Fourth quarter report 2020

SPAREBANK 1 ØSTLANDET

From local granaries to one of the country's largest savings banks.
SpareBank 1 Østlandet turned 175 years on the 22nd of November 2020.

Content

Key figures

Group	01.01-31.12 2020		01.01-31.12 2019	
Summary (NOK million and per cent of average assets)	**Amount**	**Per cent [1)]**	**Amount**	**Per cent [1)]**
Net interest income	2 177	1.51 %	2 166	1.66 %
Net commission and other operating income	1 441	1.00 %	1 388	1.06 %
Net income from financial assets and liabilities	545	0.38 %	735	0.56 %
Total income	**4 164**	**2.89 %**	**4 289**	**3.29 %**
Total operating expenses	**1 902**	**1.32 %**	**1 930**	**1.48 %**
Operating profit before losses on loans and guarantees	**2 262**	**1.57 %**	**2 359**	**1.81 %**
Impairment losses on loans and guarantees	330	0.23 %	32	0.02 %
Pre-tax operating profit	**1 932**	**1.34 %**	**2 326**	**1.78 %**
Tax expense	323	0.22 %	398	0.31 %
Profit after tax	**1 608**	**1.12 %**	**1 928**	**1.48 %**
Interest expenses on hybrid capital	20	0.01 %	15	0.01 %
Profit after tax incl. interest hybrid capital [2)]	1 589	1.10 %	1 913	1.47 %
Profitability				
Return on equity capital [2)]	10.1%		12.8%	
Cost income ratio [2)]	45.7%		45.0%	
Balance sheet and ratios				
Gross loans to customers	113 368		107 035	
Gross loans to customers including loans transferred to covered bond companies [2)]	161 259		150 688	
Growth in loans during the last 12 months [2)]	5.9%		8.2%	
Growth in loans including loans transferred to covered bond companies in the last 12 months [2)]	7.0%		7.5%	
Deposits from customers	85 613		78 494	
Growth in deposits in the last 12 months [2)]	9.1%		9.8%	
Deposit to loan ratio [2)]	75.5%		73.3%	
Deposit to loan ratio incl. loans transferred to covered bond companies[2)]	53.1%		52.1%	
Average total assets	144 108		130 394	
Total assets	146 074		134 783	
Total assets including loans transferred to covered bond companies [2)]	193 964		178 436	
Losses and commitments in default				
Impairment on loans as a percentage of gross loans [2)]	0.3%		0.0%	
Loans to and receivables from customers in stage 2, percentage of gross loans	8.3%		7.4%	
Loans to and receivables from customers in stage 3, percentage of gross loans	0.4%		0.4%	
Solidity and liquidity				
CET 1 capital ratio	17.8%		17.2%	
Tier 1 capital ratio	18.8%		17.9%	
Capital adequacy ratio	20.8%		19.8%	
Total eligible capital	16 704		15 444	
Equity ratio [2)]	11.7%		11.8%	
Leverage Ratio	7.2%		7.2%	
LCR [3)]	140.6%		162.2%	
LCR in NOK [3)]	130.5%		147.1%	
LCR in EUR [3)]	619.0%		1248.3 %	
Staff				
Number of fulltime equivalents	1 149		1 127	

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]	2020	2019	2018	2017
Total equity for distribution	70.0 %	70.1 %	69.3 %	67.6 %
Equity certificates issued	115 829 789	115 829 789	115 319 521	107 179 987
Market price (NOK)	97.80	92.50	83.00	90.50
Market capitalisation (NOK million)	11 328	10 714	9 572	9 700
Book equity per EC [2]	98.76	93.67	85.83	80.96
Earnings per EC, NOK [3]	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]	10.22	8.01	9.81	11.59
Price/book equity [2]	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

Fourth quarter of 2020 (Consolidated figures. Figures in brackets concern the corresponding period in 2019)

- Profit after tax: NOK 466 (291) million
- Return on equity: 11.3 (7.3) per cent
- Net interest income: NOK 549 (584) million
- Net commission and other operating income: NOK 406 (333) million
- Net income from financial assets and liabilities: NOK 146 (11) million
- Total operating expenses: NOK 504 (490) million
- Impairment losses on loans and guarantees: NOK 1 (33) million

Preliminary annual financial statement for 2020 (Consolidated figures. Figures in brackets concern 2019)

- Profit after tax: NOK 1 608 (1 928) million
- Return on equity: 10.1 (12.8) per cent
- Earnings per equity capital certificate: NOK 9.57 (11.55)
- Net interest income: NOK 2 177 (2 166) million
- Net commission and other operating income: NOK 1 441 (1 388) million
- Net income from financial assets and liabilities: NOK 545 (735) million
- Total operating expenses: NOK 1 902 (1 930) million
- Impairment losses on loans and guarantees: NOK 330 (32) million
- Common Equity Tier 1 ratio: 17.8 (17.2) per cent
- Lending growth including loans transferred to covered bond companies in the past 12 months: 9.5 (7.5) per cent
- Deposit growth in the past 12 months: 9.1 (9.8) per cent
- The Board of Directors is proposing to the Supervisory Board of the Bank a cash dividend of NOK 4.79 (4.58) per equity capital certificate, totalling NOK 555 (531) million. A customer dividend of NOK 231 (208) million and a provision of NOK 6 (26) million for donations are also proposed. Payments will take place in line with the guidelines issued by the Ministry of Finance.

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, 18.00 per cent of SpareBank 1 Utvikling DA, 20.87 per cent of SpareBank 1 Kreditt AS, 9.99 per cent of BN Bank ASA, 20.00 per cent of SpareBank 1 Bank og Regnskap AS (formerly SMB Lab AS), 18.74 per cent of SpareBank 1 Betaling AS and 14.78 per cent of SpareBank 1 Gjeldsinformasjon AS. The Bank also owns 22.45 per cent of SpareBank 1 Boligkreditt AS and 15.15 per cent of SpareBank 1 Næringskreditt AS (the covered bond companies). The above companies' net profit or loss is recognised in the Bank's consolidated financial statements in proportion to the Bank's stake. The Group prepares its financial statements in accordance with international accounting standards as adopted by the EU (IAS 34).

Consolidated results for the fourth quarter of 2020

Consolidated results

The SpareBank 1 Østlandet Group's profit after tax amounted to NOK 466 (291) million, compared with NOK 438 million in the third quarter of 2020. The return on equity was 11.3 (7.3) per cent, compared with 10.9 per cent in the third quarter of 2020.

Specification of the consolidated profit after tax in NOK millions:	**4Q20**	**3Q20**	**4Q19**
Parent Bank's profit after tax	377	299	282
Dividends received from subsidiaries/associated companies	0	-7	0
Share of profit from:			
SpareBank 1 Gruppen - consolidated figures	55	72	-8
SpareBank 1 Boligkreditt AS	-4	12	0
SpareBank 1 Næringskreditt AS	2	2	2
EiendomsMegler 1 Innlandet AS	-7	6	-6
EiendomsMegler 1 Oslo Akershus - consolidated figures	1	6	-3
SpareBank 1 Finans Østlandet AS	31	37	26
SpareBank 1 Østlandet VIT - consolidated figures	-2	1	-3
SpareBank 1 Kreditt AS	1	0	0
SpareBank 1 Betaling AS	1	-1	-4
BN Bank ASA	10	10	9
Youngstorget 5 AS	1	1	1
Other associated companies/joint ventures	0	0	-4
Consolidated profit after tax	**466**	**438**	**291**

Net interest income

Net interest income amounted to NOK 549 (584) million, compared with NOK 536 million in the third quarter of 2020. Net interest income as a percentage of average total assets was 1.48 (1.71) per cent, compared with 1.44 per cent in the third quarter of 2020.

Net interest income increased by NOK 13 million from the previous quarter. The increase in net interest income was largely attributable to the interest spread expanding as a result of deposit rates being reduced by more than lending rates.

Both lending and deposit rates were significantly lower than in the same period last year. The NOK 35 million reduction in net interest income compared with the same period last year was primarily due to lower interest rate margins due to lending rates being cut by more than deposit rates.

Net commission and other operating income

Net commission and other operating income amounted to NOK 406 (333) million, compared with NOK 392 million in the third quarter of 2020.

Fee and commission income from the covered bond companies amounted to NOK 131 (83) million, compared with NOK 116 million in the third quarter of 2020. The NOK 15 million increase from the previous quarter was due to a combination of a higher volume of transferred mortgages and the recalculation of fee and commission income from the second and third quarters amounting to an increase of NOK 8 million. The NOK 48 million increase from the same period last year was due to a combination of a higher volume of transferred mortgages, increased fee and commission rates, and the recalculation of fee and commission income from the second and third quarters amounting to an increase of NOK 8 million.

Income from real estate brokerage amounted to NOK 78 (67) million, compared with NOK 102 million in the third quarter of 2020, and income from accounting services amounted to NOK 43 (44) million, compared with NOK 40 million in the third quarter of 2020.

Net result from financial assets and liabilities

Net income from financial assets and liabilities amounted to NOK 146 (11) million, compared with NOK 133 million in the third quarter of 2020.

Operating expenses

Total operating expenses amounted to NOK 504 (490) million, compared with NOK 465 million in the third quarter of 2020. Wealth tax for the 2020 income year amounted to NOK 6 (8) million. In accordance with IFRS, this is an operating cost that is incurred at the end of the year and it was thus recognised in the fourth quarter of 2020. The NOK 38 million increase in total operating expenses from the previous quarter was largely attributable to costs related to wealth tax, marketing and personnel.

Impairment losses on loans and guarantees

Impairment losses on loans and guarantees amounted to NOK 1 (33) million, compared with NOK 47 million in the third quarter of 2020. The loss cost in the fourth quarter was attributable to several different factors and assessments. Model-generated provisions for loss increased by NOK 11 million as a result of the period's growth and migration. A post model adjustment (PMA) reduction amounting to NOK 15 million was also made for estimated, not observed, migration from Stage 1 to Stage 2. The PMA reduction followed the valuations made of the loan portfolio in light of the Group's experiences vis-à-vis the debt servicing capacity of loan customers since PMA was introduced in the first quarter of 2020. Furthermore, a loss was realised in CM in connection with a single commitment that resulted in the reversal of an earlier impairment of NOK 31 million net. For detailed information about provisions for loss, see Note 1 'Accounting policies', Note 5 'Loans to and receivables from customers' and Note 6 'Provisions for loss'.

