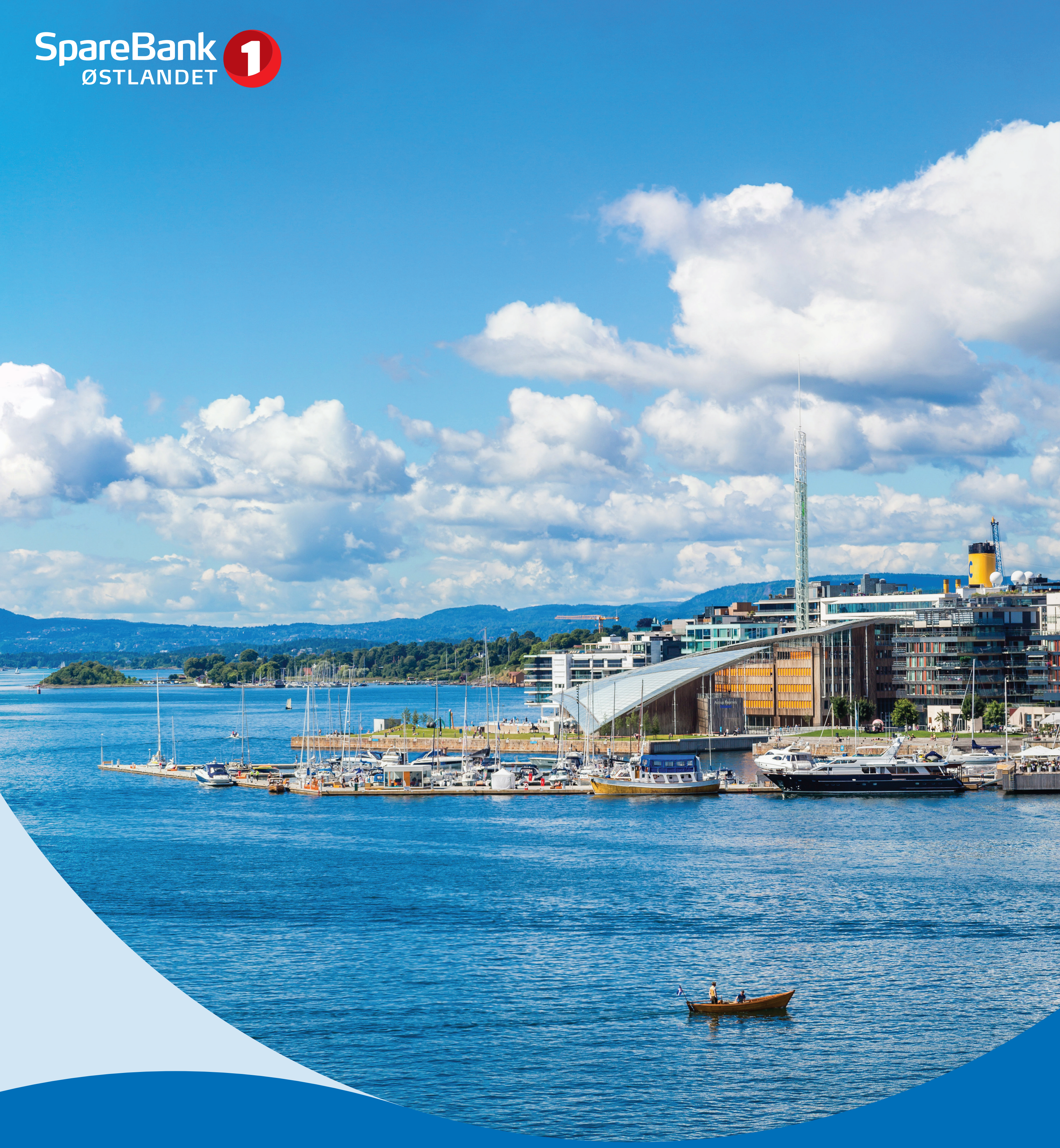
SpareBank 1 ØSTLANDET



Second quarter report 2021

SPAREBANK 1 ØSTLANDET

Content

Key figures

Group	01.01-30.06		01.01-30.06		Year	
	2021		2020		2020	
Summary (NOK million and per cent of average assets)	**Amount**	**Per cent [1)]**	**Amount**	**Per cent [1)]**	**Amount**	**Per cent [1)]**
Net interest income	1,077	1.44 %	1,093	1.55 %	2,177	1.51 %
Net commission and other operating income	794	1.06 %	643	0.91 %	1,441	1.00 %
Net income from financial assets and liabilities	289	0.39 %	265	0.38 %	545	0.38 %
Total income	**2,160**	**2.89 %**	**2,001**	**2.84 %**	**4,164**	**2.89 %**
Total operating expenses	**976**	**1.31 %**	**933**	**1.32 %**	**1,902**	**1.32 %**
Operating profit before losses on loans and guarantees	**1,184**	**1.59 %**	**1,067**	**1.51 %**	**2,262**	**1.57 %**
Impairment losses on loans and guarantees	-7	-0.01 %	282	0.40 %	330	0.23 %
Pre-tax operating profit	**1,190**	**1.60 %**	**786**	**1.11 %**	**1,932**	**1.34 %**
Tax expense	235	0.32 %	81	0.12 %	323	0.22 %
Profit after tax	**955**	**1.28 %**	**704**	**1.00 %**	**1,608**	**1.12 %**
Interest expenses on hybrid capital	12	0.02 %	8	0.01 %	20	0.01 %
Profit after tax incl. interest hybrid capital [2)]	943	1.26 %	697	0.99 %	1,589	1.10 %
Profitability						
Return on equity capital [2)]	11.3%		9.1%		10.1%	
Cost income ratio [2)]	45.2%		46.6%		45.7%	
Balance sheet and ratios						
Gross loans to customers	118,132		112,381		113,368	
Gross loans to customers including loans transferred to covered bond companies [2)]	167,290		157,956		161,259	
Growth in loans during the last 12 months [2)]	5.1%		10.5%		5.9%	
Growth in loans including loans transferred to covered bond companies in the last 12 months [2)]	5.9%		9.4%		7.0%	
Deposits from customers	92,551		85,481		85,613	
Growth in deposits in the last 12 months [2)]	8.3%		10.5%		9.1%	
Deposit to loan ratio [2)]	78.3%		76.1%		75.5%	
Deposit to loan ratio incl. loans transferred to covered bond companies[2)]	55.3%		54.1%		53.1%	
Average total assets	150,478		141,855		144,108	
Total assets	155,243		147,197		146,074	
Total assets including loans transferred to covered bond companies [2)]	204,401		192,772		193,964	
Losses and commitments in default						
Impairment on loans as a percentage of gross loans [2)]	0.0%		0.5%		0.3%	
Loans to and receivables from customers in stage 2, percentage of gross loans	7.3%		5.6%		8.3%	
Loans to and receivables from customers in stage 3, percentage of gross loans	0.6%		0.7%		0.4%	
Solidity and liquidity						
CET 1 capital ratio	17.8%		17.1%		17.8%	
Tier 1 capital ratio	18.8%		18.2%		18.8%	
Capital adequacy ratio	20.7%		20.1%		20.8%	
Total eligible capital	17,242		16,418		16,704	
Equity ratio [2)]	11.5%		11.0%		11.7%	
Leverage Ratio	7.1%		7.1%		7.2%	
LCR [3)]	150.8%		143.3%		140.6%	
LCR in NOK [3)]	145.9%		140.9%		130.5%	
LCR in EUR [3)]	347.7%		639.9 %		619.0%	
Staff						
Number of fulltime equivalents	1,137		1,139		1,149	

1) Calculated as a percentage of average total assets.
2) See attachment regarding Alternative performance measures.
3) Liquidity Coverage Ratio: Measures the size of banks' liquid assets relative to net liquidity output 30 days ahead of time given a stress situation.

Equity capital certificates (EC) [1]	30.06.2021	30.06.2020	2020	2019	2018	2017
Total equity for distribution	69.6 %	70.1 %	70.0 %	70.1 %	69.3 %	67.6 %
Equity certificates issued	115 829 789	115 829 789	115 829 789	115 829 789	115 319 521	107 179 987
Market price (NOK)	119.00	87.60	97.80	92.50	83.00	90.50
Market capitalisation (NOK million)	13 784	10 147	11 328	10 714	9 572	9 700
Book equity per EC [2]	102.22	93.51	98.76	93.67	85.83	80.96
Earnings per EC, NOK [3]	5.64	4.20	9.57	11.55	8.46	7.81
Dividend per equity certificate 4)			4.79	4.58	4.12	3.96
Price/Earnings per EC [2]	10.47	10.38	10.22	8.01	9.81	11.59
Price/book equity [2]	1.16	0.94	0.99	0.99	0.97	1.12

1) SpareBank 1 Østlandet was listed on the stock exchange on 13 June 2017.

2) See attachment regarding Alternative performance measures.

3) Profit after tax for controlling interests * Equity capital certificate ratio / number of EC's.

4) 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 to 40 per cent. The dividend per equity capital certificate was changed from NOK 5.72 to NOK 4.58.

Report of the Board of Directors

Second quarter of 2021 (Consolidated figures. Figures in brackets concern the corresponding period in 2020)

- Profit after tax: NOK 516 (438) million
- Return on equity: 12.1 (11.3) per cent
- Net interest income: NOK 542 (498) million
- Net commissions and other operating income: NOK 416 (300) million
- Net income from financial assets and liabilities: NOK 181 (314) million
- Total operating expenses: NOK 492 (447) million
- Impairment losses on loans and guarantees: NOK 11 (130) million

First half-year 2021 (Consolidated figures. Figures in brackets concern the corresponding period in 2020)

- Profit after tax: NOK 955 (704) million
- Return on equity: 11.3 (9.1) per cent
- Earnings per equity capital certificate: NOK 5.64 (4.20)
- Net interest income: NOK 1,077 (1,093) million
- Net commissions and other operating income: NOK 794 (643) million
- Net income from financial assets and liabilities: NOK 289 (265) million
- Total operating expenses: NOK 976 (933) million
- Impairment losses on loans and guarantees: Net reversals on losses of NOK 7 (net cost of 282) million
- Common Equity Tier 1 ratio: 17.8 (17.1) per cent
- Lending growth, including mortgages transferred to covered bond companies in the past 12 months: 5.9 (9.4) per cent
- Deposit growth in the past 12 months: 8.3 (10.5) per cent

Important events in the second quarter of 2021

Upgraded ESG ratings
On 24 May 2021, SpareBank 1 Østlandet received an updated ESG Risk Rating from Sustainalytics of 12.3 (Low Risk). The scale ranges from 0 to 100, where 0 is best. The Bank is ranked 36th out of a total of 1,039 banks globally. In the same month, MSCI updated SpareBank 1 Østlandet's ESG rating to 'AA'.

Payment of dividend for 2020
On 7 April 2021, SpareBank 1 Østlandet paid out NOK 203 (531) million to the equity certificate holders in ordinary dividends for 2020. The dividend amounted to NOK 1.75 (4.58) per equity certificate. The Supervisory Board has authorised the Board of Directors to assess and pay out all or part of the remaining dividends amounting up to NOK 352 million (equivalent to NOK 3.04 per equity certificate) and customer dividends amounting up to NOK 231 million after 30 September 2021 if conditions permit.

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 owns 12.40 per cent of SpareBank 1 Gruppen AS, 12.40 per cent of SpareBank 1 Forvaltning AS, 18.00 per cent of SpareBank 1 Utvikling DA, 19.09 per cent of SpareBank 1 Kreditt AS, 33.33 per cent of SpareBank

1 Kundepleie AS, 9.99 per cent of BN Bank ASA, 25.00 per cent of SpareBank 1 Bank og Regnskap 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 15.02 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.

Consolidated financial statements for the second quarter of 2021

Consolidated profit

The SpareBank 1 Østlandet Group's profit after tax amounted to NOK 516 (438) million, compared with NOK 439 million in the first quarter of 2021. The return on equity was 12.1 (11.3) per cent, compared with 10.6 per cent in the first quarter of 2021.

Specification of the consolidated profit after tax, NOK millions:	2. kv 21	1. kv 21	2. kv 20
Parent Bank's profit after tax	595	496	386
Dividends received from subsidiaries/associated companies	-253	-167	-124
Share of profit from:			
SpareBank 1 Gruppen - consolidated figures	93	43	69
SpareBank 1 Boligkreditt AS	3	4	44
SpareBank 1 Næringskreditt AS	2	1	3
EiendomsMegler 1 Innlandet AS	6	-1	11
EiendomsMegler 1 Oslo Akershus - consolidated figures	8	3	5
SpareBank 1 Finans Østlandet AS	47	48	28
SpareBank 1 Østlandet VIT - consolidated figures	2	1	2
SpareBank 1 Kreditt AS	1	0	2
SpareBank 1 Betaling AS	-4	-1	0
SpareBank 1 Forvaltning AS - consolidated figures	4	0	0
BN Bank ASA	12	11	8
Youngstorget 5 AS	1	1	1
Other associated companies/joint ventures	-1	0	3
Consolidated profit after tax	**516**	**439**	**438**

Net interest income

Net interest income amounted to NOK 542 (498) million, compared with NOK 535 million in the first quarter of 2021. Net interest income as a percentage of average total assets was 1.44 (1.38) per cent, compared with 1.46 per cent in the first quarter of 2021.

Net commissions and other operating income

Net commissions and other operating income amounted to NOK 416 (300) million, compared with NOK 379 million in the first quarter of 2021.

Fee and commission income from the covered bond companies amounted to NOK 113 (42) million, compared with NOK 108 million in the first quarter of 2021.

Income from real estate brokerage amounted to NOK 106 (83) million, compared with NOK 81 million in the first quarter of 2021, and income from accounting services amounted to NOK 51 (49) million, compared with NOK 52 million in the first quarter of 2021.

Net result from financial assets and liabilities

Net income from financial assets and liabilities amounted to NOK 181 (314) million, compared with NOK 108 million in the first quarter of 2021.

Operating expenses

Total operating expenses amounted to NOK 492 (447) million, compared with NOK 485 million in the first quarter of 2021. The NOK 7 million increase in operating expenses from the previous quarter was due to an increase in other operating expenses, while a small reduction in personnel costs and marketing costs had the opposite effect.

Impairment losses on loans and guarantees

Impairment losses on loans and guarantees amounted to NOK 11 (130) million, compared with net reversals on losses of NOK 18 million in the first quarter of 2021.

Model-generated provisions for credit losses (Stage 1 and Stage 2) increased by NOK 5 (10) million, primarily due to a change in ECL due to adjustments to key assumptions. Individual provisions for credit losses (Stage 3) decreased by NOK 7 million (increase of 82), while the period's net realised loss was NOK 12 (23) million. Post model adjustments (PMAs) for estimated, not observed, migration remained unchanged (increase of NOK 15 million). The remaining PMA amounts to NOK 5 million and is linked to SpareBank 1 Finans Østlandet AS.

For more 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 credit losses'.

Consolidated financial statements for the first half of 2021

Consolidated profit

The consolidated profit after tax for the first half of 2021 was NOK 955 (704) million and the return on equity 11.3 (9.1) per cent.

Specification of the consolidated profit after tax, NOK millions:	30.06.2021	30.06.2020
Parent Bank's profit after tax	1,091	666
Dividends received from subsidiaries/associated companies	-420	-280
Share of profit from:		
SpareBank 1 Gruppen - consolidated figures	136	213
SpareBank 1 Boligkreditt AS	7	11
SpareBank 1 Næringskreditt AS	3	4
EiendomsMegler 1 Innlandet AS	5	11
EiendomsMegler 1 Oslo Akershus - consolidated figures	11	5
SpareBank 1 Finans Østlandet AS	95	58
SpareBank 1 Østlandet VIT - consolidated figures	2	1
SpareBank 1 Kreditt AS	1	2
SpareBank 1 Betaling AS	-5	-2
SpareBank 1 Forvaltning AS - consolidated figures	4	
BN Bank ASA	23	14
Youngstorget 5 AS	2	2
Other associated companies/joint ventures	0	0
Consolidated profit after tax	**955**	**704**

Net interest income

Net interest income amounted to NOK 1,077 (1,093) million. Net interest income must be viewed in conjunction with fee and commission income from mortgages transferred to the part-owned covered bond companies totalling NOK 221 (120) million. Total net interest income, including fee and commission income from the covered bond companies, amounted to NOK 1,298 (1,213) million. The increase in net interest income was mainly due to higher commission rates from the covered bond companies, as well as growth in the lending volume.

Net interest income as a percentage of average total assets was 1.44 (1.55) per cent.

Net commissions and other operating income

Net commissions and other operating income amounted to NOK 794 (643) million.

Figures in NOK millions	30.06.2021	30.06.2020
Net money transfer fees	56	52
Commissions from insurance and savings	130	111
Commissions from covered bonds companies	221	120
Commission from credit cards	26	30
Real estate brokerage commissions	187	160
Accounting services	103	102
Other operating income	70	67
Net commissions and other (non interest) operating income	**794**	**643**

The increase in commissions and other operating income was broadly composed and largely attributable to solid increases in commissions from the covered bond companies, a sharp increase in commissions from insurance and funds, as well as a significant increase in commissions from real estate brokerage. Only credit card commissions showed a reduction.

