging instruments	Carrying amount of the hedging instruments		Line of the balance sheet	Changes in fair value used to calculate inefficiency
		Assets	Liabilities		
Issued securities in NOK	7 181	76	27	Financial derivatives	-51
Issued securities in EUR	13 215	517	63	Financial derivatives	133
Total	20 396	593	90		82

Information concerning hedged items

2020	Nominal amount of the hedged items	Carrying amount of the hedged items	Accumulated value change in the hedged item as a consequence of the hedging of fair value	Line of the balance sheet	Changes in fair value used to calculate inefficiency
Issued securities in NOK	6 831	7 156	234	Issued securities	-271
Issued securities in EUR	13 073	14 594	1 112	Issued securities	-649
Total	19 904	21 750	1 346		-920

2019	Nominal amount of the hedged items	Carrying amount of the hedged items	Accumulated value change in the hedged item as a consequence of the hedging of fair value	Line of the balance sheet	Changes in fair value used to calculate inefficiency
Issued securities in NOK	7 181	7 259	-37	Issued securities	52
Issued securities in EUR	13 215	13 676	463	Issued securities	-122
Total	20 396	20 935	426		-70

Details of hedging inefficiency

2020	Inefficiency recognised in profit or loss	Line of the income statement
Fair value hedging		
Issued securities in NOK	4	Net income from financial assets and liabilities
Issued securities in EUR	6	Net income from financial assets and liabilities
Total	11	
2019	Inefficiency recognised in profit or loss	Line of the income statement
Fair value hedging		
Issued securities in NOK	1	Net income from financial assets and liabilities
Issued securities in EUR	11	Net income from financial assets and liabilities
Total	12	

Maturity profile and interest rates on the hedging instruments

2020	Under 3 months	3-12 months	1-5 years	Over 5 years	Total
Issued securities in NOK , nominal amount	0	1 000	4 250	1 581	6 831
Issued securities in NOK, average interest rate on fixed leg		2.4 %	2.4 %	2.8 %	2.5 %
Issued securities in EUR, nominal amount	481	195	10 108	2 289	13 073
Issued securities in EUR, average interest rate on fixed leg	0.0 %	0.3 %	0.6 %	1.6 %	0.7 %
2019	Under 3 months	3-12 months	1-5 years	Over 5 years	Total
Issued securities in NOK , nominal amount	0	1 350	3 450	2 381	7 181
Issued securities in NOK, average interest rate on fixed leg		4.1 %	2.5 %	2.7 %	2.8 %
Issued securities in EUR, nominal amount	0	142	10 687	2 385	13 215
Issued securities in EUR, average interest rate on fixed leg		0.2 %	0.5 %	1.6 %	0.7 %

Inefficiency in the Bank's hedging structure mainly arises due to fair value adjustments of the variable leg of the hedging instrument, as well as the use of different interest rate curves for discounting hedging instruments and hedging objects based on the credit spread component. After recognition, the interest rates curves for the hedging instrument and hedging object are changed to be the same.

In the hedging of issued securities in EUR, hedging instruments (cross currency swaps) are used that include a currency basis spread. The basis spread is held outside the hedging structure in accordance with 6.15.16 of IFRS 9, and value changes due to changes in the basis pread are recognised on separate lines in other comprehensive income. In 2020, basis spread changes for NOK 13 million led to a tax-adjusted reduction of the comprehensive result and equity of NOK 9 million.

IBOR reform

Benchmark rates play a critical role in the global financial system. Huge sums are linked to these interest rates through various financial products and loan agreements. In response to revelations regarding attempts to manipulate the current international benchmark rates and a fall in activity in the unsecured interbank market following the financial crisis, the G20 countries have, through the Financial Stability Board (FSB), taken the initiative to reform

benchmark rates and find alternative, near risk-free benchmark rates. In response to the recommendations of the FSB, working groups for alternative benchmark rates have been established in a number of countries.

In cooperation with other SpareBank 1 banks, SpareBank 1 Østlandet has initiated extensive project work to prepare the Group for a transition to alternative benchmark rates. The alliance project has provided an analysis detailing potentially important consequences for the Bank as a result of the transition from current IBOR interest rates to alternative benchmark rates, and identified the operational, legal, accounting and technical adjustments that must be implemented to manage the transition. The Bank has also established a broad, combined local project team to ensure the rest of the process is appropriately managed.

The most significant benchmark interest rates that are part of the Bank's secured risk are NIBOR and EURIBOR. The exposure is shown above, distributed by NIBOR (related to issued securities in NOK) and EURIBOR (related to issued securities in EUR). As yet, whether or not agreements entered into with IBOR rates will transition to alternative benchmarks rates is unknown. The amendments IASB has implemented through "IBOR reform – Phase 2" makes sure that established hedge relationships can continue unaffected by the IBOR-reform.

Note 39 – Other debt and liabilities

Parent bank			Group	
2019	2020	Other debt and liabilities recognised in the balance sheet	2020	2019
79	73	Accrued costs and prepaid income	107	124
22	33	Provisions	33	59
79	83	Pension liabilities (note 23)	83	82
84	69	Accounts payable	74	89
0	0	Unsettled trades	0	0
216	198	Lease liability (note 34)	161	170
182	174	Other debt and liabilities recognised in the balance sheet	281	215
663	631	Total other debt and liabilities recognised in the balance sheet	739	739
Guarantee commitments etc. (amounts guaranteed)				
451	462	Payment guarantees	415	404
468	421	Contract guarantees	329	377
170	88	Loan guarantees	88	30
274	215	Other guarantees	215	274
1 363	1 186	Total guarantees	1 047	1 084
Other liabilities - not on the balance sheet				
18 609	10 267	Unutilized credit lines	9 132	10 578
3 108	4 306	Loans approved (not discounted)	4 607	3 356
21 717	14 574	Total other liabilities	13 740	13 934
23 743	16 390	Total liabilities	15 526	15 758

Buildings	Securities	Total	Assets pledged as security	Total	Securities	Buildings
Assets pledged as security in 2020						
0	13 679	13 679	Related liabilities 2020	13 679	13 679	0
Assets pledged as security in 2019						
0	9 728	9 728	Related liabilities 2019	9 728	9 728	0

SpareBank 1 Boligkreditt AS

SpareBank 1 Boligkreditt ASSpareBank 1 Østlandet has signed an agreement with the other owners of SpareBank 1 Boligkreditt AS to establish liquidity facilities in SpareBank 1 Boligkreditt AS. For further details, see Note 9 Transfer of financial assets etc.

SpareBank 1 Næringskreditt AS

SpareBank 1 Østlandet has signed an agreement with the other owners of SpareBank 1 Boligkreditt AS to establish liquidity facilities in SpareBank 1 Næringskreditt AS. For further details, see Note 9 Transfer of financial assets etc.

Secured debt

Debt secured against financial instruments is made up entirely of securities lodged as collateral for access to overnight loans with Norges Bank.

Ongoing lawsuits

The Group is involved in some legal disputes whose financial implications are deemed not to have significant impact on its financial position. The Group has made provisions for losses in the cases in which there is a probability that it will suffer losses as a consequence of the lawsuits.

Note 40 – Equity capital certificates and ownership structure

The Bank's ECC capital totals NOK 5 791 489 493 distributed on 115 829 789 equity capital certificates (ECCs), each with a face value of NOK 50. As at 31 December 2020 there was 5 122 ECC holders (5 008 as at 31 December 2019).

ECC capital has been raised by the following means:

Year	Change	Change in ECC capital	Total ECC capital	Total number of ECCs
2015	Conversion of 60 per cent of the Bank's primary capital into ECCs		3 987 000 000	79 740 000
2016	Private placing	1 323 126 999	5 310 126 999	106 202 540
2017	Listing the Bank's ECCs and employee placing	48 745 351	5 358 872 350	107 179 987
2018	Private placing	407 103 743	5 765 976 093	115 319 521
2019	Private placing and employee placing	25 513 400	5 791 489 493	115 829 789
2020			5 791 489 493	115 829 789

	2020		2019		
20 largest ECC holders	No. Of ECC's	Share in %	No. Of ECCs	Change in number	Account type
Sparebankstiftelsen Hedmark	60 404 892	52,1 %	60 404 892		Ordinary
Landsorganisasjonen i Norge	11 121 637	9,6 %	11 121 637		Ordinary
Pareto Invest AS	2 762 610	2,4 %	219 162	2 543 448 ▲	Ordinary
Fellesforbundet	2 101 322	1,8 %	2 101 322		Ordinary
Geveran Trading Co LTD	1 952 005	1,7 %		1 952 005 ▲	Ordinary
Eika Egenkapitalbevis	1 854 512	1,6 %	1 399 723	454 789 ▲	Ordinary
Danske Invest Norske Institusjoner II	1 710 467	1,5 %	1 827 225	(116 758) ▼	Ordinary
Odin Norge	1 621 218	1,4 %	1 621 218		Ordinary
Norsk Nærings- og Nytelsesmiddelarbeiderforbund	1 313 555	1,1 %	1 313 555		Ordinary
Landkreditt Utbytte	1 000 000	0,9 %	1 000 000		Ordinary
Brown Brothers Harriman & Co,	1 000 000	0,9 %	1 000 000		Nominee
The Bank of New York Mellon SA/NV	896 545	0,8 %	780 038	116 507 ▲	Nominee
Tredje AP-fonden	804 750	0,7 %	2 418 126	(1 613 376) ▼	Ordinary
State Street Bank and Trust Comp	785 311	0,7 %	1 161 076	(375 765) ▼	Nominee
Danske Invest Norsk Aksjer Institusjon	750 607	0,6 %	757 345	(6 738) ▼	Ordinary
State Street Bank and Trust Comp	627 794	0,5 %	765 177	(137 383) ▼	Nominee
Brown Brothers Harriman & Co,	568 688	0,5 %		568 688 ▲	Nominee
JPMorgan Chase Bank, London	545 030	0,5 %	545 030		Nominee
Skandinaviske Enskilda Banken AB	544 910	0,5 %	544 910		Nominee
Industri Energi	479 443	0,4 %	545 030	(65 587) ▼	Ordinary
The 20 largest ECC holders in total	92 845 296	80,2 %	89 525 466	3 319 830	
Other ECC holders	22 984 493	19,8 %	26 304 323	(3 319 830)	
Total issues ECCs	115 829 789	100,0 %	115 829 789		

Equity capital certificate ratio (parent bank)

	2020	2019
ECC capital	5 791	5 791
Dividend equalisation fund ²⁾	3 269	2 740
Recommended dividends and other equity capital ³⁾	555	663
Premium fund	848	848
A. Equity capital certificate owners' capital	10 463	10 042
Primary capital ²⁾	4 053	3 825
Recommended dividends on customers return ³⁾	237	292
Provision for gifts ¹⁾	29	12
Other paid-up equity	166	166
B. Total primary capital	4 485	4 296
Fund for unrealised gains	320	334
Total other equity	320	334
Hybrid capital	650	300
Total equity	15 918	14 972
Total equity for distribution:		
Equity capital certificate ratio (A/(A+B)) for distribution ³⁾	70,00 %	70,10 %
Equity certificates issued 31.12.	115 829 789	115 829 789
Average Equity certificates	115 829 789	115 800 431

¹⁾ Provision for gifts are reclassified from other equity to primary capital

²⁾ Interest on hybrid capital is reclassified from other equity and divided into primary funds and equalisation funds according to the ownership fraction

³⁾ The board of Directors is proposing to the Supervisory Board a dividend of NOK 555 million (equivalent to 4.79 per equity certificate), a customer dividend of NOK 231 million and a provisions of NOK 6 million for donations. This results in a payout ratio of 50 per cent of the controlling interest's share of the consolidated profit, which in line with the Bank's long-term-oriented dividend policy. The payment of the bank's profit from 2020 is proposed to be paid out in two rounds. At the normal time for dividend payments (April 2021), a dividend of NOK 203 million (equivalent to 1.75 per equity certificate) and donations of NOK 6 million will be paid out. The board will also ask the Supervisory Board for authorisation to pay out a further dividend of up to NOK 352 million (equivalent to 3.04 per equity certificate) and up to 231 million in customer dividends after 30 September 2021 if the capital situation allows it.

Earnings per ECC

	2020	2019
Net Profit for the Group	1 608	1 928
- adjusted for Tier 1 capital holders share of net profit	20	15
- adjusted for non-controlling interests share of net profit	6	4
Adjusted Net Profit	1 583	1 909
Adjusted Net Profit allocated to ECC Owners (70,0%)	1 108	1 338
Average Equity certificates	115 829 789	115 800 431
Earnings per ECC	9,57	11,55

Note 41 – Investments in subsidiaries, associates and joint ventures

Company	Type of business	Date of acquisition	Business office, headquarters ²⁾	Percentage ownership ¹⁾
Investments in subsidiaries				
Shares owned by the parent bank				
Vato AS	Rental of real estate	1981	Hamar, Norway	100.00 %
EiendomsMegler 1 Innlandet AS	Real estate	1988	Hamar, Norway	100.00 %
SpareBank 1 Finans Østlandet AS	Financing	1995	Hamar, Norway	95.00 %
EiendomsMegler 1 Oslo Akershus Group	Real estate	2016	Hamar, Norway	100.00 %
Youngstorget 5 AS	Rental of real estate	2017	Oslo, Norway	100.00 %
SpareBank 1 Østlandet VIT Group	Accounting	2018	Oslo, Norway	70.68 %
Investments in associated companies				
SpareBank 1 Boligkreditt AS	Coverd bond company	2007	Stavanger, Norway	22.45 %
SpareBank1 Næringskreditt AS	Coverd bond company	2012	Stavanger, Norway	15.15 %
SpareBank 1 Kreditt AS	Credit card	2012	Trondheim, Norway	20.87 %
SpareBank 1 Betaling AS	Payment services.	2015	Oslo, Norway	18.74 %
SpareBank 1 Bank og Regnskap AS	Consulting	2017	Trondheim, Norway	20.00 %
BN Bank ASA	Banking	2019	Trondheim, Norway	9.99 %
SpareBank 1 Gjeldsinformasjon AS	Debt colection activities	2020	Oslo, Norge	14.78 %
Investments in joint ventures				
SpareBank 1 Gruppen AS	Financial holding company	2006	Tromsø, Norway	12.40 %
SpareBank 1 Utvikling DA	Develop and coordinate cooperation in SpareBank 1 Alliansen	2006	Oslo, Norway	18.00 %

¹⁾ The voting share corresponds to the ownership interest in all the companies.

²⁾ Registered office and head quarters are the same for all companies except SpareBank 1 Gruppen AS whose headquarters is placed in Oslo.

Shares in subsidiaries parent bank

Investments are recognised at cost in the parent bank. The figures are fully consolidated in the consolidated financial statements.

2020	The company's share capital	No. of shares	Assets	Short-term debt	Long-term debt	Total income	Total expenses	Company profit	Book value
SpareBank 1 Finans Østlandet AS	1 520	1 444 000	9 160	85	7 429	357	104	126	1 444
Total investments in credit institutions	1 520	1 444 000	9 160	85	7 429	357	104	126	1 444
EiendomsMegler 1 Innlandet AS	12	12 400	70	48	5	133	120	9	20
EiendomsMegler 1 Oslo Akershus Group	1	1	150	45	48	207	190	12	58
SpareBank 1 Østlandet VIT Group	30	212 040	134	57	14	186	192	0	80
Vato AS	1	352	13	3	2	4	1	2	9
Youngstorget 5 AS	23	231 948	133	0	9	17	11	4	148
Total investments in other subsidiaries									314
Total investments in Group companies parent bank									1 758

2019	The company's share capital	No. of shares	Assets	Short-term debt	Long-term debt	Total income	Total expenses	Company profit	Book value
SpareBank 1 Finans Østlandet Group	1 520	1 444 000	8 918	77	7 203	297	96	118	1 444
Total investments in credit institutions	1 520	1 444 000	8 918	77	7 203	297	96	118	1 444
EiendomsMegler 1 Hedmark Eiendom AS	12	12 400	74	51	5	124	116	5	20
EiendomsMegler 1 Oslo Akershus Group	1	1	140	47	47	208	204	7	58
SpareBank 1 Østlandet VIT Group	30	212 040	125	62	20	185	192	-7	80
Vato AS	1	352	17	1	2	4	5	-1	9
Youngstorget 5 AS	23	231 948	128	4	5	14	4	8	148
Total investments in other subsidiaries									314
Total investments in Group companies parent bank									1 758

Investments in associates and joint ventures

Investments in associates and joint ventures are recognised at cost in the parent bank. Consolidated figures are presented according to the equity method of accounting.