Consolidated financial statements for 2020

Consolidated results

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

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

Net interest income

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

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

Net commission and other operating income

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

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

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

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

Net result from financial assets and liabilities

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

NOK millions	2020	2019
Dividends from equity investments under IFRS 9	41	19
Share of profit or loss of associates and joint ventures	394	519
Net profit from other financial assets and liabilities	109	197
Net profit from financial assets and liabilities	**545**	**735**

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

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

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

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

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

Net income from other financial assets and liabilities was NOK 109 (197) million. For detailed information please see Note 7 ‘Net profit from financial assets and liabilities’.

Operating expenses

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

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

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

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

Impairment losses on loans and guarantees

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

The losses consist of the following elements:

Isolated loss effects	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 (PD / LGD)	3	36	39	18	58
Change ECL due to changed scenario weighting	14	26	41	3	44
Change in model-based loss provisions	**19**	**73**	**91**	**29**	**120**
Post model adjustments	0	20	20	5	25
Change individual loss provisions	2	28	30	13	43
Net write-offs	9	95	104	38	142
Total losses	**29**	**216**	**245**	**84**	**330**

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

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

Credit risk

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

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

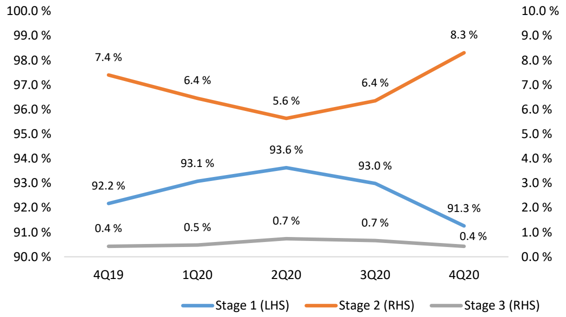
Stage 1 is used for lending that does not have a substantially higher credit risk than it did upon initial recognition. A provision is made for 12 months’ expected loss.

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

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

Gross loans and liabilities defined as Stage 3 amounted to NOK 488 (456) million as at 31 December 2020. This corresponded to 0.43 (0.43) per cent of gross loans. NOK 130 (87) million of gross loans and liabilities defined as Stage 3 was provisions for credit losses. This results in a loan loss impairment ratio of 26.68 per cent (19.07 per cent).

Gross exposure in the different stages was as follows:



For detailed information about provisions for loss, see Note 1 'Accounting policies', Note 5 'Loans to and receivables from customers' and Note 6 'Provisions for credit losses'.

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

Credit risk measured using the Bank's internal credit models was stable throughout the fourth quarter of 2020, in both the corporate lending and the retail lending. The individual provisions for loss for retail customers are stable while the individual provisions for loss for corporate customers have decreased in the total provision. The number of customers with individual provisions for loss have increased. The measured credit risk in the loan portfolio is still expected to gradually weaken as the effects of the coronavirus crisis become apparent in the Bank's credit models. At the end of the fourth quarter of 2020, the Bank's measured credit risk was within the risk tolerances approved by the Board. The Board is of the opinion that the Group's credit risk is moderate to low but has increased due to the coronavirus crisis.

Total assets

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

Lending to customers

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

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

Deposits from customers

As at 31 December 2020, deposits from customers totalled NOK 85.6 (78.5) billion. Deposit growth in the past 12 months was NOK 7.1 (7.0) billion, equivalent to 9.1 (9.8) per cent. The retail deposit growth was NOK 4.8 (3.1) billion, while the corporate deposit growth was NOK 2.3 (3.9) billion.

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

Liquidity

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

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

Equity capital certificates

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

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

Solidity and capital adequacy

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

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

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

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

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

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

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

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

Ratings

On 5 March 2020, Moody's Investors Service (Moody's) upgraded SpareBank 1 Østlandet's baseline credit assessment (BCA) and deposit/debt rating. This meant that the rating of the Bank's deposits and senior debt were upgraded from A1 to Aa3, with a stable outlook. The Bank's BCA and adjusted BCA were upgraded from baa1 to a3. On 3 July 2020, Moody's awarded the Bank's senior non-preferred debt an A3 rating. On 4 September 2020, Moody's confirmed the Bank's BCA and deposit/debt rating of Aa3. SpareBank 1 Østlandet is, therefore, one of the two savings banks with the highest credit rating from Moody's in Norway.

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

Parent bank's annual financial statements for 2020

Parent Bank's results

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

Operating expenses

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

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

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

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

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

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

Impairment losses on loans and guarantees

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

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

Solidity and capital adequacy

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

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

Underlying banking operations

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

Underlying banking operations, NOK millions	2020	2019	Change
Net interest income	1 887	1 923	-1.8 %
Net commission and other operating income	882	835	5.6 %
Total operating costs	-1 341	-1 346	-0.4 %
Adjustments: Restructuring costs	1	5	-85.6 %
Operating profit underlying banking operations	**1 429**	**1 416**	**0.9 %**

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

Covid-19 measures
SpareBank 1 Østlandet granted interest-only periods for 7 436 loans representing total lending of NOK 15.2 billion to retail customers in the parent bank during 2020. The number of requests for new interest-only periods tailed off significantly over the year, and of the approximately 1 600 customers who were granted 3-month interest-only periods in March and April, approximately 280 customers received an additional 3-month extension.

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

Subsidiaries

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

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

SpareBank 1 Finans Østlandet AS granted interest-only periods to corporate customers for approximately 650 loans representing total lending of around NOK 1.9 billion in 2020. In the initial round of interest-only periods, approximately 30 per cent of corporate customers were granted 3-month interest-only periods, while approximately 5 per cent of customers needed and were granted a further 3-month interest-only period. Interest-only periods were also granted to approximately 1 900 loans to retail customers representing total lending of around NOK 460 million. In the initial round of interest-only periods, approximately 17 per cent of retail customers were granted 3-month interest-only periods, while approximately 3 per cent needed and were granted a further 3-month interest-only period. The need for further interest-only periods has been limited.

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

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

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

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

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

The housing market in the company's market area was characterised by a very high level of activity in the second half-year following a volatile first half-year. The year started well, before the market quietened significantly in March when stringent government measures were introduced in connection with the coronavirus pandemic. The market recovered somewhat in April, was back to normal levels in May and was slightly better than normal in June. The second half-year was characterised by a very high level of activity, and approximately 12 per cent more homes were sold than in the second half of 2019. Large volumes of homes were for sale throughout the entire second half-year and earnings increased significantly because of this. The stock of unsold new homes in projects has fallen slightly since construction in the area has fallen slightly. Housing prices in Oslo and the surrounding area rose during the second half-year. In its market area, the company had a market share of 8.8 (8.0) per cent of sales of used homes in 2020.

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

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

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

Associated companies and joint ventures

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

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

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

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

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

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

SpareBank 1 Boligkreditt AS

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

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

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

SpareBank 1 Næringskreditt AS

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

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

SpareBank 1 Kreditt AS

SpareBank 1 Kreditt AS (20.87 per cent stake) is the SpareBank 1 Alliance’s joint venture for credit cards and consumer lending. The company posted a profit after tax for 2020 of NOK 12 (75) million. The reduction was mainly due to lower earnings resulting from the coronavirus crisis, reduced net transaction income and a reduced interest-bearing balance sheet, while reduced losses had the opposite effect. The profit contribution included in SpareBank 1 Østlandet’s consolidated financial statements amounted to NOK 3 (16) million for 2020.

SpareBank 1 Betaling AS

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

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

BN Bank ASA

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

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

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

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

Proposed distribution of profits

The parent bank's accounts form the basis for distributing the profit for the year.

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

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

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

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

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

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

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

Corporate social responsibility and sustainability

SpareBank 1 Østlandet climbed to third place in the Norwegian Fair Finance Guide ratings, which were publilshed in November 2020. The Bank's score improved from 65 per cent in 2019 to 86 per cent in 2020 (scale 0-100 per cent). The Fair Finance Guide involves an analysis of policies that assesses Norwegian banks' requirements and guidelines within corporate social responsibility, ethics and sustainability every year. In the analysis, each bank undergoes checks in 14 different subject areas that encompass 275 different checkpoints and four areas of activity.

In December 2020, the Bank achieved the top grade of 'A' for its climate reporting from the international non-profit climate organisation, the Carbon Disclosure Project (CDP). The CDP ranking assessed the Bank's measures for cutting emissions, minimising climate risks and developing a low-carbon economy. SpareBank 1 Østlandet is one of 270 companies around the world and nine Norwegian companies to achieve an 'A' grade in 2020.

The Bank is in the process of establishing a green bond framework and is aiming to issue green bonds in the first half of 2021. In the fourth quarter, the corporate division set climate goals for commercial properties and development projects financed by the Bank. In the beginning of January 2021, the capital market division launched ESG marking of the mutual funds the Bank's offers its customers. This makes it easier for the Bank's customers to make sustainable choices when they are investing their savings. The savings products are scored according to specific ESG criteria and all of the funds distributed by the Bank have ESG ratings.

In the fourth quarter, the retail division continued to work on priorities identified through the Bank's impact analysis. For example, in 2020, 27.3 per cent of the loan portfolio was linked to products and services with a social profile and economic benefits for the young segment in particular. Furthermore, 46 per cent of the flexibility quota in the mortgage regulations was used by young people aged 18-34. The negative effects in the analysis were related to emissions from houses and vehicles, and the Bank are seeking to reduce these through sales of green housing mortgages and green car loans. Sales of green housing mortgages increased in 2020 and sales of green car loans, a new product in 2020, also increased towards the end of the year. In the fourth quarter, the retail division started work aimed at determining CO2 emissions from the housing mortgage portfolio. This marks the start of work linked to the EU taxonomy, which will become a reporting requirement for the Bank from 1 January 2022.

Outlook

At the start of the year, the Board highlighted the prevalence of the coronavirus as a risk factor for the region's growth and value creation.

It became steadily clearer during the first quarter that the coronavirus crisis would have global consequences, and on 13 March the Norwegian government announced the strictest restrictions for individuals and companies in peacetime. In the subsequent interim report, the Board pointed out that it was difficult to forecast the duration and impact of the crisis on health and on corporate and personal finances that Norway, the region and the world found themselves in.

During the second quarter, the perception that the Norwegian and regional economies were normalising grew steadily stronger. The financial markets, both internationally and in Norway, saw a historically swift return to previous levels. The government's measures for restricting the spread of infection were eased in line with the falling number of sick and new cases of infection during the summer. Affected companies started normalising operations, which resulted in a rapid reduction in unemployment and furlough rates.

After a summer that saw significant easing of the government measures and increased travel activity in Europe and Norway, infection numbers increased in the autumn with the consequence that government measures again were tightened significantly towards the end of 2020 and at the start of 2021.