For more detailed information about the various profit centres in the Group, see Note 3 'Segment information'.

Net income from financial assets and liabilities

Net income from financial assets and liabilities was NOK 289 (265) million.

Figures in NOK millions	30.06.2021	30.06.2020
Dividends from shares and other equity instruments	20	12
Share of profit or loss of associates and joint ventures	169	243
Net profit from other financial assets and liabilities	99	10
Net profit from financial assets and liabilities	**289**	**265**

Dividends of NOK 20 (12) million primarily consisted of dividends from Totens Sparebank of NOK 10 (11) million and from SpareBank 1 Markets AS of NOK 9 (0) million.

Profit contributions from associated companies and joint ventures amounted to NOK 169 (243) million.

Contribution from associated companies and joint ventures in NOK millions	30.06.2021	30.06.2020
SpareBank 1 Gruppen AS- consolidated figures	136	213
SpareBank 1 Boligkreditt AS	7	11
SpareBank 1 Næringskreditt AS	3	4
SpareBank 1 Kreditt AS	1	2
SpareBank 1 Betaling AS	-5	-2
SpareBank 1 Forvaltning AS - consolidated figures	4	0
BN Bank ASA	23	14
Other associated companies/joint ventures	0	1
Share of profit or loss of associates and joint ventures	**169**	**243**

The NOK 74 million reduction from the same period last year was primarily attributable to the lower profit contribution from SpareBank 1 Gruppen, with last year's figures including SpareBank 1 Østlandet's share of the NOK 217 million gain in SpareBank 1 Gruppen in 2020 in connection with the transfer of the personal risk area from SpareBank 1 Forsikring AS to Fremtind Forsikring AS.

Net income from other financial assets and liabilities was NOK 99 (10) million. For more detailed information please see Note 7 'Net income from financial assets and liabilities.

Operating expenses

Total operating expenses were NOK 976 (933) million and amounted to 45.2 (46.6) per cent of net income.

Specifications of the expenses in the period, NOK milli	30.06.2021	30.06.2020	Change
Personnel expenses excl. restructuring expenses	568	528	7.4 %
Depreciation/amortisation	61	66	-7.8 %
ICT expenses	155	151	3.1 %
Marketing expenses	44	36	23.2 %
Operating expenses from real estate	29	27	10.1 %
Other expenses	119	125	-4.7 %
Total operating expenses excl. restructuring expenses	**976**	**933**	**4.7 %**
Restructuring expenses	0	1	
Total operating expenses	**976**	**933**	**4.6 %**

The NOK 43 million increase in operating expenses from the same period last year was due to increased personnel costs, ICT costs, marketing costs, and costs related to real estate properties, while reductions in depreciation and other operating expenses had the opposite effect.

As at 30 June 2021, the Group had 1,137 (1,139) FTEs. The net reduction in headcount of two FTEs was due to a 19 FTE decrease in subsidiaries and an increase of 17 FTEs in the parent bank.

Impairment losses on loans and guarantees

In the first half of 2021, the Group saw net reversals on impairment losses on loans and guarantees of NOK 7 (charge of 282) million.

The losses consist of the following elements:

Isolated loss effects, NOK millions	Retail market	Corporate market	Parent bank	SB1FØ	Group
Change ECL due to period growth and migration	2	6	8	-7	1
Change ECL due to adjusted key assumptions (PD / LGD)	-1	-5	-6	0	-6
Change ECL due to changed scenario weighting	0	0	0	0	0
Change in model-based loss provisions	**1**	**1**	**2**	**-7**	**-5**
Post model adjustments	0	-20	-20	0	-20
Change individual loss provisions	-2	-3	-6	1	-5
Net write-offs	3	10	13	10	23
Total losses	**2**	**-12**	**-11**	**4**	**-7**

Model-generated provisions for credit losses (Stage 1 and Stage 2) decreased by NOK 5 (increase of 104) million, primarily due to a change in ECL due to adjustments to key assumptions. In addition, post model adjustments (PMAs) decreased by NOK 20 (increase of 55) million.

Individual provisions for credit losses (Stage 3) were also reduced by NOK 5 (increase of 95) million, while the period's net realised losses was NOK 23 (28) million.

The figures for the first half-year of last year were heavily impacted by the coronavirus pandemic when the situation was unclear following the introduction of strong government measures and the associated abrupt slowdown in the Norwegian economy. Today, the situation is regarded as clearer with the macroeconomic situation expected to improve going forward. This is reflected by the improvement in key assumptions in the loss models. For more 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 credit losses'.

Some 74 (74) 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 credit losses as at 30 June 2021 amounted to NOK 518 (614) million. The reduction from the same period last year was due to a combination of reduced post model adjustments (PMAs) and reduced individual provisions for credit losses.

The Group's lending and liabilities are categorised 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.

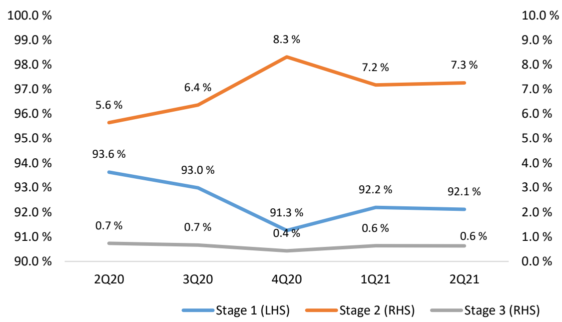
Stage 2 is used for lending that has a substantially higher credit risk than it did upon being granted, but where no credit loss has occurred on the balance sheet date. A provision is made for expected loss over the entire lifetime.

Stage 3 is used for lending that has a substantially higher credit risk than it did upon being granted, 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 financial liabilities defined as Stage 3 amounted to NOK 742 (826) million as at 30 June 2021. This corresponded to 0.63 (0.73) per cent of gross loans.

NOK 122 (182) million of gross loans and liabilities defined as Stage 3 was provisions for credit losses. This results in a loan loss impairment ratio of 16.4 (22.1) per cent.

Gross exposure in the different stages was as follows:



For further information about provisions for credit losses, see Note 5 'Loans to and receivables from customers' and Note 6 'Provisions for credit losses'.

The credit risk measured by the Bank's credit models was stable during the first half of 2021 for the corporate segment and decreased for the retail segment. Corporate lending defaults are somewhat higher because of the new default definition and changed procedures for manually flagging defaults in connection with the implementation of the EBA's GL 2016-07 effective 2021. The underlying credit risk is regarded as unchanged. The individual provisions for credit losses for both retail lending and corporate lending are stable. The measured credit risk in the loan portfolio is still expected to gradually weaken as the effects of the coronavirus crisis on customers' financials become fully reflected in the Bank's credit models. At the end of the first half of 2021, the Bank's measured credit risk was within the risk tolerances set by the Board of Directors. The Board of Directors is of the opinion that the Group's credit risk is moderate to low but that it has increased somewhat due to the coronavirus crisis.

Total assets

As at 30 June 2021, total assets amounted to NOK 155.2 (147.2) billion. Adjusted total assets, defined as total assets inclusive of mortgages transferred to the covered bond companies, amounted to NOK 204.4 (192.8) billion.

Lending to customers

Gross loans to customers, inclusive of mortgages transferred to the covered bond companies, totalled NOK 167.3 (158.0) billion. As at 30 June 2021, mortgages totalling NOK 48.2 (44.6) 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 9.3 (13.6) billion, equivalent to 5.9 (9.4) per cent. Retail deposits grew by NOK 7.7 (9.5) billion, while corporate deposits grew by NOK 1.6 (4.1) billion.

Deposits from customers

As at 30 June 2021, deposits from customers totalled NOK 92.6 (85.5) billion. Deposit growth in the past 12 months was NOK 7.1 (8.1) billion, equivalent to 8.3 (10.5) per cent. Retail deposits grew by NOK 2.7 (5.3) billion, while corporate deposits grew by NOK 4.3 (2.8) billion.

The Group's deposit coverage ratio was 78.3 (76.1) per cent. The Group's deposit coverage ratio, inclusive of mortgages transferred to the covered bond companies, was 55.3 (54.1) 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 42.2 (41.2) billion, 53.7 (47.7) per cent of which was Euro-denominated. The average term to maturity for the Group's long-term funding was 4.2 (4.0) years, while the average term to maturity for all funding was 3.8 (3.7) years.

As at 30 June 2021, the liquidity coverage ratio (LCR) was 150.8 (143.3) per cent, whereas the average last year was 142.5 (159.8) per cent. The Board's assessment is that the Group's liquidity situation is satisfactory.

Equity capital certificates

At 30 June 2021, the equity share capital comprised 115,829,789 (115,829,789) equity capital certificates and the book value per equity capital certificate was NOK 102.22 (93.51). Earnings per equity capital certificate amounted to NOK 5.64 (4.20) for the first half of 2021.

As at 30 June 2021, the market price for the Bank's equity capital certificate (ticker 'SPOL') was NOK 119.00 (87.60). On 7 April 2021, a dividend of NOK 1.75 (4.58) per equity capital certificate was paid out for the accounting year 2020.

SpareBank 1 Østlandet's Supervisory Board has given the Bank's Board of Directors authorisation to pay out up to NOK 231 million in customer dividends and up to a further NOK 3.04 in dividend per equity capital certificate for the accounting year 2020 after 30 September 2021. The payments are contingent on the regulatory situation and necessary prudential assessments.

Solidity and capital adequacy

As at 30 June 2021, the Group's equity totalled NOK 17.8 (16.2) billion and represented 11.5 (11.0) per cent of total capital. The leverage ratio was 7.1 (7.1) per cent.

The Group's Common Equity Tier 1 ratio as at 30 June 2021 was 17.8 (17.1) per cent. The Tier 1 capital and Tier 2 capital ratios were 18.8 (18.2) per cent and 20.7 (20.1) 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 Bank sent a reminder to the Ministry of Finance in the first quarter of 2021 and received a reply stating that the appeal is now under consideration.

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 Group's was subject to a total buffer requirement of 7.9 per cent as at 30 June 2021. On 13 March 2020, the Ministry of Finance reduced the countercyclical buffer by 1.5 percentage points from 2.5 per cent to 1.0 per cent for Norwegian exposures. On 17 June this year, the Ministry of Finance decided to increase the buffer by 0.5 percentage points to 1.5 per cent from 30 June 2022. On 8 December 2020, the Ministry of Finance increased the required systemic risk buffer from 3 per cent to 4.5 per cent for Norwegian exposures for banks with IRB permission from and including the end of 2020. In the total buffer requirement as at 30 June 2021, the institution-specific buffer requirements, the countercyclical buffer and the systemic risk buffer, were calculated to be 1.0 per cent and 4.4 per cent for 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 mortgages 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 weight floors and this change therefore had no immediate effect as at 31 December 2020. Therefore, as at 30 June 2021, the Group's Common Equity Tier 1 ratio requirement, inclusive of a Pillar 2 requirement of 1.8 percentage points, was 14.2 per cent. The Bank's Common Equity Tier 1 ratio is thus significantly higher than the current and expected capital requirements. The Board of Directors regards the Bank's capital situation as satisfactory.

On 9 June, the Financial Supervisory Authority of Norway published an updated circular containing requirements for IRB models. The requirements in the circular will result in a tightening of the capital requirements driven by a higher regulatory loss given default (LGD) for lending secured by residential property and a higher regulatory time to maturity (M) for loans secured by commercial property. The Financial Supervisory Authority of Norway states in the circular that an M that is considered too low in relation to the requirements may be compensated for with an increased Pillar 2 requirement. The industry and the Financial Supervisory Authority of Norway disagree about these requirements and there is an ongoing dialogue between the Financial Supervisory Authority of Norway, Ministry of Finance, and the banks, represented by Finance Norway, in connection with this. The Bank follows this dialogue closely and will adhere to the final requirements when the dialogue is concluded.

On 26 March 2021, the Ministry of Finance announced that the EU's banking package would not come into force in Norway in June. The EU's banking package includes revised versions of the Capital Requirements Directive and the associated Regulation, which will affect the Bank's capital adequacy. No date has been set for when the EU's banking package will come into force in Norway. The most important effect of these regulations is expected to be the implementation of an expanded SME discount, which for the Group is expected to contribute to an increase in its Common Equity Tier 1 ratio of approximately 0.4 percentage points, seen in isolation.

In light of the coronavirus pandemic, the Basel Committee on Banking Supervision has decided to postpone introduction of the revised Basel III framework by a year until 1 January 2023.

Ratings

Moody's Investors Service (Moody's) has rated SpareBank 1 Østlandet's deposits and senior preferred debt Aa3 with stable outlooks. Furthermore, the Bank's baseline credit assessment (BCA) and adjusted BCA are rated at a3 and the Bank's senior non-preferred debt is rated at A3. SpareBank 1 Østlandet is, therefore, one of the two savings banks with the highest credit rating from Moody's in Norway.

On 24 May 2021, SpareBank 1 Østlandet received an updated ESG Risk Rating from Sustainalytics of 12.3 (Low Risk). The Bank's work on climate change is rated at the highest level, 'A', by the Carbon Disclosure Project (CDP).

Parent bank’s financial statements for the first half of 2021

Parent bank’s results

The parent bank’s profit after tax for the first half of 2021 was NOK 1,091 (666) million. The increase from the first half of 2020 was due to an increase in net commissions and other operating income, higher net income from financial assets and liabilities, and reduced loss costs. Reduced net interest income, increased operating expenses, and a higher income tax expense had the opposite effect.

Charges for impairment losses on loans and guarantees were reduced by NOK 239 million from a net charge of NOK 228 million in the first half of 2020 to net reversals of NOK 11 million in the first half of 2021.

The increase in the income tax expense was mainly due to a combination of improved results and the fact that in the first half of 2020 SpareBank 1 Østlandet received a tax deduction of NOK 52 million due to paying out NOK 206 million in customer dividends. If SpareBank 1 Østlandet pays out customer dividends in 2021, it will do so in the fourth quarter and the associated tax deduction will then reduce the income tax expense in the same quarter. The Board of Directors has authorisation from the Supervisory Board to decide whether to pay out customer dividends of NOK 231 million based on the 2020 financial statements after 30 September 2021.

Operating expenses

Total operating expenses in the parent bank amounted to NOK 681 (663) million in the first half of 2021 and represented 34.7 (41.1) per cent of net income.

The NOK 18 million increase in operating expenses was due to higher personnel costs, ICT costs, marketing costs and operating expenses for real estate properties, while reductions in depreciation and other operating expenses had the opposite effect.

Restructuring costs related to downsizing in the parent bank amounted to NOK 0 (1) million.

Specifications of the expenses in the period, NOK milli	**30.06.2021**	**30.06.2020**	**Change**
Personnel expenses excl. restructuring expenses	352	338	4.4 %
Depreciation/amortisation	47	54	-12.7 %
ICT expenses	140	137	2.4 %
Marketing expenses	37	29	29.3 %
Operating expenses from real estate	24	22	11.5 %
Other expenses	80	84	-4.7 %
Total operating expenses excl. restructuring expenses	**681**	**662**	**2.8 %**
Restructuring expenses	0	1	
Total operating expenses	**681**	**663**	**2.7 %**

In 2021, SpareBank 1 Østlandet aims to keep the growth in the parent bank’s operating expenses, adjusted for restructuring expenses, under 2.0 per cent.

For the first half of 2021, the parent bank’s operating expenses before restructuring expenses amounted to NOK 681 (662) million, which represents a increase of 2.8 per cent.

As at 30 June 2021, the parent bank employed 700 (682) FTEs.

Impairment losses on loans and guarantees

In the first half of 2021, the parent bank saw net reversals on impairment losses on loans and guarantees of NOK 11 (net charge of 228) million.

Model-generated provisions for credit losses (Stage 1 and Stage 2) increased by NOK 2 (86) million, primarily due to a change in ECL due to the period’s growth and migration. In addition, post model adjustments (PMAs) decreased by NOK 20 (increase of 50) million. Individual provisions for credit losses (Stage 3) were also reduced by NOK 6 (increase of 79) million, while the period’s net realised loss was NOK 13 (14) million.

The figures for last year were heavily influenced by the coronavirus pandemic. For more 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 credit losses’.

Solidity and capital adequacy

The parent bank’s equity amounted to NOK 16.8 (15.3) billion, which represented 10.9 (10.4) per cent of total capital as at 30 June 2021.

The parent bank’s Common Equity Tier 1 ratio was 22.2 (21.2) per cent. The Tier 1 capital ratio was 23.2 (22.2) per cent and the Tier 2 capital ratio was 25.2 (24.2) per cent. The profit for the period after expected income tax and dividends is included in the total capital adequacy ratio as at 30 June 2021.

Underlying banking operations

Profit from underlying banking operations is defined as the profit before loan losses, excluding securities effects and dividends. Expenses related to restructuring are also excluded.