Parent bank			Group	
2019	2020		2020	2019
3 635	4 323	Book value at 1 January	4 870	4 124
693	187	Acquisitions/disposals	192	694
-6	0	Impairment provisions	0	-6
0	0	Changes in equity	25	-5
0	0	Share of the profit	400	519
0	0	Dividend paid	-163	-455
4 323	4 510	Book value at 31 December	5 325	4 870

Income from investments in subsidiaries, associates and joint ventures

Parent bank			Group	
2019	2020		2020	2019
422	124	Dividend SpareBank 1 Gruppen AS	0	0
0	20	Dividend SpareBank 1 Boligkreditt AS	0	0
8	5	Dividend EiendomsMegler 1 Innlandet AS	0	0
119	112	Dividend SpareBank 1 Finans Østlandet AS	0	0
0	7	Dividend AS Vato	0	0
0	10	Dividend BNBank ASA	0	0
30	0	Dividend SpareBank 1 Kreditt AS	0	0
3	0	Dividend from others	0	0
0	0	Share of the profit SpareBank 1 Gruppen AS	340	451
0	0	Share of the profit SpareBank 1 Boligkreditt AS	19	27
0	0	Share of the profit SpareBank 1 Næringskreditt AS	8	6
0	8	Share of the profit SpareBank 1 Kreditt AS	3	16
0	0	Share of the profit SpareBank 1 Betaling AS	-2	3
0	0	Share of the profit BN Bank ASA	34	20
0	0	Share of the profit from others	-2	-4
-6	-6	Gains/losses on realisation of ownership investments	-6	0
576	282	Net income from subsidiaries, associates and joint ventures	394	519

The Group's stake in joint ventures and associates companies

	Joint ventures			Associates companies				
	Sparebank 1 Gruppen AS ¹⁾	SpareBank 1 Utviklig DA	SpareBank 1 Boligkreditt AS ²⁾	SpareBank 1 Næringskreditt AS ²⁾	SpareBank 1 Kreditt AS	SpareBank 1 Betaling AS	BN Bank ASA ²⁾	Other joint and associated companies
2020								
Ownership in percent	12,40 %	18,00 %	22,45 %	15,15 %	20,87 %	18,74 %	9,99 %	
No.of shares	267 394		17 506 879	2 458 952	602 643	3 498 298	1 410 221	
Current assets	10 411	61	56 036	1 818	1 173	1	3 442	6
Fixed assets	3 038	134	4 868	0	44	143	99	1
Total assets	13 449	195	60 904	1 818	1 217	145	3 541	6
Short-term liabilities	1 179	56	75	4	50	1	1 786	1
Long-term liabilities	10 464	110	58 053	1 497	960	0	1 305	0
Equity capital	1 806	29	2777	316	207	144	450	5
Total equity capital and liabilities	13 449	195	60 904	1 818	1 217	145	3 541	6
Non-controlling interests' share of equity	403	0	0	0	0	0	0	0

The Group's stake in joint ventures and associates companies

2020	Joint ventures			Associates companies				Other joint and associated companies
	Sparebank 1 Gruppen AS ¹⁾	SpareBank 1 Utviklig DA	SpareBank 1 Boligkreditt AS ²⁾	SpareBank 1 Næringskreditt AS ²⁾	SpareBank 1 Kreditt AS	SpareBank 1 Betaling AS	BN Bank ASA ²⁾	
Income	3 046	279	51	15	91	0	82	0
Operating expenses (including loss)	2 823	276	9	3	88	0	36	0
Profit/loss before tax	224	3	42	12	3	0	46	0
Shares from companies accounted for using the equity method	2	0	0	0	0	1	0	0
Tax	51	0	7	3	1	0	11	0
Result for the accounting year	174	2	35	9	3	1	35	0
Other comprehensive income	11	0	21	0	9	0	1	0
Non-controlling interests' share of the result	51	0	0	0	0	0	0	0
Book value Parent Bank	787	19	2 628	312	191	156	414	8
Book value Group	1 589	19	2 574	316	218	144	458	6

¹⁾ The ownership share of 12.40 % is in SpareBank 1 Gruppen AS

²⁾ The banks share of profit shown in the table above deviates from the banks profit share in the consolidated result. This i due to changes in ownship inte- rests throughout the year and the Group's earnings ratio has been adjusted for interest on hybrid captial. The share of profit included in the Group may also be adjusted for changes in previous years.

Total book value in joint venture in the Parent Bank	807
Total book value in joint venture in the Group	1 609
Total book value in associated companies in the Parent Bank	3 703
Total book value in associated companies in the Group	3 717

The Group's stake in joint ventures and associates companies

2019	Joint ventures			Associates companies				Other joint and associated companies
	Sparebank 1 Gruppen AS	SpareBank 1 Utviklig DA	SpareBank 1 Boligkreditt AS ²⁾	SpareBank 1 Næringskreditt AS ²⁾	SpareBank 1 Kredittkort AS	SpareBank 1 Betaling AS	BN Bank ASA ²⁾	
Ownership in percent	12.40 %	18.00 %	22.29 %	15.15 %	20.85 %	18.74 %	9.99 %	
No.of shares	242 594		16 961 710	2 458 952	602 053	3 489 049	1 410 221	
Current assets	7 932	23	51 084	1 729	1 160	0	3 090	13
Fixed assets	3 123	170	3 665	0	53	145	99	0
Total assets	11 055	194	54 749	1 729	1 213	145	3 188	13
Short-term liabilities	754	57	89	5	40	-0	1 535	0
Long-term liabilities	9 201	110	52 186	1 407	959	-1	1 224	0
Equity capital	1 050	27	2474	317	213	-144	429	13
Total equity capital and liabilities	11 005	194	54 749	1 729	1 213	-145	3 188	13
Income	2 753	183	56	8	114	0	76	1
Operating expenses	2 585	177	8	1	94	11	32	2
Profit/loss before tax	167	5	49	7	21	11	43	0
Tax	7	0	12	2	5	0	11	-2
Result for the accounting year	160	3	36	6	16	-11	33	-2
Other comprehensive income	10	0	-12	0	3	0	0	0
Book value Parent Bank	663	19	2 546	311	191	156	414	22
Book value Group	1 236	19	2 474	317	224	144	433	22

²⁾ The banks share of profit shown in the table above deviates from the banks profit share in the consolidated result. This i due to changes in ownship inte- rests throughout the year and the Group's earnings ratio has been adjusted for interest on hybrid captial. The share of profit included in the Group may also be adjusted for changes in previous years.

Total book value in joint venture in the Parent Bank	682
Total book value in joint venture in the Group	1 256
Total book value in associated companies in the Parent Bank	3 640
Total book value in associated companies in the Group	3 615

Contingent liabilities related to investments in joint ventures and associates are disclosed in note 39.

Note 42 – Material transactions with related parties

Related parties are here considered to be associated companies, joint ventures, subsidiaries and companies held for sale and in which the Bank has a significant influence. These companies are specified in Note 41. In this context, associated companies also include our largest owners (see Note 40) and SpareBank 1 Gruppen AS with associated companies because they

are subject to the same joint control pursuant to the assessment rules in IAS 24, point 9.b ii-iv.

The Bank's outstanding balances with employees and board members are shown in note 23.

Subsidiaries

2020	Loans	Bonds and sub-ordinated loans	Deposits	Interest income	Interest expences	Commission income	Other operating income	Operating expences	Guarantees
SpareBank 1 Finans Østlandet AS	7 311	0	2	113	0	12	4	0	0
EiendomsMegler 1 Innlandet AS	13	0	4	1	0	0	3	2	45
EiendomsMegler 1 Oslo Akershus Group	0	0	28	1	0	1	7	5	91
SpareBank 1 Østlandet VIT Group	28	0	7	2	0	0	2	1	3
Other subsidiaries	2	0	29	0	0	0	0	18	0
Total subsidiaries	7 353	0	70	116	0	13	16	25	139

2019	Loans	Bonds and sub-ordinated loans	Deposits	Interest income	Interest expences	Commission income	Other operating income	Operating expences	Guarantees
SpareBank 1 Finans Østlandet Group	7 088	0	2	165	0	13	6	0	140
EiendomsMegler 1 Innlandet AS	23	0	4	1	0	0	5	1	45
EiendomsMegler 1 Oslo Akershus Group	16	0	5	1	0	2	6	2	91
SpareBank 1 Østlandet VIT Group	31	0	7	2	0	0	1	0	2
Other subsidiaries	2	0	19	0	0	0	0	17	0
Total subsidiaries	7 162	0	37	169	0	15	19	20	278

Associated companies and joint ventures

2020	Loans	Bonds and sub-ordinated loans	Deposits	Interest income	Interest expences	Commission income	Other operating income	Operating expences	Guarantees
SpareBank 1 Boligkreditt AS	0	609	0	9	0	357	0	0	0
SpareBank 1 Næringskreditt AS	0	0	0	0	0	11	0	0	0
SpareBank 1 Gruppen AS	578	0	0	13	0	224	0	0	0
SpareBank 1 Kreditt AS	1 000	17	0	28	0	58	0	0	0
SpareBank 1 Utvikling DA	653	0	21	18	0	0	4	186	0
SpareBank 1 Betaling AS	0	0	0	0	0	4	0	23	0
Other related parties	0	0	6 562	0	64	1	0	0	29
Total associated companies and joint ventures	2 232	627	6 583	68	64	655	4	209	29

2019	Loans	Bonds and sub-ordinated loans	Deposits	Interest income	Interest expences	Commission income	Other operating income	Operating expences	Guarantees
SpareBank 1 Boligkreditt AS	0	594	0	10	0	320	0	0	0
SpareBank 1 Næringskreditt AS	0	0	0	0	0	14	0	0	0
SpareBank 1 Gruppen AS	697	0	0	18	0	195	0	0	0
SpareBank 1 Kredittkort AS	1 000	17	0	30	0	61	0	0	0
SpareBank 1 Utvikling DA	666	0	19	41	0	0	0	178	0
SpareBank 1 Betaling AS	0	0	1	0	0	1	0	21	0
Other related parties	1	0	9 462	0	200	1	0	0	21
Total associated companies and joint ventures	2 364	611	9 482	99	200	592	0	200	21

All loans to related parties are recognised in the Parent bank.

In addition, loans have been transferred to SpareBank 1 Boligkreditt AS for NOK 46,874 million and SpareBank 1 Næringskreditt AS for NOK 1,018 million per 31.12.2020.

The corresponding figures for 2019 was NOK 42,630 million to SpareBank 1 Boligkreditt AS and NOK 1,022 million to SpareBank 1 Næringskreditt AS.

Note 43 – Events occurring after the balance sheet day

No events have occurred since the balance sheet date that are material to the annual financial statements

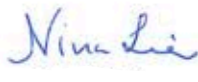
CHAPTER 4.8 Statements and reports

Statement from the Board of Directors and Chief Executive Officer

We confirm that according to our firm belief the annual accounts for the period from 1 January to 31 December 2020 have been prepared in accordance with international standards for financial reporting (IFRS) and that the information in the annual report gives a true picture of the Parent Bank's and Group's assets, liabilities, financial position and result as a whole, and a correct overview of the information mentioned in the Securities Trading Act, § 5-5.

The Board of Directors of SpareBank 1 Østlandet
Hamar, 3. March 2021


Siri J. Strømmevold
Styreleder


Nina C. Lier


Alexander Sandberg Lund


Espen Bjørklund Larsen
Ansattes representant


Guro Nina Vestvik


Marit Jørgenrud
Ansattes representant


Hans-Christian Gabrielsen


Tore Anstein Dobloug


Richard Heiberg
CEO

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To the Supervisory Board of SpareBank 1 Østlandet

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SpareBank 1 Østlandet, which comprise:

- The financial statements of the parent company SpareBank 1 Østlandet (the Company), which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of SpareBank 1 Østlandet and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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IT Systems and Internal Controls relevant for Financial Reporting

Key audit matter	How the matter was addressed in the audit
The IT systems within SpareBank 1 Østlandet are key in the accounting and reporting of completed transactions, in obtaining the basis for key estimates and calculations, and in obtaining relevant information to be disclosed. The IT systems are standardized, and the management and operation of the systems are to a great extent outsourced to external service providers. Proper management and control of these IT systems both at SpareBank 1 Østlandet and their service providers are of high importance in order to ensure precise, complete and reliable financial reporting, and this area is therefore a key audit matter.	SpareBank 1 Østlandet has established a general governance model and control activities on its IT systems. We have obtained an understanding of SpareBank 1 Østlandet's IT governance model relevant for financial reporting. We assessed and tested the design of selected control activities relevant for financial reporting, including selected controls related to IT operations, change management and information security. For a sample of these control activities, we tested their operating effectiveness in the reporting period. We reviewed the third party attestation report (ISAE 3402 Report) from SpareBank 1 Østlandet's service provider of the banking IT system focusing on whether they had adequate internal controls on areas that are of importance for the financial reporting of SpareBank 1 Østlandet. In addition, we considered a third party confirmation (ISRS 4400 Agreed-upon procedures) related to the service provider with regards to whether selected automated control activities in the banking IT system, including among others the calculation of interests and fees, as well as selected system generated reports were satisfactorily designed and if they had operated effectively in the period. We engaged our internal IT experts in the work related to understanding the governance model on IT systems and in assessing and testing the control activities related to IT systems.

Corporate loan loss provisions

Key audit matter	How the matter was addressed in the audit
SpareBank 1 Østlandet has loans in the corporate segment, and reference is made to note 3, 8, and 10 for disclosures on credit risk and loss provisions on loans and guarantees. SpareBank 1 Østlandet has considered the need for loan and guarantees loss provisions. There is considerable judgement in the bank's assessment of the size of the loan loss provisions in the corporate market segment.	SpareBank 1 Østlandet has established control activities related to the calculation of loan loss provisions in the corporate market segment. We assessed and tested the design of selected control activities concerning individual loss provisions on credit impaired loans. The control activities we assessed and tested the design of, were related to identification of credit impaired loans and the assessment of the expected future cash flows from these loans. For a sample of these control activities, we tested if they operated effectively during the period.

Corporate loan loss provisions, cont.

Key audit matter	How the matter was addressed in the audit
The judgement is related to forward-looking assessments in order to estimate the expected loss, including judgements as to how expected loss is affected by uncertainties regarding the economic development after the Covid-19 outbreak. SpareBank 1 Østlandet uses models and information provided by a service provider in calculating expected loss. The assumptions and estimates used in these assessments are crucial for the size of these provisions, and loan loss provisions in the corporate market segment are therefore a key audit matter in the audit.	For a sample of credit impaired loans, we tested if these were timely identified, and assessed the expected future cash flows that the bank estimated on these loans. For remaining loan loss provisions calculated by use of models and information provided by SpareBank 1 Østlandet's service provider, we reviewed the third-party attestation report relating to parts of the model and selected data used to calculate expected loss. We considered a sample of forward-looking assessments used in order to estimate expected loss. We considered whether the disclosures on loan loss provisions in the corporate market segment is in accordance with requirements set forth in IFRS 7.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has

fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 3 March 2021
Deloitte AS

Henrik Woxholt
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.



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To the Board of Directors of SpareBank 1 Østlandet

INDEPENDENT AUDITOR’S ASSURANCE REPORT ON SPAREBANK 1 ØSTLANDET’S SUSTAINABILITY REPORTING FOR 2020

We have been engaged by the Board of Directors of SpareBank 1 Østlandet to provide limited assurance in respect of the sustainability information in SpareBank 1 Østlandet - Annual Report 2020, Chapter 3: Framework for our sustainability initiative, and Appendices – Further facts about SpareBank 1 Østlandet’s sustainability work. (hereinafter referred to as “the Report”). Our responsibility is to provide a limited level of assurance on the subject matters concluded on below.

Responsibilities of the Board of Directors

The Board of Directors are responsible for the preparation and presentation of the Report prepared in accordance with GRI Standards, level Core, and other reporting criteria described in the Report. They are also responsible for establishing such internal controls that they determine are necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

Auditor’s responsibilities

Our responsibility is to express a limited assurance conclusion on the information in the Report. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

Deloitte AS is subject to International Standard on Quality Control 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Considering the risk of material misstatement, our work included analytical procedures and meetings with management and individuals responsible for sustainability management, as well as a review on a sample basis of evidence supporting the information in the Report.

We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters.

Conclusions

Based on our work, nothing has come to our attention causing us not to believe that:

- SpareBank 1 Østlandet has applied procedures to identify, collect, compile and validate sustainability information for 2020 to be included in the Report, as described in the Report.

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- Information presented for 2020 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- SpareBank 1 Østlandet applies a reporting practice for its sustainability reporting aligned with the Global Reporting Initiative (GRI) Standards reporting principles and the reporting fulfils level Core according to the GRI Standards. SpareBank 1 Østlandet’s GRI Index presented in the Report appropriately reflects where information on each of the reported disclosures of the GRI Standards is to be found within SpareBank 1 Østlandet – Annual Report 2020.

Oslo, 3 March 2021
Deloitte AS

Henrik Woxholt
State Authorised Public Accountant (Norway)

Frank Dahl
Sustainability expert

Note: Translation has been made for information purposes only.

Subsidiaries

EiendomsMegler 1 Innlandet AS

2020 was a good year, despite the Covid-19 crisis. Turnover increased by 7.7 per cent from NOK 123.9 million in 2019 to NOK 133.4 million in 2020. Operating profit amounted to NOK 13.1 million, an increase of around NOK 5.1 million from 2019.

The results were helped by a good housing market and the fact that the company's investment in increased staffing paid off. The operating margin was thus 9.9 per cent.

The company sold 2 238 properties in 2020. That is 210 more units than in 2019. Total sales of residential properties increased by 10.3 per cent. The company increased its market share from 28.9 per cent to 29.8 per cent for second-hand homes and holiday homes in its market area. The total sales value of the properties was NOK 5.45 (5.0) billion.

The property market in 2020 was, like many other sectors, characterised by great uncertainty because of the coronavirus crisis. The market in Innlandet County was only briefly and to a small degree impacted by this. From and including June, the year was characterised by increased sales volumes, supply side reductions and rising

house prices, in both the residential and holiday property markets.