The level of activity in large segments of the Norwegian and regional economies has been climbing since the autumn, although some industries have been especially hard hit. This is particularly true for parts of the tourism, entertainment and hotel industries, which have seen significantly lower activity than normal. There appears to be little prospect of a rapid improvement in these industries. The level of activity in the Bank has been high during the entire period and the Bank's employees have impressed by being there for their customers. The Bank experienced strong customer growth and good volume growth during the year. This demonstrates that the Bank's market position and customer offering are particularly attractive in a crisis situation.

Overall, the Bank's experience since the summer suggests that the consequences of the crisis for individuals and companies in the region appear to be less far-reaching than feared when the lockdown measures were first implemented in March. The experience during the autumn has shown that there has been a limited need to extend the interest-only periods that both corporate and retail customers were granted at the beginning of the crisis. The Board views this as a positive indication that the Bank has robust and adaptable customers.

In Norway as a whole, bankruptcies and compulsory liquidations actually dropped by 13 per cent in 2020 compared with 2019. However, behind this statistic lie strong government measures that will at some point be phased out or reversed. Various forms of direct state support, payment deferrals for public taxes and the fact that the state stopped presenting bankruptcy petitions for large parts of the year probably mean that the bankruptcy picture is excessively positive.

Therefore, the Bank expects Norway as whole to experience an increase in bankruptcies going forward since some lag in bankruptcies must be assumed given the government support measures and interest-only periods from other creditors. When the expected increase in bankruptcies will become clear is difficult to predict, but the Board believes this could happened as early as in 2021.

The Bank has a history of supporting its customers through difficult times as well and will continue to be present and available to customers in need of assistance.

During the year, the Bank strengthened its provisions for losses, increases its solidity and further developed a competent organisation. The Board, therefore, regards the Bank as being very well positioned to assist our customers going forward.

The Board of Directors of SpareBank 1 Østlandet

Hamar, 11 February 2021

Income statement

Parent Bank						Group			
01.10-31.12		01.01-31.12				01.01-31.12		01.10-31.12	
2019	**2020**	**2019**	**2020**	*(NOK million)*	Notes	**2020**	**2019**	**2020**	**2019**
893	634	3 204	2 875	Interest income effective interest method	18	3 167	3 453	706	956
67	62	335	268	Other interest income	18	268	335	62	67
436	219	1 617	1 256	Interest expense	18	1 258	1 622	219	439
523	**476**	**1 923**	**1 887**	**Net interest income**	18	**2 177**	**2 166**	**549**	**584**
223	293	892	947	Commission income		1 359	1 295	389	332
26	26	94	95	Commission expenses		144	143	40	37
13	10	37	30	Other operating income		226	236	57	37
211	**278**	**835**	**882**	**Net commission and other operating income**		**1 441**	**1 388**	**406**	**333**
0	29	19	41	Dividends from equity investments under IFRS 9	7	41	19	29	0
0	-6	576	282	Net income from subsidiaries, associates and joint ventures (Parent Bank)	7				
				Share of profit or loss of associates and joint ventures (Group)	7	394	519	63	-1
12	55	197	109	Net profit from other financial assets and liabilities	7	109	197	55	12
13	**77**	**792**	**432**	**Net profit from financial assets and liabilities**		**545**	**735**	**146**	**11**
747	**831**	**3 549**	**3 201**	**Total net income**		**4 164**	**4 289**	**1 102**	**928**
170	173	699	678	Personnel expenses		1 083	1 098	285	274
26	25	104	104	Depreciation		132	131	33	32
143	152	543	559	Other operating expenses	6	687	702	186	183
339	**350**	**1 346**	**1 341**	**Total operating expenses**		**1 902**	**1 930**	**504**	**490**
408	**481**	**2 203**	**1 860**	**Operating profit before losses on loans and guarantees**		**2 262**	**2 359**	**598**	**439**
18	-18	-11	245	Impairment losses on loans and guarantees		330	32	1	33
390	**499**	**2 214**	**1 615**	**Pre-tax operating profit**		**1 932**	**2 326**	**597**	**406**
109	122	358	273	Tax expense		323	398	131	114
282	**377**	**1 856**	**1 342**	**Profit after tax**		**1 608**	**1 928**	**466**	**291**
				Attributable to additional Tier 1 Capital holders		20	15	6	6
				Profit after tax for controlling interest		1 583	1 909	460	285
				Profit after tax for non-controlling interest		6	4	1	0
				Profit after tax		**1 608**	**1 928**	**466**	**291**
				Earnings/diluted earnings per equity certificate (in NOK)		9.57	11.55	2.77	1.73
				Earnings/diluted earnings per average equity certificate (in NOK)		9.57	11.56	2.77	1.71

Statement of other comprehensive income

Parent Bank						Group			
01.10-31.12		01.01-31.12				01.01-31.12		01.10-31.12	
2019	2020	2019	2020	*(NOK million)*	Notes	2020	2019	2020	2019
282	**377**	**1 856**	**1 342**	**Profit after tax**		**1 608**	**1 928**	**466**	**291**
3	-1	3	-6	Actuarial gains/losses on pensions		-6	3	-1	3
-1	0	-1	2	Tax effects of actuarial gains/losses on pensions		2	-1	0	-1
5	1	-13	10	Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk		10	-13	1	5
-1	0	3	-3	Tax effects related to the above		-3	3	0	-1
				Share of other comprehensive income from associated companies and joint ventures		9	13	3	23
6	**0**	**-7**	**3**	**Total items that will not be reclassified through profit or loss**		**12**	**6**	**2**	**29**
2	-1	-1	11	Net fair value adjustments on loans at fair value through other comprehensive income		11	-1	-1	2
-1	0	0	-3	Tax effects related to the above		-3	0	0	-1
-4	3	5	13	Fair value changes on hedge derivatives due to changes in the currency basis spread		13	5	3	-4
1	-1	-1	-3	Tax effects related to the above		-3	-1	-1	1
				Share of other comprehensive income from associates and joint ventures		13	-9	11	-7
-1	**2**	**3**	**18**	**Total items that will be reclassified through profit or loss**		**30**	**-6**	**12**	**-8**
4	**1**	**-4**	**21**	**Total profit and loss items recognised in equity**		**43**	**0**	**15**	**21**
286	**379**	**1 852**	**1 363**	**Total profit/loss for the period**		**1 651**	**1 928**	**481**	**313**
				Attributable to additional Tier 1 Capital holders		20	15	6	6
				Total profit/loss for the period for controlling interest		1 626	1 909	474	306
				Total profit/loss for the period for non-controlling interest		6	4	1	0
				Total profit/loss for the period		**1 651**	**1 928**	**481**	**313**

Balance sheet

Parent Bank				Group	
31.12.2019	31.12.2020	*NOK million*	Notes	31.12.2020	31.12.2019
		ASSETS			
1 325	683	Cash and deposits with central banks		683	1 325
8 273	8 887	Loans to and receivables from credit institutions		1 576	1 199
98 041	103 911	Loans to and receivables from customers	5,6	112 885	106 718
17 252	20 999	Certificates, bonds and fixed-income funds	10	20 999	17 252
878	2 212	Financial derivatives	8,10,11	2 212	878
675	616	Shares, units and other equity interests	10	616	675
4 323	4 510	Investments in associates and joint ventures		5 325	4 870
1 758	1 758	Investments in subsidiaries		0	0
89	96	Goodwill and other intangible assets		410	406
514	463	Property, plant and equipment		620	672
520	505	Other assets	13	746	787
133 648	**144 641**	**Total assets**		**146 074**	**134 783**
		LIABILITIES			
3 647	5 129	Deposits from and liabilities to credit institutions		5 090	3 650
78 534	85 643	Deposits from and liabilities to customers	14	85 613	78 494
33 732	34 952	Liabilities arising from issuance of securities	10,15	34 952	33 732
373	697	Financial derivatives	8,10,11	697	373
335	81	Current tax liabilities		128	376
88	288	Deferred tax liabilities		417	212
663	631	Other debt and liabilities recognised in the balance sheet	16	739	739
1 303	1 302	Subordinated loan capital	10,15	1 302	1 303
118 676	**128 723**	**Total liabilites**		**128 939**	**118 880**
		EQUITY CAPITAL			
5 791	5 791	Equity capital certificates	17	5 791	5 791
848	848	Premium fund		848	848
2 740	3 269	Dividend equalisation fund		3 269	2 740
663	555	Recommneded dividends and other equity capital	17	555	663
3 825	4 053	Primary capital		4 053	3 825
166	166	Other paid-up equity		166	166
12	29	Provision for gifts		29	12
292	237	Recommended dividend customer return	17	237	292
334	320	Fund for unrealised gains		320	334
300	650	Hybrid capital		650	300
0	0	Other equity		1 104	817
		Non-controlling interests		113	114
14 972	**15 918**	**Total equity capital**		**17 135**	**15 903**
133 648	**144 641**	**Total equity capital and liabilities**		**146 074**	**134 783**

The board of SpareBank 1 Østlandet

Hamar, February 11th 2021

Changes in equity capital

Parent Bank

(NOK million)	Paid-up equity			Earned equity capital						
	Equity certificates	Premium fund	Other paid-up equity	Primary capital [1)]	Dividend equalisation funds [2)]	Provision for gifts	Fund for unrealised gains	Other equity	Hybrid-capital	Total equity capital
Equity capital as of 01.01.2019	**5 766**	**830**	**166**	**3 912**	**2 589**	**15**	**252**	**-30**	**400**	**13 900**
Reclassification[3)]				-66	36			30		**0**
ECs issued and transferred to owners	26	18								**43**
Hybrid capital									-100	**-100**
Interest on hybrid capital [3)]				-5	-11					**-15**
Profit after tax				505	1 268		83			**1 856**
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				-3	-7					**-10**
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				1	3					**4**
Net fair value adjustments on loans at fair value through other comprehensive income after tax				0	0					**-1**
Actuarial gains after tax on pensions				1	2					**3**
Dividend paid				-222	-477					**3**
Donations distributed from profit 2018				-6						**-699**
Grants from provision for gifts in 2019						-2				**-6**
Equity capital as of 31.12.2019	**5 791**	**848**	**166**	**4 117**	**3 403**	**12**	**334**	**0**	**300**	**14 972**
Equity capital as of 01.01.2020	**5 791**	**848**	**166**	**4 117**	**3 403**	**12**	**334**	**0**	**300**	**14 972**
ECs issued and transferred to owners										**0**
Hybrid capital									350	**350**
Interest 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**	**0**	**650**	**15 918**