Underlying banking operations, NOK millions	30.06.2021	30.06.2020	Change
Net interest income	933	949	-1.6 %
Net commission and other operating income	484	362	33.4 %
Total operating costs	-681	-663	2.7 %
Adjustments: Restructuring costs	0	1	
Operating profit underlying banking operations	**736**	**649**	**13.5 %**

The operating profit for the first half of 2021 from underlying banking operations was NOK 736 (649) million. Profit from the underlying banking operations increased by NOK 87 million compared with the same period last year, which is equivalent to an improvement of 13.5 per cent. The improvement in profit was due to increased net commissions and other operating income, mainly as a result of higher fee and commission income from the covered bond companies. A reduction in net interest income and increased operating expenses had the opposite effect.

Coronavirus measures

During the first half of 2021, SpareBank 1 Østlandet granted interest-only periods for 3,177 mortgages representing total lending of NOK 5.2 billion to retail customers. This is comparable with the level before the Covid-19 pandemic hit.

Similarly, interest-only periods were granted to corporate customers for approximately 105 loans in the first half of 2021, representing total lending of approximately NOK 865 million. A further 13 government guaranteed liquidity loans were granted to corporate customers, representing total lending of NOK 18.3 million. No contingency loans were granted during the period.

Subsidiaries

SpareBank 1 Finans Østlandet AS

The financing company SpareBank 1 Finans Østlandet AS (95 per cent stake) posted a profit after tax for the first half of 2021 of NOK 95 (58) million. Net interest income was NOK 147 (146) million, net other income NOK 32 (29) million, and total operating expenses NOK 49 (45) million, while credit losses amounted to NOK 4 (54) million.

The net profit for the first half of 2021 was influenced by low losses and stable margins in the portfolio. Increased other income also helped improve the profit compared with the same period last year.

SpareBank 1 Finans Østlandet AS granted interest-only periods to corporate customers for approximately 460 loans and leases in the first half of 2021, representing total lending of around NOK 375 million. Interest-only periods were also granted for approximately 560 loans to retail customers, representing total lending of approximately NOK 140 million.

As at 30 June 2021, gross lending to customers amounted to NOK 9.0 (9.1) billion and the growth in lending in the past 12 months was -0.4 (6.0) per cent.

EiendomsMegler 1 Innlandet AS

EiendomsMegler 1 Innlandet AS posted earnings for the first half of 2021 of NOK 70 (64) million and achieved a profit after tax of NOK 5 (11) million. The company has changed principle for accrual of personnel expenses, which has, seen in isolation, resulted in personnel expenses being approximately NOK 9 million higher than in the same period last year.

The company has faced some capacity challenges due to not having enough real estate brokers in some market areas. Nevertheless, sales volumes increased by 8 per cent compared with the same period last year, which was largely due to very high sales of new homes. In the first half of 2021, the company had a market share of 26.7 (30.0) per cent of sales of used homes and holiday properties in its market area.

Activity in the housing market was generally good throughout the first half of 2021. The total sales volume in the company's market area in the first half of 2021 was 2,108 units, which represents an increase of 6.5 per cent compared with the same period last year. In the same period, 2,150 units were put up for sale, which was 1.2 per cent more than in the same period last year. This resulted in the number of residential properties for sale at the end of the quarter being lower than it had been for the last 3 years. The average sale time fell from 50 days in June last year to 26 days in June this year.

EiendomsMegler 1 Oslo Akershus Group – consolidated figures
The EiendomsMegler 1 Oslo Akershus Group posted earnings for the first half of 2021 of NOK 117 (96) million and achieved a profit after tax of NOK 11 (5) million. The increase in turnover was due to a combination of increased sales and higher house prices.

The level of activity within residential sales was very high in the company's market area in the first half of 2021. Demand for housing was extremely high at the start of the year, while the supply was relatively low. This resulted in abnormally strong price growth in January and February with overall price growth in Oslo totalling more than 5 per cent. From March onwards, the supply side picked up considerably and a record number of units have been sold in Oslo during the first half of 2021. The rise in prices slowed at the same time as the supply side picked up, and the nominal price growth was marginally negative in the period from March to June 2021. Overall, house prices in Oslo have risen by 10.3 per cent in the past 12 months.

In the first half of 2021, the company had a market share of 8.6 (7.8) per cent of sales of used homes and holiday properties in its market area. The company's market share developed strongly throughout 2020 in parallel with the strong growth in market volume. The company has experienced a slight decline in market share in the first half of 2021 but has nevertheless sold a record number of homes.

SpareBank 1 Østlandet VIT AS – consolidated figures
The SpareBank 1 Østlandet VIT Group posted earnings for the first half of 2021 of NOK 103 (102) million and achieved a profit after tax of NOK 2 (2) million.

TheVIT AS's sales and profit after tax for the first half of 2021 were on a par with the same period last year. The company has incurred significant restructuring expenses. Sales have dragged on as a result of shutdowns and obligatory working from home, and this has impacted the company's profitability.

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, claims management, and collection.

SpareBank 1 Gruppen posted a consolidated profit before tax for the first half of 2021 of NOK 2,000 (30) million. The consolidated profit after tax for the same period was NOK 1,549 (21) million. The controlling interest's share of the consolidated profit after tax amounted to NOK 1,102 (-35) million and SpareBank 1 Østlandet's share of this amounted to NOK 136 (-4) million.

The improvement in profit from the same period last year was mainly due to the coronavirus crisis resulting in significant insurance provisions, payouts on travel insurance and a lower financial return in the first half of 2020.

Fremtind Forsikring AS posted a consolidated profit before tax of NOK 1,668 (190) million, while SpareBank 1 Forsikring AS posted a loss before tax of NOK 204 (135) million. SpareBank 1 Factoring AS has seen a fall in volume due to the coronavirus crisis and posted a profit before tax of NOK 35 (39) million, while Modhi Finance AS posted a consolidated profit before tax of NOK 112 (-29) million. SpareBank 1 Spleis AS posted profit before tax of NOK -6 (-9) million as at 31 May 2021. SpareBank 1 Spleis AS's operating income has increased due to an increase in volume. During the first half of 2021, the company saw 6,317 (5,872) new active fundraising initiatives, and NOK 130 (85) million was raised.

ODIN Forvaltning AS was included in SpareBank 1 Gruppen's consolidated accounts up to and including 30 April 2021. With effect from 1 May 2021, ODIN Forvaltning AS was demerged from SpareBank 1 Gruppen and merged into SpareBank 1 Forvaltning AS. Following the above transactions, the ownership structure of SpareBank 1 Forvaltning AS mirrors the distribution of the controlling interest's share of SpareBank 1 Gruppen, such that SpareBank 1 Østlandet owns 12.40 per cent of SpareBank 1 Forvaltning AS.

In 2020, the profit contribution from SpareBank 1 Gruppen included in the consolidated financial statements of SpareBank 1 Østlandet was affected by the demerger of personal risk products from SpareBank 1 Forsikring AS and DNB Livsforsikring AS and their subsequent transfer to Fremtind Livsforsikring AS.

The gain that arose in connection with this demerger was recognised directly against equity in SpareBank 1 Gruppen but was recognised through profit or loss in the consolidated financial statements of the owner banks. SpareBank 1 Østlandet's share of this gain amounted to NOK 217 million and resulted in the profit contribution from SpareBank 1 Gruppen included in SpareBank 1 Østlandet's consolidated financial statements amounting to NOK 213 million for the first half of 2020, in spite of SpareBank 1 Østlandet's share of SpareBank 1 Gruppen's consolidated result amounting to NOK -4 million.

SpareBank 1 Forvalting AS

SpareBank 1 Forvaltning AS (12.40 per cent stake) was established by the SpareBank 1 Alliance banks to manage the ownership of ODIN Forvaltning AS.

SpareBank 1 Forvaltning AS posted a consolidated profit after tax of NOK 33 million for the first half of 2021. The profit contribution from the consolidated accounts of SpareBank 1 Forvaltning AS, which is included in the consolidated accounts of SpareBank 1 Østlandet, amounted to NOK 4 million for the first half of 2021.

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 expenses.

In the first half of 2021, the company posted a profit after tax of NOK 49 (81) million. The decrease in profit compared with the same period last year was mainly due to higher commission expenses for the owner banks, while increased net interest income, a lower negative contribution from financial instruments, and reversals of provisions for credit losses had the opposite effect.

The profit contribution from SpareBank 1 Boligkreditt AS, which is included in the consolidated financial statements of 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 amounted to NOK 7 (11) million for the first half of 2021.

SpareBank 1 Næringskreditt AS

SpareBank 1 Næringskreditt AS (15.02 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 11.58 per cent of the company's results in its consolidated financial statements, equivalent to the Bank's share of the company's dividend payments.

In the first half of 2021, the company posted a profit after tax of NOK 25 (29) million. The decrease in profit from the same period last year was mainly due to a higher negative contribution from financial instruments.

The profit contribution included in SpareBank 1 Østlandet's consolidated financial statements for the first half of 2021 amounted to NOK 3 (4) million.

SpareBank 1 Kreditt AS

SpareBank 1 Kreditt AS (19.09 per cent stake) is the SpareBank 1 Alliance's joint venture for credit cards and short-term loans.

In the first half of 2021, the company posted a profit after tax of NOK 6 (11) million. The decrease in profit was mainly due to a NOK 13 million reduction in total income, while total operating expenses increased by NOK 13 million compared with the same period last year. Reduced loss costs had the opposite effect since losses on loans were reduced by NOK 19 million compared with the same period last year.

The profit contribution included in SpareBank 1 Østlandet's consolidated financial statements for the first half of 2021 amounted to NOK 1 (2) million.

SpareBank 1 Betaling AS

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

In the first half of 2021, the company posted a loss after tax of NOK -26 (-9) million. The profit contribution included in SpareBank 1 Østlandet's consolidated financial statements for the first half of 2021 amounted to NOK -5 (-2) million.

BN Bank ASA
BN Bank ASA (9.99 per cent stake) 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 the first half of 2021 of NOK 239 (150) million and a return on equity of 10.6 (7.1) per cent. Net interest income increased by NOK 17 million compared with the same period last year, while other income increased by NOK 21 million. Total operating expenses increased by NOK 2 million and losses were reduced by NOK 82 million due to the Bank's net reversals on losses of NOK 21 million in the first half of 2021, compared with a charge of NOK 61 million for the same period last year.

The profit contribution from BN Bank ASA, which is included 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 amounted to NOK 23 (14) million for the first half of 2021.

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

Corporate social responsibility and sustainability

SpareBank 1 Østlandet has set itself the goal of becoming climate neutral by 2050, both with respect to its own operating activities and with respect to its loan portfolio. The Bank has, therefore, signed up to the international banking initiative: The Net Zero Banking Alliance (NZBA), which was launched in April. NZBA is led by UNEP FI, which has previously launched the initiatives Principles for Responsible Banking and Collective Commitment on Climate Action. The Bank has already signed up to these. SpareBank 1 Østlandet has also adopted a science-based plan, both for its own operating activities and for its corporate market portfolio, to achieve its goal of climate neutrality. In addition, the retail division has set several specific goals to make the portfolio ever more eco-friendly.
In the second quarter of 2021, the Bank joined the European Climate Pact, in which the Bank has committed to contributing to efforts to combat climate change. SpareBank 1 Østlandet has also signed the Norwegian Greenwashing declaration, where the Bank has undertaken to take corporate social responsibility seriously and to take real action.

In the first quarter of 2021, SpareBank 1 Østlandet launched a framework for green bonds and issued its first green bond. The bond framework has been assessed in relation to the EU's classification system (taxonomy) and has been independently assessed by Cicero Shades of Green. Cicero scored the framework 'medium green' for qualifying assets and 'excellent' for its governance system.

In its work on its corporate strategy for the next period, the Bank is partnering with one of Norway's leading sustainability research centres at the University of Oslo. The aim of this cooperation is for the Bank to identify SpareBank 1 Østlandet's most important areas, biggest risk factors, and greatest opportunities as a regional Norwegian savings bank going forward.

Outlook

The spread of coronavirus and the resulting government measures and consequences for companies and private individuals have had a major impact on society and banking operations in the past year.

The Bank took strong, early measures when the coronavirus crisis hit the country in March 2020. The Bank's employees moved to home offices while at the same time maintaining customer services. The Bank helped easing the financial impact on affected customers through personal advice, interest-only periods and other liquidity measures. The Bank was also quick to follow Norges Bank in cutting interest rates on lending and thus helped easing the financial burden of exposed customers as the pandemic took hold. Significant provisions for credit losses were also made in order to prepare the Bank for possible future credit losses.

A new normal in the way the Bank operates established itself in 2020. The majority of the Bank's personnel have worked from home, especially in the Oslo region. The Bank has kept branches open where the local infection situation has allowed this, and the Bank's employees have demonstrated a formidable flexibility when it comes to meeting the needs and expectations of customers in this uncertain situation.

The Bank's customers have been affected by the government's measures to varying degrees and the Bank has maintained ongoing preparedness and dialogues with affected customers. Actual credit losses have proved to be far lower than it was assumed they would be at the start of the crisis. This has been due to a combination of wide-ranging support schemes from the government, interest rate cuts and adaptable loan customers. The composition of the Bank's lending portfolio has also been an important factor, as our exposure to the hardest hit industries is limited.

National and local authorities gradually reduced the restrictions on mobility during the second quarter of 2021, although the reopening is not yet complete. The Bank is diligently complying with the authorities' instructions and advice, and balancing infection control with open branches and personal customer service. Continued good progress in the vaccination programme is raising hopes of a continued reopening of society, although the prevalence of the Delta mutation entails a risk of restrictions on mobility in autumn 2021 as well.

The expectations concerning further reopening are clearly reflected in the expectations of positive developments in the national and regional macroeconomic situations going forward. The Board of Directors believes there are grounds for cautious optimism concerning regional developments going forward and believes that the reopening has so far helped to reduce the downside risk for loan losses going forward.

The uncertainty remains considerable, especially in light of the increased prevalence of the Delta mutation, but the Board of Directors expects further normalisation of banking operations in the coming quarters.

The Board of Directors of SpareBank 1 Østlandet

Hamar, 10 August 2021

Income statement

Parent Bank							Group				
Year	01.04-30.06		01.01-30.06				01.01-30.06		01.04-30.06		Year
2020	**2020**	**2021**	**2020**	**2021**	*(NOK million)*	Notes	**2021**	**2020**	**2021**	**2020**	**2020**
2 875	697	620	1 609	1 237	Interest income effective interest method	19	1 381	1 755	692	771	3 167
268	68	57	133	114	Other interest income	19	114	133	57	68	268
1 256	341	207	793	418	Interest expense	19	418	795	207	341	1 258
1 887	**425**	**470**	**949**	**933**	**Net interest income**	19	**1 077**	**1 093**	**542**	**498**	**2 177**
947	173	262	394	515	Commission income		739	590	387	277	1 359
95	20	24	44	49	Commission expenses		69	67	34	32	144
30	6	9	12	17	Other operating income		124	120	62	56	226
882	**159**	**248**	**362**	**484**	**Net commissions and other operating income**		**794**	**643**	**416**	**300**	**1 441**
41	0	9	12	20	Dividends from shares and other equity instruments	7	20	12	9	0	41
282	124	254	280	422	Net income from subsidiaries, associates and joint ventures (Parent Bank)	7					
					Share of profit or loss of associates and joint ventures (Group)	7	169	243	111	128	394
109	185	62	10	99	Net profit from other financial assets and liabilities	7	99	10	62	185	109
432	**310**	**325**	**303**	**541**	**Net profit from financial assets and liabilities**		**289**	**265**	**181**	**314**	**545**
3 201	**893**	**1 043**	**1 613**	**1 958**	**Total net income**		**2 160**	**2 001**	**1 139**	**1 112**	**4 164**
678	166	174	338	352	Personnel expenses		567	529	283	255	1 083
104	26	23	54	47	Depreciation		61	66	30	32	132
559	135	142	271	281	Other operating expenses		348	338	178	160	687
1 341	**327**	**339**	**663**	**681**	**Total operating expenses**		**976**	**933**	**492**	**447**	**1 902**
1 860	**566**	**704**	**950**	**1 278**	**Operating profit before losses on loans and guarantees**		**1 184**	**1 067**	**647**	**665**	**2 262**
245	98	8	228	-11	Impairment losses on loans and guarantees	6	-7	282	11	130	330
1 615	**468**	**695**	**722**	**1 289**	**Pre-tax operating profit**		**1 190**	**786**	**637**	**535**	**1 932**
273	82	100	56	197	Tax expense		235	81	121	97	323
1 342	**386**	**595**	**666**	**1 091**	**Profit after tax**		**955**	**704**	**516**	**438**	**1 608**
					Attributable to additional Tier 1 Capital holders		12	8	6	4	20
					Profit after tax for controlling interest		938	694	507	432	1 583
					Profit after tax for non-controlling interest		5	3	3	2	6
					Profit after tax		**955**	**704**	**516**	**438**	**1 608**
					Earnings/diluted earnings per equity certificate (in NOK)		5.64	4.20	3.05	2.62	9.57
					Earnings/diluted earnings per average equity certificate (in NOK)		5.64	4.20	3.05	2.62	9.57