In 2020, the company made the top 10 in the 'Great Place to Work' list of the best workplaces in the country, for the fifth time. The company has measured very high customer satisfaction and the recommendation rate among its customers is high.

EiendomsMegler 1 Innlandet is staffed for growth and has ambitions to achieve the same market share as the parent company in the respective regions.

In 2020, the company adopted its own guidelines for corporate social responsibility and sustainability and implemented sustainability as part of the company's strategy. The ambition is to be viewed as a real estate broker with a clear sustainability profile.

About EiendomsMegler 1 Innlandet AS

EiendomsMegler 1 Innlandet AS is a wholly owned subsidiary of SpareBank 1 Østlandet and part of the EiendomsMegler 1 Alliance, Norway's largest chain of real estate brokers. The company is the market leader in real estate brokerage in Innlandet. The organisation has 77 employees in 12 branches, all of which are located in large towns and population centres in our market area. The company offers a full range of brokerage services within second-hand homes, holiday homes, compulsory sales, new builds, commercial property and agriculture.

For more information, see: eiendomsmegler1.no/innlandet

EiendomsMegler 1 Oslo Akershus Group

For 2020, EiendomsMegler 1 Oslo Akershus Group's operating income amounted to NOK 206.9 (208.3) million, a reduction of NOK 1,4 million from 2019. The company has changed its presentation of expenses from gross recognition in 2019 to net recognition in 2020. The accumulated expenses recognised net during the period amounted to NOK 28.1 million, which results in a real increase in operating income compared with the year before of NOK 26.7 million.

Operating expenses for 2020 were NOK 189.7 (204.5) million, a reduction of NOK 14.7 million. Taking into account the fact that the net recognised expenses amounted to NOK 26.6 million, this represents a real increase in operating expenses of NOK 11.8 million compared with last year. Operating profit for 2020 amounted to NOK 17.2 million, NOK 13.4 million more than the year before.

In 2019, the company's market share was 8.0 per cent in Oslo and Akershus, compared with 8.8 per cent in 2020. Market shares have thus developed strongly at the same time as market volumes have also grown strongly. Volumes fell slightly in the first quarter due to the Covid-19 pandemic and the company also saw a slight downturn in this period. This was followed by a weak upturn in the second quarter. In the second-half year though the company saw very strong growth and 35 per cent more units were sold than in the same period in 2019. In total, the volume of sold second-hand homes increased by around 5 per cent in the company's market area from 2019 to 2020. The company has achieved solid growth in a growing market and ended up at almost 13 per cent compared with 2019.

Sales of new and planned units fell by 20 per cent in the first half-year 2020 compared with the first half-year 2019, although the trend reversed after the holidays. The company set new sales records in July, August, September, November and December. In total, the company sold 5.5 per cent more new residential properties in 2020 than in 2019. The company launched few new projects in the second half of 2020, but the portfolio is good and there could be several major launches in 2021.

The competition situation in Oslo and Akershus is demanding. Our main focus in 2021 will be on

aggressively taking on the fiercer competition. The plan is to grow organically by recruiting and developing good heads of department and brokers in the current department structure. With a goal of moderate growth in 2021, we have for some time been actively working on reducing churn and at the same time recruiting and training up new brokers. The company is investing significant resources in strengthening its market position and consolidating its foothold as a leading real estate broker in the region. At the same time, strengthening our cooperation with SpareBank 1 Østlandet is an important goal.

How EiendomsMegler 1 Oslo Akershus is working to improve its sustainability:

- We have significantly cut production of printed sale prospectuses. Almost 80 per cent of all sales prospectuses are now only available in a digital format. We have also stopped printed advertising.
- We have fully-digital customer meetings. The brokers use iPads to present all of their materials and no longer have printed materials such as sales brochures, product sheets, etc.
- We have almost completely stopped printing out sales contracts on 11 A4 pages. This is now done digitally at customer meetings.
- We have stopped using contract folders and only print out the most necessary documents.
- Information about green mortgages is on display in all of our sales branches.
- We have told our suppliers that sustainability is part of the selection criteria when we make purchases.

About EiendomsMegler 1 Oslo Akershus

EiendomsMegler 1 Oslo Akershus Group is a wholly owned subsidiary of SpareBank 1 Østlandet and part of the EiendomsMegler 1 Alliance. The company has 10 branches in Akershus and 10 in Oslo, as well as one of the region's largest new build departments with 11 FTEs. In 2020, the company had an average of 152 FTEs. The goal is to grow by 10 new broker FTEs in 2021.

For more information, see: eiendomsmegler1.no/oslo-akershus

SpareBank 1 Finans Østlandet AS

In 2020, SpareBank 1 Finans Østlandet AS achieved a profit after tax of NOK 126.3 (118.3) million. This represents a return on equity after tax of 7.9 (8.4) per cent. The result was affected by good margins due to lower borrowing costs and good portfolio interest in the company, as well as a focus on expenses and high losses due to Covid-19.

SpareBank 1 Finans Østlandet AS is a financing company that offers leasing and loans through distributors and collaborating banks, as well as directly to customers.

In 2020, SpareBank 1 Finans Østlandet AS saw new sales of unsecured loans amounting to NOK 2,426 (2,512) million. New leasing sales amounted to NOK 1,659 (1,822) million. In 2020, the company wound up its distribution of consumer loans and will sell off the remaining consumer loan portfolio in the first quarter of 2021.

The company's book equity as at 31 December 2020 was NOK 1,646 (1,638) million. Its total assets at the end of the year were NOK 9,160 (8,918) million. This represents growth in total assets of 2.7 (11.4) per cent. The growth was weaker than the company has seen historically because of the coronavirus situation. The company's net loans and receivables from customers amounted to NOK 8,997 (8,746) million.

Losses amounted to 0.93 (0.49) per cent of gross loans. The losses were heavily affected by the pandemic. In 2020, realised losses in the corporate market increased due to Covid-19. The high losses were particularly due to the increases in individual provisions for loss within the corporate market and increase in model generated IFRS 9 provisions. It is uncertain how the pandemic will impact business and society going forward.

During 2020, the company particularly focused on managing and following up customers experiencing difficulties due to Covid-19. That is why around 30 per cent of our corporate customers and 17 per cent of our retail market customers were granted a 3-month interest-only period in the spring. Only a smaller proportion of the customers needed further interest-only periods beyond this. During the year, the company also worked in a structured manner on following up the largest corporate customers and collaborating partners. This has provided important insights into the market situation and also reinforced relationships.

Operations on the systems side were good and stable, and there has been a lot of working from home

since March 2020. The company has established good, well-functioning digital meeting arenas and will continue digital meeting places when the pandemic is over as well. The management prioritised following up employees in this new and challenging situation.



The company is interested in how its business impacts the people, environment and local communities around us. We have, therefore, focused on sustainability, which is also key to the company's overarching strategy. Work on sustainability is coordinated by an internal resource group in which all of the company's departments and executive management team are represented. There is also a good dialogue with the majority owner, SpareBank 1 Østlandet, in this area. The company's sustainability work is based on the UN Sustainable Development Goals and we have particularly chosen to focus on Sustainable Development Goal Nos. 9 and 13.



In 2020, the company initiated and implemented several measures within sustainability and will continue this work in 2021. Among other things, we have launched and marketed green car loans. Furthermore, the company has actively participated in Mobilitetsfoka, which is a national initiative in which various public and private stakeholders are working together to create good, innovative and sustainable solutions within tomorrow's mobility. Internally, the company has continued to work on integrating sustainability into relevant governing and procedure documents. We have also continued to work on integrating sustainability into the credit work in the corporate market. Work on Eco-Lighthouse certifying the company has started and we expected to be certified in the first half of 2021.

It is uncertain how the Covid-19 situation will impact society and affect SpareBank 1 Finans Østlandet's growth and loss situation in the future. Based on good financial strength, a well-functioning organisation, a focus on profitability and on market work, the company is well-equipped going forward.

About SpareBank 1 Finans Østlandet AS

SpareBank 1 Finans Østlandet has 52 employees and is owned by SpareBank 1 Østlandet (95 per cent) and SpareBank 1 Ringerike Hadeland (5 per cent). The company's head office is in Hamar and it also has regional branches in Lillestrøm, Lillehammer, Gjøvik, and Fredrikstad.

For more information, see sb1fo.no.

SpareBank 1 Østlandet VIT Group

The company achieved a turnover of NOK 186 million in 2020 and profit before tax of NOK 0.3 million. The sharp improvement from a loss before tax of NOK -9.2 million in 2019 was primarily due to the restructuring of the accounting business.

The other service areas in the company were more heavily impacted by the Covid-19 outbreak and delivered weaker results than expected.

The reorganisation into a team and sector structure in the accounting business will be completed in the first quarter of 2021. We strengthened the other services areas within finance, HR and business intelligence services during the course of the year. The company has thus established a future-oriented business model in which we can deliver a broad range of services to businesses.

SpareBank 1 Østlandet owns around 70 per cent of the shares in the company. The remaining shares are owned by managing director Stein-Ragnar Noreng and Christian Martinsen. The owners' shared ambition is to create a profitable and powerful business in accounting/payroll, finance, HR and consulting, with Eastern Norway as its primary market area.

In 2020, we continued our work on developing a future-oriented and sustainable strategy. The service area of Accounting & Payroll has been restructured. All the employees are now organised as teams, divided up based on industries. We strongly believe that such a structure, together with digitalisation, unified workflow and automation, will help to strengthen TheVIT's market position. By organising ourselves in this manner, we expect to work more efficiently for our customers, provide better quality services, and be an attractive place to work for highly qualified employees.

TheVIT takes a systematic approach to brand building and has already generated a higher profile and more knowledge about, and greater recognition of, the brand. This work will continue in 2021.

The company is striving to follow up the UN Sustainable Development Goals in the lead up to 2030 and has chosen to work on five of the 17 Sustainable Development Goals:



SDG 5 – Gender equality

TheVIT focuses on ensuring that employees have equal terms and conditions irrespective of gender. Salary is exclusively determined on the basis of experience, performance and qualifications. TheVIT has a high proportion of female managers:

- Board of directors (60%)
- Executive management team (37%)
- Service Managers (50%)



SDG 8 – Decent work and economic growth

TheVIT is a responsible employer that focuses on growth and profitability for the benefit of its employees. Throughout the year we have involved, and maintained a good dialogue with, employees in the working environment committee and meetings on issues arising from Covid-19. The industry is constantly evolving, and we are committed to preserving jobs by continuing each employee's education through our internal concept, TheVIT Academy, professional days, courses and other competence-enhancing initiatives.



SDG 9 – Industry, innovation and infrastructure

To satisfy the efficiency requirements of the future, TheVIT has adopted robot technology, automated processes and procedures, cloud-based platforms and new technology within business intelligence.

All of this can secure jobs in the future as well. TheVIT's branch structure covers large parts of Eastern Norway and helps to protect good safe jobs in the districts as well.



SDG 13 – Climate action

The increased use of technology means that we will reduce our travel activities, due to both more digital communication with customers and also more flexible working arrangements that reduce the need for day-to-day business travel. Measures have also been introduced for sorting waste and reducing the use of paper and packaging. Going forward, we will look at how we can reduce our electricity consumption. TheVIT is also developing concepts for governance information for businesses in which the customer's sustainability goals are included in their corporate governance.



SDG 17 – Partnerships for the goals

Strong new partnerships are needed to succeed with the Sustainable Development Goals. TheVIT believes that engaging fairly, and good partnerships, with customers, suppliers, authorities and other stakeholders will help to achieve the Sustainable Development Goals.

About SpareBank 1 Østlandet VIT Group

SpareBank 1 Østlandet VIT Group provides services to companies in all industries and has expertise within business development, management, finance, accounting/payroll, HR and business intelligence. SpareBank 1 Østlandet owns 70 per cent of the company which has 12 branches. These are located in Ringeby, Lillehammer, Moelv, Hamar, Tynset, Elverum, Kongsvinger, Jessheim, Lillestrøm, Oslo (Økern and Munkedamsveien) and Fredrikstad. The company had around 200 employees at the end of the year.

For more information, see thevit.no.

Appendix: Alternative performance measures

SpareBank 1 Østlandet’s alternative performance measures (APMs) have been prepared in accordance with the ESMA guidelines on APMs and are indicators aimed at providing useful additional information to the financial statements. These performance measures are either adjusted indicators or measures that are not defined under IFRS or any other legislation and may not be directly comparable with the corresponding measures from other companies. The APMs are not intended to be a substitute for accounting figures drawn up according to IFRS and should not be given more emphasis than these accounting figures, but they have been included in financial reporting to give a fuller description of the Bank’s performance. The APMs also represent important metrics for how the management is running the business.

Non-financial indicators and financial ratios defined by IFRS or other legislation are not defined as APMs. SpareBank 1 Østlandet’s APMs are used both in the overview of main figures and in the directors’ report, and in results presentations and prospectuses. All APMs are shown with corresponding comparative figures for previous periods.

Lending and deposit margins for the parent bank are calculated in relation to the daily average of loans to and deposits from customers. For all other main figures and APMs that are calculated using average balances, the average balance is calculated as the average of the opening balance for the current period and the closing balance for each of the quarters in the period.

Alternative performance measures	Definition and rationale
Profit after tax - Interest expenses on hybrid capital	
Profit after tax incl. interest hybrid capital	The key figure shows Result after tax adjusted for interest on hybrid capital. Hybrid capital is according to IFRS classified as equity and interest expenses are booked as an equity transaction. Hybrid capital has many similarities with debt items and differs from other equity in that it is interest-bearing and is not entitled to dividend payments. The key figure shows what profit after tax would have been if the interest expenses related to the hybrid capital had been recognized in the income statement.
$\frac{(\text{Profit after tax}-\text{Interest expenses on hybrid capital}) \times (\frac{\text{Act}}{\text{Act}})}{\text{Average equity} - \text{Average hybrid capital}}$	
Return on equity capital	The return on equity after tax is one of SpareBank 1 Østlandet’s most important financial measures and provides relevant information about the company’s profitability in that it measures the company’s profitability in relation to the capital invested in the business. The result is corrected for interest on hybrid capital, which is classified as equity under IFRS, but which it is more natural in this context to treat as debt, as hybrid capital is interest-bearing and is not entitled to dividend payments.
Operating profit before losses on loans and guarantees -Net income from financial assets and liabilities-Notable items	
Underlying banking operations	The result from underlying banking operations provides relevant information about the profitability of the Bank’s core business.
$\frac{\text{Total operating costs}}{\text{Total net income}}$	
Cost-income-ratio	This indicator provides information about the relationship between revenue and costs, and is a useful measure to assess the cost-effectiveness of the enterprise. It is calculated as total operating costs divided by total revenue.
Weighted average interest rate on lending to customers and loans transferred to covered bond companies -Average NIBOR 3 MND	
Lending margin	The loan margin is calculated for the retail and corporate market divisions and provides information on the profitability of the divisions’ lending activities. Loans transferred to covered bond companies are included in the selection as they are included in the total lending activity.

Alternative performance measures	Definition and rationale
Deposit margin	Average NIBOR 3 MND - Weighted average interest rate on deposits from customers The deposit margin is calculated for the retail and corporate market divisions and provides information on the profitability of the divisions’ deposit activities.
Net interest margin	Lending margin + Deposit margin The net interest margin is calculated for the retail and corporate market divisions and provides information on the profitability of the divisions’ overall lending and deposit activities. Loans transferred to covered bond companies are included in the selection as they are included in the total lending activity.
Net interest income inclusive of commissions from covered bond companies	Net interest income+Commissions from loans and credit transferred to covered bond companies Loans transferred to covered bond companies are part of total lending, but the income and expenses associated with these loans are recognised as commission income. The indicator is presented because it gives a good impression of net income from the overall lending and deposit activities.
Adjusted total assets	Total assets+Loans transferred to covered bond companies Total assets is an established industry-specific name for all assets plus loans transferred to covered bond companies included in the lending business.
Gross loans to customers including loans transferred to covered bond companies	Loans to and receivables from customers+Loans transferred to covered bond companies Loans transferred to covered bond companies are subtracted from the balance sheet, but are included in the total lending business.
Deposit to loan ratio	Deposit from and liabilities to customers Gross loans to customers The deposit coverage ratio provides relevant information about SpareBank 1 Østlandet’s financing mix. Deposits from customers are an important means of financing the Bank’s lending business and the indicator provides important information about the Bank’s dependence on market financing.
Deposit to loan ratio including loans transferred to covered bond companies	Deposit from and liabilities to customers Gross loans to customers +Loans transferred to covered bond companies The deposit coverage ratio provides information about the financing mix in the overall lending business. Deposits from customers are an important means of financing the Bank’s lending business and the indicator provides important information about the dependence of the overall lending business on market financing.
Growth in loans during the last 12 months	$\frac{\text{Gross loans to customers}}{\text{Gross loans to customers 12 months ago}} - 1$ This indicator provides information about activity and growth in the Bank’s lending activity.
Growth in loans including loans transferred to covered bond companies (CB) in the last 12 months	$\frac{\text{Gross loans to customers} + \text{Loans transferred to CB}}{\text{Gross loans to customers 12 months ago} + \text{Loans transferred to CB 12 months ago}} - 1$ This indicator provides information about activity and growth in the Bank’s total lending activity. The Bank uses the covered bond companies as a source of funding, and the indicator includes loans transferred to the covered bond companies to highlight the activity and growth in overall lending including these loans.