Group

(NOK million)	Paid-up equity			Earned equity capital							
	Equity certificates	Premium fund	Other paid-up equity	Primary capital 1)	Dividend equalisation funds 2)	Provision for gifts	Fund for unrealised gains	Other equity	Hybrid-capital	Non-controlling interests	Total equity capital
Equity capital as of 01.01.2019	**5 766**	**830**	**166**	**3 912**	**2 589**	**15**	**252**	**728**	**400**	**102**	**14 762**
OB Corr. Subsidiary								0			**0**
OB Corr. In Group companies								-8			**-8**
Adjusted equity capital at 01.01.2019	**5 766**	**830**	**166**	**3 912**	**2 589**	**15**	**252**	**719**	**400**	**102**	**14 753**
Reclassification 3)				-66	36			30			**0**
ECs issued and transferred to owners	26	18									**57**
Hybrid capital									-100		**-100**
Interest on hybrid capital 3)				-5	-11						**-15**
Profit after tax				505	1 268		83	69		4	**1 928**
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				-3	-7						**-10**
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				1	3						**4**
Net fair value adjustments on loans at fair value through other comprehensive income after tax				0	0						**-1**
Actuarial gains after tax on pensions				1	2						**3**
Share of other comprehensive income from associated companies and joint ventures								4			**4**
Effects directly in equity from associated companies and joint ventures								-6			**-6**
Dividend paid				-222	-477					-6	**-705**
Donations distributed from profit 2018				-6							**-6**
Grants from provision for gifts in 2019						-2					-2
Equity capital as of 31.12.2019	**5 791**	**848**	**166**	**4 117**	**3 403**	**12**	**334**	**817**	**300**	**114**	**15 903**
Equity capital as of 01.01.2020	**5 791**	**848**	**166**	**4 117**	**3 403**	**12**	**334**	**817**	**300**	**114**	**15 903**
OB Corr. Subsidiary								1			**1**
OB Corr. In Group companies								0			**0**
Adjusted equity capital at 01.01.2020	**5 791**	**848**	**166**	**4 117**	**3 403**	**12**	**334**	**817**	**300**	**114**	**15 903**
Hybrid capital									350		**350**
Interest on hybrid capital				-6	-14						**-20**
Profit after tax				406	951		-15	260		6	**1 608**
designated at fair value due to the Bank's own credit				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**
and joint ventures								4			**4**
Dividend paid				-208	-531					-6	**-744**
Donations distributed from profit 2019				-6							**-6**
Grants from provision for gifts in 2020				-20		17					**-3**
Equity capital as of 31.12.2020	**5 791**	**848**	**166**	**4 289**	**3 824**	**29**	**320**	**1 104**	**650**	**114**	**17 135**

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

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

3) Interest on hybrid capital is reclassified from other equity and distributed between primary capital and equalization funds according to the ownership fraction.

Cash flow statement

Parent Bank			Group	
31.12.2019	**31.12.2020**	*(NOK million)*	**31.12.2020**	**31.12.2019**
-7 136	-5 990	Change in gross lending to customers	-6 333	-8 095
3 171	2 911	Interest receipts from lending to customers	3 316	3 586
6 994	7 109	Change in deposits from customers	7 119	6 997
-889	-618	Interest payments on deposits from customers	-621	-896
259	855	Change in receivables and debt from credit institutions	1 049	941
158	99	Interest on receivables and debt to financial institutions	-14	-7
-2 762	-3 731	Change in certificates and bonds	-3 731	-2 762
148	81	Interest receipts from commercial papers and bonds	81	148
835	882	Net commission receipts	1 406	1 354
70	77	Capital gains from sale on trading	77	70
-1 236	-1 231	Payments for operations	-1 764	-1 792
-216	-342	Taxes paid	-380	-248
-20	375	Other accruals	379	-46
-623	**477**	**Net change in liquidity from operations (A)**	**584**	**-751**
-28	-44	Investments in tangible fixed assets	-60	-58
12	0	Receipts from sale of tangible fixed assets	36	46
-687	-113	Change in long-term investments in equities	-113	-687
601	329	Dividends from long-term investments in equities	204	474
-101	**172**	**Net cash flow from investments (B)**	**66**	**-225**
5 948	4 729	Debt raised by issuance of secutities	4 729	5 948
400	0	Debt raised by subordinated loan capital	0	400
300	350	Equity raised by hybrid capital	350	300
-4 150	-4 992	Repayments of issued securities	-4 992	-4 150
-200	0	Repayments of issued subordinated loan capital	0	-200
-400	0	Repayments of hybrid capital	0	-400
37	0	Payments arising from issuance of equity capital certificates	0	37
-645	-575	Interest payments on securities issued	-575	-645
-36	-30	Interest payments on subordinated loans	-30	-36
-42	-41	Lease payments	-36	-35
-238	0	Payments arising from placements in subsidiaries	0	13
-477	-531	Payment of dividend	-536	-483
-220	-206	Payment og customer dividend	-206	-220
-4	-10	Donations	-10	-4
274	**-1 305**	**Net cash flow from financing (C)**	**-1 306**	**525**
-451	**-656**	**CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)**	**-656**	**-451**
1 958	1 507	Cash and cash equivalents at 1 January	1 507	1 958
1 507	**851**	**Cash and cash equivalents at the end of the period**	**851**	**1 507**
		Cash and cash equivalents at comprise:		
1 325	683	Cash and deposits with central banks	683	1 325
183	169	Deposits etc. at call with banks	169	183
1 507	**851**	**Cash and cash equivalents at the end of the period**	**851**	**1 507**

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 - 31 December 2020. 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 2019. 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:

In September 2019, IASB issued changes to IFRS 9 and IFRS 7. These changes are mandatory from 1 January 2020, but could be implemented in the 2019 accounts. The Group chose to implement the changes early. The Group's decision regarding early implementation meant that hedging situations could be continued unaffected by the IBOR reform. The IBOR reform is an ongoing process in which existing benchmark rates used in receivables, loans and derivative agreements are replaced with alternative benchmark rates.

Interest income

Interest income was previously split into interest income measured at fair value and interest income measured using the effective interest rate method. From the first quarter of 2020, interest income is now split into interest income (effective interest rate method) and other interest income. Changes have also been made to what the effective interest rate method involves. Please also refer to Note 18 'Net interest income'.

Revised distribution of profit for 2019

The Board of Directors of SpareBank 1 SMN Østlandet has decided to change its distribution of profit for 2019 based on the economic outlook, reducing the payout ratio from 50 per cent to 40 per cent. New dividend is NOK 4.58 per equity certificate, down from NOK 5.72 in the annual accounts for 2019. The annual accounts for 2019 were not changed to reflect this. Comparable figures for 2019 has not been restated in the quarterly report, but the effect on the solvency of the changed allocation is shown in note 4.

Distribution of profit for 2020

The board of Directors is proposing to the Supervisory Board a dividend of NOK 555 million, a customer dividend of NOK 231 million and a provisions of NOK 6 million for donations. This results in a payout ratio of 50 per cent of the controlling interest's share of the consolidated profit, which in line with the Bank's long-term-oriented dividend policy. The payment of the bank's profit from 2020 is proposed to be paid out in two rounds. At the normal time for dividend payments (April 2021), a dividend of NOK 203 million (equivalent to 1.75 per equit certificate) and donations of NOK 6 million will be paid out. The board will also ask the Supervisory Board for authorisation to pay out a further dividend of up to NOK 352 million (equivalent to 3.04 per equity certificate) and up to 231 million in customer dividends after 30 September 2021 if the capital situation allows it.

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

The coronavirus has challenged the Group's estimation of expected credit losses. As at the balance sheet date, there were limited signs of a general deterioration in the loan portfolio's credit quality. However, the Bank expects the coronavirus crisis to be reflected in the Bank's risk models over time through companies' reduced earnings in

2020 and higher unemployment in the retail customer segment. The challenge lies in defining unbiased assumptions about the coronavirus crisis when its severity and duration are highly uncertain.

Please see Note 2 ‘Accounting Policies’ in the annual financial statements for 2019 for a detailed description of the applied loss model pursuant to IFRS 9. The model contains several critical estimates. The most important is related to the definition of substantially increased credit risk and important assumptions in the general loss model.

Substantially increased credit risk
The measurement of impairments for expected credit losses in the general loss model depends on whether or not the credit risk has increased significantly since initial capitalisation. Credit deterioration is measured by the development of financial PD. Financial PD is the Bank’s best assessment of the customer’s risk of default. In the definition applied by the Bank, a significant degree of credit deterioration occurs when the customer’s PD has increased by over 150 per cent to a PD level above 0.60 per cent. In addition, credit risk is deemed to have increased significantly when an account is overdrawn or has arrears that are 30 days past due or more, and when the customer is flagged for special follow-up. Results from the validation of credit models in the SpareBank 1 Alliance have historically provided good support for the critical estimates of significantly increased credit risk and they have also been on par with what other banks use in similar loss models.

Sensitivity related to substantially increased credit risk:
The effects of a more conservative definition of a significant degree of credit deterioration were simulated as at 31 December 2020, where this alternative occurs when the customer’s PD has increased by more than 100 per cent (other conditions unchanged). The simulation increased expected loss on loan receivables in the parent bank by NOK 12 million (2.8 per cent) and the estimated effect on the consolidated portfolio was around NOK 15 million. Because the Bank believes that there is reason to assume that there will be some time lag in the effects of the coronavirus pandemic impacting the credit models, the models have been overridden in that it is assumed that a proportion of customers in exposed industries will migrate from Stage 1 to Stage 2 as a result of an assumed, but not observed, significant degree of credit deterioration. These extra provisions for loss are based on a discretionary assessment of a proportion of loan receivables that may be expected to migrate in each industry and the related higher expected credit loss in the event of migration. As at 31.12.2020, total provisions of NOK 25 million had been made for the SpareBank 1 Østlandet Group: NOK 20 million in the parent bank and NOK 5 million in the subsidiary SpareBank 1 Finans Østlandet.

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).

Sensitivity related to substantially increased credit risk:
The effects of a more conservative definition of a significant degree of credit deterioration were simulated as at 31 December 2020, where this alternative occurs when the customer’s PD has increased by more than 100 per cent (other conditions unchanged). The simulation increased expected loss on loan receivables in the parent bank by NOK 12 million (2.8 per cent) and the estimated effect on the consolidated portfolio was around NOK 15 million. Because the Bank believes that there is reason to assume that there will be some time lag in the effects of the coronavirus pandemic impacting the credit models, the models have been overridden in that it is assumed that a proportion of customers in exposed industries will migrate from Stage 1 to Stage 2 as a result of an assumed, but not observed, significant degree of credit deterioration. These extra provisions for loss are based on a discretionary assessment of a proportion of loan receivables that may be expected to migrate in each industry and the related higher expected credit loss in the event of migration. As at 31.12.2020, total provisions of NOK 25 million had been made for the SpareBank 1 Østlandet Group: NOK 20 million in the parent bank and NOK 5 million in the subsidiary SpareBank 1 Finans Østlandet.