Statement of other comprehensive income

Parent Bank							Group				
Year	01.04-30.06		01.01-30.06				01.01-30.06		01.04-30.06		Year
2020	2020	2021	2020	2021	(NOK million)	Notes	2021	2020	2021	2020	2020
1 342	**386**	**595**	**666**	**1 091**	**Profit after tax**		**955**	**704**	**516**	**438**	**1 608**
-6	-5	0	-5	0	Actuarial gains/losses on pensions		0	-5	0	-5	-6
2	1	0	1	0	Tax effects of actuarial gains/losses on pensions		0	1	0	1	2
10	-58	3	14	3	Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk		3	14	3	-58	10
-3	15	-1	-3	-1	Tax effects related to the above		-1	-3	-1	15	-3
					Share of other comprehensive income from associated companies and joint ventures		1	5	1	3	9
3	**-47**	**3**	**7**	**2**	**Total items that will not be reclassified through profit or loss**		**4**	**12**	**4**	**-45**	**12**
11	4	2	11	2	Net fair value adjustments on loans at fair value through other comprehensive income		2	11	2	4	11
-3	-1	0	-3	0	Tax effects related to the above		0	-3	0	-1	-3
13	-8	-11	9	-29	Fair value changes on hedge derivatives due to changes in the currency basis spread		-29	9	-11	-8	13
-3	2	3	-2	7	Tax effects related to the above		7	-2	3	2	-3
					Share of other comprehensive income from associates and joint ventures		-41	13	-13	7	13
18	**-3**	**-7**	**15**	**-20**	**Total items that will be reclassified through profit or loss**		**-62**	**28**	**-20**	**4**	**30**
21	**-50**	**-4**	**21**	**-18**	**Total profit and loss items recognised in equity**		**-58**	**39**	**-16**	**-40**	**43**
1 363	**336**	**591**	**687**	**1 073**	**Total profit/loss for the period**		**897**	**744**	**500**	**398**	**1 651**
					Attributable to additional Tier 1 Capital holders		12	8	6	4	20
					Total profit/loss for the period for controlling interest		880	733	491	392	1 626
					Total profit/loss for the period for non-controlling interest		5	3	3	2	6
					Total profit/loss for the period		**897**	**744**	**500**	**398**	**1 651**

Balance sheet

Parent Bank					Group		
31.12.2020	**30.06.2020**	**30.06.2021**	*NOK million*	Notes	**30.06.2021**	**30.06.2020**	**31.12.2020**
			ASSETS				
683	375	249	Cash and deposits with central banks		249	375	683
8 887	9 446	10 418	Loans to and receivables from credit institutions	12	3 121	2 061	1 576
103 911	102 918	108 796	Loans to and receivables from customers	5,6	117 686	111 828	112 885
20 999	21 171	24 946	Certificates, bonds and fixed-income funds	10	24 946	21 171	20 999
2 212	3 075	1 398	Financial derivatives	8,10,11	1 398	3 075	2 212
616	690	686	Shares and other equity interests	10	686	690	616
4 510	4 436	4 667	Investments in associates and joint ventures		5 330	5 087	5 325
1 758	1 758	1 758	Investments in subsidiaries		0	0	0
96	93	102	Goodwill and other intangible assets		414	410	410
463	486	448	Property, plant and equipment		602	640	620
505	1 571	487	Other assets	14	810	1 860	746
144 641	**146 019**	**153 956**	**Total assets**		**155 243**	**147 197**	**146 074**
			LIABILITIES				
5 129	5 735	4 057	Deposits from and liabilities to credit institutions	12	4 069	5 746	5 090
85 643	85 525	92 600	Deposits from and liabilities to customers	15	92 551	85 481	85 613
34 952	36 373	37 359	Liabilities arising from issuance of securities	10,16	37 359	36 373	34 952
697	800	616	Financial derivatives	8,10,11	616	800	697
81	65	191	Current tax liabilities		227	74	128
288	78	280	Deferred tax liabilities		416	207	417
631	884	788	Other debt and liabilities recognised in the balance sheet	17	913	971	739
1 302	1 302	1 302	Subordinated loan capital	10,16	1 302	1 302	1 302
128 723	**130 762**	**137 191**	**Total liabilites**		**137 451**	**130 953**	**128 939**
			EQUITY CAPITAL				
5 791	5 791	5 791	Equity capital certificates	18	5 791	5 791	5 791
848	848	848	Premium fund		848	848	848
3 269	3 337	3 950	Dividend equalisation fund		3 950	3 337	3 269
555	0	352	Recommended dividends and other equity capital	18	352	0	555
4 053	4 081	4 344	Primary capital		4 344	4 081	4 053
237	0	231	Recommended dividend customer return	18	231	0	237
29	32	24	Provision for gifts		24	32	29
166	166	166	Other paid-up equity		166	166	166
320	351	408	Fund for unrealised gains		408	351	320
650	650	650	Hybrid capital		650	650	650
0	0	0	Other equity		914	877	1 104
			Non-controlling interests		112	111	113
15 918	**15 257**	**16 765**	**Total equity capital**		**17 791**	**16 244**	**17 135**
144 641	**146 019**	**153 956**	**Total equity capital and liabilities**		**155 243**	**147 197**	**146 074**

The board of SpareBank 1 Østlandet

Hamar, August 10th 2021

Changes in equity capital

Parent Bank	Paid-up equity			Earned equity capital					
(NOK million)	Equity certificates	Premium fund	Other paid-up equity	Primary capital 1) 3)	Dividend equalisation funds 2) 3)	Provision for gifts	Fund for unrealised gains	Hybrid-capital	Total equity capital
Equity capital as of 01.01.2020	**5 791**	**848**	**166**	**4 117**	**3 403**	**12**	**334**	**300**	**14 972**
ECs issued and transferred to owners									**0**
Hybrid capital								350	**350**
Interest on hybrid capital				-2	-5				**-8**
Profit after tax				194	455		17		**666**
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				2	5				**7**
Net fair value adjustments on loans at fair value through other comprehensive income after tax				2	6				**8**
Actuarial gains after tax on pensions				-1	-3				**-4**
Dividend paid				-208	-531				**-738**
Donations distributed from profit 2019				-6					**-6**
Grants from provision for gifts in 2020				-20		20			**0**
Equity capital as of 30.06.2020	**5 791**	**848**	**166**	**4 081**	**3 337**	**32**	**351**	**650**	**15 257**
Equity capital as of 01.01.2020	**5 791**	**848**	**166**	**4 117**	**3 403**	**12**	**334**	**300**	**14 972**
ECs issued and transferred to owners									**0**
Hybrid capital								350	**350**
Interest 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				**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 after tax on pensions				-1	-3				**-5**
Dividend paid				-208	-531				**-738**
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**	**650**	**15 918**
Equity capital as of 01.01.2021	**5 791**	**848**	**166**	**4 289**	**3 824**	**29**	**320**	**650**	**15 918**
ECs issued and transferred to owners									**0**
Hybrid capital									**0**
Interest on hybrid capital				-4	-8				**-12**
Profit after tax				301	702		88		**1 091**
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				1	2				**2**
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				-7	-15				**-22**
Net fair value adjustments on loans at fair value through other comprehensive income after tax				0	1				**1**
Actuarial gains after tax on pensions									**0**
Dividend paid					-203				**-203**
Donations distributed from profit 2020				-6					**-6**
Grants from provision for gifts in 2021						-5			**-5**
Equity capital as of 30.06.2021	**5 791**	**848**	**166**	**4 575**	**4 302**	**24**	**408**	**650**	**16 765**

Group

(NOK million)	Paid-up equity: Equity certificates	Paid-up equity: Premium fund	Paid-up equity: Other paid-up equity	Earned equity capital: Primary capital 1) 3)	Earned equity capital: Dividend equalisation funds 2) 3)	Earned equity capital: Provision for gifts	Earned equity capital: Fund for unrealised gains	Earned equity capital: Other equity	Hybrid-capital	Non-controlling interests	Total equity capital
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				-2	-5						**-8**
Profit after tax				194	455		17	36		3	**704**
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				2	5						**7**
Net fair value adjustments on loans at fair value through other comprehensive income after tax				2	6						**8**
Actuarial gains after tax on pensions				-1	-3						**-4**
Share of other comprehensive income from associated companies and joint ventures								18			**18**
Effects directly in equity from associated companies and joint ventures								5			**5**
Dividend paid				-208	-531					-6	**-744**
Donations distributed from profit 2019				-6							**-6**
Grants from provision for gifts in 2020				-20		20					**0**
Equity capital as of 30.06.2020	**5 791**	**848**	**166**	**4 081**	**3 337**	**32**	**351**	**877**	**650**	**111**	**16 244**
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**	**15 903**
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	**1 607**
at fair value due to the Bank's own credit risk				2	5						**8**
changes in the currency basis spread				3	7						**9**
Net fair value adjustments on loans at fair value through other comprehensive income				2	6						**8**
Actuarial gains/losses on pensions				-1	-3						**-5**
Share of other comprehensive income from associated companies and joint ventures								22			**22**
Effects directly in equity 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**	**113**	**17 135**
Equity capital as of 01.01.2021	**5 791**	**848**	**166**	**4 289**	**3 824**	**29**	**320**	**1 104**	**650**	**113**	**17 135**
OB Corr. Subsidiary								0			**0**
OB Corr. In Group companies								-4			**-4**
Adjusted equity capital at 01.01.2021	**5 791**	**848**	**166**	**4 289**	**3 824**	**29**	**320**	**1 100**	**650**	**113**	**17 131**
ECs issued and transferred to owners											**0**
Hybrid capital											**0**
Interest on hybrid capital				-4	-8						**-12**
Profit after tax				301	702		88	-141		5	**955**
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk				1	2						**2**
Fair value changes on hedge derivatives due to changes in the currency basis spread				-7	-15						**-22**
Net fair value adjustments on loans at fair value through other comprehensive income				0	1						**1**
Actuarial gains/losses on pensions											**0**
Share of other comprehensive income from associated companies and joint ventures								-40			**-40**
Effects directly in equity from associated companies and joint ventures								-4			**-4**
Dividend paid					-203					-6	**-209**
Donations distributed from profit 2020				-6							**-6**
Grants from provision for gifts in 2021						-5					**-5**
Equity capital as of 30.06.2021	**5 791**	**848**	**166**	**4 575**	**4 302**	**24**	**408**	**914**	**650**	**112**	**17 791**

1) Amounts transferred to primary capital as of 31.12.2020 include dividend payments and proposed donations. Amounts transferred to primary capital as of 30.06.2021 include dividend payments.

2) Amounts transferred to dividend equalization funds as of 31.12.2020 includes dividends to customers return.

3)Dividends to owners as well as dividends to customers return that have not been decided to be paid out, are included in the equalization fund and the basic fund, respectively, as of 30 June 2021.

For further information, see note 18 Equity certificates and ownership structure.

Cash flow statement

Parent Bank				Group		
31.12.2020	**30.06.2020**	**30.06.2021**	*(NOK million)*	**30.06.2021**	**30.06.2020**	**31.12.2020**
-5 990	-5 073	-4 853	Change in gross lending to customers	-4 763	-5 346	-6 333
2 911	1 612	1 273	Interest receipts from lending to customers	1 455	1 824	3 316
7 109	6 991	6 957	Change in deposits from customers	6 938	6 987	7 119
-618	-429	-152	Interest payments on deposits from customers	-153	-431	-621
855	1 189	-2 167	Change in receivables and debt from credit institutions	-2 130	1 507	1 049
99	56	36	Interest on receivables and debt to financial institutions	-2	-10	-14
-3 731	-3 959	-3 951	Change in certificates and bonds	-3 951	-3 959	-3 731
81	38	27	Interest receipts from commercial papers and bonds	27	38	81
882	362	484	Net commission receipts	776	625	1 406
77	34	34	Capital gains from sale on trading	34	34	77
-1 231	-609	-636	Payments for operations	-918	-867	-1 764
-342	-343	-90	Taxes paid	-127	-394	-380
375	-156	-152	Other accruals	-236	-182	379
477	**-287**	**-3 191**	**Net change in liquidity from operations (A)**	**-3 049**	**-174**	**584**
-44	-17	-30	Investments in tangible fixed assets	-37	-27	-60
0	0	0	Receipts from sale of tangible fixed assets	18	18	36
-113	-112	-158	Change in long-term investments in equities	-158	-112	-113
329	293	441	Dividends from long-term investments in equities	293	175	204
172	**164**	**253**	**Net cash flow from investments (B)**	**116**	**53**	**66**
4 729	2 638	7 217	Debt raised by issuance of secutities	7 217	2 638	4 729
0	0	0	Debt raised by subordinated loan capital	0	0	0
350	350	0	Equity raised by hybrid capital	0	350	350
-4 992	-2 442	-3 781	Repayments of issued securities	-3 781	-2 442	-4 992
0	0	0	Repayments of issued subordinated loan capital	0	0	0
0	0	0	Repayments of hybrid capital	0	0	0
0	0	0	Payments arising from issuance of equity capital certificates	0	0	0
-575	-317	-251	Interest payments on securities issued	-251	-317	-575
-30	-19	-12	Interest payments on subordinated loans	-12	-19	-30
-41	-20	-19	Lease payments	-17	-17	-36
0	0	0	Payments arising from placements in subsidiaries	0	0	0
-531	-531	-203	Payment of dividend	-209	-536	-536
-206	-206	0	Payment og customer dividend	0	-206	-206
-10	-6	-11	Donations	-11	-6	-10
-1 305	**-553**	**2 940**	**Net cash flow from financing (C)**	**2 936**	**-556**	**-1 306**
-656	**-676**	**2**	**CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)**	**2**	**-676**	**-656**
1 507	1 507	851	Cash and cash equivalents at 1 January	851	1 507	1 507
851	**832**	**854**	**Cash and cash equivalents at the end of the period**	**854**	**832**	**851**
			Cash and cash equivalents at comprise:			
683	375	249	Cash and deposits with central banks	249	375	683
169	457	605	Deposits etc. at call with banks	605	457	169
851	**832**	**854**	**Cash and cash equivalents at the end of the period**	**854**	**832**	**851**

Notes to the accounts

Note 1 Accounting principles

1.1 Basis for preparation

The interim financial statements for SpareBank 1 Østlandet cover the period 1 January - 30 June 2021. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, current IFRS standards and IFRIC interpretations. The presentation currency is NOK (Norwegian kroner), which is also the functional currency of all the units in the Group. All amounts are in NOK million unless otherwise stated. The interim financial statements do not include all the information required in full annual financial statements and should be read in conjunction with the financial statements for 2020. The Group has applied the same accounting policies and methods of calculation in this interim report as in the last annual financial statements, with the following exceptions:

New standards and interpretations that have been applied:

New definition of default

On 1 January 2021, the Group implemented a new definition of what constitutes a default. This was formulated in line with the European Banking Authority's guidelines for how banks should apply the definition of default in the Capital Requirements Regulation (CRR) and clarifications in the CRR/CRD IV Regulation.

Defaults are defined as a failure to pay or default due to an unlikeliness to pay.

1. Failures to pay are defined as substantial overdrafts that are more than 90 days past due. The threshold values for overdrafts are stipulated in the CRR/CRD IV Regulation.
2. Defaults due to an unlikeliness to pay are generally based on professional credit ratings. Events that are included in this category are provisions for losses from customers, bankruptcy/debt negotiations, assessments of forbearance, periods of grace of more than 180 days or other indications that considerable doubt may exist about whether the customer will meet their obligations.

The new definition of what constitutes a default introduces quarantine periods, which indicates that customers will be categorised as being in default for a period of time after a default has been remedied. The quarantine periods are for 3 months or 12 months, depending on the underlying cause of the default. Furthermore, there is default at a group level for corporate lending (parent bank and financing company) while criteria have been issued for retail lending that results in default propagation in the Group.

The Group has, with effect from 1 January 2021, also used this definition in the accounts for transfers to Stage 3.

1.2 Important accounting estimates and discretionary assessments

In preparing consolidated 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. Note 3 of the annual financial statements for 2019 explain in more detail critical estimates and assessments in relation to the application of accounting policies.

Losses on loans

Please see Note 2 'Accounting Policies' in the annual financial statements for 2020 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 and they have also been on par with what other banks use in similar loss models.

In 2020, a post model adjustment (PMA) was carried out to reflect that the effects of the coronavirus pandemic would have an impact on credit models with some delay. It was assumed that a proportion of customers in exposed industries would migrate from Stage 1 to Stage 2 as a result of an assumed, but not observed, significant degree of credit deterioration. The model override was based on a discretionary assessment of the 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. These extra loss provision was gradually reduced through 2020. At the end of 2020, NOK 20 million in provisions had been made in the parent bank and NOK 5 million in the subsidiary SpareBank 1 Finans Østlandet. In the first quarter of 2021, the need for model overriding in the parent bank was considered to be fully replaced by specific assessments on industry level and on an individual basis. The PMA in the parent bank of NOK 20 million was consequently reversed. The remaining post model adjustment at group level as of 30.06.2021 was limited to the NOK 5 million provision in SpareBank 1 Finans Østlandet.

<u>Sensitivity related to substantially increased credit risk:</u>

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. The calculations as of 31 December 2020 are considered to reflect sensitivity also at the end of the second quarter of 2021.