Alternative performance measures	Definition and rationale
Growth in deposits in the last 12 months	Deposits from and liabilities to customers - 1 Deposits from and liabilities to customers 12 months ago
	This indicator provides information about the activity and growth of the depositing business which is an important part of financing the Bank's lending activity.
Impairment on loans as a percentage of gross loans	(Losses on loans and guarantees) x ($\frac{\text{Act}}{\text{Act}}$) Gross loans to customers
	The indicator shows the impairment loss in relation to gross lending and provides relevant information about the company's impairment losses in relation to lending volume. This provides useful additional information to the recognised impairment losses as the cost is also viewed in the context of lending volume and is thus better suited for comparison with other banks.
Loans to and receivables from customers in stage 2, percentage of gross loans	Loans to and receivables from customers in stage 2 Gross loans to customers
	The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Loans to and receivables from customers in stage 3, percentage of gross loans	Loans to and receivables from customers in stage 3 Gross loans to customers
	The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Commitments in default as percentage of gross loans	Gross defaulted commitments for more than 90 days Gross loans to customers
	The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Other doubtful commitments as percentage of gross loans	Gross doubtful commitments not in default Gross loans to customers
	The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Net commitments in default and other doubtful commitments in percentage of gross loans	Net defaulted commitments + Net doubtful commitments Gross loans to customers
	The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Loan loss impairment ratio for defaulted commitments	Individual write downs on defaulted commitments Gross defaulted commitments for more than 90 days
	The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Loan loss impairment ratio for doubtful commitments	Individual write downs on doubtful commitments Gross doubtful commitments not in default
	The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Equity ratio	Total equity capital Total assets
	The indicator provides information about the company's unweighted solvency ratio.

Alternative resultatmål	Definition and rationale
Book equity per EC	Total EC –Minority interests–Gifts –Hybrid capital) × EC certificate ratio Number of Equity certificates issued
	The indicator provides information about the value of the book equity per equity certificate. This allows the reader to assess the reasonableness of the quoted price for the equity certificate. It is calculated as the equity certificate holders' share of the equity at the end of the period divided by the number of equity certificates.
Price/Earnings per EC	Listed price of EC Earnings per EC × ($\frac{\text{Act}}{\text{Act}}$)
	The indicator provides information on earnings per equity certificate against the exchange price on the relevant date, helping to assess the reasonableness of the price for the equity certificate. It is calculated as the price per equity certificate divided by annualised earnings per equity certificate.
Price/book equity	Listed price of EC Book equity per EC
	The indicator provides information about the book value of the equity per equity certificate against the price at any given time. This allows the reader to assess the reasonableness of the quoted price for the equity certificate. It is calculated as the price per equity certificate divided by book equity per equity certificate (see definition of this measure above).
Average LTV (Loan to value)	Average amount on loans to customers Average market value of asset encumbrance
	The indicator provides information about the loan-to-value ratio in the lending portfolio and is relevant for assessing risk of loss in the lending portfolio.
Loans transferred to covered bond (CB) companies	Loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS and thus derecognised from the balance sheet
	Loans transferred to covered bond companies are subtracted from the balance sheet, but are included in the total lending business. The indicator is used in calculating other APMs.
Act/Act	Total number of days in the year (365 or 366) Number of days so far this year
	Act/Act is used to annualise the results figures included in the indicators. Results figures are annualised in the indicators to make them comparable with figures for other periods.
Notable items	Identified costs considered to be non recurring
	The indicator is used to calculate the underlying banking activity, which is shown as a separate APM.
Earnings per average equity certificate	Majority interest of the Group's profit after tax × ECC ratio Average number of ECC i the accounting period
	The indicator shows the equity capital certificate holders' share of profit after tax distributed by average number of equity capital certificates during the accounting period.
Diluted earnings per average equity certificate	Majority interest of the Group's profit after tax × ECC ratio Average number of ECC in the accounting period + Number of ECC issued after the accounting period
	The indicator shows the equity capital certificate holders' share of profit after tax distributed by the sum of average number of equity capital certificates during the accounting period and the number of equity capital certificates issued after the accounting period.
Total operating expenses before restructuring costs	Total operating expenses–Restructuring costs
	Restructuring costs in connection with reorganization of the business are included in total operating expenses, but these costs are excluded when the business sets targets for growth in operating expenses. These costs are kept out of line for growth figures to be comparable over time. The key figure is presented as it provides a good basis for calculating underlying growth in expenses.

Further facts about SpareBank 1 Østlandet’s sustainability work

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Introduction

In these appendices, the Bank presents further facts about SpareBank 1 Østlandet’s sustainability work. Together with the sustainability data in the main part of the annual report, this constitutes our sustainability reporting, which is in line with the GRI standard and the UN Principles for Responsible Banking.

The appendices are divided into themes in the same way as the main part of the annual report. At the start of each appendix, you will find a reference to which part of the annual report the appendix belongs to. The contents of the sustainability appendices have been audited by the external auditor on an equal basis with the main report.



Pernille Grøndahl, Senior Consultant analysis/reporting and Tormod Rødshagen, Head of Campaign Management. Oslo.

GRI index

The Global Reporting Initiative (GRI) is the leading standard for sustainability reporting. The GRI guidelines consist of principles, guidance and performance indicators that can be used by companies to measure and report on economic, environmental and social matters. SpareBank 1 Østlandet has reported according to the GRI standard since 2017. For more information on the GRI, see [globalreporting.org](https://www.globalreporting.org)

GENERAL DISCLOSURES				
GRI-indicator/ Disclosure number	Disclosure title	Sustainability Goals (SDGs), Global Compact (GC), and Principles of Responsible Banking (UNEP FI PRB)	Partial reporting 2020	Reporting 2020 The appendix referred to is 'Further facts about SpareBank 1 Østlandet's sustainability work', Appendix to the Annual Report.
Organizational Profile				
102-1	Name of the organisation	PRB 1.1		SpareBank 1 Østlandet
102-2	Activities, brands, products, and services	PRB 1.1		Annual Report, Chapters 'SpareBank 1 Østlandet in brief' p. 4, 'Our strategic focus' p. 22 and 'Business areas and support functions' p. 42.
102-3	Location of headquarters	PRB 1.1		Annual Report, Chapter 'SpareBank 1 Østlandet in brief' p. 4.
102-4	Location of operations	PRB 1.1		Annual Report, Chapter 'SpareBank 1 Østlandet in brief' p. 4.
102-5	Ownership and legal form	PRB 1.1		Annual Report, section 'Corporate Governance' p. 44.
102-6	Description of the markets served	PRB 1.1		Annual Report, section 'About SpareBank 1 Østlandet in brief' p. 4, 'Business areas and support functions' p. 42 and 'Business description' p. 56.
102-7	Scale of the organisation	PRB 1.1		Annual Report, sections 'Key figures from the Group' p. 14, 'Income Statement' p. 118, and 'Report of the Board of Directors' p. 103.
102-8	Information on number of employees by type of employment, employment contract and region, by gender			Annual Report, Chapters 'Key figures from the Group' p. 14, 'Our employees' p. 76, and Appendix 'Further facts about the organisation and HR' p. 226.
102-9	Description of supply chain			Annual Report, Chapter 'Requirements for providers of financial services' p. 96, Appendix, Chapter 'Requirements for other suppliers' p. 236.
102-10	Significant changes during the reporting period regarding size, structure or ownership			No significant changes related to size, structure, ownership or supply chain. For detailed information see Annual Report, Chapters 'SpareBank 1 Østlandet in brief' p. 4 and 'Corporate governance', as well as Note 40 'Equity capital certificates and ownership structure' p. 190, Note 36 'Deposits from and liabilities to customers' p. 184, Note 37 'Issued securities' p. 185.
102-11	Precautionary Principle or approach	GC 7		With reference to Global Compact Principle 7, as well as the descriptions of the due diligence assessments in the Annual Report, Chapter 'Responsible lending' p. 84.
102-12	External initiatives	SDG 17		Annual Report, section 'Our part of the global responsibility' p. 72.
102-13	Membership of associations	SDG 17		Finance Norway. Annual Report, Chapter 'Our part of the global responsibility' p. 72.
Strategy				
102-14	Statement from senior decision maker			Annual Report, 'A word from the Group CEO' p. 8.
Ethics and integrity				
102-16	Values, standards, principles and norms	SDG 8 and 16, GC 10, PRB 5.2		Annual Report, Chapters 'Our strategic focus' p. 22 and 'Ethics and anti-corruption' p. 94. Link to Code of Conduct: sparebank1.no/content/dam/SB1/bank/ostlandet/omoss/samfunn/Etiske_retningslinjer_SpareBank1Ostlandet_290819.pdf

Governance				
102-18	Governance structure	PRB 5.1		Annual Report, Chapters 'Corporate Governance' p. 44, 'Board of Directors' Report' p. 103, and 'Our strategic focus' p. 22.
Stakeholder Analysis				
102-40	List of stakeholder groups	SDG 17, PRB 4.1		Annual Report, Chapter 'Stakeholder engagement' p. 75.
102-41	Collective bargaining agreements	SDG 8, GC 3, PRB 4.1		100 per cent of staff covered by collective bargaining agreements, Annual Report, Chapter 'Our employees' p. 76.
102-42	Identifying and selecting stakeholders	SDG 17, PRB 4.1		Annual Report, Chapters 'Stakeholder engagement' p. 75 and 'Our part of the global responsibility'p. 72.
102-43	Approach to stakeholder engagement	SDG 17, PRB 4.1		Annual Report, Chapters 'Stakeholder engagement' p. 75 and 'Our part of the global responsibility'p. 72.
102-44	Key topics and concerns raised	SDG 17, PRB 4.1		Annual Report, Chapters 'Stakeholder engagement' p. 75, 'Our part of the global responsibility'p. 72. and all chapters under 'Sustainability and society – our key themes' p. 80.
Reporting Practice				
102-45	Entities included in the consolidated financial statements			Annual Report, note 1 'General information' p. 126, as well as Note 41 'Investments in subsidiaries, associated companies and joint ventures' p. 192.
102-46	Defining report content and topic Boundaries			Annual Report, Chapters 'How to read our report' p. 3, and 'Sustainability and society – our key themes' p. 80, as well as Figure 'Framework for our sustainability initiative' p. 182.
102-47	List of material topics			Annual Report, Figure 'Framework for our sustainability initiative' p. 82, and Chapter 'Sustainability and society – our key themes' p. 80.
102-48	Restatements of information			None.
102-49	Changes in reporting			None.
102-50	Reporting period			2020
102-51	Date of previous report			March 2019.
102-52	Reporting cycle			Annually.
102-53	Contact point			karoline.hjereto@sb1ostlandet.no
102-54	Claims of reporting in accordance with the GRI Standards			GRI standard level 'Core'.
102-55	GRI content index			Annual Report, Appendix.
102-56	External assurance			The report has been externally verified by Deloitte.

SPECIFIC INFORMATION				
GRI-indicator/ Disclosure number	Disclosure title	Other frameworks, sustainability goals (SDG), Global Compact (GC), and principles for responsible banking (UNEP FI PRB)	Partial reporting 2020	Reporting 2020 The appendix referred to is 'Further facts about SpareBank 1 Østlandet's sustainability work', Appendix to the Annual Report.
ECONOMY				
Overall financial reporting				
103-1	Explanation of the material topic and its Boundary			Annual Report, Chapters 'Our strategic focus' p. 22 and 'Corporate Governance' p. 44. Annual Report, Chapter 'Framework for our sustainability initiative' p. 82, Appendix, Chapter 'TCFD index: Climate risk reporting' p. 222. Annual Report, Chapter 'The Bank's social role' p. 68.
103-2	The management approach and its components	PRB 5,1		
103-3	Evaluation of the management approach	PRB 5,1		
Financial results				
201-1	Direct economic value generated and distributed	SDG 8.5 and 9.4		Annual Report, Chapters 'Key figures from the Group' p. 14, 'Income statement' p. 118 and 'The Bank's social role' p. 68.
201-2	Financial implications and other risks and opportunities due to climate change	GC 7, 8 and 10. SDG 13.3.		Annual Report, Appendix, Chapters 'TCFD index: Climate risk reporting' p. 222, and 'Proportion of green loans and greenhouse gas emissions in the loan portfolio' p. 228.
Economic crime and anti-corruption				
103-1	Explanation of the material topic and its Boundary			Annual Report, Chapters 'Corporate governance' p. 44, 'Ethics and anti-corruption' p. 94 and 'Combating economic crime' p. 92.
103-2	The management approach and its components	PRB 5,1		
103-3	Evaluation of the management approach	PRB 5,1		
Anti-corruption				
205-1	Operations assessed for risks related to corruption	GC 10. SDG 16.5	Not broken down by business partners and regional affiliation.	Annual Report, Chapter 'Ethics and anti-corruption' p. 94.
205-2	Communication and training about anti-corruption policies and procedures			
205-3	Confirmed incidents of corruption and actions taken			
Economic crime				
SB1Ø-1	Work against money laundering and terrorist financing	SDG 16.4		Annual Report, Chapter 'Combating economic crime' p. 92.

ENVIRONMENT				
Emissions and compliance with environmental regulations				
103-1	Explanation of the material topic and its Boundary			Annual Report, Chapters ‘Our strategic focus’ p. 22, ‘Framework for our sustainability initiative’ p. 82, Chapter ‘Energy and climate in our business operations, as well as science-based climate goals (SBT)’ p. 224, ‘TCFD index: Climate risk’ p. 222, and ‘Greenhouse gas emissions in funds’ p. 238.
103-2	The management approach and its components	PRB 5,1		
103-3	Evaluation of the management approach	PRB 5,1		
Emissions				
305-1	Direct (Scope 1) GHG emissions	GC 7, 8 og 9. SDG 12.2, 12.6, 12.8, 13.3, 15.a and b		Annual Report, Appendix, GRI 305-1, 2, 3, 4, 5: Chapters ‘Energy and climate in our business operations, as well as science-based climate goals (SBT)’ p. 224, GRI 305-3, 4, 5: ‘Proportion of green loans and greenhouse gas emissions in the loan portfolio’ p. 228, and ‘Greenhouse gas emissions in funds’ p. 238.
305-2	Energy indirect (Scope 2) GHG emissions			
305-3	Other indirect (Scope 3) GHG emissions			
305-4	GHG emissions intensity			
Environmental Compliance				
307-1	Non-compliance with environmental laws and regulations	GC 7 and 8. SDG 13.3 og 16.6		No failures in compliance as far as the Bank is aware.
Follow-up of suppliers - environment				
103-1	Explanation of the material topic and its Boundary			Annual Report, Chapters ‘Our strategic focus’ p. 22, ‘Framework for our sustainability initiative’ p. 82, Appendix, Chapter ‘Requirements for other suppliers’ p. 236.
103-2	The management approach and its components	PRB 5,1		
103-3	Evaluation of the management approach	PRB 5,1		
Supplier Environmental Assessment				
308-1	New suppliers that were screened using environmental criteria	GC 7, 8 og 9. SDG 13.3		Annual Report, Appendix ‘Further facts about SpareBank 1 Østlandet’s sustainability work’ p. 236, Chapter ‘Requirements for other suppliers’.
308-2	Negative environmental impacts in the supply chain and actions taken			
SOCIETY				
Employees				
103-1	Explanation of the material topic and its Boundary			Annual Report, Chapters ‘Board of Directors’ Report’ p. 103, ‘Our strategic focus’ p. 22, ‘Our employees’ p. 76, and Appendix ‘Further facts about the organisation and HR’ p. 226.
103-2	The management approach and its components	PRB 5,1		
103-3	Evaluation of the management approach	PRB 5,1		
Employment				
401-1	New employee hires and employee turnover	GC 1 and 6. SGD 8.5, 8.8 and 16.b		Annual Report, Chapter ‘Our employees’ p. 76 and Appendix ‘Further facts about the organisation and HR’ p. 226.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees			All permanent employees in a 20 per cent position or more have the same rights and employee benefits. Temporary employees are only affiliated with the pension scheme and occupational injury insurance. "
401-3	Parental leave			Annual Report, Chapters ‘Board of Directors’ Report’ p. 103, ‘Our employees’ p. 76 and Appendix ‘Further facts about the organisation and HR’ p. 226.