The downside scenario reflects an economic outlook that is substantially worse than the expected development, and PD and LGD have been set higher than in the expected scenario. The starting point is the expected default and loss levels in a crisis situation with levels of PD and LGD used in conservative stress scenarios for other purposes in the Bank's credit management. These conservative assumptions have been kept unchanged since the implementation of IFRS 9.

The upside scenario reflects an economic outlook that is better than the expected development, and PD and LGD have been set lower than in the expected scenario. The starting point is the observed level of defaults and losses in an historical economic recovery. The Bank believes that the DR in the last 3 years and the actual LGD in the last 5 years reflect such a period of economic prosperity. However, the assessments as at 30 June 2020 take account of the fact that it could take some time for PD levels to come down after the coronavirus pandemic. The PD curves was consequently adjusted upwards in the short and medium term, especially in the corporate segment. The assumptions in the upside scenario were kept unchanged in the third and fourth quarter of 2020.

The scenario weighting is subject to ongoing assessment based on the available information. The Bank's executive management team conducts, at least annually, a thorough 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 og 75 per cent, the downside scenario 15 per cent and the upside scenario 10 per cent (75/15/10 per cent). In light of the coronavirus pandemic, it is the assessment of the Bank that the probability of the downside scenario occurring has further increased and it increased the scenario's weighting by a further 5 percentage points as at 31 March 2020. The Bank's executive management team chose to keep the scenario weighting from the first quarter as at 31 December 2020. Consequently, as at 31 December 2020, ECL was calculated as a combination of a 70 per cent expected scenario, a 20 per cent downside scenario and a 10 per cent upside scenario (70/20/10 per cent).

Sensitivity related to key assumptions in the general loss model:
The table 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 (RC) and corporate customers (CC), 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).

31.12.2020	**Retail market**	**Corporate market**	**Parent Bank**	**SpareBank 1 Finans Østlandet**	**Group**
ECL in expected scenario	81	183	264	91	351
ECL in downside scenario	402	691	1.093	183	1.272
ECL in upside scenario	64	100	164	66	226
ECL with used scenario weighting 70/20/10 per cent	**144**	**276**	**420**	**107**	**523**
ECL with alternative scenario weighting 80/10/10 per cent	112	225	337	98	431
ECL with alternative scenario weighting 75/15/10 per cent	128	251	378	102	477
ECL with alternative scenario weighting 65/25/10 per cent	160	301	461	111	569
ECL with alternative scenario weighting 60/30/10 per cent	176	327	503	116	615

The table reflects the fact that there are some significant differences in underlying PD and LGD estimates in the various scenarios and that there are differentiated levels and level differences between the segments. At a group level, the ECL in the upside scenario is around two-thirds of the ECL in the expected scenario, meanwhile, the downside scenario has an ECL three to four times higher than in the expected scenario. The applied scenario weighting, with 20 per cent downside and 10 per cent upside, thereby results in an around 50 per cent higher ECL than in the expected scenario. A further 10-percentage point increase in the probability of the downside scenario would have increased the weighted ECL by around NOK 90 million (18 per cent). A 10-percentage point reduction in the probability of the downside scenario, the probability weightings the Bank used when introducing IFRS 9, would reduce the weighted ECL correspondingly.

Reference is also made to Note 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 model overriding (PMA), which totals NOK 25 million at a group level.

Note 2 Change in the composition of the Group

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.

2019

A reallocation of the shares of SpareBank 1 Boligkreditt AS pursuant to the shareholder agreement increased the stake in the company from 21.6 percent to 22.3 precent in december. The corresponding reallocation in SpareBank 1 Næringskreditt AS resultaed in a decrease in the stake from 17.7 percent to 15.2 percent.

EiendomsMegler 1 Hedmark Eiendom AS changed its name to EiendomsMegler 1 Innlandet AS as of 4 September 2019.

An SMB Lab business transfer was made to SpareBank 1 Utvikling in the third quarter 2019.

SpareBank 1 Banksamarbeidet changed its name in the second quarter to SpareBank 1 Utvikling DA.

The sister companies with the same name TheVIT AS merged in the second quarter to TheVIT AS.

On 28 February 2019, the SpareBank 1 banks entered into an agreement on an amended ownership model in BN Bank ASA, including a distribution of 'B' shares in SpareBank 1 Næringskreditt AS, whereby some of the present owners are changing their stakes as SpareBank 1 Østlandet comes in as a new owner. On completion of the transactions, SpareBank 1 Østlandet will have a stake in BN Bank ASA and hold 9.99 per cent of the 'B' shares in SpareBank 1 Næringskreditt AS. In all, this equates to SpareBank 1 Østlandet buying shares for a total of NOK 504 million.

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 20.5 per cent to 20.8 per cent with effect from 1 January 2019.

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.

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**

31.12.2019	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	1 049	957	246	-1	1	-2	-84	2 166
Net commissions and other income	698	228	55	124	208	185	-109	1 388
Net income from financial assets and liabilities	0	0	0	0	0	0	735	735
Total operating expenses	888	429	100	116	204	192	1	1 930
Profit before losses by segment	**859**	**756**	**201**	**7**	**5**	**-9**	**541**	**2 359**
Impairment losses on loans and guarantees	1	-13	43	0	0	0	1	32
Pre-tax operating profit	**857**	**768**	**158**	**7**	**5**	**-9**	**540**	**2 326**
Tax expense	142	127	40	2	-2	-2	92	398
Profit/loss per segment after tax	**715**	**641**	**118**	**5**	**7**	**-7**	**448**	**1 928**
Balance sheet								
Gross lending to customers	64 281	34 028	8 824	0	0	0	-98	107 035
Provisions for credit losses	-65	-186	-65	0	0	0	0	-316
Other assets	2 810	486	169	74	154	125	24 246	28 064
Total assets per segment	**67 026**	**34 328**	**8 928**	**74**	**154**	**125**	**24 148**	**134 783**
Deposits from and liablilities to customers	45 028	33 422	0	0	0	0	44	78 494
Other liabilities and equity	21 998	906	8 928	74	154	125	24 105	56 289
Total equity capital and liabilities per segment	**67 026**	**34 328**	**8 928**	**74**	**154**	**125**	**24 148**	**134 783**

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 7.8 per cent. The total buffer requirement consists of two institutution-specific buffers, the countercyclical capital buffer requirement and the systemic risk buffer which is set to 1 per cent and 4.3 per cent correspondingly for both the parent bank and at the consolidated level. SpareBank 1 Østlandet is also subject to a Pillar II requirement of 1.8 per cent as at 31.12.2020. The total capital requirement for common equity tier 1 capital was thus 14.1 per cent at 31.12.2020. In addition to this, a further 1.5 per cent is covered by additional Tier 1 capital and 2 per cent is covered by Tier 2 capital.

The Banks final dividend for 2019 was changed from a foreseeable dividend of 50 % to a final dividend of 40 %. Payouts including dividend to owners, customers as well as provisions for gifts was

therefore reduced from 955 mill. NOK to 765 mill. NOK. The withheld part of the dividend was part of the equity as of 1. quarter 2020 which results in increased capital adequacy levels. As as 31.12.2019 this increase in equity would have increased CET1 capital ratio with about 0.3 percentage points for the parent bank as well as on a consolidated level.

Parent Bank			Group	
31.12.19	31.12.20		31.12.20	31.12.19
14 972	**15 918**	**Total equity carried**	**17 135**	**15 903**
		Common equity tier 1 capital		
-955	-791	Results for the accounting year not included	-791	-955
-300	-650	Hybridcapital	-650	-300
-	-	Minority interests that is not eligible as CET1 capital	-74	-60
25	17	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	17	25
-67	-78	Goodwill and other intangible assets	-461	-420
-348	-196	Positive value of expected losses under the IRB approach	-278	-441
-156	-156	CET 1 instruments of financial sector entities where the institution does have a significant investement	-539	-292
-29	-32	Value adjustments due to the requirements for prudent valuation (AVA)	-36	-33
-	-	Other adjustments in CET1	12	3
13 143	**14 031**	**Common equity tier 1 capital**	**14 335**	**13 430**
		Additional Tier 1 capital		
300	650	Hybrid capital	650	300
-	-	Instruments issued by consolidated entities that are given recognition in AT1 Capital	162	179
300	**650**	**Tier 1 capital**	**812**	**479**
		Supplementary capital in excess of Tier 1 capital		
1 300	1 300	Subordinated loan capital	1 300	1.300
-	-	Instruments issued by consolidated entities that are given recognition in T2 Capital	257	235
1 300	**1 300**	**Total supplementary capital**	**1 557**	**1 535**
14 743	**15 981**	**Total eligible capital**	**16 704**	**15 444**
4 809	4 764	Corporates - SME	4 775	4 819
14 300	13 760	Corporates - Specialised Lending	14 428	14 980
1 783	1 953	Corporates - Other	1 986	1 815
1 162	1 314	Retail - SME	1 530	1 381
19 179	20 059	Retail - Mortgage exposures	28 485	27 293
1 034	873	Retail - Other	907	1 071
-	-	Equity exposures	-	3
42 267	**42 723**	**Credit exposures calculated using IRB-approach**	**52 110**	**51 361**
13 831	15 289	Credit exposures calculated using the standardised approach	19 705	17 972
351	417	Counterparty credit risk	1 966	1 881
0	0	Market risk	0	0
5 356	5 133	Operational risk	6 664	6 659
61 805	**63 562**	**Risk-weighted assets**	**80 445**	**77 873**
4 944	**5 085**	**Capital requirements (8%)**	**6 436**	**6 230**
1 112	**1 144**	**Pillar 2 (1.8%)**	**1 448**	**1 402**
		Buffer requirements		
1 545	1 589	Capital conservation buffer (2.5%)	2 011	1 947
1 545	636	Countercyclical capital buffer (1% and 2.5% as at 31.12.2019)	804	1 947
1 854	2 733	Systemic risk buffer (4.3% and 3% as at 31.12.2019)	3 459	2 336
4 944	**4 958**	**Total buffer requirements for CET1 (7.8% and 8% as at 31.12.2019)**	**6 275**	**6 230**
4 305	**5 069**	**Available CET1 above current requirements (14.1%, and 14.3% as at 31.12.2019)**	**2 992**	**2 294**
		Capital ratios		
21.3 %	**22.1 %**	CET 1 capital ratio	**17.8 %**	**17.2 %**
21.8 %	**23.1 %**	Tier 1 Capital ratio	**18.8 %**	**17.9 %**
23.9 %	**25.1 %**	Capital adequacy ratio	**20.8 %**	**19.8 %**
9.8 %	**10.0 %**	Leverage Ratio	**7.2 %**	**7.2 %**