Important assumptions in the overall loss model: Scenario-weighting and estimate of expected development on the default and loss 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 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 rate, and even before the coronavirus 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 forecasts from the same sources as of the end of the third and fourth quarters of 2020 were considered to provide support to keep the PD assumptions assumed in the second quarter of 2020 virtually unchanged. The macro forecasts for the first and second quarter of 2021 point to a somewhat faster economic recovery than previously assumed, and then flattening with a relatively low level of activity measured by expected GDP growth. Based on this, reason was found to make a gradual, cautious improvement of estimated PD levels in two to three years' time, while the PD levels in the longer term were kept unchanged or marginally raised. In the second quarter of 2021, this, in combination with an adjustment of the avarage effective maturity of corporate commtments, meant that the net effect of key assumptions was a marginally higher ECL in the quarter isolated (see note 6 for effect calculation). 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 took 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 have not changed significantly since.

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 was the assessment of the Bank that the probability of the downside scenario occurring had further increased and it increased the scenario's weighting by a further 5 percentage points as at 31 March 2020. One year later, the increased downside risk given by the coronavirus pandemic is open for reassessment. However, the bank considered that at the end of the second quarter of 2021 some uncertainty still remained and chose to maintain the scenario weighting from the first quarter of 2020. The ECL as at 30 June 2021 was consequently calculated as a combination of 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 below 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 (SB1FØ). 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).

30.06.2021	Retail market	Corporate market	Parent Bank	SpareBank 1 Finans Østlandet	Group
ECL in expected scenario	75	164	240	85	321
ECL in downside scenario	415	745	1 160	174	1 331
ECL in upside scenario	60	102	162	64	222
ECL with used scenario weighting 70/20/10 per cent	**142**	**274**	**416**	**101**	**513**
ECL with alternative scenario weighting 80/10/10 per cent	108	216	324	92	412
ECL with alternative scenario weighting 75/15/10 per cent	125	245	370	96	462
ECL with alternative scenario weighting 65/25/10 per cent	159	303	462	105	563
ECL with alternative scenario weighting 60/30/10 per cent	176	332	508	110	614

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 just over two-thirds of the ECL in the expected scenario, meanwhile, the downside scenario has an ECL around 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 60 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 100 million (20 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 6 ‘Loan loss provisions’, where the first 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 post model adjustments (PMA), NOK 5 million in SpareBank 1 Finans Østlandet.

Note 2 Change in the composition of the Group

2021

In the second quarter, the Bank subscribed to shares in SpareBank 1 Kundepleie AS. Its stake amounts to 33.33 per cent and the company is treated as an associated company.

In the second quarter, the holding company SpareBank 1 Forvaltning AS was transferred from SpareBank 1 Gruppen AS to the SpareBank 1 alliance banks and the Norwegian Confederation of Trade Unions (LO). With effect from 1 May 2021, ODIN Forvaltning AS was demerged from SpareBank 1 Gruppen AS and merged into SpareBank 1 Forvaltning AS. Following the above transactions, the ownership structure of SpareBank 1 Forvaltning AS mirrors the distribution of the controlling interest's share of SpareBank 1 Gruppen, such that SpareBank 1 Østlandet owns 12.4 per cent of SpareBank 1 Forvaltning AS.

A reallocation of shares in SpareBank 1 Kreditt AS pursuant to the shareholder agreement resulted in the Group increasing its stake in the company from 20.9 per cent to 19.1 per cent with effect from 1 January 2021.

Purchases of shares in SpareBank 1 Bank og Regnskap AS in January changed the bank's ownership interest in the company from 20 per cent to 25 per cent.

A reallocation of shares in SpareBank 1 Næringskreditt AS pursuant to the shareholder agreement resulted in the Group increasing its stake in the company from 15.2 per cent to 15.0 per cent with effect from 1 January 2021.

2020

A reallocation of the shares of SpareBank 1 Boligkreditt AS pursuant to the shareholder agreement increased the stake in the company from 22.3 percent to 22.5 precent in December.

SMB Lab AS changed its name to SpareBank 1 Bank og Regnskap AS as of 9 November 2020.

Betr AS was sold in the fourth quarter of 2020.

SpareBank 1 Kredittkort AS changed its name to SpareBank 1 Kreditt AS as of 5 June 2020.

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 20.8 per cent to 20.9 per cent with effect from 1 January 2020.

Note 3 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 market (RM), corporate market (CM) incl. organization market, real estate brokerage, leasing, accounting and consulting services and other operations.

Reviews:

- Real estate brokerage, leasing, financing and accounting are organised as independent companies.
- From September 30th 2020, the tax expense for RM and CM 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 RM, CM and other operations was distributed according to the segment's share of Pre-rax operating profit. For earlier periods, tax is calculated at 25 per cent for RM anc CM.
- Operating expenses in RM and CM includes its share of shared expences.
- Net commission and other income in RM and CM includes its share for shared income.
- Group eliminations arise together with other operations in a seperate column.

30.06.2021	Retail division	Corporate division	SpareBank 1 Finans Østlandet Group	Eiendoms-Megler 1 Innlandet AS	Eiendoms-Megler 1 Oslo Akershus Group	TheVIT AS	Other operations/ eliminations	Total
Income statement								
Net interest income	483	456	147	0	0	-1	-9	1 077
Net commissions and other income	392	90	32	70	117	103	-10	794
Net income from financial assets and liabilities	22	29	0	0	0	0	238	289
Total operating expenses	445	223	49	64	102	99	-4	976
Profit before losses by segment	**453**	**353**	**130**	**6**	**15**	**3**	**223**	**1 184**
Impairment losses on loans and guarantees	2	-12	4	0	0	0	0	-7
Pre-tax operating profit	**451**	**365**	**126**	**6**	**15**	**3**	**224**	**1 190**
Tax expense	83	87	32	1	3	1	29	235
Profit/loss per segment after tax	**368**	**279**	**95**	**5**	**11**	**2**	**195**	**955**
Balance sheet								
Gross lending to customers	72 674	36 399	9 049	0	0	0	10	118 132
Provisions for credit losses	-64	-276	-106	0	0	0	-1	-446
Other assets	2 864	704	163	88	166	134	33 438	37 557
Total assets per segment	**75 474**	**36 827**	**9 106**	**88**	**166**	**134**	**33 447**	**155 243**
Deposits from and liablilities to customers	52 495	40 044	0	0	0	0	12	92 551
Other liabilities and equity	22 979	-3 218	9 106	88	166	134	33 436	62 692
Total equity capital and liabilities per segment	**75 474**	**36 827**	**9 106**	**88**	**166**	**134**	**33 447**	**155 243**

30.06.2020	Retail division	Corporate division	SpareBank 1 Finans Østlandet Group	Eiendoms-Megler 1 Innlandet AS	Eiendoms-Megler 1 Oslo Akershus Group	TheVIT AS	Other operations/ eliminations	Total
Income statement								
Net interest income	451	517	146	-1	-1	-1	-20	1 093
Net commissions and other income	295	122	30	64	96	102	-66	643
Net income from financial assets and liabilities	0	0	0	0	0	0	265	265
Total operating expenses	436	216	48	49	89	99	-4	933
Profit before losses by segment	**311**	**423**	**128**	**14**	**6**	**2**	**183**	**1 067**
Impairment losses on loans and guarantees	26	202	54	0	0	0	0	282
Pre-tax operating profit	**285**	**221**	**74**	**14**	**6**	**2**	**183**	**786**
Tax expense	24	18	19	3	2	0	15	81
Profit/loss per segment after tax	**261**	**203**	**55**	**11**	**5**	**1**	**168**	**704**
Balance sheet								
Gross lending to customers	68 156	35 052	9 084	0	0	0	85	112 377
Provisions for credit losses	-74	-373	-105	0	0	0	0	-553
Other assets	2 801	716	49	83	158	143	31 424	35 374
Total assets per segment	**70 882**	**35 395**	**9 027**	**83**	**158**	**143**	**31 508**	**147 197**
Deposits from and liablilities to customers	49 930	35 504	0	0	0	0	47	85 481
Other liabilities and equity	20 953	-109	9 027	83	158	143	31 461	61 716
Total equity capital and liabilities per segment	**70 882**	**35 395**	**9 027**	**83**	**158**	**143**	**31 508**	**147 197**

31.12.2020	Retail division	Corporate division	SpareBank 1 Finans Østlandet Group	Eiendoms-Megler 1 Innlandet AS	Eiendoms-Megler 1 Oslo Akershus Group	TheVIT AS	Other operations/ eliminations	Total
Income statement								
Net interest income	908	968	297	-1	-1	-2	8	2 177
Net commissions 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
Total 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
Pre-tax operating profit	**700**	**563**	**169**	**12**	**16**	**0**	**472**	**1 932**
Tax expense	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 liablilities 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**

Note 4 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 requirment based on own estimates for the Probability of Default (D), 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 8.0 per cent for the parent bank and 7.9 per cent at the consolidated level. The total buffer requirement consists of two institution-specific buffers, the countercyclical capital buffer requirement and the systemic risk buffer which is set to 1.0 per cent and 4.4 per cent (4.5 per cent for the parent bank) consolidated level. SpareBank 1 Østlandet is also subject to a Pillar II requirement of 1.8 per cent at the consolidated level as at 30.06.2021. The total capital requirement for common equity tier 1 capital was thus 12.5 per cent for the parent bank and 14.2 per cent at the consolidated level at 30.06.2021. In addition to this, a further 1.5 per cent is covered by additional Tier 1 capital and 2.0 per cent is covered by Tier 2 capital.

Other value adjustments in CET1 includes previous years' allocated dividend as well as the deduction for the ownership in Vipps through the joint venture, SpareBank 1 Betaling AS. This deduction was previously posted under CET 1 instruments of financial sector entities where the institution does have a significant investment, , but is now under other adjustments in CET1 for this period as well as previous periods.

Parent Bank				Group		
31.12.20	30.06.20	30.06.21		30.06.21	30.06.20	31.12.20
15.918	**15.257**	**16.765**	**Total equity carried**	**17,791**	**16,244**	**17,135**
			Common equity tier 1 capital			
-791	-347	-469	Results for the accounting year not included	-469	-347	-791
-650	-650	-650	Hybridcapital	-650	-650	-650
-	-	-	Minority interests that is not eligible as CET1 capital	-73	-71	-74
17	15	15	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	15	15	17
-78	-75	-82	Goodwill and other intangible assets	-480	-461	-461
-196	-181	-212	Positive value of expected losses under the IRB approach	-299	-255	-278
-	-	-	CET 1 instruments of financial sector entities where the institution does have a significant investement	-222	-296	-539
-32	-33	-35	Value adjustments due to the requirements for prudent valuation (AVA)	-41	-37	-36
-156	-156	-740	Other adjustments in CET1	-717	-128	12
14,031	**13.829**	**14.592**	**Common equity tier 1 capital**	**14,856**	**14,015**	**14,335**
			Additional Tier 1 capital			
650	650.00	650	Hybrid capital	650	650	650
	-	-	Instruments issued by consolidated entities that are given recognition in AT1 Capital	169	194	162
650	**650**	**650**	**Tier 1 capital**	**819**	**844**	**812**
	0	**-**	**Supplementary capital in excess of Tier 1 capital**	**0**	-	
1,300	1.300	1.300	Subordinated loan capital	1,300	1,300	1,300
	-	-	Instruments issued by consolidated entities that are given recognition in T2 Capital	267	259	257
1,300	**1.300**	**1.300**	**Total supplementary capital**	**1,567**	**1,559**	**1,557**
15,981	**15.779**	**16.542**	**Total eligible capital**	**17,242**	**16,418**	**16,704**
4,764	4.789	5.281	Corporates - SME	5,292	4,795	4,775
13,760	13.897	16.179	Corporates - Specialised Lending	16,810	14,555	14,428
1,953	3.129	1.109	Corporates - Other	1,143	3,163	1,986
1,314	1.234	1.230	Retail - SME	1,466	1,436	1,530
20,059	19.904	19.200	Retail - Mortgage exposures	27,826	27,574	28,485
873	1.033	812	Retail - Other	850	1,077	907
-	-	-	Equity exposures	-	3	-
42,723	**43.985**	**43.810**	**Credit exposures calculated using IRB-approach**	**53,387**	**52,602**	**52,110**
15,289	15.115	16.218	Credit exposures calculated using the standardised approach	20,625	19,419	19,705
417	687	486	Counterparty credit risk	2,735	3,088	1,966
-	-	-	Market risk	-	-	-
5,133	5.356	5.133	Operational risk	6,664	6,659	6,664
63,562	**65.143**	**65.646**	**Risk-weighted assets**	**83,411**	**81,768**	**80,445**
5,085	**5.211**	**5.252**	**Capital requirements (8%)**	**6,673**	**6,541**	**6,436**
1,144	**-**	**-**	**Pillar 2 (1.8%)**	**1,501**	**1,472**	**1,448**
			Buffer requirements			
1.589	1.629	1.641	Capital conservation buffer (2.5%)	2,085	2,044	2,011
636	651	656	Countercyclical capital buffer (1.0%)	834	818	804
2.733	1.954	2.954	Systemic risk buffer	3,670	2,453	3,459
4.3 %	*3.0 %*	*4.5 %*	*Systemic risk buffer rate*	*4.4 %*	*3.0 %*	*4.3 %*
4.958	**4.234**	**5.252**	**Total buffer requirements**	**6,589**	**5,315**	**6,275**
12.3 %	11.0 %	12.5 %	CET1 requirement	14.2 %	12.8 %	14.1 %
6.213	**6.663**	**6.386**	**Available CET1 above requirement**	**3,011**	**3,549**	**2,992**
			Capital ratios			
22.1 %	**21.2 %**	**22.2 %**	CET 1 capital ratio	**17.8 %**	**17.1 %**	**17.8 %**
23.1 %	**22.2 %**	**23.2 %**	Tier 1 Capital ratio	**18.8 %**	**18.2 %**	**18.8 %**
25.1 %	**24.2 %**	**25.2 %**	Capital adequacy ratio	**20.7 %**	**20.1 %**	**20.8 %**
10.0 %	**9.8 %**	**9.7 %**	Leverage Ratio	**7.1 %**	**7.1 %**	**7.2 %**

Note 5 Loans to and receivables from customers

Parent Bank

Gross loans	30.06.2021 Stage 1	Stage 2	Stage 3	Total	30.06.20 Stage 1	Stage 2	Stage 3	Total	31.12.2020 Stage 1	Stage 2	Stage 3	Total
Opening Balance	**95 716**	**8 159**	**411**	**104 286**	**91 115**	**6 858**	**323**	**98 296**	**91 115**	**6 858**	**323**	**98 296**
Transfers in (out) to Stage 1	1 361	-1 360	-1	0	1 530	-1 523	-7	0	1 547	-1 541	-6	0
Transfers in (out) to Stage 2	-1 739	1 750	-11	0	-1 424	1 426	-2	0	-4 555	4 563	-8	0
Transfers in (out) to Stage 3	-54	-167	221	0	-319	-91	410	0	-60	-131	191	0
Net increase/decrease excisting loans	244	-38	-21	184	-1 550	-97	-10	-1 657	1 439	-1 011	-40	388
*Purchases and originations**	16 354	136	22	16 512	28 517	296	40	28 852	23 443	645	28	24 116
*Derecognitions and maturities**	-10 938	-834	-57	-11 830	-20 578	-1 454	-85	-22 116	-17 212	-1 225	-66	-18 503
Write-offs	0	0	-13	-13	0	0	-6	-6	0	0	-12	-12
Ending Balance	**100 944**	**7 645**	**550**	**109 140**	**97 292**	**5 414**	**663**	**103 369**	**95 716**	**8 159**	**411**	**104 286**
Loan and advances to customers at amortised cost				33 929				32 673				31 574
Loan and advances to customers at fair value				75 210				70 696				72 712

Group

Gross loans	30.06.2021 Stage 1	Stage 2	Stage 3	Total	30.06.20 Stage 1	Stage 2	Stage 3	Total	31.12.2020 Stage 1	Stage 2	Stage 3	Total
Opening Balance	**103 458**	**9 422**	**488**	**113 368**	**98 654**	**7 925**	**456**	**107 035**	**98 654**	**7 925**	**456**	**107 035**
Transfers in (out) to Stage 1	1 659	-1 657	-2	0	1 802	-1 793	-9	0	1 874	-1 867	-7	0
Transfers in (out) to Stage 2	-2 028	2 044	-15	0	-1 703	1 719	-17	0	-5 217	5 238	-21	0
Transfers in (out) to Stage 3	-89	-254	343	0	-371	-144	515	0	-97	-183	280	0
Net increase/decrease excisting loans	-655	-221	5	-871	-2 230	-189	-17	-2 435	309	-1 224	-53	-968
*Purchases and originations**	18 243	228	31	18 503	30 347	366	44	30 757	26 620	921	45	27 586
*Derecognitions and maturities**	-11 766	-994	-95	-12 855	-21 276	-1 552	-141	-22 969	-18 686	-1 388	-200	-20 273
Write-offs	0	0	-13	-13	-	-	-6	-6	0	0	-12	-12
Ending Balance	**108 822**	**8 567**	**742**	**118 132**	**105 223**	**6 332**	**826**	**112 381**	**103 458**	**9 422**	**488**	**113 368**
Loan and advances to customers at amortised cost				42 921				41 685				40 656
Loan and advances to customers at fair value				75 210				70 696				72 712

* In 30.06.2021 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". From 01.01.2020 , this net amount is shown on the line "Net increase/(decrease) in the existing loans".