Training				
404-1	Average hours of training per year per employee	SDG 4.4, 4.7 and 8.5		Annual Report, Chapter 'Our employees' p. 76. Every employee spent an average of about 11 hours on training in our Learning Management System in 2020. The Bank also has other training activities for which hours are not registered, including classroom courses, webinars, mentor programmes, introductory programmes, credit-based courses/subjects at various university colleges/universities, management training, etc.
404-2	Programs for upgrading employee skills and transition assistance programs			Annual Report, Chapter 'Our employees' p. 76.
404-3	Percentage of employees receiving regular performance and career development reviews			Annual Report, Chapter 'Our employees' p. 76.
Diversity and equal opportunities				
405-1	Diversity of governance bodies and employees	GC 6. SDG 8.5 and 16.b	We have no registered data on other forms of diversity (such as minorities and vulnerable groups) for employees.	Annual Report, Chapter 'Our employees' p. 76.
405-2	Ratio of basic salary and remuneration of women to men			Annual Report, Chapter 'Our employees' p. 76. and Appendix 'Further facts about the organisation and HR' p. 226.
SB10-2	Savings and gender			Annual Report, Chapter 'Business description' p. 56 and 'Savings and gender' p. 59.
Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken	GC 1, 2 and 6. SDG 8.8 and 16.b		Annual Report, Chapter 'Our employees' p. 76, 'Diversity and equal opportunities' and Appendix 'Further facts about the organisation and HR' p. 226.
Follow-up of suppliers - social				
103-1	Explanation of the material topic and its Boundary			Annual Report, Chapters 'Our strategic focus' p. 27, 'Framework for our sustainability initiative' p. 82, Appendix, Chapter 'Requirements for other suppliers' p. 236.
103-2	The management approach and its components	PRB 5,1		
103-3	Evaluation of the management approach	PRB 5,1		
Social assessment of suppliers				
414-1	New suppliers that were screened using social criteria	GC 1, 2, 3, 4, 5 and 6. SDG 12.6 and 16.6		Annual Report, Appendix 'Further facts about SpareBank 1 Østlandet's sustainability work', Chapter 'Requirements for other suppliers' p. 236.
414-2	Negative social impacts in the supply chain and actions taken			
Marketing and privacy				
103-1	Explanation of the material topic and its Boundary			Annual Report, Chapters 'Our strategic focus' p. 22, 'Framework for our sustainability initiative' p. 82, 'Ethical marketing of products and services' p. 98 and 'Combating economic crime' p. 192.
103-2	The management approach and its components	PRB 5,1		
103-3	Evaluation of the management approach	PRB 5,1		
Marketing and Labeling				
417-2	Incidents of non-compliance concerning product and service information and labeling	GC 2. SDG 9.4, 12.6, 12.8, 13.3 og 16.5		Annual Report, Chapter 'Ethical marketing of products and services' p. 98.
417-3	Incidents of non-compliance concerning marketing communications			
Customer Privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	GC 2. SDG 16.4		Annual Report, Chapter 'Combating economic crime' p. 92.

Product responsibility and active ownership				
103-1	Explanation of the material topic and its Boundary			Annual Report, Chapters ‘Our strategic focus’ p. 22, ‘Framework for our sustainability initiative’ p. 82, ‘Equity investments and sustainability monitoring’ p. 55, ‘Responsible lending’ p. 84, and ‘Requirements for providers of financial services’ p. 96.
103-2	The management approach and its components	PRB 5,1		
103-3	Evaluation of the management approach	PRB 5,1		
Product Responsibility				
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	GC 1. SDG 8.10, 9.4 and 12.6		Annual Report, Chapter ‘Responsible lending’ p. 84.
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	GC 8 and 9. SDG 9.4, 12.2, 12.6, 12.8, 13.3, 15.a and b		Annual Report, Chapter ‘Responsible lending’ p. 84.
Active ownership				
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation as interacted on environmental or social issues.	GC 8. SDG 8.10, 12.6, 12.8, 13.3, 15.a and b	RM does not have figures for this since it is not relevant.	Annual Report, Chapter ‘Responsible lending’ p. 84, ‘Requirements for providers of financial services’ p. 96, Appendix, Chapter ‘Responsible lending within liquidity management’ p. 234 and ‘Requirements for other suppliers’ p. 236.
FS11	Percentage of assets subject to positive and negative environmental or social screening	GC 1, 2, 4, 5, 6 and 7. SDG 8.10, 12.6, 12.8, 13.3, 15.a and b		Annual Report, Chapter ‘Responsible lending’ p. 84, ‘Requirements for providers of financial services’ p. 96, Appendix, Chapter ‘Responsible lending within liquidity management’ p. 234 and ‘Requirements for other suppliers’ p. 236.

UNEP FI index: UN Principles for Responsible Banking

18-month reporting on the UNEP FI Principles for Responsible Banking

SpareBank 1 Østlandet was the first Norwegian bank to sign up to the principles and we actively strive to realise them. The GRI index includes some of the reporting on the principles. The table below refers to the remaining principles that are not covered and included in the GRI index.

Principles for Responsible Banking	Reference to where the information can be found in SpareBank 1 Østlandet's 2020 annual report and on our website
2.1 Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis.	Annual Report, Chapter 'Framework for our sustainability initiative' Link to 'Sustainability Impact Analysis – Responsible Banking': ¹
2.2 Show that the bank has set and published a minimum of two Specific, Measurable, Achievable, Relevant and Time-bound (SMART) targets.	Annual Report, Chapter 'Responsible lending'
2.3 Show that your bank has defined actions and milestones to meet the set targets. Show that your bank has put in place the means to measure and monitor progress against the set targets.	Annual Report, Chapters 'Responsible lending' and 'Our strategic focus – sustainability as a strategic goal'
2.4 Show that your bank has implemented the actions it had previously defined to meet the set target.	Annual Report, Chapter 'Responsible lending'
3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers.	Annual Report, Chapter 'Responsible lending' Link to RM's and CM's guidelines: ²
3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities.	Annual Report, Chapter 'Responsible lending'
5.3 Show that your bank has a governance structure in place for the implementation of the PRB.	Annual Report, Chapters 'Our strategic focus – sustainability as a strategic goal' and 'Framework for our sustainability initiative'
6.1 Show that your bank has progressed on implementing the six Principles over the last 12 months in addition to the setting and implementation of targets in minimum two areas.	Principle 1 – Alignment: Annual Report, Chapter 'Our part of the global responsibility' Principle 2 – Impact & Target Setting: Annual Report, Chapter 'Responsible lending' Principle 3 – Clients & Customers: See 'Responsible lending', Annual Report 2020 Principle 4 – Stakeholders: Annual Report, Chapter 'Stakeholder engagement' Principle 5 – Governance & Culture: Annual Report, Chapters 'Our strategic focus – sustainability as a strategic goal' and 'Framework for our sustainability initiative' Principle 6 – Transparency & Accountability: Link to 'Sustainability Impact Analysis – Responsible Banking': ¹
Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.	The Bank strives to learn and adapt to best practices through the working groups in UNEP FI's Collective Commitment to Climate Action (CCCA).
Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.	

¹ sparebank1.no/nb/ostlandet/om-oss/samfunnsansvar.html
² sparebank1.no/nb/ostlandet/om-oss/samfunnsansvar/retningslinjer-og-rammeverk/spesifikke-virksomhetsomrader.html

Eco-Lighthouse index: Banking and financial criteria

SpareBank 1 Østlandet has been Eco-Lighthouse certified since 2008. This is our reporting on the Eco-Lighthouse's new banking and financial criteria for 2020. See the Appendix 'Energy and climate in our business operations' for the rest of the Bank's Eco-Lighthouse reporting for 2020.

Eco-Lighthouse criteria for banking and finance	Reference to where the information can be found in SpareBank 1 Østlandet's 2020 annual report and on our website:
Criterion ID 2064	
The enterprise shall have a climate and environmental policy for: - credit granting - financing - bonds - savings products/ investment of customers' deposits - management of the enterprise's own funds.	Link to the guidelines: ¹
Criterion ID 2065	
The enterprise shall set climate and environmental goals and related indicators.	Annual Report, Chapters 'Responsible lending' and 'Requirements for providers of financial services', Appendix 'Energy and climate in our business operations' p. 222.
Criterion ID 2066	
The enterprise shall document a plan for implementing the recommendations made in the Task Force on Climate-related Financial Disclosure (TCFD).	Annual Report, Appendix 'TCFD index – climate risk' p. 220.
Criterion ID 2067	
The enterprise shall have criteria and routines for managing funds and credit and financial activities with respect to climate and environmental aspects: - exclusion of engagements that can be linked to negative climate and environmental impacts. - engagement in climate-friendly and environmentally friendly projects.	Link to the guidelines: ¹
Criterion ID 2068	
The enterprise shall develop products that stimulate climate-smart and environmentally smart behaviour.	Annual Report, Chapter 'Responsible lending'.
Criterion ID 2069	
The enterprise shall publish climate and environmental information relating to: - credit granting - financing - bonds - savings products/investment of customers' deposits - management of the enterprise's own funds.	For credit granting and financing, Annual Report, Chapter 'Responsible lending'. For bonds and management of the enterprise's own funds, Annual report, appendix, Chapter 'Responsible lending within liquidity management' p. 232. For savings products, Annual Report, Chapter 'Requirements for providers of financial services'.
Criterion ID 2070	
The enterprise shall have routines in place to assess: - whether its climate and environmental goals were achieved. - whether planned measures were implemented and have produced the expected results. - whether screening is carried out in accordance with valid guidelines.	Link to the guidelines: ¹ Annual Report, Chapters 'Responsible lending', 'Requirements for providers of financial services', 'Our strategic focus' and 'Framework for our sustainability initiative'.
Criterion ID 2071	
The enterprise shall report on the established climate and environmental indicators pertaining to: - credit granting - financing - bonds - savings products/investment of customers' deposits - management of the enterprise's own funds.	See under Criterion ID 2069.
Criterion ID 2072	
The enterprise shall annually evaluate its climate and environmental activities pertaining to: - credit granting - financing - bonds - savings products/investment of customers' deposits - management of the enterprise's own funds.	See under Criterion ID 2069.

¹ sparebank1.no/nb/ostlandet/om-oss/samfunnsansvar/retningslinjer-og-rammeverk.html

TCFD index: Climate risk

SpareBank 1 Østlandet's climate risk reporting is based on the requirements of the Task Force on Climate Related Financial Disclosure (TCFD). The Bank's understanding and management of climate risk is also discussed in the Board of Directors' Report and the Chapter 'Corporate governance'. The text also contains references to where further information can be found.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

a) Describe the board's oversight of climate-related risks and opportunities:

The Board primarily considers climate risk through its annual reviews of the Group's risk strategies and guidelines, as well as when it considers the Group's ICAAP process, of which climate risk is an integral part. ICAAP is an assessment of total capital requirements.

The Board also considers a separate report on the Group's sustainability work in connection with the annual report.

In 2020, the Board of Directors adopted updated general guidelines for corporate social responsibility and sustainability 2019-2021.

See also the Board of Directors' Report.

b) Describe management's role in assessing and managing climate-related risks and opportunities:

Group Management has set the level of ambition for the work on climate risk in the Bank's strategy, which in turn has been approved by the Board of Directors. A Sustainability Committee has been established with members from key functions. The committee coordinates the climate risk work and functions as an advisory body for the business units and Group Management. Group Management considers separate issues associated with climate risk, including all issues that will be considered by the Board. Climate risk is also an integrated part of the regular corporate governance meetings. In addition, climate risk is integrated into the work the risk department does on ensuring that the Bank's risk is properly managed. Responsibility for this lies with the Chief Risk Officer (CRO).

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term:

Retail market (RM)
Relatively low climate risk has been identified in the retail market portfolio over the short, medium and long term. Some climate risk has been identified due to the fact that around 85 per cent of the housing portfolio was built before 2007 and therefore is not considered 'green', both according to our definition and probably also according to the EU taxonomy (not adopted at the time of writing). In order to contribute to less climate risk in RM, we have set a goal of creating incentives and products that help to upgrade older homes to make them more energy efficient and therefore more climate-friendly. Read more in the Chapter 'Responsible lending'.

Corporate Market (CM)
Relatively low climate risk has been identified in the corporate market portfolio over the short, medium and long term, in part because the Bank does not lend money for fossil energy production. Nor does the Bank have a large loan portfolio in industries with heavy emissions or industries that current rely on fossil energy. CM's largest industries, agriculture and commercial property, are sectors that will also have an important place in a zero-emission society. Meanwhile, some transition risk is associated with both industries. The Bank has identified climate-related opportunities in the following industries:

- Forestry and the timber industry, related to their carbon sequestration capacity.
- Agriculture, mainly within green loans for restructuring to more climate-friendly operations.
- Commercial property, especially within lending for measures that cut emissions and improve energy economy.

Treasury
The Bank's liquidity management is reviewed in line with the Guidelines for Corporate Social Responsibility and Sustainability in Liquidity Management. Among other things, this entails investments being categorised and periodically checked to ensure that the portfolio satisfies the requirements the Bank has set for investments in securities. The same also applies to the Bank's stakes in companies outside the

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

a) Describe the organisation's processes for identifying and assessing climate-related risks:

Under the auspices of UNEP FI, the Bank has conducted an impact analysis of the portfolio, which has been published on our website. The analysis indicated priority areas for the Bank's future work. The analysis included geographical market areas, as well as the products and services we offer. Climate scored high in both RM and CM, and the Bank has used the results to set targets. See the published analysis for detail results.

An overarching climate risk analysis was also conducted for the Bank. This was mainly qualitative. The loan portfolio in CM is still deemed to be the business area with the highest climate risk. The analysis was discussed further with account managers in the Bank as part of its further consideration. Simulations of the potential consequences climate change and regulatory changes could have on the Bank capital requirements related to credit risk were also carried out. The scenarios used correspond to those described by NGFS, and we also looked at specific Norwegian scenarios. The findings from these activities indicate that the Bank's climate risk is manageable.

In the loan portfolio
The Bank has further developed and improved the overarching risk analysis of inherent physical climate risk and transition risk for the industries in our loan portfolio. At the end of 2020, we started work on mapping climate risks for various industries we are exposed to in CM's loan portfolio and have ambitions of using this information to calibrate and implement an ESG module for ESG risk assessments in credit processing. This must be seen in the context of the sustainability assessments that CM already uses, although it helps to improve risk-adapted climate risk assessments, climate risk reporting and monitoring of climate risk in the portfolio.

At a customer level
The dialogue with customers on climate risk intensified in 2020 and was expanded to encompasses more industries than our two largest industries, agriculture and property. From the fourth quarter of 2020, the requirements concerning the



Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process:

For a complete overview of our measures and goals within climate risk, see: The guidelines and action plan for climate and climate risk, under the tab 'Corporate social responsibility and sustainability' under the area 'About us' on our website, sb1ostlandet.no.

The organisation is Eco-Lighthouse certified and aims to be climate neutral by 2050. For more information, see the Chapter 'Energy and Climate in our business operations', as well as the Science Based Targets (SBT) in the annual report's appendices.

In the loan portfolio
For RM's and CM's goals for mitigating climate risk, see the Chapter 'Responsible lending' in the annual report.

The Bank is developing calculation methods for emissions in our loan portfolio (Scope 3). A preliminary calculation has been published in this annual report, although CM recognises that the method is inadequate and that we do not have sufficient data at an industry and enterprise level to make a satisfactory calculation. We continue to work on this in collaboration with the banks leading the way in the work on climate internationally through UNEP FI's working groups within the Collective Commitment to Climate Action (CCCA).

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks:

For Scope 1, 2 and 3 emissions from our operations see the Chapter 'Energy and climate in our business operations', as well as the Science Based Targets (SBT) in the annual report's appendices. For Scope 3 in the loan portfolio, see the discussion under a) above.

Because we do not manage our own funds but instead act as intermediaries for funds from other providers, we have so far not calculated the emissions in our fund

Strategy

Group. By setting clear requirements for companies, issuers and facilitators, the Bank is trying to influence the investment universe in a positive direction. Preliminary analyses indicate relatively low climate risk in the liquidity portfolio because the Bank is mainly invested in Norwegian covered bonds, municipalities and government bonds. However, more thorough analyses are planned for 2021.

Capital market
The climate risk in the customers' securities fund portfolios is considered relatively low over both the short and medium term. However, over the longer term it will be reduced, relatively, because in its product management the Bank will increasingly recommend funds with low to minimal climate risk. Thus an ever larger proportion of the portfolio will be exposed to less climate risk.

Physical/operational risk
So far, the Bank has assessed the physical climate risk in our buildings and operations as limited, although it is focusing on climate adaptation where necessary. The uncertainty surrounding how physical climate risk will impact the Bank over the long term is somewhat greater. Physical climate risk and climate prognoses are monitored, and the Bank will be able to act to adapt operations and manage new risk pictures.

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario:

Retail market
Because the climate risk is judged to be relatively low, RM has not conducted specific scenario analyses beyond those that have been carried out for the Bank as a whole.

Corporate market
Scenario analyses carried out in 2019 concluded that the climate risk in our market area was relatively low in an international context and that our portfolio has a relatively low carbon footprint. At the same time, the analysis found that an RCP 2.6 scenario results in relatively high restructuring risk in our loan portfolio and that an RCP 6 could result in higher risk in the agricultural sector due to physical climate change. Because the greatest risks and opportunities for us are in property and agriculture, a thorough scenario analysis was carried out within these sectors in 2020. The analysis was conducted in a collaboration between Sustainability, Credit and Risk Management and Compliance. Account managers were involved in the analysis processes. The Bank has calculated how the capital requirement for the CM loan portfolio would change based on four scenarios from the Network for Greening the Financial System (NGFS), as well as two specific Norwegian scenarios. The findings from these simulations indicate that the Bank's climate risk would have a limited impact on the capital requirements under the four NGFS scenarios. The two specific Norwegian scenarios could result in some higher risk weightings and higher loss given default (LGD) in the portfolio. The simulations also indicated that none of the scenarios had a material impact on the Bank's Additional Tier 1 capital and financial strength.

To mitigate the transition risk, the Bank will strive to achieve a loan portfolio in CM that is in line with the Paris Agreement and the Norwegian Climate Change Act. See the Chapter 'Responsible lending'.

Treasury
Scenario analyses have not been carried out for the investment portfolio because its climate risk is judged to be low.