Note 5 Loans to and receivables from customers

Parent Bank

Gross loans	31.12.2020 Stage 1	Stage 2	Stage 3	Total	31.12.2019 Stage 1	Stage 2	Stage 3	Total
Opening Balance	**91 115**	**6 858**	**323**	**98 296**	**85 386**	**5 403**	**371**	**91 160**
Transfers in (out) to Stage 1	1 547	-1 541	-6	0	1 268	-1 261	-7	0
Transfers in (out) to Stage 2	-4 555	4 563	-8	0	-3 198	3 233	-34	0
Transfers in (out) to Stage 3	-60	-131	191	0	-53	-80	133	0
Net increase/decrease excisting loans	1 439	-1 011	-40	388	-2 315	-320	-42	-2 678
Purchases and originations	23 443	645	28	24 116	44 252	1 562	58	45 872
Derecognitions and maturities	-17 212	-1 225	-66	-18 503	-34 224	-1 678	-145	-36 047
Write-offs	0	0	-12	-12	0	0	-11	-11
Ending Balance	**95 716**	**8 159**	**411**	**104 286**	**91 115**	**6 858**	**323**	**98 296**
Loan and advances to customers at amortised cost				31 574				31 621
Loan and advances to customers at fair value				72 712				66 675

Group

Gross loans	31.12.2020 Stage 1	Stage 2	Stage 3	Total	31.12.2019 Stage 1	Stage 2	Stage 3	Total
Opening Balance	**98 654**	**7 925**	**456**	**107 035**	**92 167**	**6 317**	**456**	**98 940**
Transfers in (out) to Stage 1	1 874	-1 867	-7	0	1 496	-1 484	-12	0
Transfers in (out) to Stage 2	-5 217	5 238	-21	0	-3 711	3 754	-44	0
Transfers in (out) to Stage 3	-97	-183	280	0	-104	-130	233	0
Net increase/decrease excisting loans	309	-1 224	-53	-968	-3 388	-520	-60	-3 968
Purchases and originations	26 620	921	45	27 586	47 764	1 870	86	49 721
Derecognitions and maturities	-18 686	-1 388	-200	-20 273	-35 571	-1 883	-192	-37 646
Write-offs	0	0	-12	-12	0	0	-11	-11
Ending Balance	**103 458**	**9 422**	**488**	**113 368**	**98 654**	**7 925**	**456**	**107 035**
Loan and advances to customers at amortised cost				40 656				40 360
Loan and advances to customers at fair value				72 712				66 675

Parent Bank

	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
Retail market	18	-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	-	-	-20	-	-	-20
Gross corporate loans by sector and industry	**30 866**	**-94**	**-133**	**-63**	**4 206**	**34 782**
Private customers	**708**	**-1**	**-1**	**-31**	**68 454**	**69 129**
Post model adjustments	-	-	-	-	-	-
Total loans to private customers	**708**	**-1**	**-1**	**-31**	**68 454**	**69 129**
Adjustment fair value	-	-	-44	-8	52	-
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**

	Loan and advances to customers at amortised cost 31.12.2019	Provisions for credit losses Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value 31.12.2019	Net lending 31.12.2019
Retail market	22	-0	-	-	-	22
Primary industries	2 936	-2	-5	-11	1 873	4 791
Paper and pulp industries	775	-1	-2	-0	327	1 099
Other industry	1 217	-5	-3	-1	49	1 257
Building and constructions	3 676	-19	-13	-1	270	3 912
Power and water supply	221	-0	-0	-1	1	220
Wholesale and retail trade	1 025	-3	-3	-5	128	1 142
Hotel and restaurants	403	-1	-1	-1	61	461
Real estate	15 673	-33	-31	-7	461	16 064
Commercial services	4 572	-11	-8	-11	562	5 104
Transport and communication	325	-1	-3	-0	162	483
Other	-	-	-	-	-	-
Gross corporate loans by sector and industry	**30 845**	**-75**	**-70**	**-39**	**3 894**	**34 555**
Private customers	**776**	**-1**	**-1**	**-23**	**62 735**	**63 486**
Adjustment fair value			-37	-9	46	-
Total loans to customers	**31 621**	**-76**	**-108**	**-71**	**66 675**	**98 041**
Loans transferred to SpareBank 1 Boligkreditt AS						42 630
Loans transferred to SpareBank 1 Næringskreditt AS						1 022
Total loans including loans transferred to covered bond companies						**141 694**
Other liabilities 1)						13 058
Total commitments including loans transferred to covered bond companies						**154 752**

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

Group

	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
Retail market	327	-1	-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	-	-	-24	-	-	-24
Gross corporate loans by sector and industry	**35 779**	**-113**	**-177**	**-76**	**4 206**	**39 620**
Private customers	**4 877**	**-7**	**-12**	**-47**	**68 454**	**73 265**
Post model adjustments	-	-	-1	-	-	-1
Total loans to private customers	**4 877**	**-7**	**-13**	**-47**	**68 454**	**73 265**
Adjustment fair value	-	-	-44	-8	52	-
Total loans to customers	**40 656**	**-119**	**-234**	**-130**	**72 712**	**112 885**
Loans transferred to SpareBank 1 Boligkreditt AS						46 872
Loans transferred to SpareBank 1 Næringskreditt AS						1 018
Total loans including loans transferred to covered bond companies						**160 775**
Other liabilities [1)]						16 179
Total commitments including loans transferred to covered bond companies						**176 954**

	Loan and advances to customers at amortised cost 31.12.2019	Provisions for credit losses Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value 31.12.2019	Net lending 31.12.2019
Retail market	336	-0	-0	-0	0	336
Primary industries	3 356	-3	-7	-12	1 873	5 207
Paper and pulp industries	788	-1	-2	-0	327	1 112
Other industry	1 424	-6	-4	-2	49	1 462
Building and constructions	4 710	-22	-17	-4	270	4 938
Power and water supply	243	-1	-0	-1	1	242
Wholesale and retail trade	1 289	-5	-4	-5	128	1 402
Hotel and restaurants	419	-1	-1	-1	61	476
Real estate	16 028	-35	-32	-7	461	16 415
Commercial services	5 327	-14	-9	-8	562	5 859
Transport and communication	1 643	-6	-9	-3	162	1 787
Other	-	-	-	-	-	-
Gross corporate loans by sector and industry	**35 562**	**-93**	**-86**	**-43**	**3 895**	**39 235**
Private customers	**4 797**	**-4**	**-10**	**-35**	**62 735**	**67 483**
Adjustment fair value		-	-37	-9	46	-
Total loans to customers	**40 359**	**-97**	**-133**	**-87**	**66 676**	**106 718**
Loans transferred to SpareBank 1 Boligkreditt AS						42 630
Loans transferred to SpareBank 1 Næringskreditt AS						1 022
Total loans including loans transferred to covered bond companies						**150 371**
Other liabilities [1)]						13 638
Total commitments including loans transferred to covered bond companies						**164 009**

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

Note 6 Provisions for credit losses

The table shows isolated loss effects.

31.12.2019-31.03.2020

Isolated loss effects	Retail market	Corporate market	Parent bank	SB1FØ	Group
Change ECL due to period growth and migration	-2	2	0	-4	-4
Change ECL due to adjusted key assumptions (PD / LGD)	3	35	38	17	54
Change ECL due to changed scenario weighting	14	26	41	3	44
Change in model-based loss provisions	**15**	**63**	**79**	**16**	**94**
Post model adjustments	0	35	35	5	40
Change individual loss provisions	-2	13	11	2	13
Net write-offs	3	3	6	-1	4
Total losses	**16**	**114**	**130**	**21**	**151**

31.03.2020-30.06.2020

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 (PD / LGD)	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**

30.06.2020-30.09.2020

Isolated loss effects	Retail market	Corporate market	Parent bank	SB1FØ	Group
Change ECL due to period growth and migration	-1	1	0	5	5
Change ECL due to adjusted key assumptions (PD / LGD)	0	0	0	0	0
Change ECL due to changed scenario weighting	0	0	0	0	0
Change in model-based loss provisions	**-1**	**1**	**0**	**5**	**5**
Post model adjustments	0	-15	-15	0	-15
Change individual loss provisions	-3	45	43	-5	38
Net write-offs	3	4	7	12	19
Total losses	**-1**	**36**	**35**	**12**	**47**

01.10.2020-31.12.2020

Isolated loss effects	Retail market	Corporate market	Parent bank	SB1FØ	Group
Change ECL due to period growth and migration	1	7	8	4	12
Change ECL due to adjusted key assumptions (PD / LGD)	0	-3	-3	2	-1
Change ECL due to changed scenario weighting	0	0	0	0	0
Change in model-based loss provisions	**1**	**4**	**5**	**5**	**11**
Post model adjustments	0	-15	-15	0	-15
Change individual loss provisions	2	-93	-91	1	-90
Net write-offs	1	82	83	12	96
Total losses	**4**	**-22**	**-18**	**19**	**1**

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 (PD / LGD)	3	36	39	18	58
Change ECL due to changed scenario weighting	14	26	41	3	44
Change in model-based loss provisions	**19**	**73**	**91**	**29**	**120**
Post model adjustments	0	20	20	5	25
Change individual loss provisions	2	28	30	13	43
Net write-offs	9	95	104	38	142
Total losses	**29**	**216**	**245**	**84**	**330**

There has been calculations of ECL on credit institutions and central banks, but the effect is are deemed insignificant and consequently not included in the write-downs.