Parent Bank

	Loan and advances to customers at amortised cost 30.06.2021	Provisions for credit losses Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value 30.06.2021	Net lending 30.06.2021
Public sector	8	-0	0	0	0	8
Primary industries	3,255	-2	-7	-6	2,023	5,263
Paper and pulp industries	1,015	-1	-1	-1	390	1,402
Other industry	1,040	-1	-18	-1	58	1,077
Building and constructions	3,845	-23	-11	-11	309	4,109
Power and water supply	481	-1	-1	-1	1	479
Wholesale and retail trade	834	-4	-2	-8	153	973
Hotel and restaurants	512	-0	-7	-4	51	552
Real estate	17,430	-42	-69	-11	423	17,730
Commercial services	4,504	-15	-5	-10	729	5,203
Transport and communication	249	-1	-2	-1	240	485
Post model adjustments	0	0	0	0	0	0
Gross corporate loans by sector and industry	**33,173**	**-90**	**-123**	**-54**	**4,376**	**37,281**
Retail market	756	-1	-2	-31	70,792	71,515
Post model adjustments	0	0	0	0	0	0
Total loans to private customers	**756**	**-1**	**-2**	**-31**	**70,792**	**71,515**
Adjustment fair value	0	0	-35	-8	42	0
Total loans to customers	**33,929**	**-91**	**-160**	**-93**	**75,210**	**108,796**
Loans transferred to SpareBank 1 Boligkreditt AS						48,163
Loans transferred to SpareBank 1 Næringskreditt AS						996
Total loans including loans transferred to covered bond companies						**157,955**
Other liabilities [1)]						20,916
Total commitments including loans transferred to covered bond companies						**178,871**

	Loan and advances to customers at amortised cost 30.06.2020	Provisions for credit losses Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value 30.06.2020	Net lending 30.06.2020
Public sector	14	0	0	0	0	14
Primary industries	2,972	-2	-5	-6	1,853	4,812
Paper and pulp industries	1,715	-2	-1	-1	333	2,044
Other industry	1,490	-8	-4	-61	46	1,463
Building and constructions	3,915	-27	-7	-12	299	4,167
Power and water supply	261	0	-1	-1	1	259
Wholesale and retail trade	881	-7	-5	-9	135	996
Hotel and restaurants	456	-2	-1	-1	55	508
Real estate	15,785	-49	-56	-6	482	16,155
Commercial services	4,118	-16	-9	-9	578	4,662
Transport and communication	305	-1	-3	-4	171	468
Post model adjustments	0	0	-50	0	0	-50
Gross corporate loans by sector and industry	**31,911**	**-114**	**-142**	**-110**	**3,952**	**35,498**
Retail market	762	-1	-4	-31	66,694	67,420
Post model adjustments	0	0	0	0	0	0
Total loans to private customers	**762**	**-1**	**-4**	**-31**	**66,694**	**67,420**
Adjustment fair value		0	-41	-9	50	0
Total loans to customers	**32,673**	**-115**	**-186**	**-150**	**70,696**	**102,918**
Loans transferred to SpareBank 1 Boligkreditt AS						44,559
Loans transferred to SpareBank 1 Næringskreditt AS						1,016
Total loans including loans transferred to covered bond companies						**148,493**
Other liabilities [1)]						15,751
Total commitments including loans transferred to covered bond companies						**164,245**

	Loan and advances to customers at amortised cost 31.12.2020	Provisions for credit losses Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value 31.12.2020	Net lending 31.12.2020
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	0	0	-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]						15,760
Total commitments including loans transferred to covered bond companies						**167,561**

1) Consists of guarantees, unused credits and loan commitments.

Group

	Loan and advances to customers at amortised cost 30.06.2021	Provisions for credit losses Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value 30.06.2021	Net lending 30.06.2021
Public sector	295	-0	-1	-0	0	294
Primary industries	3,658	-2	-7	-6	2,023	5,666
Paper and pulp industries	1,015	-1	-1	-1	390	1,402
Other industry	1,261	-4	-19	-4	58	1,291
Building and constructions	4,845	-31	-14	-13	309	5,096
Power and water supply	504	-2	-1	-1	1	500
Wholesale and retail trade	1,207	-7	-5	-10	153	1,339
Hotel and restaurants	532	-0	-8	-4	51	571
Real estate	17,829	-47	-82	-21	423	18,103
Commercial services	5,324	-18	-8	-10	729	6,016
Transport and communication	1,547	-1	-4	-1	240	1,780
Post model adjustments	0	0	-5	0	0	-5
Gross corporate loans by sector and industry	**38,017**	**-113**	**-153**	**-72**	**4,376**	**42,055**
Retail market	4,904	-8	-14	-42	70,792	75,632
Post model adjustments	0	0	-1	0	0	-1
Total loans to private customers	**4,904**	**-8**	**-15**	**-42**	**70,792**	**75,631**
Adjustment fair value	0	0	-35	-8	42	0
Total loans to customers	**42,921**	**-121**	**-203**	**-122**	**75,210**	**117,686**
Loans transferred to SpareBank 1 Boligkreditt AS						48,163
Loans transferred to SpareBank 1 Næringskreditt AS						996
Total loans including loans transferred to covered bond companies						**166,844**
Other liabilities [1]						20,471
Total commitments including loans transferred to covered bond companies						**187,315**

	Loan and advances to customers at amortised cost 30.06.2020	Provisions for credit losses Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value 30.06.2020	Net lending 30.06.2020
Public sector	288	-1	0	0	0	287
Primary industries	3,373	-3	-5	-6	1,853	5,212
Paper and pulp industries	1,734	-4	-2	-1	333	2,060
Other industry	1,759	-8	-4	-61	46	1,733
Building and constructions	5,072	-31	-12	-14	299	5,314
Power and water supply	443	-1	-1	-1	1	440
Wholesale and retail trade	1,197	-9	-6	-9	135	1,307
Hotel and restaurants	471	-2	-1	-1	55	522
Real estate	15,914	-55	-70	-17	482	16,254
Commercial services	4,878	-20	-10	-12	578	5,415
Transport and communication	1,678	-1	-4	-5	171	1,839
Post model adjustments	0	0	-51	0	0	-51
Gross corporate loans by sector and industry	**36,808**	**-134**	**-168**	**-128**	**3,952**	**40,331**
Retail market	4,877	-9	-16	-45	66,694	71,501
Post model adjustments	0	0	-4	0	0	-4
Total loans to private customers	**4,877**	**-9**	**-20**	**-45**	**66,694**	**71,497**
Adjustment fair value	0	0	-41	-9	50	0
Total loans to customers	**41,685**	**-143**	**-228**	**-182**	**70,696**	**111,828**
Loans transferred to SpareBank 1 Boligkreditt AS						44,559
Loans transferred to SpareBank 1 Næringskreditt AS						1,016
Total loans including loans transferred to covered bond companies						**157,403**
Other liabilities [1)]						15,388
Total commitments including loans transferred to covered bond companies						**172,792**

	Loan and advances to customers at amortised cost 31.12.2020	Provisions for credit losses Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value 31.12.2020	Net lending 31.12.2020
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
Post model adjustments	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	0	0	-44	-8	52	0
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**

1) Consists of guarantees, unused credits and loan commitments.

Note 6 Provisions for credit losses

01.04.2021-30.06.2021

Isolated loss effects	Retail market	Corporate market	Parent bank	SB1FØ	Group
Change ECL due to period growth and migration	1	1	1	-4	-2
Change ECL due to adjusted key assumptions	0	7	8	0	8
Change ECL due to changed scenario weighting	0	0	0	0	0
Change in model-based loss provisions	**1**	**8**	**9**	**-4**	**5**
Post model adjustments	0	0	0	0	0
Change individual loss provisions	-3	-6	-9	2	-7
Net write-offs	3	6	8	4	12
Total losses	**1**	**8**	**8**	**2**	**11**

01.01.2021-30.06.2021

Isolated loss effects	Retail market	Corporate market	Parent bank	SB1FØ	Group
Change ECL due to period growth and migration	2	6	7	-7	1
Change ECL due to adjusted key assumptions	-1	-5	-6	0	-6
Change ECL due to changed scenario weighting	0	0	0	0	0
Change in model-based loss provisions	**1**	**1**	**2**	**-7**	**-5**
Post model adjustments	0	-20	-20	0	-20
Change individual loss provisions	-2	-3	-6	1	-5
Net write-offs	3	10	13	10	23
Total losses	**2**	**-12**	**-11**	**4**	**-7**

01.04.2020-30.06.2020

Isolated loss effects	Retail market	Corporate market	Parent bank	SB1FØ	Group
Change ECL due to period growth and migration	3	0	3	3	6
Change ECL due to adjusted key assumptions	1	4	4	0	4
Change ECL due to changed scenario weighting	0	0	0	0	0
Change in model-based loss provisions	**3**	**4**	**7**	**3**	**10**
Post model adjustments	0	15	15	0	15
Change individual loss provisions	5	63	68	15	82
Net write-offs	2	6	8	15	23
Total losses	**10**	**88**	**98**	**33**	**130**

01.01.2020-30.06.2020

Isolated loss effects	Retail market	Corporate market	Parent bank	SB1FØ	Group
Change ECL due to period growth and migration	1	2	3	-1	2
Change ECL due to adjusted key assumptions	3	39	42	17	59
Change ECL due to changed scenario weighting	14	26	41	3	44
Change in model-based loss provisions	**18**	**67**	**86**	**18**	**104**
Post model adjustments	0	50	50	5	55
Change individual loss provisions	3	75	79	17	95
Net write-offs	5	9	14	14	28
Total losses	**26**	**202**	**228**	**54**	**282**

01.01.2020-31.12.2020

Isolated loss effects	Retail market	Corporate market	Parent bank	SB1FØ	Group
Change ECL due to period growth and migration	1	10	11	7	19
Change ECL due to adjusted key assumptions	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

30.06.2021

	31.12.2020	Provision for credit losses	Net write-offs	30.06.2021
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	356	-4	-13	339
Provisions for loan losses at fair value over OCI	84	-7	-1	77
Total provisions for credit losses	**440**	**-11**	**-13**	**416**
Presented as:				
Assets: Provisions for loan losses - decrease of assets	375	-19	-13	343
Liabilities: Provisions for loan losses - increase of liabilities	32	6	0	38
Eqity: Fair value adjustment of losses	32	2	0	34

30.06.2020

	31.12.2019	Provision for credit losses	Net write-offs	30.06.2020
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	232	206	-6	432
Provisions for loan losses at fair value over OCI	67	15	-1	81
Total provisions for credit losses	**299**	**221**	**-6**	**513**
Presented as:				
Assets: Provisions for loan losses - decrease of assets	255	202	-6	451
Liabilities: Provisions for loan losses - increase of liabilities	22	7	0	29
Eqity: Fair value adjustment of losses	21	11	0	32

31.12.2020

	31.12.2019	Provision for credit losses	Net write-offs	31.12.2020
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 credit 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
Eqity: Fair value adjustment of losses	21	11	0	32

Group

30.06.2021

	31.12.2020	Provision for credit losses	Net write-offs	30.06.2021
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	465	-11	-13	441
Provisions for loan losses at fair value over OCI	84	-7	-1	77
Total provisions for credit losses	**549**	**-17**	**-13**	**518**
Presented as:				
Assets: Provisions for loan losses - decrease of assets	484	-25	-13	446
Liabilities: Provisions for loan losses - increase of liabilities	32	6	0	38
Eqity: Fair value adjustment of losses	32	2	0	34

30.06.2020

	31.12.2019	Provision for credit losses	Net write-offs	30.06.2020
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	294	245	-6	533
Provisions for loan losses at fair value over OCI	67	15	-1	81
Total provisions for credit losses	**360**	**260**	**-6**	**614**
Presented as:				
Assets: Provisions for loan losses - decrease of assets	317	242	-6	553
Liabilities: Provisions for loan losses - increase of liabilities	22	7	0	29
Eqity: Fair value adjustment of losses	21	11	0	32

31.12.2020

	31.12.2019	Provision for credit losses	Net write-offs	31.12.2020
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 credit 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
Eqity: Fair value adjustment of losses	21	11	0	32

Parent Bank

	30.06.2021				30.06.2020				31.12.2020			
Provisions for loan losses	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance	**127**	**178**	**102**	**408**	**99**	**110**	**68**	**277**	**99**	**110**	**68**	**277**
Provision for credit losses												
Transfers in (out) to Stage 1	3	-3	0	0	4	-4	0	0	5	-5	0	0
Transfers in (out) to Stage 2	-42	44	-2	0	-32	32	0	0	-82	82	0	0
Transfers in (out) to Stage 3	-3	-4	7	0	-8	-11	19	0	-11	-17	28	0
Net remeasurement of loss provisions	21	-16	14	19	76	12	77	165	105	-6	26	125
Purchases and originations	28	3	1	31	13	4	0	17	26	12	4	43
Derecognitions and maturities	-10	-23	-15	-48	-5	-6	-8	-19	-14	-18	-13	-46
Write-offs	0	0	-13	-13	0	0	-6	-6	0	0	-12	-12
Post model adjustment	0	-20	0	-20	0	50	0	50	0	20	0	20
Ending Balance	**125**	**160**	**93**	**378**	**147**	**186**	**150**	**484**	**127**	**178**	**102**	**408**

Group

	30.06.2021				30.06.2020				31.12.2020			
Provisions for loan losses	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance	**152**	**234**	**130**	**516**	**115**	**137**	**87**	**339**	**123**	**166**	**97**	**386**
Provision for credit losses												
Transfers in (out) to Stage 1	13	-12	0	0	9	-9	0	0	10	-10	0	0
Transfers in (out) to Stage 2	-43	46	-2	0	-33	34	-1	0	-83	83	0	0
Transfers in (out) to Stage 3	-4	-12	16	0	-8	-14	23	0	-12	-23	34	0
Net remeasurement of loss provisions	14	-8	17	23	79	28	92	199	98	6	24	128
Purchases and originations	36	6	1	42	20	5	1	26	30	16	4	50
Derecognitions and maturities	-12	-30	-26	-68	-6	-8	-13	-28	-15	-24	-17	-56
Write-offs	0	0	-13	-13	0	0	-6	-6	0	0	-12	-12
Post model adjustment	0	-20	0	-20	0	55	0	55	0	20	0	20
Ending Balance	**155**	**203**	**122**	**480**	**175**	**228**	**182**	**585**	**152**	**234**	**130**	**516**

Parent Bank

	30.06.2021				30.06.2020				31.12.2020			
Provisions for guarantees and unused credit facilities	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance	**22**	**10**	**0**	**32**	**16**	**6**	**1**	**22**	**16**	**6**	**1**	**22**
Provision for credit losses												
Transfers in (out) to Stage 1	1	-1	0	0	0	0	0	0	0	0	0	0
Transfers in (out) to Stage 2	-2	2	0	0	-2	2	0	0	-4	4	0	0
Transfers in (out) to Stage 3	0	0	0	0	0	0	1	0	0	0	0	0
Net remeasurement of loss provisions	-2	-3	3	-2	6	-1	0	5	6	1	-1	7
Purchases and originations	11	0	0	11	3	0	0	3	5	0	0	5
Derecognitions and maturities	-2	-2	0	-4	0	-1	0	-1	-1	-1	0	-2
Write-offs	0	0	0	0	0	0	0	0	0	0	0	0
Post model adjustment	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	**28**	**7**	**4**	**38**	**23**	**6**	**1**	**29**	**22**	**10**	**0**	**32**

Group

	30.06.2021				30.06.2020				31.12.2020			
Provisions for guarantees and unused credit facilities	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance	**22**	**10**	**0**	**32**	**16**	**6**	**1**	**22**	**16**	**6**	**1**	**22**
Provision for credit losses												
Transfers in (out) to Stage 1	1	-1	0	0	0	0	0	0	0	0	0	0
Transfers in (out) to Stage 2	-2	2	0	0	-2	2	0	0	-4	4	0	0
Transfers in (out) to Stage 3	0	0	0	0	0	0	1	0	0	0	0	0
Net remeasurement of loss provisions	-2	-3	3	-2	6	-1	0	5	6	1	-1	7
Purchases and originations	11	0	0	11	3	0	0	3	5	0	0	5
Derecognitions and maturities	-2	-2	0	-4	0	-1	0	-1	-1	-1	0	-2
Write-offs	0	0	0	0	0	0	0	0	0	0	0	0
Post model adjustment	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	**27**	**7**	**4**	**38**	**23**	**6**	**1**	**29**	**22**	**10**	**0**	**32**