Risk management

content in the climate risk part of the sustainability analysis were clarified and the focus on this intensified. See the further information in the Chapter 'Responsible lending'.

Market and liquidity risk
The process for identifying climate risk is described in the Guidelines for Corporate Social Responsibility and Sustainability in Liquidity Management. In addition, this is described in guidelines for investments, with ESG frameworks for the purchase of securities. The climate risk part will be strengthened going forward as a result of climate risk becoming more important, the information improving and our receipt of more data at the sector and business level.

New products and services
The Bank has implemented a policy for new and revised products, solutions and processes. The routines require assessments of ESG factors, with climate an important one, prior to the launch of new products, processes and services. This applies to both self-developed products and also products the Bank gets from SpareBank 1 Utvikling.

b) Describe the organisation's processes for managing climate-related risks:

In the loan portfolio:
The climate risk in RM is judged to be relatively low and manageable via ordinary risk management procedures and our goals for mitigating climate risk. However, the work will be intensified going forward in collaboration with Boligkreditt and eventually in line with the EU taxonomy. Processes have been established in a collaboration between CM and Risk Management to identify inherent climate risks in the portfolio per industry. Targets have been adopted to mitigate the risk. In 2021, the Bank will go ahead with detailed analyses of the physical risk in the portfolio.

Operational risk
Operational incidents are registered throughout the year and followed up in the Bank's incident database to ensure lessons are learned. The Bank is Eco-Lighthouse certified and produces its own climate accounts. Together, this means that the Bank believes it has control over its climate-related operational risk.

Conduct risk
The Bank follows up of adverse incidents in the area of ESG each quarter as an integral part of managing conduct risk and monitoring the defined risk tolerance for conduct risk.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management:

Responsibility for the Group's framework comprehensive risk management, which includes climate risk, lies with the Chief Risk Officer (CRO). For climate risk specifically in cooperation with Sustainability and CM. CM because this is the business area in which we have the greatest climate risk according to our analyses. The climate has been integrated into the organisation's governing documents, both in the overarching risk strategy and in all other relevant areas. In 2020, in line with the 'Discussion paper on management and supervision of ESG risks for credit institutions and investment firms' published by the European Banking Authority (EBA), we defined sustainability risk as the risk that the Bank faces indirectly through its business partners – primarily through its loan portfolio. Meanwhile, we also map ESG factors that we are directly exposed to in connection with our operations. Climate risk is integrated into the annual ICAAP reporting, where we describe whether the ESG risk we face requires an increase in capital requirements. Currently, we see no reason why climate risk requires such an increase, but this will be reassessed in 2021. Guidelines for managing climate risk in Risk Management will be finalised by 2021. These include routines for updating ESG risk analyses every year and requirements for reporting ESG risk in the credit portfolio. The Bank is in a dialogue with subsidiaries and portfolios about climate risk, for example non-life insurance and fund portfolios. Therefore, in the opinion of the Bank, the processes for identifying, assessing, and managing climate-related risks are well integrated into the organisation's overall risk management, although we will continue to focus on this going forward. We consider this to be a key area of our risk management. We are therefore focusing on the theme and dedicating resources to follow it up.

Metrics and Targets

portfolio. However, we have published the emissions from our part-owned subsidiary ODIN's portfolio.

We have not calculated emissions at our other providers, because this is not a particularly significant area for us.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets:

See the discussion under a) and b) above.



Appendix to Chapter 2.4 Business description

Energy and Climate in our business operations, as well as the Science Based Targets (SBT)

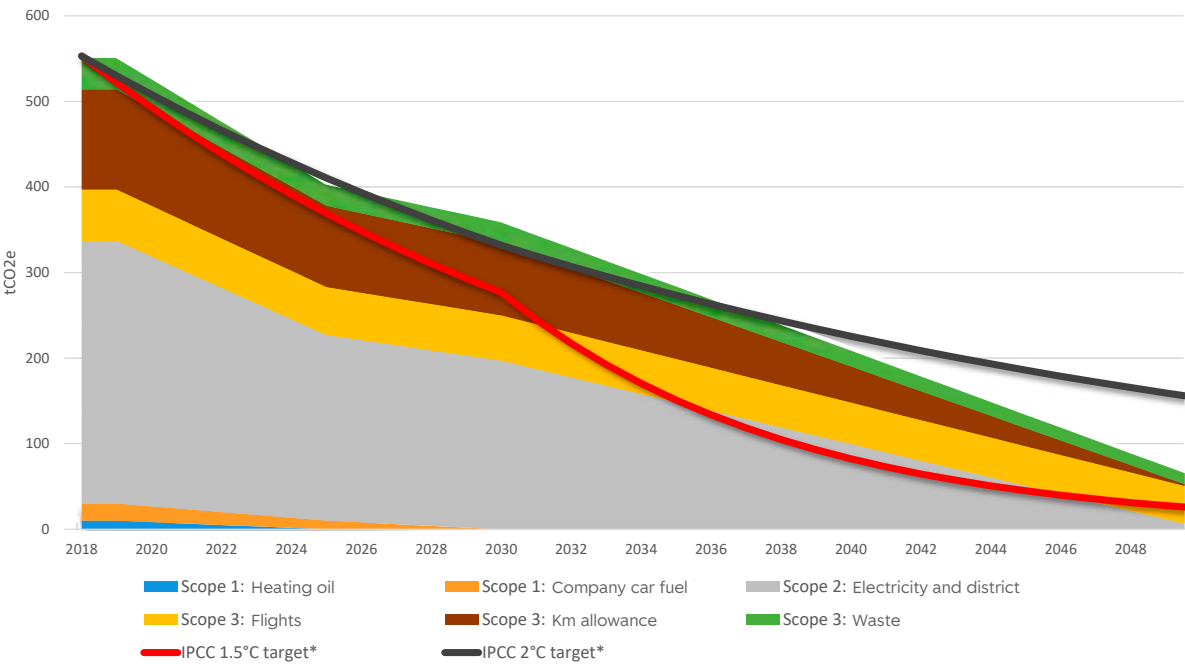
SpareBank 1 Østlandet had total greenhouse gas emissions of 747.58 tonnes of CO2 equivalents (tCO2e) in 2020. Emissions were cut by 25.07 per cent from 2019 to 2020, in Scope 1, 2 and 3. In 2020, the Bank bought climate quotas and guarantees of origin to compensate for emissions.

SpareBank 1 Østlandet has been Eco-Lighthouse certified for 13 years and continues to work on environmental measures. Eco-Lighthouse is a recognised and effective environmental management system. The Bank has cut its emissions considerably in recent years. We halved our emissions from 2013 to 2017 and from 2018 to 2020 we have reduced our emissions from 1,285 tonnes to 748 tonnes of CO2.¹ The climate quota that was purchased in 2020 supported a renewable energy project in India.

The Bank has set a target for how operations should reduce their emissions in line with the Paris Agreement, so-called Science Based Targets (SBT)². In line with SBT, we have adopted both short-term and long-term goals for the period up to 2050, as well as associated measures. The Bank's plans for cutting emissions in the period up to 2050 can be seen in the graph below. The full report on our Science Based Targets is available on our website.

Energy and climate accounts 2020

The accounts cover all of the Bank's registered emissions as they are reported in the Eco-Lighthouse portal. The analysis is based on the international 'A Corporate Accounting and Reporting Standard' developed by the Greenhouse Gas Protocol Initiative - the GHG protocol. Eco-Lighthouse wants energy consumption and emissions reported without them being compensated for by climate quotas and guarantees of origin. This practice is therefore followed.



¹ The Bank has for some years used the company Cemasys to prepare its energy and climate accounts. Cemasys has used data from the Eco-Lighthouse portal but uses a slightly different factor to Eco-Lighthouse when converting to CO2 emissions. Eco-Lighthouse's factor has been used in this presentation. The figures reported up to 2019 are therefore not comparable with the figures reported for 2020.

² The target has not been submitted to the Science Based Target Initiative for approval because we have not combined emissions in the loan portfolio with emissions from operations. For emissions in the loan portfolio, see the Chapter 'Proportion of green loans and greenhouse gas emissions in the loan portfolio'.

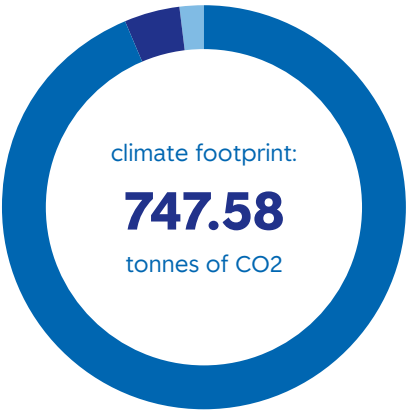
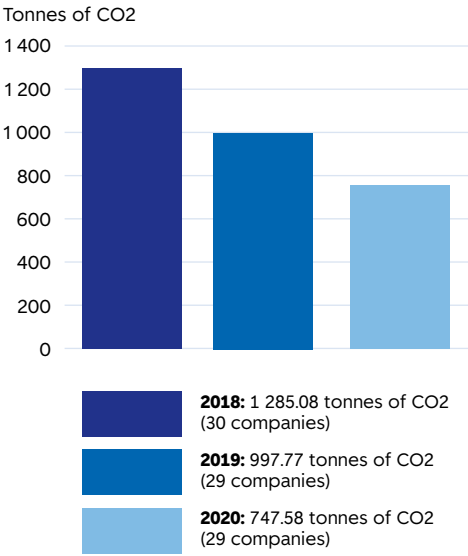
Emission source	Consumption	Emission factor	"Emissions (tCO2e)"
Scope 1			
Petrol/diesel (company vehicles)	4,430 litres	6.23769 kg CO2/litre	13.8
Total scope 1: 13.80 tonnes of CO2			
Scope 2			
Remote cooling	2,8222 kWh	0.055 kg CO2/kWh	1.55
District heating	1,463,758 kWh	0.116 kg CO2/kWh	168.8
Electricity	4,454,002 kWh	0.119 kg CO2/kWh	530.03
Total scope 2 : 701.37 tonnes of CO2			
Scope 3			
'Residual waste that is subsequently sorted centrally (central sorting plant)'	15,240 kg	0.195 CO2/kg	2.97
Residual waste (with/without plastic packaging)	20,125 kg	1.100 CO2/kg	11.06
Number of flights in the Nordic region (round trip)	12	287 kg CO2/reiser	3,44
Number of flights in Europe (round trip)	7	511 kg CO2/reiser	3,58
Number of trips in the rest of the world (round trip)	4	2838 kg CO2/reiser	11,35
TOTAL CO2 EMISSIONS = 747.58 TONNES			

Overview of goals and goal attainment for 2020

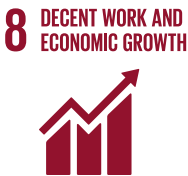
Scope 1: Heating oil	Not relevant – the Bank owns no buildings that use heating oil.
Scope 1: Company car fuel	The Bank's company vehicles will be replaced with electric vehicles by 2030. Emissions from company vehicles will therefore be 0 tCO2e from 2030 onwards. In 2020, we replaced one of our older company diesel vehicles with an electric vehicle.
Scope 2: Electricity and district heating	The Bank has cut its electricity consumption significantly over the past 12 years. Our goal is to further reduce consumption by 3 per cent a year in the period up to 2025, including by changing to LED lighting in buildings that are refurbished. In 2020, we reduced energy consumption by 1,319,668 kWh (-18.2 per cent).
Scope 3: Flights	The Bank sets clear restrictions in its travel regulations meaning that all travel must be justified by a clear need and that other options such as telephone, Skype or video meetings must be considered as alternatives to travel. In 2020, which was a unique year because of the Covid-19 situation, we reduced the number of flights by 204 to just 23 in total.
Scope 3: Km allowance	The Bank encourages employees to reduce travel using their own car wherever possible. At the same time, they are encouraged to use alternative public transport, such as trains and buses. Furthermore, the Bank encourages employees to replace fossil fuel cars with electric cars when employees buy a new car. The Bank offers green car loans to customers and employees who purchase electric cars. In 2020, the Bank reduced the number of km driven by 326,185 km (-44.4 per cent).
Scope 3: Waste	The Bank aims to reduce emissions from waste by 50 per cent in the period 2018-2050. We have been a member of Grønt Punkt Norge ('Green Dot Norway') since 2011 and comply with its reporting and rules. All of the Bank's branches source separate waste and focus on reducing the waste that goes to incineration, which is also in line with our Eco-Lighthouse certification. Further measures that are taken to reduce waste quantities include setting requirements for suppliers and their use of packaging to limit the amount of waste collected from our branches. In line with the Eco-Lighthouse guidelines, disposable packaging such as cardboard and plastic cups, cutlery and the like will be eliminated in the future. In 2020, we reduced the total amount of waste by 34,067 kg (-27.7 per cent).

¹ The figures for fuel in scope 1 are only for the bank's four company cars. The number of kilometers driven in scope 3 is the company cars in total as well as employees on business trips

Total CO2 emissions



Waste and reuse: 1.88 %
Energy: 93.82 %
Transport and construction machines: 4.30 %



Appendix to Chapter 2.6 Our employees

Further facts about the organisation and HR

We describe how the Bank approaches various themes within organisation and HR in the Chapter ‘Our employees’ and in the Board of Directors’ Report. We explain the strategy and how the area is managed; we also specify the status of the work on themes like working conditions, HSE and sick leave, competence and organisational development, diversity and equal opportunities, ethics and whistleblowing. At the end of the Chapter ‘Our employees’ we present selected key metrics. In this appendix you will find more detailed reporting on various themes within organisation and HR.

Goals and goal attainment

Goal for area	Sick leave should be less than 4.5% (national figure across industries is around 6%).		
Measurement parameter	Sick leave in %, total short-term and long-term sick leave.		
	2018	2019	2020
Goal attainment	✓ 4.0	✓ 4.5	✓ 4.0

Goal for area	90% of permanent employees should have completed employee performance and career development interviews.		
Measurement parameter	Implementation rate in %		
	2018	2019	2020
Goal attainment	Not available	✓ 97	✓ 93

Goal for area	100% of employees subject to FinAut’s authorisation requirements should have completed mandatory competence updating.		
Measurement parameter	Implementation rate in %		
	2018	2019	2020
Goal attainment	Not available	Not available	✓ 100

Goal for area	Equal pay for equal work.		
Measurement parameter	Women’s pay as a % of men’s pay in comparable positions (reported data has not been corrected for structural factors).		
Goal attainment	2018	2019	2020
Weighted average	Not available	Not available	98.4
From-to at different position levels	82-107%	90-113%	89-104%

Goal for area	45% of management positions filled by women.		
Measurement parameter	Percentage of female leaders.		
	2018	2019	2020
Goal attainment	39	36	36

Employees

Permanent employees, by gender, employee category and age

Age	2020		Total number employees	2020		Total FTEs
	Part-time Women	Men		Part-time Women	Men	
Under 30		2	27	23	52	50.6
30-39	3	.	72	69	144	142.7
40-49	5	1	87	77	170	167.45
50-59	11	1	109	108	229	224.6
60+	13	2	43	60	118	113.63
Total	32	6	338	337	713	698.98

Temporary employees, by gender and age

Age	2020		Total number	2020		Total FTEs
	Women	Men		Women	Men	
Under 30	2	1	3	2	1	3
30-39	1	.	1	1	.	1
40-49	1	1	2	1	1	2
Total	4	2	6	4	2	6

Recruitment

GRI 401-1 New employee hires and employee churn

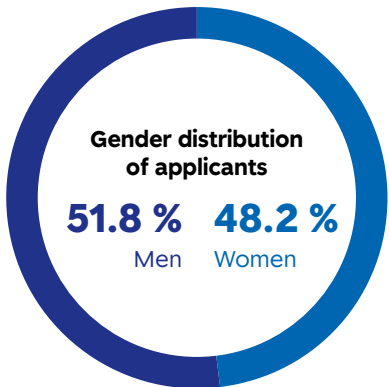
Age	2020		Total number	2020		Total FTEs
	Full-time Women	Men		Full-time Women	Men	
	21	23	44	21	23	44
Under 30	6	4	10	6	4	10
30-39	7	7	14	7	7	14
40-49	4	6	10	4	6	10
50-59	4	6	10	4	6	10
Total	21	23	44	21	23	44

Parental leave

GRI 401-3

Number of employees who returned to work after parental leave.	33
Average number of weeks’ parental leave	19.4
Proportion of employees still employed after 12 months	100%

38
Internal job changes
in 2020





Proportion of green loans and greenhouse gas emissions in the loan portfolio

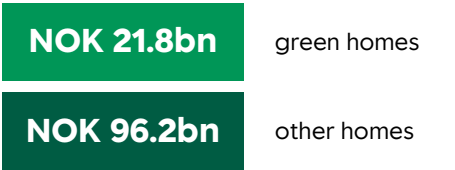
SpareBank 1 Østlandet wants to be a driving force for climate work in the financial sector. The Bank is not exposed to fossil energy production and therefore has relatively low greenhouse gas emissions in the corporate market portfolio. Nevertheless, the Bank wants to publish the emissions in the loan portfolio since this is where we have the greatest opportunity to help Norway achieve the ambitious goals in the Paris Agreement. The Bank has been reporting on greenhouse gas emissions in its loan portfolio since 2019 and has now also set Science Based Targets for the credit portfolio in CM. In RM, the Bank specifies the proportion of green loans in our total housing portfolio.