Parent Bank

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

31.12.2019

	31.12.2018	Provision for credit losses	Net write-offs	31.12.2019
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	265	-22	-11	232
Provisions for loan losses at fair value over OCI	65	2	-1	67
Total provisions for credit losses	**329**	**-19**	**-11**	**299**
Presented as:				
Assets: Provisions for loan losses - decrease of assets	282	-15	-11	255
Liabilities: Provisions for loan losses - increase of liabilities	25	-3	0	22
Eqity: Fair value adjustment of losses	22	-1	0	21

Group

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

31.12.2019

	31.12.2018	Provision for credit losses	Net write-offs	31.12.2019
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	320	-16	-11	294
Provisions for loan losses at fair value over OCI	65	2	-1	67
Total provisions for credit losses	**385**	**-13**	**-11**	**360**
Presented as:				
Assets: Provisions for loan losses - decrease of assets	338	-9	-11	317
Liabilities: Provisions for loan losses - increase of liabilities	25	-3	0	22
Eqity: Fair value adjustment of losses	22	-1	0	21

Parent Bank

Provisions for credit losses *	31.12.2020 Stage 1	Stage 2	Stage 3	Total	31.12.2019 Stage 1	Stage 2	Stage 3	Total
Opening Balance	**115**	**115**	**68**	**298**	**111**	**136**	**83**	**329**
Provision for credit losses								
Transfers in (out) to Stage 1	5	-5	0	0	3	-3	0	0
Transfers in (out) to Stage 2	-85	85	0	0	-46	48	-2	0
Transfers in (out) to Stage 3	-12	-26	38	0	-9	-7	16	0
Net remeasurement of loss provisions	112	6	5	124	33	-49	2	-14
Purchases and originations	29	13	4	46	56	24	1	81
Derecognitions and maturities	-15	-19	-2	-36	-33	-34	-19	-86
Write-offs	0	0	-12	-12	0	0	-11	-11
Post model adjustment	0	20	0	20	0	0	0	0
Ending Balance	**150**	**188**	**102**	**440**	**115**	**115**	**69**	**299**

Group

Provisions for credit losses *	31.12.2020 Stage 1	Stage 2	Stage 3	Total	31.12.2019 Stage 1	Stage 2	Stage 3	Total
Opening Balance	**131**	**142**	**86**	**360**	**127**	**162**	**96**	**385**
Provision for credit losses								
Transfers in (out) to Stage 1	12	-12	0	0	8	-8	0	0
Transfers in (out) to Stage 2	-88	89	-1	0	-48	50	-2	0
Transfers in (out) to Stage 3	-12	-29	41	0	-9	-11	21	0
Net remeasurement of loss provisions	109	38	17	164	24	-42	8	-11
Purchases and originations	40	20	10	71	66	31	4	101
Derecognitions and maturities	-18	-24	-11	-54	-35	-41	-27	-103
Write-offs	0	0	-12	-12	0	0	-11	-11
Post model adjustment	0	20	0	20	0	0	0	0
Ending Balance	**173**	**244**	**130**	**548**	**131**	**142**	**87**	**360**

**** Provisions for loans, guarantees and unused credit facilities***

Note 7 Net profit from financial assets and liabilities

Parent Bank			Group	
31.12.2019	**31.12.2020**		**31.12.2020**	**31.12.2019**
19	41	Dividends from equity investments at fair value through profit and loss	41	19
19	**41**	**Dividends from equity investments under IFRS 9**	**41**	**19**
582	287	Dividends from subsidiaries, associates and joint ventures		
0	-6	Gains or losses on realisation of subsidiaries, associates and joint ventures		
-6	0	Impairment on subsidiaries, associates and joint ventures		
576	**282**	**Net income from subsidiaries, associates and joint ventures (Parent Bank)**		
		Share of profit or loss of associates and joint ventures (Group)	**394**	**519**
3	135	Net change in value on certificates, bonds and fixed-income funds	135	3
14	-118	Net change in value on derivatives that hedge securities above	-118	14
17	*16*	*Net change in value on certificates, bonds and fixed-income funds including hedge derivatives*	*16*	*17*
-96	-514	Net change in value of securities issued	-514	-96
106	520	Net change in value in derivatives that hedge securities issued	520	106
10	*6*	*Net change in value on securities issued including hedge derivatives*	*6*	*10*
82	-6	Net change in value on equity instruments at fair value through profit and loss	-6	82
-18	150	Net change in value on fixed-rate loans to customers at fair value through profit and loss	150	-18
36	-135	Net change in value on other derivatives	-135	36
16	27	Gains or losses on realisation of assets at fair value through profit and loss	27	16
55	50	Net income from FX trading and -hedging	50	55
197	**109**	**Net profit from other financial assets and liabilities**	**109**	**197**
792	**432**	**Net profit from financial assets and liabilities**	**545**	**735**

Note 8 Financial derivatives

Parent Bank and Group

	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**

	31.12.2019		
	Contract amount	Fair value	
At fair value through profit and loss		Assets	Liabilities
Currency instruments			
Currency forward contracts	1 562	15	18
Currency swaps	1 712	5	18
Total currency instruments	**3 275**	**20**	**36**
Interest rate instruments			
Interest rate swaps (including cross-currency)	46 793	858	336
Other interest rate contracts	2 958	0	0
Total interest rate instruments	**49 751**	**858**	**336**
Total currency instruments	**3 275**	**20**	**36**
Total interest rate instruments	**49 751**	**858**	**336**
Total financial derivates	**53 026**	**878**	**373**

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 3.4 (3.8) years at the end of Q4 2020. At the same date, total LCR was 140.6 (162.2) 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

31.12.2020	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value				
- Derivatives	0	2 212	0	**2 212**
- Certificates, bonds and fixes-income funds	0	20 999	0	**20 999**
- Fixed-rate loans to customers	0	0	6 331	**6 331**
- Equity instruments	349	0	267	**616**
- Mortgages	0	0	66 330	**66 330**
Total assets	**349**	**23 211**	**72 928**	**96 488**
Liabilities				
Financial liabilities at fair value				
- Derivatives	0	697	0	**697**
- Securities issued	0	3 050	0	**3 050**
Total liabilities	**0**	**3 747**	**0**	**3 747**

31.12.2019	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives	0	878	0	**878**
- Bonds and certificates	0	17 252	0	**17 252**
- Fixed-rate loans to customers	0	0	6 765	**6 765**
- Equity instruments	331	45	299	**675**
- Other financial assets	0	0	59 865	**59 865**
Total assets	**331**	**18 175**	**66 929**	**85 435**
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives	0	373	0	**373**
- Securities issued	0	4 036	0	**4 036**
Total liabilities	**0**	**4 409**	**0**	**4 409**

Fair value of financial instruments traded on active markets is based on the market value on the balance sheet day. A market is considered active if the market prices are easily and regularly available, and these prices represent actual and regularly occurring arm's-length market transactions. The market price used for financial assets is the current purchase price; for financial liabilities the current selling price is used. Instruments included in level 1 include only equity instruments listed on Oslo Børs or the New York Stock Exchange.

Fair value of financial instruments that are not traded in an active market (such as individual OTC derivatives) is determined using valuation methods. These valuation methods make maximum use of observable data where available and try to avoid using the Group's own estimates. If all the significant data required to determine the fair value of an instrument is observable data, the instrument is included in level 2.

If one or more important inputs required to determine the fair value of an instrument are not observable market data, the instrument is included in level 3.

Valuation methods used to determine the value of financial instruments include:

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flow based on observable yield curves.
- Fair value forward contracts in a foreign currency is determined by looking at the present value of the difference between the agreed forward exchange rate and the foreign exchange rate on balance sheet day.
- Fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated future cash flow based on observable yield curves, including an indicated credit spread on issuers from Nordic Bond Pricing, 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:

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

31.12.2018-31.12.2019	**Fixed-rate loans to customers**	**Equity instruments**	**Mortgages (FVOCI)**	**Other financial assets**	**Total**
Opening balance	6 471	279	56 859	4	**63 614**
Investments in the period	1 608	2	30 858	0	**32 468**
Sales/redemption in the period	-1 297	0	-27 850	-4	**-29 151**
Gains/losses recognised through profit and loss	-18	18	-2	0	**-2**
Gains/losses recognised through other comprehensive income	0	0	-1	0	**-1**
Closing balance	**6 765**	**299**	**59 865**	**0**	66 929
Gains/losses for the period included in the profit for assets owned on the balance sheet day	-18	18	-2	0	**-2**

Specification of fair value, instruments classified in level 3:

31.12.2020	**Fixed-rate loans to customers**	**Equity instruments**	**Mortgages (FVOCI)**	**Other financial assets**	**Total**
Nominal value including accrued interest (fixed income instruments)/cost (shares)	6 198	200	66 381	0	**72 779**
Fair value adjustment	133	67	-52	0	**148**
Closing balance	**6 331**	**267**	**66 330**	**0**	**72 928**

31.12.2019	**Fixed-rate loans to customers**	**Equity instruments**	**Mortgages (FVOCI)**	**Other financial assets**	**Total**
Nominal value including accrued interest (fixed income instruments)/cost (shares)	6 782	209	59 911	0	**66 902**
Fair value adjustment	-17	90	-46	0	**27**
Closing balance	**6 765**	**299**	**59 865**	**0**	**66 929**

Sensitivity, instruments classified as level 3

The valuation of fixed-rate loans to customers is based on an agreed rate with the customer. The loans are discounted by the current yield curve plus a discretionary market premium. An increase in the discount rate by ten basis points would have resulted in a negative change in fair value of MNOK 16.

Equity instruments in Level 3 consists of the significant shareholdings in Oslo Kongressenter Folkets Hus BA (MNOK 57), Eksportfinans ASA (MNOK 73), SpareBank 1 Markets AS (MNOK 40) and VN Norge AS (MNOK 27). The valuation of the two former is based on the book value of their equity adjusted for surplus and deficit values. Based on valuation from 2010 and later broker reviews, it is considered to be significant added value in the property mass belonging to Oslo Kongressenter Folkets Hus BA (P/B 3.7). Based on an external valuation in connection with a demerger in 2012 and subsequent equity transactions, the value of Eksportfinans ASA is 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 -52. 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.

The assets and liabilities below may be offset.

Parent Bank and Group

				Amounts not presented on the balance sheet on a net basis		
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**

31.12.2019	**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	878	0	878	-274	-550	**54**
Derivatives as liabilities	-373	0	-373	274	54	**-45**

Note 12 Leases

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

Parent Bank			Group	
31.12.2019	31.12.2020	Right of use	31.12.2020	31.12.2019
224	214	Right of use asset at 01.01.	169	170
0	4	Indexation of the right of use asset	4	0
7	5	Additions	9	26
22	9	Adjustments of options	10	8
38	39	Depreciation	37	34
214	**193**	**Right-of use asset at the end of the period**	**156**	**169**

31.12.2019	31.12.2020	Lease liability	31.12.2020	31.12.2019
224	216	Lease liability at 01.01	170	170
0	4	Indexation of the lease obligation	4	0
7	5	Additions	9	26
22	9	Adjustments of options	10	8
42	41	Instalments in the period	36	39
4	5	Interest	4	4
216	**198**	**Liabilities associated with lease rights, at the end of the peri**	**161**	**170**

* In the parent bank, NOK 40 millon of the lease obligation falls due within 12 months. Corresponding figures in the Group are NOK 35 million.