Note 7 Net profit from financial assets and liabilities

Parent Bank				Group		
31.12.2020	**30.06.2020**	**30.06.2021**		**30.06.2021**	**30.06.2020**	**31.12.2020**
41	12	20	Dividends from equity investments at fair value through profit and loss	20	12	41
41	**12**	**20**	**Dividends from shares and other equity instruments**	**20**	**12**	**41**
287	280	420	Dividends from subsidiaries, associates and joint ventures			
-6	0	1	Gains or losses on realisation of subsidiaries, associates and joint ventures			
0	0	0	Impairment on subsidiaries, associates and joint ventures			
282	**280**	**422**	**Net income from subsidiaries, associates and joint ventures (Parent Bank)**			
			Share of profit or loss of associates and joint ventures (Group)	**169**	**243**	**394**
135	145	-65	Net change in value on certificates, bonds and fixed-income funds	-65	145	135
-118	-170	73	Net change in value on derivatives that hedge securities above	73	-170	-118
16	*-25*	*9*	*Net change in value on certificates, bonds and fixed-income funds including hedge derivatives*	*9*	*-25*	*16*
-514	-652	337	Net change in value of securities issued	337	-652	-514
520	674	-359	Net change in value in derivatives that hedge securities issued	-359	674	520
6	*22*	*-22*	*Net change in value on securities issued including hedge derivatives*	*-22*	*22*	*6*
-6	16	69	Net change in value on equity instruments at fair value through profit and loss	69	16	-6
150	175	-73	Net change in value on fixed-rate loans to customers at fair value through profit and loss	-73	175	150
-135	-212	82	Net change in value on other derivatives	82	-212	-135
27	7	6	Gains or losses on realisation of assets at fair value through profit and loss	6	7	27
50	26	28	Net income from FX trading and -hedging	28	26	50
109	**10**	**99**	**Net profit from other financial assets and liabilities**	**99**	**10**	**109**
432	**303**	**541**	**Net profit from financial assets and liabilities**	**289**	**265**	**545**

Note 8 Financial derivatives

Parent Bank and Group

	30.06.2021		
	Contract amount	Fair value	
At fair value through profit and loss		Assets	Liabilities
Currency instruments			
Currency forward contracts	2 495	11	27
Currency swaps	397	5	4
Total currency instruments	**2 893**	**16**	**31**
Interest rate instruments			
Interest rate swaps (including cross-currency)	58 605	1 382	585
Other interest rate contracts	3 810	0	0
Total interest rate instruments	**62 415**	**1 382**	**585**
Total currency instruments	**2 893**	**16**	**31**
Total interest rate instruments	**62 415**	**1 382**	**585**
Total financial derivates	**65 307**	**1 398**	**616**

	30.06.2020		
	Contract amount	Fair value	
At fair value through profit and loss		Assets	Liabilities
Currency instruments			
Currency forward contracts	1 739	43	31
Currency swaps	2 619	39	13
Total currency instruments	**4 359**	**81**	**44**
Interest rate instruments			
Interest rate swaps (including cross-currency)	51 009	2 992	755
Other interest rate contracts	3 278	1	0
Total interest rate instruments	**54 288**	**2 993**	**755**
Total currency instruments	**4 359**	**81**	**44**
Total interest rate instruments	**51 009**	**2 993**	**755**
Total financial derivates	**55 368**	**3 075**	**800**

	31.12.2020		
	Contract amount	Fair value	
At fair value through profit and loss		Assets	Liabilities
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 derivates	**57 408**	**2 212**	**697**

Note 9 Liquidity risk

Liquidity risk is the risk that the Group may not be not able to meets 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 3.8 (3.7) years at the end of Q2 2021. At the same date, total LCR was 150.8 (143.3) per cent.

Note 10 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

30.06.2021	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value				
- Derivatives	0	1 398	0	**1 398**
- Certificates, bonds and fixes-income funds	0	24 946	0	**24 946**
- Fixed-rate loans to customers	0	0	6 284	**6 284**
- Equity instruments	412	0	275	**686**
- Mortgages	0	0	68 884	**68 884**
Total assets	**412**	**26 344**	**75 442**	**102 199**
Liabilities				
Financial liabilities at fair value				
- Derivatives	0	616	0	**616**
- Securities issued	0	2 346	0	**2 346**
Total liabilities	**0**	**2 962**	**0**	**2 962**

30.06.2020	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives	0	3 075	0	**3 075**
- Bonds and certificates	0	21 171	0	**21 171**
- Fixed-rate loans to customers	0	0	6 421	**6 421**
- Equity instruments	341	44	305	**690**
- Other financial assets	0	0	64 225	**64 225**
Total assets	**341**	**24 290**	**70 951**	**95 582**
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives	0	800	0	**800**
- Securities issued	0	3 250	0	**3 250**
Total liabilities	**0**	**4 050**	**0**	**4 050**

31.12.2020	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives	0	2 212	0	**2 212**
- Bonds and certificates	0	20 999	0	**20 999**
- Fixed-rate loans to customers	0	0	6 331	**6 331**
- Equity instruments	349	0	267	**616**
- Other financial assets	0	0	66 330	**66 330**
Total assets	**349**	**23 211**	**72 928**	**96 488**
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives	0	697	0	**697**
- Securities issued	0	3 050	0	**3 050**
Total liabilities	**0**	**3 747**	**0**	**3 747**

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, Refinitiv pricing service, Bloomberg or reputable brokers.
- 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:

31.12.2020-30.06.2021	**Fixed-rate loans to customers**	**Equity instruments**	**Mortgages (FVOCI)**	**Total**
Opening balance	6 331	267	66 330	**72 928**
Investments in the period	855	1	10 524	**11 380**
Sales/redemption in the period	-829	0	-7 979	**-8 808**
Gains/losses recognised through profit and loss	-73	7	7	**-59**
Gains/losses recognised through other comprehensive income	0	0	2	**2**
Closing balance	**6 284**	**275**	**68 884**	**75 442**
Gains/losses for the period included in the profit for assets owned on the balance sheet day	-73	7	7	**-59**

31.12.2019-30.06.2020	**Fixed-rate loans to customers**	**Equity instruments**	**Mortgages (FVOCI)**	**Total**
Opening balance	6 765	299	59 865	**66 929**
Investments in the period	433	0	19 299	**19 732**
Sales / redemption in the period	-951	-1	-14 935	**-15 887**
Gains / losses recognised through profit and loss	175	7	-15	**166**
Gains/losses recognised through other comprehensive income	0	0	11	**11**
Closing balance	**6 421**	**305**	**64 225**	**70 951**
Gains / losses for the period included in the profit for assets owned on the balance sheet day	175	7	-15	**166**

31.12.2019-31.12.2020	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Total
Opening balance	6 765	299	59 865	**66 929**
Investments in the period	881	0	15 934	**16 815**
Sales/redemption in the period	-1 465	-24	-9 463	**-10 952**
Gains/losses recognised through profit and loss	150	-8	-17	**126**
Gains/losses recognised through other comprehensive income	0	0	11	**11**
Closing balance	**6 331**	**267**	**66 330**	**72 928**
Gains/losses for the period included in the profit for assets owned on the balance sheet day	150	-8	-17	**126**

Specification of fair value, instruments classified in level 3:

30.06.2021	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Total
Nominal value including accrued interest (fixed income instruments)/cost (shares)	6 224	201	68 926	**75 351**
Fair value adjustment	60	73	-42	**91**
Closing balance	**6 284**	**275**	**68 884**	**75 442**

30.06.2020	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Total
Nominal value including accrued interest (fixed income instruments)/cost (shares)	6 263	208	64 275	**70 747**
Fair value adjustment	158	97	-50	**204**
Closing balance	**6 421**	**305**	**64 225**	**70 951**

31.12.2020	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Total
Nominal value including accrued interest (fixed income instruments)/cost (shares)	6 198	200	66 381	**72 779**
Fair value adjustment	133	67	-52	**148**
Closing balance	**6 331**	**267**	**66 330**	**72 928**

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 MNOK 17.

Equity instruments in Level 3 consists of the significant shareholdings in Oslo Kongressenter Folkets Hus AS (MNOK 57), Eksportfinans ASA (MNOK 72), SpareBank 1 Markets AS (MNOK 40) and VN Norge AS (MNOK 29). 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 AS (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 consicered 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 MNOK -42. 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.

Note 11 Derivatives and offsetting

In accordance with IFRS 7 it should be disclosed which of the financial instruments the Bank considers to fulfill the requirements for offsetting and which financial instruments they have signed netting agreements on.

The Bank has no financial instruments booked on a net basis in the financial statements.

SpareBank 1 Østlandet has three sets of agreements which regulate counterparty risk and netting of derivatives. For retail and corporate customers, agreements requiring provision of collateral is established. 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 for financial institutions, the Bank enters into standardised and mainly bilateral ISDA agreements. Under ISDA the Bank has entered into credit supplementary agreements (CSA) with 18 institutional counterparties. The Bank has also entered into agreements on the clearing of derivatives transactions, transferring its exposure to a central counterparty (clearing house) that calculates the collateral requirements. Reverse repurchase agreements are governed by GMRA agreements with counterparty. The Bank has five GMRA agreements.

In the table below, collateral are limitied to the amount of the related instruments presented in the balance sheet. Over-collateralisation is thus not included.

The assets and liabilities below may be offset.

Parent Bank and Group

				Amounts not presented on the balance sheet on a net basis		
30.06.2021	**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**
Derivatives as assets	1 398	0	1 398	-400	-887	**111**
Derivatives as liabilities	-616	0	-616	400	175	**-41**

30.06.2020	**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**
Derivatives as assets	3 075	0	3 075	-667	-2 024	**383**
Derivatives as liabilities	-800	0	-800	667	109	**-23**

31.12.2020	**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**
Derivatives as assets	2 212	0	2 212	-612	-1 450	**150**
Derivatives as liabilities	-697	0	-697	612	61	**-25**

Note 12 Credit institutions – assets and liabilities

Parent bank				Group		
31.12.2020	30.06.2020	30.06.2021	Loans to and receivables from credit institutions	30.06.2021	30.06.2020	31.12.2020
169	457	605	Loans and receivables at call	605	459	168
8 718	8 989	9 813	Loans and receivables with agreed maturities or notice	2 516	1 602	1 407
8 887	**9 446**	**10 418**	**Total**	**3 121**	**2 061**	**1 575**
132	190	266	Cash collateral given	266	190	132

Parent bank				Group		
31.12.2020	30.06.2020	30.06.2021	Deposits from and liabilities to credit institutions	30.06.2021	30.06.2020	31.12.2020
1 704	2 308	1 139	Loans and deposits at call	1 152	2 320	1 667
3 425	3 427	2 918	Loans and deposits with agreed maturities or notice	2 916	3 425	3 423
5 129	**5 735**	**4 057**	**Total**	**4 069**	**5 746**	**5 090**
1 557	2 033	892	Cash collateral received	892	2 033	1 557

Note 13 Leases

The Group SpareBank 1 Østlandet has mainly residential leases that are identified as falling under the IFRS 16 Lease standard.

Parent Bank				Group		
31.12.2020	30.06.2020	30.06.2021	Right of use	30.06.2021	30.06.2020	31.12.2020
214	214	192	Right of use asset at 01.01.	156	169	169
4	3	2	Indexation of the right of use asset	5	2	4
5	5	5	Additions	5	5	9
9	0	0	Adjustments of options	0	0	10
39	20	19	Depreciation	17	17	37
192	**203**	**180**	**Right-of use asset at the end of the period**	**149**	**159**	**156**

31.12.2020	30.06.2020	30.06.2021	Lease liability	30.06.2021	30.06.2020	31.12.2020
216	216	198	Lease liability at 01.01	161	170	170
4	3	2	Indexation of the lease obligation	5	2	4
5	5	5	Additions	5	5	9
9	0	0	Adjustments of options	0	0	10
41	20	19	Instalments in the period	17	17	36
5	3	2	Interest	2	2	4
198	**207**	**188**	**Liabilities associated with lease rights, at the end of the period***	**156**	**162**	**161**

* In the parent bank, NOK 38 millon of the lease obligation falls due within 12 months. Corresponding figures in the Group are NOK 33 million.

31.12.2020	30.06.2020	30.06.2021	Effects on earnings	30.06.2021	30.06.2020	31.12.2020
5	3	2	Interest expense	2	2	4
39	20	19	Depreciation	17	17	37
44	**22**	**21**	**Total cost from IFRS 16**	**19**	**19**	**41**

The group has not taken advantage of the urgent changes that were made in IFRS 16 as a result of Covid-19.

Note 14 Other assets

Parent Bank				Group		
31.12.2020	30.06.2020	30.06.2021		30.06.2021	30.06.2020	31.12.2020
273	273	273	Capital payments into pension fund	273	273	273
35	26	45	Accrued income, not yet received	47	28	36
91	43	34	Prepaid costs, not yet incurred	137	137	158
24	1 012	2	Unsettled trades	2	1 012	24
82	217	133	Other assets	352	410	255
505	**1 571**	**487**	**Total other assets**	**810**	**1 860**	**746**

Note 15 Deposits from and liabilities to customers

Parent Bank				Group		
31.12.2020	30.06.2020	30.06.2021		30.06.2021	30.06.2020	31.12.2020
48 689	48 858	51 588	Retail market	51 588	48 858	48 689
6 798	6 756	8 655	Public sector	8 655	6 756	6 798
1 140	1 241	1 395	Primary industries	1 395	1 241	1 140
454	461	506	Paper and pulp industries	506	461	454
1 153	928	1 046	Other industry	1 046	928	1 153
2 186	2 135	1 982	Building and construction	1 982	2 135	2 186
105	314	105	Power and water supply	105	314	105
2 199	1 947	2 685	Wholesale and retail trade	2 685	1 947	2 199
369	341	416	Hotel and restaurants	416	341	369
3 958	4 668	4 820	Real estate	4 820	4 668	3 958
17 244	16 665	17 693	Commercial services	17 644	16 621	17 214
1 348	1 211	1 709	Transport and communications	1 709	1 211	1 348
85 643	**85 525**	**92 600**	**Total deposits by sector and industry**	**92 551**	**85 481**	**85 613**

Note 16 Debt securities issued

Parent Bank and Group

Change in debt securities issued	30.06.2021	Issued	Due / redeemed	Other changes	31.12.2020
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	32 135	5 139	-3 781	578	30 200
Senior non-perferred, nominal value	4 000	1 500	0	0	2 500
Subordinated loan capital, nominal value	1 300	0	0	0	1 300
Accrued interest	163	0	0	-22	184
Value adjustments *	1 063	0	0	-1 007	2 070
Total debt raised through issuance of securities and subordinated loan capital, book value	**38 661**	**6 639**	**-3 781**	**-451**	**36 254**

*) Herof exchange rate effects with MNOK - 616 in the period and MNOK 727 accumulated

Change in debt securities issued	30.06.2020	Issued	Due / redeemed	Other changes	31.12.2019
Certificate-based debt, nominal value	0	0	0	0	0
Bond debt, nominal value	32 160	2 551	-2 442	-913	32 964
Subordinated loan capital, nominal value	1 300	0	0	0	1 300
Accrued interest	180	0	0	-55	235
Value adjustments	3 035	0	0	2 498	537
Total debt raised through issuance of securities and subordinated loan capital, book value	**36 675**	**2 551**	**-2 442**	**1 530**	**35 036**

Change in debt securities issued	31.12.2020	Issued	Due / redeemed	Other changes	31.12.2019
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	30 200	3 081	-4 992	-853	32 964
Senior non-perferred, 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
Value 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**

Note 17 Other debt and liabilities recognized in the balance sheet

Parent Bank				Group		
31.12.2020	**30.06.2020**	**30.06.2021**		**30.06.2021**	**30.06.2020**	**31.12.2020**
73	15	19	Accrued expenses and prepaid revenue	47	38	107
33	29	38	Provisions	38	32	33
83	83	81	Pension liabilities	81	83	83
69	217	141	Accounts payable	149	259	74
0	0	0	Unsettled trades	0	0	0
198	207	189	Lease obligation (for specifications see note 13)	155	162	161
174	333	319	Other liabilities	443	397	281
631	**884**	**788**	**Total other debt and liabilities recognised in the balance sheet**	**913**	**971**	**739**

Note 18 Equity capital certificates and owner structure

Parent Bank	30.06.2021	30.06.2020	31.12.2020
Equity capital certificates	5 791	5 791	5 791
Dividend equalisation fund [2)]	3 950	3 337	3 269
Recommended dividends and other equity capital [3)]	352	0	555
Premium fund	848	848	848
A. Equity capital certificate owners' capital	**10 942**	**9 976**	**10 463**
Primary capital [2)]	4 344	4 081	4 053
Recommended dividends on customers return [3)]	231	0	237
Provision for gifts [1)]	24	32	29
Other paid-up equity	166	166	166
B. Total primary capital	**4 765**	**4 280**	**4 485**
			0
Fund for unrealised gains	408	351	320
Total other equity	**408**	**351**	**320**
Hybrid capital	650	650	650
Total equity	**16 765**	**15 257**	**15 918**
Total equity for distribution:			
Equity capital certificate ratio (A/(A+B)) after distribution	**69.7 %**	**70.1 %**	**70.0 %**
Equity certificates issued	**115 829 789**	**115 829 789**	**115 829 789**
Average Equity certificates	**115 829 789**	**115 829 789**	**115 829 789**

[1)] Provision for gifts is reclassified from other equity to primary capital

[2)]Interest on hybrid capital is reclassified from other equity and divided into primary funds and equalization funds according to the ownership fraction

[3)] On 25 March 2021, The Supervisory Board decided on a dividend of NOK 555 million, a customer dividend of NOK 231 million and a provisions of NOK 6 million for donations of the bank's profit from 2020. This results in a payout ratio of 50 per cent of the controlling interest's share of the consolidated profit, which is in line with the Bank's long-term-oriented dividend policy. The payment is proposed to be paid out in two rounds. On April 7, 2021, a dividend of NOK 203 million (equivalent to 1.75 per equit certificate) and donations of NOK 6 million was paid out. The board has been authorized by the Supervisory Board to assess and pay all or parts of the remaining dividend 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.