Proportion of green loans in the housing portfolio

RM is working to determine the carbon footprint associated with the housing portfolio. This is demanding work. The Bank uses technical standards, TEK 10 and TEK 17, as well as the energy labels 'A' and 'B' as a basis for defining homes as green (see our green product and bond framework on our website). The Bank acknowledges that the model used is probably not in line with the EU classification scheme (taxonomy), where the criteria have yet to be finalised. Reporting in line with the taxonomy will be followed up in later reports.

Given these assumptions, 18.5 per cent of the portfolio is green. Houses are distributed as shown in the diagram.

Proportion of green homes in total RPM portfolio



	EAD ¹⁾	Number of objects
Proportion in housing cooperatives TEK 10+17	688,724,562	319
+ Energy label A	14,498,960	6
+ Energy label B	94,249,621	50
Residential property under construction TEK 10+17	5,076,000	2
Housing cooperatives TEK 10+17	12,121,004	4
Shared house TEK 10+17	2,705,314,857	846
+ Energy label A	9,110,321	2
+ Energy label B	109,378,298	32
Single house TEK 10+17	8,373,417,864	2500
+ Energy label A	23,977,665	6
+ Energy label B	NOK 524,419,830	125
Freehold flat TEK 10+17	9,113,128,816	3071
+ Energy label A	5,586,981	3
+ Energy label B	116,906,513	47
Total TEK 10+17+A+B	21,795,911,292	7013

1) Exposure at default (EAD) is the total value a bank is exposed to when a loan is defaulted on.

Proportion of green commercial buildings in the corporate market portfolio

The Bank uses technical standards, TEK 10 and TEK 17, as well as the energy labels 'A' and 'B' as a basis for defining commercial buildings as green. For commercial buildings built from 2021 onwards, the requirement is 20 per cent better energy efficiency than the current regulations, which are currently TEK17 (see our green product and bond framework on our website). The Bank acknowledges that the model used is probably not in line with the EU classification scheme (taxonomy), where the criteria have yet to be finalised. Reporting in line with the taxonomy will be followed up in later reports.

Given these assumptions, 15.5 per cent of the commercial property portfolio is green. The loan volume is distributed as shown in the diagram.



Emissions in the corporate market portfolio: Industry-by-industry calculation of carbon-related credit exposure

The Bank is not exposed in carbon-intensive industries such as oil and gas extraction, oil refining, metal production, shipping or aviation, and therefore has a relatively low carbon-intensive loan portfolio in the corporate market. Nevertheless, the Bank wants to publish the emissions in the loan portfolio since this is where we have the greatest opportunity to help Norway achieve the ambitious goals in the Paris Agreement. The Bank has been reporting on greenhouse gas emissions in its loan portfolio since 2019 and has now also set Science Based Targets for the credit portfolio in CM.

Emissions in the CM portfolio are at 770,000 tonnes of Co2 equivalents and carbon intensity is at 19 tonnes of Co2 equivalents per NOK million (customers' Scope 1 and 2 emissions, to avoid double reporting).

If we compare annual carbon sequestration in forests with annual carbon emissions in the remaining portfolio, the Bank's CM portfolio has a net positive carbon footprint.

Industry	Total emissions (tonnes of CO2 equivalents)		carbon intensity (tonnes of CO2 equivalents per NOK million in lending)	
	Scopes 1 and 2	Scope 3	Scopes 1 and 2	Scopes 1, 2 and 3
Agriculture and associated services	620,534	298,955	112.4	166.6
Forestry and associated services	38,003	50,701	19.1	44.7
Professional and financial services	24,207	73,120	5.4	21.7
Wholesale and retail trade	19,516	136,430	13.0	104.0
Commercial services	14,354	79,234	12.3	80.3
Manufacturing	14,610	256,056	9.6	177.9
Construction of buildings ¹	9,190	356,676	1.6	64.4
Sale and operation of property	7,439	28,431	0.5	2.3
Energy production and supply	2,188	4,039	5.3	15.0
Transport and storage	5,098	54,133	12.7	148.0
Hotels, restaurants and tourism	3,507	21,520	6.0	43.0
Public sector	2,695	39,495	3.0	47.6
Others	9,080	30,032	14.1	60.7
Total	770,421	1,428,822	19.0	54.3

Method

Source: Partnership for Carbon Accounting Financials (PCAF)

The Bank uses the Global GHG Accounting and Reporting Standard for the Financial Industry to estimate greenhouse gas emissions in its loan portfolio.²

Assumptions

The analysis is based on Norwegian emission factors at an industry group level (NACE code).

For limited companies (AS), an emission factor based on turnover is used, adjusted for the Bank's proportion of total financing. For sole proprietorships and the self-employed, an emission factor based on loan volume is used. The method differentiates between direct emissions (Scopes 1 and 2) and emissions upstream in the value chain, for example production of raw materials (Scope 3).

When calculating the total greenhouse gas emissions in the portfolio, we limit ourselves to Scopes 1 and 2, since adding to this would involve a large

Limitations

The method has a number of weaknesses and some of them are pointed out here:

- Errors can occur in the source data in that individual customers may be assigned an industry code that does not reflect the enterprise's actual operations, and which therefore results in a misleading emission factor.
- The emission factors used for the calculations are rough estimates that do not provide information about emissions at a customer level. This method for surveying emissions in the portfolio is most suitable and, therefore, mainly used for looking at where we should direct the focus of our work on sustainability.
- Over time, as the data quality in our calculations improves, we will implement more concrete goals and incentives for specific industries and customers .
- We must expect relatively significant variation in emission measurements going forward due to updated information and improved data quality.

Background

Based on a climate risk analysis of the loan portfolio in CM conducted in 2019, which shows that we have the greatest climate risk and opportunities for influence within agriculture and the property industry, these industries were paid the most attention in the climate work in 2020.

Calculations of emissions in the portfolio in 2020 came one step further than in 2019 through the use of a database with factors at an industry group level. Emission figures are therefore not directly comparable with the last year's calculation.

Results

Total emissions

The analysis shows that agriculture and associated services have the greatest direct emissions in our portfolio. This matches previous calculations. Agriculture is our second largest industry after the sale and operation of real estate, and given our geographical location and industry mix, it is natural that agriculture scores high here. Norwegian agriculture focuses heavily on sustainability and significant resources are allocated to mapping and cutting greenhouse gas emissions in the industry. At the same time our agricultural customers have significant resources in forests. Active agriculture ensures the maintenance of forests and sustainable forest production. Agriculture will continue to be a priority area for the Bank, and we will support and create incentives to cut greenhouse gas emissions in the industry.

The analysis also shows that the largest indirect emissions (Scope 3) in our industries come from the construction of buildings. These are emissions that typically come from the production and transport of materials and will therefore be shown as Scope 1 emissions in the manufacturing and transport sector in similar analyses.

Carbon intensity

The analysis shows that agriculture is also the most emission-intensive industry if we look at Scope 1 and 2 emissions. If we include upstream emissions in the value chain (Scope 3), manufacturing is the most emission-intensive industry, followed by agriculture and transport and storage. The direct emissions in the manufacturing portfolio are relatively low, although the Scope 3 emissions are high .

Development

The Bank published greenhouse gas emissions from the loan portfolio in the corporate market for the first time in the 2019 annual report. At the time, total direct emissions were estimated at 628,000 tonnes of CO2 equivalents. The estimated emissions in 2020 were 770,000 tonnes. Given that we are using a new calculation model and more detailed source data, the figures are not comparable. Nevertheless, we will comment on the most important factors behind the increase. The volume of loans for agriculture increased by 7 per cent in 2020. This is the industry with the largest direct emissions in the portfolio. In addition to a new calculation method, this is the most important factor in the reported increase in emissions from 2019.

¹ Building and construction, real estate projects

² carbonaccountingfinancials.com/standard

13 CLIMATE ACTION



15 LIFE ON LAND



CO2 sequestration in forests

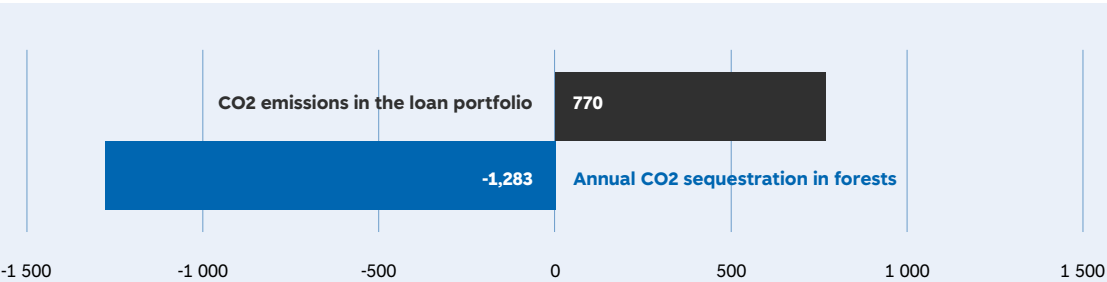
In Norway, forests and land use absorb greenhouse gases equivalent to almost half of our total emissions, and from 1991 to 2018, net uptake by forests and land use increased by 134 per cent. Forests cover just over 30 million acres, of which 21.5 million acres are productive forests, and absorb 27.8 million tonnes of CO2 equivalents annually.¹ The positive contribution from forests is an important part of agriculture's climate plan for becoming climate neutral in 2050.

Forest in the Bank's portfolio

SpareBank 1 Østlandet is proud to finance one of Norway's largest bank-financed forest portfolios covering nearly 1 million acres of productive forests, or 4.6 per cent of Norway's productive forest. The Bank assumes that in addition to the productive forest we finance, we also have a representative proportion (29 per cent of the total area of forest) of unproductive forest, which absorbs little CO2. The Bank assumes that the forest in our portfolio is representative of Norway's overall forest as far as yield power and CO2 uptake are concerned. Based on the Norwegian Environment Agency's total calculations, the forest in our portfolio absorbs around 1.28 million tonnes of CO2 equivalents per year.

If we compare annual carbon sequestration in forests with annual carbon emissions, the portfolio has a net positive carbon footprint.

Climate impact on the loan portfolio (1,000 tonnes of CO2 equivalents per year)



¹ nibio.no/nyheter/nye-rekordtall-for-skogen-i-norge
miljostatus.miljodirektoratet.no/tema/klima/norske-utslipp-av-klimagasser/utslipp-og-opptak-fra-skog-og-arealbruk/

Projections of emission paths (CM)

Figure 1

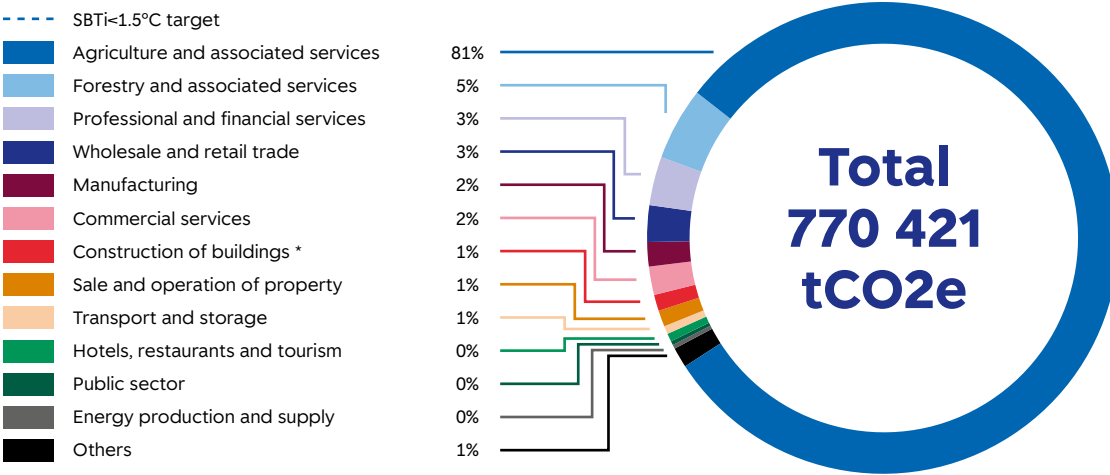
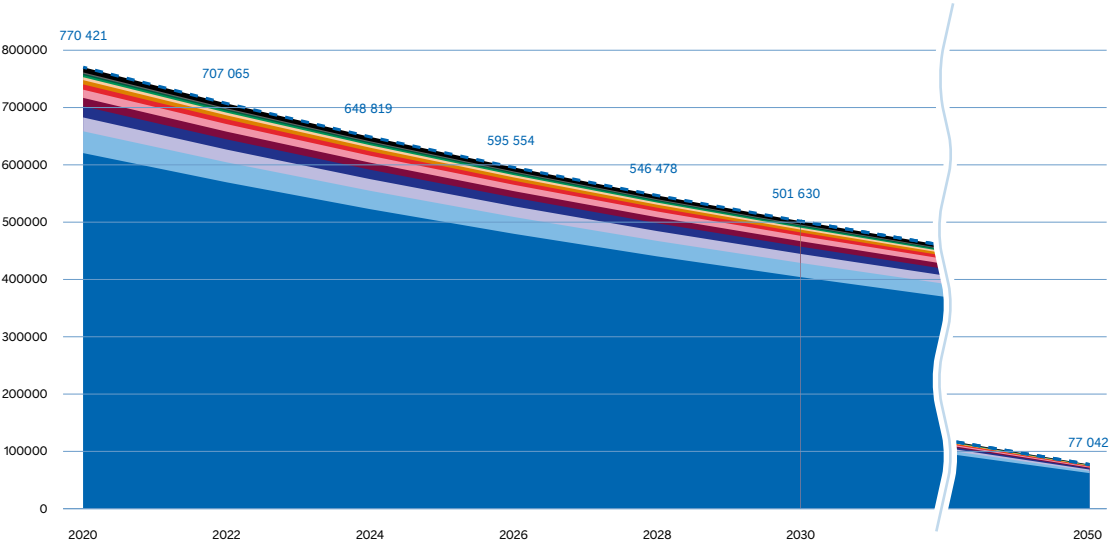


Figure 1 illustrates projections of the emission paths the CM portfolio must follow in order to achieve the climate targets we have set for ourselves for 2030 and 2050.

Figure 2: Total greenhouse gas emissions (Scope 1 and Scope 2) in the CM portfolio in 2020, by sector.

Further work

The Bank has signed up to the UNEP FI's six commitments for the climate, and this includes the commitments to take action and work on methods that support becoming a low-carbon society.

The Bank will continue to use its influence to contribute to greenhouse gas reductions in the BM portfolio. We have already started work on mapping measures for commercial property and agriculture. Continuing this mapping will remain a priority area in the future, as will the measures that can be implemented for the remaining industries in order to facilitate the reduction paths and goal we have set for ourselves.

Agriculture and associated services

Figure 1 and Figure 2 clearly show that the majority of emissions in the portfolio are related to 'Agriculture and associated services'. In 2019, the sector and the government commenced a partnership for the period

2021-2030 aimed at cutting greenhouse gas emissions from the sector and increasing the sequestration of carbon from the soil. The commitment to the agricultural sector involves contributing to a total reduction in greenhouse gases of 5 million tonnes of CO2 equivalents(tCO2e) in the period 2021 to 2030.

Sale and operation of property

The construction sector is part of a non-quota sector. The climate target set by the government is a 45 per cent reduction in greenhouse gas emissions by 2030, compared with 2005. The Bank will use its influence in the form of requiring the energy labelling of buildings, both for new buildings and for upgrades to older buildings.

Sources and references
Climate Plan 2021-2030, Ministry of Climate and Environment, Government (2021)
Agriculture's Climate Plan 2021-2030, Norwegian Farmers Union (2020)
<https://sciencebasedtargets.org/>
Internal documents from SpareBank 1 Østlandet

8 DECENT WORK AND ECONOMIC GROWTH



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



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16 PEACE, JUSTICE AND STRONG INSTITUTIONS



4 QUALITY EDUCATION



Appendix to Chapter 3.1 Responsible lending

Responsible lending within liquidity management

Why is this a key theme for the Bank?

As part of the Group’s liquidity management, SpareBank 1 Østlandet has a portfolio of liquid securities with high credit quality. Social and sustainability assessments have been conducted as part of the liquidity management in order to assess and minimise the risk of the portfolio conflicting with our guidelines for corporate social responsibility and sustainability.

The CFO bears overall responsibility, and the finance director is responsible for operationalising liquidity management processes in the Group.

What did the Bank achieve in 2020?

In 2020, the Bank clarified and tightened central guidelines that guide the work on sustainability and corporate social responsibility in liquidity management. This results in more detailed follow-up of this portfolio.

The Bank has carried out a general assessment of the risk of the industries in the portfolio’s investment universe breaching the Group’s guidelines for corporate social responsibility and sustainability. Overall, the risk of these guidelines being breached in the portfolio is judged to be low.

While the investment framework is relatively broad, the vast majority of the portfolio is classified as ‘low/moderate’ risk. The risk assessments cover the entire relevant investment universe. In addition, all new investments are assessed and followed up annually. The topics that are the most relevant in the overall risk picture associated with corporate social responsibility and sustainability are also assessed. The parties involved in any transactions are informed about the Bank’s guidelines.

What remains to be done in the strategy period and from a longer perspective?

The entire liquidity portfolio will be assessed semi-annually, not annually as before. Any deviations will be followed up. During the strategy period, the Bank will continue to strengthen its method for social and sustainability assessments, especially in relation to climate risk.

Training

Any employee who is involved in any way with liquidity management must be familiar with the Bank’s strategy for corporate social responsibility and sustainability and regularly review the guidelines for this area. All employees took the course on sustainability in 2020.

Risks and opportunities

Opportunities: Could have a positive impact on the investment universe due to clear requirements and expectations being specified for relevant issuers.

Risks: Could potentially limit the investment universe.

Strategic anchoring

Important guidelines: Sustainability Strategy 2019-2021, General Guidelines for Corporate Social Responsibility and Sustainability, and Guidelines for Corporate Social Responsibility and Sustainability in Liquidity Management.

Responsible for the area: Chief Financial Officer

Goals from our action plan:

2.2.11 The entire liquidity portfolio undergoes an ESG assessment each year and deviations are followed up.

GRI indicators:

FS10 and F11
Training: 404-2, 404-3

SDG:

8.10, 12.3, 12.6, 13.3, 15.a, 16.4, 16.5

Eco-Lighthouse:

2069, 2071, 2072

Goal for area and when it should be achieved	All investments – new and existing – must be assessed semi-annually in relation to the current guidelines.		
Measurement parameter	Proportion of the liquidity portfolio that has been assessed in relation to guidelines. In % Goals: 100%		
	2018	2019	2020
Goal attainment	Not available	✓ 100%	✓ 100%

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4 QUALITY EDUCATION



Appendix to Chapter 3.4 Requirements for providers of financial services

Requirements for other suppliers

Why is sustainability in purchasing an important area for the Bank?

The Bank has a responsibility to safeguard labour and human rights, the environment and society in all of our supply chains. We must also define and set requirements for sustainability in all of our purchasing.

The SpareBank 1 Alliance enters in central agreements that all of the Alliance banks can use. The Alliance has set requirements for sustainability within purchasing for years. The requirements are set out in the purchasing strategy for the SpareBank 1 Alliance 2021-2022.

What did we achieve in 2020?

SpareBank 1 Østlandet complies with the agreements that Alliance Purchasing has entered into on behalf of all Alliance banks. We also have four local agreements. All agreements are assessed based on the suppliers' approach to the environment, social conditions and ethical conduct. We require all our suppliers to have guidelines for sustainable operations and require these guidelines to be described in all contract documents.

In 2019, Alliance Purchasing conducted a category risk assessment (due diligence assessment) of 249 suppliers. The review showed that 91 of them had an increased risk of having a negative impact on the environment, social conditions and ethical conduct. These 91 suppliers were followed up more closely in the first half of 2020 and were asked for the following:

- Guidelines for the environment, social conditions and ethical conduct in trade.
- Documentation of environmental management system.
- The factors they had identified with the greatest negative impact on the environment and social conditions.

43 of the suppliers were identified as relevant for further follow-up. If we identify situations that breach our guidelines among these 43 suppliers, we will make an agreement to improve the situation. If this is not possible, or the agreement on improvements is not fulfilled, we will terminate the agreement.

In addition to the Alliance agreements, we have four local agreements with Eidsiva AS, ISS AS, Kontorleverandøren Hamar AS and Østlandet Gjenvinning AS. All of these suppliers have been assessed based on the environment, social conditions and ethical conduct, and in our opinion none of them require further follow-up.

What remains to be done in the strategy period and from a longer perspective?

In the period 2021 to 2022, we will continue to work on raising the awareness of suppliers about the risk of negative impacts on the environment, social conditions and ethical conduct in their operations and those of subcontractors. This entails delving into the individual supply chains rather than addressing the breadth of the portfolio. Alliance Purchasing and the Bank will continue to set requirements for purchases and conduct risk assessments of the agreements they enter into. 43 suppliers will be followed up further in 2021.

Strategic anchoring

Important guidelines: Purchasing strategy 2021-2022, Standard appendix on sustainability.

Responsible for the area:

Purchasing Director, SpareBank 1 Utvikling, Alliance Purchasing and the head of purchasing and property in SpareBank 1 Østlandet.

Goals from our action plan:

Goals for 2020:

- Complete the follow-up of the suppliers from 2019.
- Based on the follow-up of suppliers, identify suppliers and categories requiring further follow-up.

Goals for 2021:

- Finalise the action plan and follow up certain categories in the first quarter.
- Follow up other suppliers Q2-Q4.
- Introduce system support in the sustainability work.

Goals for 2021-2023:

- Evaluate and further develop the work on sustainability in purchasing.
- Improve systems and follow-up of suppliers.

GRI indicators:

308-1, 208-2, 414-1, 414-2
Training 404-2, 404-3.
SDG: 8.10, 12.6 12.8, 13.3, 15.a, 16.4, 16.5, 16.6 and 102-9
GC: 1-9
UNEP FI: 5.1

Categories

When we prioritise categories and select individual suppliers, we will emphasise the following:

- Greatest risk of having a negative impact on the environment, social conditions and ethical business practice.
- Largest turnover volume.
- Core operations.
- Greatest opportunity to reduce the risk of negative impacts on the environment, social conditions and ethical business practice.

Based on assessments related to the points above, the group of suppliers that will need to be followed up further will initially represent three main categories of products and suppliers:

- IT related purchases
 - IT hardware
- Administrative purchases
 - Furniture
- Largest suppliers
 - NETS
 - TietoEvry
 - Largest consultancy

Training

Employees who work in purchasing in SpareBank 1 Østlandet have participated in 'Arbeidslivets klimauke' and Ethics Week, as well as the course on sustainability in Finance. Otherwise, we take part in competence enhancing measures under the direction of Alliance Purchasing.

Risks and opportunities

Assuming that the approach described in this chapter is considered appropriate, it can be refined and used to follow up more areas of purchasing and individual suppliers later on. Alliance Purchasing aims to test the methodology on selected suppliers during the first quarter of 2021.

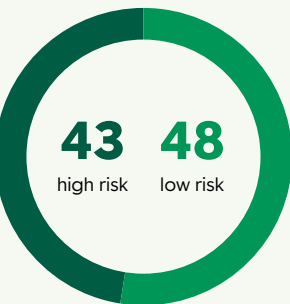
Bank's own purchasing

Goal for area	All local agreements must be assessed based on the environment, social conditions and ethical conduct.		
Measurement parameter	Proportion of local agreements assessed based on the environment, social conditions and ethical conduct.		
	2018	2019	2020
Goal attainment	✓ 100%	✓ 100%	✓ 100%

Alliance purchasing

Goal for area	All Alliance agreements must be assessed based on the environment, social conditions and ethical conduct.		
Measurement parameter	Proportion of Alliance agreements assessed based on the environment, social conditions and ethical conduct.		
	Metrics and Targets	2019	2020
Risk assessment of suppliers	249	100%	All suppliers assessed in 2019
Follow-up of suppliers with an increased risk	91	17.6%	✓ 100%

Follow-up of suppliers with an increased risk of having a negative impact



91 suppliers were followed up further in 2020 with a view to the risk of having a negative impact on the environment, social conditions and ethical conduct. 43 will be followed up more closely.

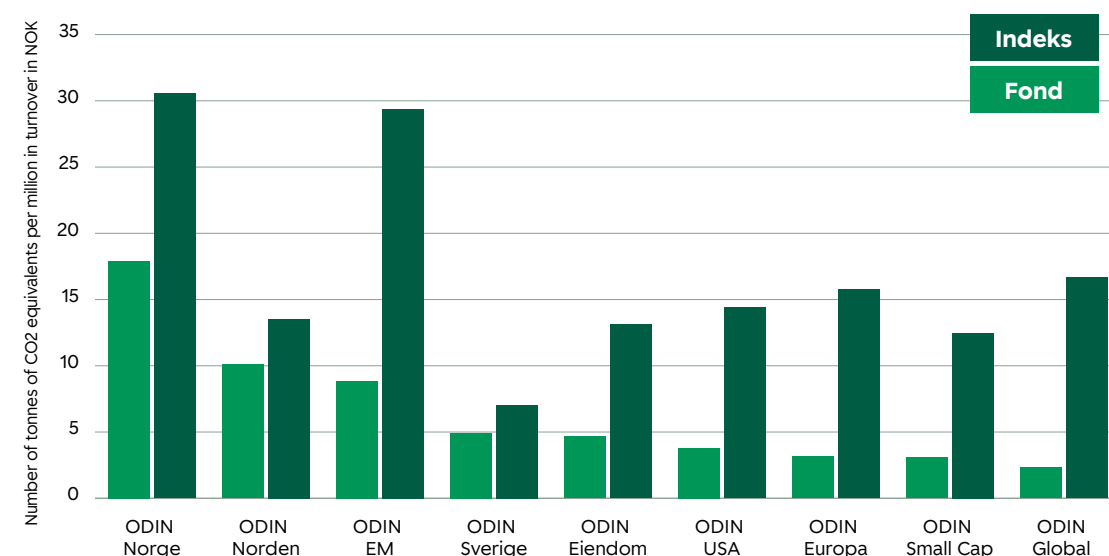


Appendix to Chapter 3.4 Requirements for providers of financial services

Greenhouse gas emissions in funds

SpareBank 1 Østlandet does not manage funds and, therefore, the Bank does not have access to greenhouse gas emission data for all of the funds the Bank offers. Nevertheless, the Bank will strive to report on, and reduce, CO₂ emissions in the fund portfolio going forward. The Bank indirectly owns 12.2 per cent of ODIN Forvaltning via SpareBank 1 Gruppen. ODIN's funds are included among our recommended funds in defined customer segments. ODIN started measuring the carbon footprints of its funds as early as 2017. In 2020, the greenhouse gas emissions in ODIN's funds were as follows:

Carbon intensity/greenhouse gas emissions in funds



What does the graph show?

Carbon footprint is measured in terms of carbon intensity here. This is a means of measuring a fund's exposure to emission-intensive companies. The carbon footprints show the portfolio companies' emissions (CO₂e over 1 year) in relation to their turnover (annual turnover in the fund's currency), adjusted for portfolio weighting. The calculations are not supplementary because they do not include all indirect emissions. For example, a company's emissions linked to purchased electricity (which is an indirect Scope 2 emission) are included, but the emissions linked to a subcontractor's purchased electricity are not included (Scope 3). Carbon intensity is calculated using the following formula:

$$\sum_{i=1}^n \left(\frac{\text{Value of stake}}{\text{Total value of the portfolio}} \right) * \frac{\text{Portfolio company's emissions of CO}_2\text{e (Scopes 1 \& 2)}}{\text{Portfolio company's income (in the fund's currency)}}$$

Read more at odinfond.no/karbonavtrykk-i-fondene

As discussed in the Chapter 'Requirements for providers of financial services', in spring 2019 the SpareBank 1 Alliance started a major project to review all of the funds that we offer our customers. A framework and method were finally established when the survey was carried out for the second time in the spring of 2020. In order to quality assure the collected data, spot checks were made of various funds during autumn 2020. The review covered 285 funds and a total of 23 different managers. The review showed that 181 of these funds exclude companies that at an aggregated corporate level have to unacceptable emission levels of greenhouse gases.

Principles for reporting on sustainability

Sparebank 1 Østlandet reports data and information on corporate social responsibility and sustainability in accordance with section 3-3(a) and (c) of the Accounting Act.

The reporting fulfils the requirements of the leading international standard for reporting sustainability data, the Global Reporting Initiative (GRI). The reporting on sustainability has been prepared in line with GRI Standards: core option. This means that the reporting mainly covers those topics that are regarded as material for the Bank. The GRI Index shows where relevant information is to be found.

The GRI Index is also linked to the reporting on international initiatives that the Bank is a part of: the UN Sustainable Development Goals, the UN Global Compact, The Principles for Responsible Banking issued by the UN Environment Programme's Financial Initiative (UNEP FI), and the banking and financial criteria for Eco-Lighthouse certification.

The Bank believes that reporting on sustainability is of value for resource allocation and control purposes. In order for the reporting to provide useful information for these purposes, the Bank strives to comply with the following quality requirements from the IASB's conceptual framework (IFRS) as guidance for our reporting:

- Fair representation
- Basic quality requirements
 - Relevance
 - Predictive value
 - Feedback value
 - Materiality
 - Credible representation
 - Complete
 - Neutral
 - Error-free
- Reinforced quality requirements
 - Comparability + Consistency
 - Verifiability
 - Timeliness/topicality
 - Comprehensibility
- Other
 - Cost-benefit assessment

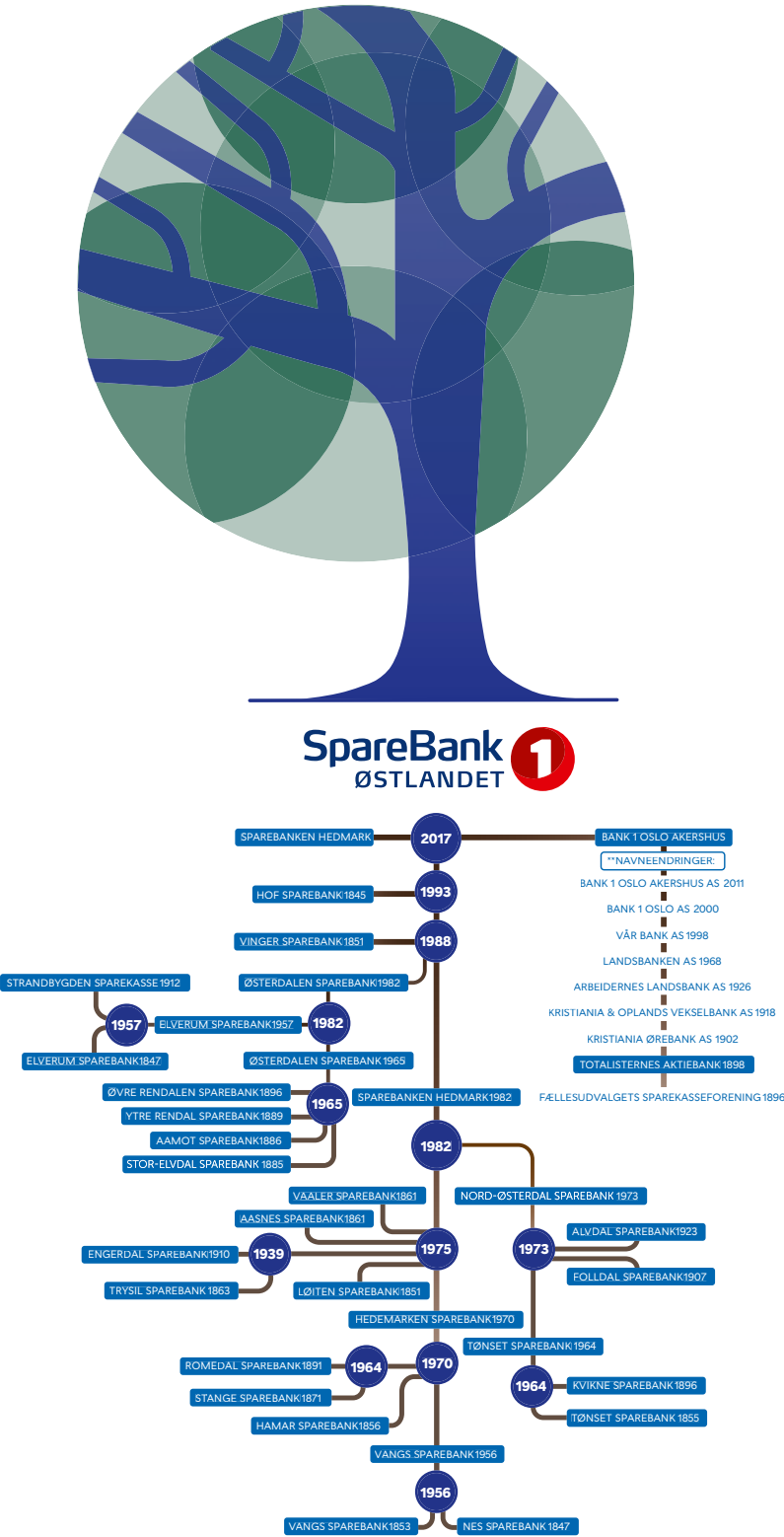
The Bank is systematically striving to improve the quality of its reporting based on these principles. At the same time, the Bank acknowledges that this is an evolutionary process that will take time.

The reporting on sustainability data has been verified by the external auditor, with *moderate certainty*.



How 23 banks became one

SpareBank 1 Østlandet – local roots in the central Eastern Norway region. The history tree shows the mergers from 1845 to the present day, as well as the individual bank’s year of establishment*.



* Year established is the year the savings bank opened to the public for business or was approved by the authorities.
 ** Name changes, acquisitions, selldowns and various partnership constellations have generally been omitted. Bank 1 Oslo Akershus's names changes are detailed in the tree.



Creating together

SpareBank 1 Østlandet is a modern, digital bank with a 175-year history in central parts of Eastern Norway. The Bank has been and continues to be a cornerstone of many local communities with its numerous branches close to where people live.

Sustainable growth and development are secured through, among other things, financing for private individuals and companies that want to realise good projects and ideas. This ensures that the Bank can help people build, live and work in the districts as well as in the cities.

The Bank's vision is **Creating together** – *long-term value for society and our customers, owners and employees*. Its vision communicates that the Bank's fulfils its corporate social responsibility and that the Group's results are produced together with its customers and local communities.

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