	Q2 2021		Q1 2021		
Equity Certificate holders	**No. Of EC's**	**Share in %**	**No. Of EC's**	**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	3 028 189	2.6 %	3 006 134	22 055 ↑	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	1 842 752	1.6 %	1 832 752	10 000 ↑	Ordinary
Danske Invest Norske Institusjoner II	1 689 120	1.5 %	1 695 467	-6 347 ↓	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	1 100 000	0.9 %	1 000 000	100 000 ↑	Ordinary
Brown Brothers Harriman & Co.	900 000	0.8 %	900 000		Nominee
The Bank of New York Mellon SA/NV	871 545	0.8 %	871 545		Nominee
Tredje AP-fonden	804 750	0.7 %	804 750		Ordinary
State Street Bank and Trust Comp	771 076	0.7 %	789 147	-18 071 ↓	Nominee
Danske Invest Norske Aksjer Institusjon	734 607	0.6 %	734 607		Ordinary
Spesialfondet Borea Utbytte	635 595	0.5 %	278 766	356 829 ↑	Nominee
Fagforbundet	622 246	0.5 %	622 246		Ordinary
Brown Brothers Harriman & Co.	568 688	0.5 %	568 688		Nominee
JPMorgan Chase Bank, London	544 401	0.5 %	544 401		Nominee
Pareto AS	522 681	0.5 %	522 681		Nominee
20 largest EC-holders	**93 150 279**	80.4 %	92 685 813	464 466 ↑	
Other EC-holders	22 679 510	19.6 %	23 143 976	-464 466 ↓	
ECs issued	**115 829 789**	**100.0 %**	**115 829 789**		

Note 19 Net interest income

Parent bank

	30.06.2021				30.06.2020				31.12.2020			
	Measured at fair value through profit or loss	Measured at fair value through OCI	Measured at amortised cost	Total	Measured at fair value through profit or loss	Measured at fair value through OCI	Measured at amortised cost	Total	Measured at fair value through profit or loss	Measured at fair value through OCI	Measured at amortised cost	Total
Interest income												
Interest income from loans to and claims on central banks and credit institutions	0	0	51	**51**	0	0	92	**92**	0	0	151	**151**
Interest income from loans to and claims on customers	0	630	556	**1 186**	0	821	696	**1 517**	0	1471	1253	**2 724**
Total interest income, effective rate method	0	630	607	**1 237**	0	821	788	**1 609**	0	1471	1404	**2 875**
Interest income from loans to and claims on customers	87	0	0	**87**	95	0	0	**95**	187	0	0	**187**
Interest on certificates and bonds	85	0	0	**85**	144	0	0	**144**	221	0	0	**221**
Other interest income	-57	0	0	**-57**	-107	0	0	**-107**	-141	0	0	**-141**
Total other interest income	114	0	0	**114**	133	0	0	**133**	268	0	0	**268**
Total interest income	**114**	**630**	**607**	**1 351**	**133**	**821**	**788**	**1 741**	**268**	**1 471**	**1 404**	**3 143**
Interest expenses												
Interest on debt to credit institutions	0	0	15	**15**	0	0	36	**36**	0	0	53	**53**
Interest on deposits from and liabilities to customers	0	0	152	**152**	0	0	429	**429**	0	0	618	**618**
Interest on securities issued	32	0	178	**211**	41	0	239	**281**	76	0	425	**501**
Interest on subordinated loan capital	0	0	12	**12**	0	0	19	**19**	0	0	30	**30**
Fees to the Banks' Guarantee Fund	0	0	26	**26**	0	0	26	**26**	0	0	49	**49**
Other interest expenses	0	0	2	**2**	0	0	3	**3**	0	0	5	**5**
Total interest expenses	**32**	**0**	**386**	**418**	**41**	**0**	**752**	**793**	**76**	**0**	**1180**	**1 256**
Total net interest income	**82**	**630**	**221**	**933**	**91**	**821**	**36**	**949**	**192**	**1471**	**225**	**1 887**

Group

	30.06.2021				30.06.2020				31.12.2020			
	Measured at fair value through profit or loss	Measured at fair value through OCI	Measured at amortised cost	Total	Measured at fair value through profit or loss	Measured at fair value through OCI	Measured at amortised cost	Total	Measured at fair value through profit or loss	Measured at fair value through OCI	Measured at amortised cost	Total
Interest income												
Interest income from loans to and claims on central banks and credit institutions	0	0	13	**13**	0	0	25	**25**	0	0	38	**38**
Interest income from loans to and claims on customers	0	627	741	**1 368**	0	820	910	**1 729**	0	1465	1664	**3 129**
Total interest income, effective rate method	0	627	754	**1 381**	0	820	935	**1 755**	0	1465	1702	**3 167**
Interest income from loans to and claims on customers	87	0	0	**87**	95	0	0	**95**	187	0	0	**187**
Interest on certificates and bonds	85	0	0	**85**	144	0	0	**144**	221	0	0	**221**
Other interest income	-57	0	0	**-57**	-107	0	0	**-107**	-141	0	0	**-141**
Total other interest income	114	0	0	**114**	133	0	0	**133**	268	0	0	**268**
Total interest income	**114**	**627**	**754**	**1 495**	**133**	**820**	**935**	**1 888**	**268**	**1 465**	**1 702**	**3 436**
Interest expenses												
Interest on debt to credit institutions	0	0	15	**15**	0	0	36	**36**	0	0	53	**53**
Interest on deposits from and liabilities to customers	0	0	153	**153**	0	0	431	**431**	0	0	621	**621**
Interest on securities issued	32	0	178	**211**	41	0	239	**281**	76	0	425	**501**
Interest on subordinated loan capital	0	0	12	**12**	0	0	19	**19**	0	0	30	**30**
Fees to the Banks' Guarantee Fund	0	0	26	**26**	0	0	26	**26**	0	0	49	**49**
Other interest expenses	0	0	2	**2**	0	0	2	**2**	0	0	4	**4**
Total interest expenses	**32**	**0**	**386**	**418**	**41**	**0**	**754**	**795**	**76**	**0**	**1182**	**1 258**
Total net interest income	**82**	**627**	**368**	**1 077**	**91**	**820**	**182**	**1 093**	**192**	**1465**	**521**	**2 177**

Note 20 Events occurring after the balance date

There have been no subsequent events that are of significance to the financial statements.

Profit/loss from the quarterly accounts

Group *(NOK million, excluding percentages)*	2Q 2021	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019
Interest income	749	746	768	780	839	1,048	1,023	981	910
Interest expense	207	211	219	244	341	454	438	427	390
Net interest income	**542**	**535**	**549**	**536**	**498**	**594**	**584**	**554**	**520**
Commission income	387	351	389	380	277	314	332	336	323
Commission expenses	34	35	40	36	32	35	37	40	36
Other operating income	62	62	57	49	56	64	37	54	78
Net commission and other operating income	**416**	**379**	**406**	**392**	**300**	**343**	**333**	**350**	**364**
Dividends from shares and other equity instruments	9	11	29	1	0	12	0	0	6
Share of profit or loss of associates and joint ventures	111	59	63	88	128	115	-1	44	131
Net profit from other financial assets and liabilities	62	38	55	45	185	-175	12	59	61
Net income from financial assets and liabilities	**181**	**108**	**146**	**133**	**314**	**-48**	**11**	**103**	**198**
Total income	**1,139**	**1,021**	**1,102**	**1,061**	**1,112**	**889**	**928**	**1,007**	**1,082**
Personnel expenses	283	284	285	269	255	274	274	267	267
Depreciation	30	31	33	33	32	34	32	30	33
Other operating expenses	178	170	186	163	160	178	183	161	189
Total operating expenses	**492**	**485**	**504**	**465**	**447**	**487**	**490**	**457**	**489**
Operating profit before losses on loans and guarantees	**647**	**536**	**598**	**596**	**665**	**402**	**439**	**550**	**593**
Impairment on loans and guarantees	11	-18	1	47	130	151	33	24	8
Pre-tax operating profit	**637**	**554**	**597**	**549**	**535**	**251**	**406**	**526**	**585**
Tax expense	121	114	131	111	97	-16	114	116	114
Profit after tax	**516**	**439**	**466**	**438**	**438**	**266**	**291**	**409**	**471**

	2Q 2021	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4.kv 2019	3Q 2019	2Q 2019
Profitability									
Return on equity capital [1]	12.1 %	10.6 %	11.3 %	10.9 %	11.3 %	6.9 %	7.3 %	10.7 %	12.8 %
Net interest income [2]	1.44 %	1.46 %	1.48 %	1.44 %	1.38 %	1.72 %	1.71 %	1.64 %	1.62 %
Cost income ratio [3]	43.2 %	47.5 %	45.7 %	43.8 %	40.2 %	54.7 %	52.7 %	45.4 %	45.2 %
Balance sheet and ratios									
Gross loans to customers	118,132	114,037	113,368	113,624	112,381	108,811	107,035	104,037	101,668
Gross loans to customers including loans transferred to covered bond companies [1]	167,290	162,567	161,259	160,993	157,956	153,846	150,688	147,310	144,337
Growth in loans during the last 12 months [1]	5.1 %	4.8 %	5.9 %	9.2 %	10.5 %	10.2 %	8.2 %	5.9 %	5.9 %
Growth in loans including loans transferred to covered bond companies in the last 12 months [1]	5.9 %	5.7 %	7.0 %	9.3 %	9.4 %	9.0 %	7.5 %	6.6 %	6.5 %
Growth in loans during the last quarter [1]	3.6 %	0.6 %	-0.2 %	1.1 %	3.3 %	1.7 %	2.9 %	2.3 %	3.0 %
Growth in loans including loans transferred to covered bond companies in the last quarter [1]	2.9 %	0.8 %	0.2 %	1.9 %	2.7 %	2.1 %	2.3 %	2.1 %	2.3 %
Deposits from customers	92,551	87,476	85,613	85,496	85,481	79,901	78,494	76,866	77,352
Deposit to loan ratio [1]	78.3 %	76.7 %	75.5 %	75.2 %	76.1 %	73.4 %	73.3 %	73.9 %	76.1 %
Deposit to loan ratio including loans transferred to covered bond companies[1]	55.3 %	53.8 %	53.1 %	53.1 %	54.1 %	51.9 %	52.1 %	52.2 %	53.6 %
Growth in deposits in the last 12 months	8.3 %	9.5 %	9.1 %	11.2 %	10.5 %	10.4 %	9.8 %	9.4 %	9.5 %
Growth in deposits in the last quarter	5.8 %	2.2 %	0.1 %	0.0 %	7.0 %	1.8 %	2.1 %	-0.6 %	6.9 %
Average total assets	150,658	148,096	147,486	148,048	145,392	139,184	134,783	133,711	128,573
Total assets	155,243	150,118	146,074	148,898	147,197	143,586	134,783	136,568	130,854
Total assets including loans transferred to covered bond companies [1]	204,401	198,648	193,964	196,267	192,772	188,621	178,436	179,841	173,522
Losses and commitments in default									
Losses on loans as a percentage of gross loans 1)	0.0 %	-0.1 %	0.0 %	0.2 %	0.5 %	0.6 %	0.1 %	0.1 %	0.0 %
Financial strength									
Common equity Tier 1 capital ratio	17.8 %	17.8 %	17.8 %	17.3 %	17.1 %	17.0 %	17.2 %	16.7 %	16.7 %
Tier 1 capital ratio	18.8 %	18.8 %	18.8 %	18.3 %	18.2 %	17.7 %	17.9 %	17.7 %	17.3 %
Capital ratio	20.7 %	20.7 %	20.8 %	20.2 %	20.1 %	19.6 %	19.8 %	19.7 %	19.1 %
Net subordinated capital	17,242	16,793	16,704	16,502	16,418	15,883	15,444	15,685	14,982

1) See attachment Alternative performance measures.
2) Net interest income as a percentage of average total assets for the period.
3) Total operating costs as a percentage of total operating income (isolated for the quarter).

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 30 June 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, § 5-6.

The Board of Directors of SpareBank 1 Østlandet

Hamar, 10 th August 2021

Siri J. Strømmevold Board Chair	Nina Cecilie Strøm Swensson	Tore Anstein Dobloug
Espen Bjørklund Larsen	Guro Nina Vestvik	Marit Jørgenrud
Jørn Eggum	Alexander Lund	Richard Heiberg CEO

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 incl. interest hybrid capital	$Profit$ after tax - Interest expences on 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 expences 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.
Return on equity capital	$\frac{(\text{Profit after tax} - \text{Interest expenses on hybrid capital}) \times (\frac{\text{Act}}{\text{Act}})}{\text{Average equity} - \text{Average hybrid capital}}$
	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.
Underlaying banking operations	$Operating\ profit\ before\ losses\ on\ loans\ and\ guarantees$ $-Net\ income\ from\ financial\ assets\ and\ liabilities - Notable\ items$
	The result from underlying banking operations provides relevant information about the profitability of the Bank's core business.
Cost-income-ratio	$\frac{\text{Total operating costs}}{\text{Total net income}}$
	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.
Lending margin	$Weighted\ average\ interest\ rate\ on\ lending\ to\ customers$ and $loans\ transferred\ to\ covered\ bond\ companies\ - Average\ NIBOR\ 3\ MND$
	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	$\frac{Deposit\ from\ and\ liabilities\ to\ customers}{\text{Gross loans to customers}}$
	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	$\frac{Deposit\ from\ and\ liabilities\ to\ customers}{\text{Gross loans to customers} + Loans\ transferred\ to\ covered\ bond\ companies}$
	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	$\frac{Gross\ loans\ to\ customers + Loans\ transferred\ to\ CB}{Gross\ loans\ to\ customers\ 12\ months\ ago + Loans\ transferred\ to\ CB\ 12\ months\ ago} - 1$
	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	$\frac{\text{Deposits from and liabilities to customers}}{\textit{Deposits from and liabilities to customers } 12 \textit{ months ago}} - 1$
	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	$\frac{(\text{Losses on loans and guarantees}) \times (\frac{\text{Act}}{\text{Act}})}{\text{Gross loans to customers}}$
	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	$\frac{(\text{Loans to and receivables from customers in stage 2})}{\text{Gross loans to customers}}$
	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	$\frac{(\text{Loans to and receivables from customers in stage 3})}{\text{Gross loans to customers}}$
	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	$\frac{\text{Gross defaulted commitments for more than 90 days}}{\text{Gross loans to customers}}$
	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	$\frac{\text{Gross doubtful commitments not in default}}{\text{Gross loans to customers}}$
	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	$\frac{\text{Net defaulted commitments} + \text{Net doubtful commitments}}{\text{Gross loans to customers}}$
	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	$\frac{\textit{Individual write downs on defaulted commitments}}{\text{Gross defaulted commitments for more than 90 days}}$
	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	$\frac{\textit{Individual write downs on doubtful commitments}}{\text{Gross doubtful commitments not in default}}$
	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	$\frac{\textit{Total equity capital}}{\text{Total assets}}$
	The indicator provides information about the company's unweighted solvency ratio.

Alternative performance measures	Definition and rationale
Book equity per EC	$$\frac{(Total\ EC\ - Minority\ interests - Gifts\ - Hybrid\ capital) \times \text{EC certificate ratio}}{\text{Number of Equity certificates issued}}$$
	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	$$\frac{Listed\ price\ of\ EC}{\text{Earnings per EC} \times (\frac{\text{Act}}{\text{Act}})}$$
	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	$$\frac{Listed\ price\ of\ EC}{\text{Book equity per EC}}$$
	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)	$$\frac{\text{Average amount on loans to customers}}{\text{Average market value of asset encumbrance}}$$
	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 og 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	$$\frac{Total\ number\ of\ days\ in\ the\ year\ (365\ or\ 366)}{\text{Number of days so far this year}}$$
	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	$$\frac{\text{Majority interest of the Group's profit after tax} \times \text{ECC ratio}}{\text{Average number of ECC i the accounting period}}$$
	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	$$\frac{\text{Majority interest of the Group's profit after tax} \times \text{ECC ratio}}{\text{Average number of ECC in the accounting period} + \text{Number of ECC issued after the accounting period}}$$
	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.

Financial calendar 2021

Date	Theme	
Friday 12 February	7.30 AM	Preliminary annual accounts 2020
Thursday 4 March		Annual Report 2020
Thursday 25 March		Supervisory Board Meeting
Friday 30 April	7.30 AM	1st Quarter 2021
Tuesday 10 August	10.00 AM	2nd Quarter 2021
Friday 29 October	7.30 AM	3rd Quarter 2021

This information is subject of the disclosure requirements acc. to § 5-1 vphl (Norwegian Securities Trading Act).

The Bank reserve the right to change any dates of publication.

The silent period occurs from the fifth banking day of the new quarter and until the interim report has been published. During this period, Investor Relations does not arrange any meetings with media, investors, analysts or other capital market players.

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