31.12.2019	31.12.2020	Effects on earnings	31.12.2020	31.12.2019
4	5	Interest expense	4	4
38	39	Depreciation	37	34
43	**44**	**Total cost from IFRS 16**	**41**	**37**

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

Note 13 Other assets

Parent Bank			Group	
31.12.2019	31.12.2020		31.12.2020	31.12.2019
273	273	Capital payments into pension fund	273	273
33	35	Accrued income, not yet received	36	34
70	91	Prepaid costs, not yet incurred	158	144
0	24	Unsettled trades	24	0
144	82	Other assets	255	336
520	**505**	**Total other assets**	**746**	**787**

Note 14 Deposits from and liabilities to customers

Parent Bank			Group	
31.12.2019	31.12.2020		31.12.2020	31.12.2019
43 884	48 689	Retail market	48 689	43 884
7 106	6 798	Public sector	6 798	7 106
1 039	1 140	Primary industries	1 140	1 039
302	454	Paper and pulp industries	454	302
801	1 153	Other industry	1 153	801
1 964	2 186	Building and construction	2 186	1 964
244	105	Power and water supply	105	244
1 814	2 199	Wholesale and retail trade	2 199	1 814
319	369	Hotel and restaurants	369	319
3 966	3 958	Real estate	3 958	3 966
15 924	17 244	Commercial services	17 214	15 884
1 173	1 348	Transport and communications	1 348	1 173
78 534	**85 643**	**Total deposits by sector and industry**	**85 613**	**78 494**

Note 15 Debt securities issued

Parent Bank and Group

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**

*) Herof exchange rate effects with MNOK 1 067 in the period and MNOK 1 344 accumulated

Change in debt securities issued	31.12.2019	Issued	Due / redeemed	Other changes	31.12.2018
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	32 964	6 677	-4 150	-729	31 165
Subordinated loan capital, nominal value	1 300	400	-200	0	1 100
Accrued interest	235	0	0	4	231
Value adjustments	537	0	0	-54	591
Total debt raised through issuance of securities and subordinated loan capital, book value	**35 036**	**7 077**	**-4 350**	**-778**	**33 087**

Note 16 Other debt and liabilities recognized in the balance sheet

Parent Bank			Group	
31.12.2019	**31.12.2020**		**31.12.2020**	**31.12.2019**
79	73	Accrued expenses and prepaid revenue	107	124
22	33	Provisions	33	59
80	83	Pension liabilities	83	82
84	69	Accounts payable	74	89
0	0	Unsettled trades	0	0
216	199	Lease obligation (for specifications see note 12)	161	170
182	174	Other liabilities	281	215
663	**631**	**Total other debt and liabilities recognised in the balance sheet**	**739**	**739**

Note 17 Equity capital certificates and owner structure

Parent Bank	31.12.2020	31.12.2019
Equity capital certificates	5 791	5 791
Dividend equalisation fund [2)]	3 269	2 740
Recommended dividends and other equity capital [3)]	555	663
Premium fund	848	848
A. Equity capital certificate owners' capital	**10 463**	**10 042**
Primary capital [2)]	4 053	3 825
Recommended dividends on customers return [3)]	237	292
Provision for gifts [1)]	29	12
Other paid-up equity	166	166
B. Total primary capital	**4 485**	**4 296**
Fund for unrealised gains	320	334
Total other equity	**320**	**334**
Hybrid capital	650	300
Total equity	**15 918**	**14 972**
Total equity for distribution:		
Equity capital certificate ratio (A/(A+B)) after distribution	**70.0 %**	**70.1 %**
Equity certificates issued	**115 829 789**	**115 829 789**
Average Equity certificates	**115 829 789**	**115 800 431**

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) The board of Directors is proposing to the Supervisory Board a dividend of NOK 555 million, a customer dividend of NOK 231 million and a provisions of NOK 6 million for donations. This results in a payout ratio of 50 per cent of the controlling interest's share of the consolidated profit, which in line with the Bank's long-term-oriented dividend policy. The payment of the bank's profit from 2020 is proposed to be paid out in two rounds. At the normal time for dividend payments (April 2021), a dividend of NOK 203 million (equivalent to 1.75 per equit certificate) and donations of NOK 6 million will be paid out. The board will also ask the Supervisory Board for authorisation to pay out a further dividend of up to NOK 352 million (equivalent to 3.04 per equity certificate) and up to 231 million in customer dividends after 30 September 2021 if the capital situation allows it.

	2020		2019	
Equity Certificate holders	**No. Of EC's**	**Share in %**	**No. Of EC's**	**Change in number**
Sparebankstiftelsen Hedmark	60 404 892	52.15 %	60 404 892	
Landsorganisasjonen i Norge	11 121 637	9.60 %	11 121 637	
Pareto Invest AS	2 762 610	2.39 %	219 162	2 543 448
Fellesforbundet	2 101 322	1.81 %	2 101 322	
Geveran Trading Co LTD	1 952 005	1.69 %	0	1 952 005
Eika Egenkapitalbevis	1 854 512	1.60 %	1 399 723	454 789
Danske Invest Norske Institusjoner II	1 710 467	1.48 %	1 827 225	-116 758
Odin Norge	1 621 218	1.40 %	1 621 218	
Norsk Nærings- og Nytelsesmiddelarbeiderforbund	1 313 555	1.13 %	1 313 555	
Landkreditt Utbytte	1 000 000	0.86 %	1 000 000	
Brown Brothers Harriman & Co. (nominee)	1 000 000	0.86 %	1 000 000	
The Bank of New York Mellon SA/NV	896 545	0.77 %	780 038	116 507
Tredje AP-fonden	804 750	0.69 %	2 418 126	-1 613 376
State Street Bank and Trust Comp (nominee)	785 311	0.68 %	1 161 076	-375 765
Danske Invest Norsk Aksjer Institusjon	750 607	0.65 %	757 345	-6 738
State Street Bank and Trust Comp (nominee)	627 794	0.54 %	765 177	-137 383
Brown Brothers Harriman & Co. (nominee)	568 688	0.49 %	0	568 688
JPMorgan Chase Bank, London (nominee)	545 030	0.47 %	545 030	
Skandinaviska Enskilda Banken AB	544 910	0.47 %	544 910	
Industri Energi	479 443	0.41 %	545 030	-65 587
20 largest EC-holders	92 845 296	80.16 %	89 525 466	3 319 830
Other EC-holders	22 984 493	19.84 %	26 304 323	-3 319 830
ECs issued	**115 829 789**	**100.00 %**	**115 829 789**	

Dividend policy

SpareBank 1 Østlandet believes it is important to provide its owners with a competitive, stable cash dividend based on good profitability and a high dividend capacity. The Bank's aims to pay out 50 per cent of the Group's profit after tax[1] each year as dividends to equity certificate holders and as customer dividends from the primary capital. The Group's long-term profitability target is a return on equity of 11 per cent. The Group's ambitions concerning its financial strength are reflected by its long-term Common Equity Tier 1 capital target of 100 base points above the government's requirement. Adjusted for differences in levels of capital adequacy, SpareBank 1 Østlandet has historically been just as profitable as comparable banks.

In addition to being one of the strongest regional savings banks, SpareBank 1 Østlandet's proportion of loans in the retail market is high and Innlandet is its original home market, which is less sensitive to cyclical changes than the rest of Norway. The combination of good financial strength and a robust lending portfolio means the Bank has the capacity to adhere to its dividend target, including in economic downturns.

Each year, based on the Board's recommendation, the Supervisory Board approves the proportion of the profit after tax that will be allocated to equity certificate holders and primary capital as dividends, based on their respective shares of the equity. The share allocated to primary capital is normally paid out to customers via customer dividends. The customer dividends arrangement prevents the dilution of the equity certificate holders' ownership interest in the Bank. The equity certificate holders' share of the profit is divided between dividends and the dividend equalisation fund. In determining the dividend, the Supervisory Board takes into account expected financial performance in a normalised market situation and any regulatory changes.

[1] *Deducting interest on hybrid capital and profit for non-controlling interests.*

Note 18 Net interest income

Parent bank 31.12.2019	Parent bank 31.12.2020		Group 31.12.2020	Group 31.12.2019
		Interest income		
220	151	Interest income from loans to and claims on central banks and credit institutions (amortised cost)	38	55
1 286	1 253	Interest income from loans to and claims on customers (amortised cost)	1 664	1 704
1 697	1 471	Interest income from loans to and claims on customers (fair value over OCI)	1 465	1 694
3 204	2 875	Total interest income, effective rate method	3 167	3 453
188	187	Interest income from loans to and claims on customers (fair value over profit and loss)	187	188
269	221	Interest on certificates and bonds (fair value over profit and loss)	221	269
-121	-141	Other interest income	-141	-121
335	268	Total other interest income	268	335
3 539	**3 143**	**Total interest income**	**3 436**	**3 788**
		Interest expenses		
62	53	Interest on debt to credit institutions	53	62
889	618	Interest on deposits from and liabilities to customers	621	896
590	501	Interest on securities issued	501	590
36	30	Interest on subordinated loan capital	30	36
35	49	Fees to the Banks' Guarantee Fund	49	35
4	5	Interest on leases	4	4
0	-	Other interest expenses	-	0
1 617	**1 256**	**Total interest expenses**	**1 258**	**1 622**
1 923	**1 887**	**Total net interest income**	**2 177**	**2 166**

Note 19 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)*	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018
Interest income	768	780	839	1 048	1 023	981	910	875	896
Interest expense	219	244	341	454	438	427	390	367	352
Net interest income	**549**	**536**	**498**	**594**	**584**	**554**	**520**	**508**	**544**
Commission income	389	380	277	314	332	336	323	304	297
Commission expenses	40	36	32	35	37	40	36	30	32
Other operating income	57	49	56	64	37	54	78	67	48
Net commission and other operating income	**406**	**392**	**300**	**343**	**333**	**350**	**364**	**341**	**313**
Dividends from equity investments under IFRS 9	29	1	0	12	0	0	6	12	0
Share of profit or loss of associates and joint ventures	63	88	128	115	-1	44	131	346	57
Net profit from other financial assets and liabilities	55	45	185	-175	12	59	61	65	-51
Net income from financial assets and liabilities	**146**	**133**	**314**	**-48**	**11**	**103**	**198**	**423**	**7**
Total income	**1 102**	**1 061**	**1 112**	**889**	**928**	**1 007**	**1 082**	**1 271**	**864**
Personnel expenses	285	269	255	274	274	267	267	290	286
Depreciation	33	33	32	34	32	30	33	36	23
Other operating expenses	186	163	160	178	183	161	189	169	197
Total operating expenses	**504**	**465**	**447**	**487**	**490**	**457**	**489**	**494**	**506**
Operating profit before losses on loans and guarantees	**598**	**596**	**665**	**402**	**439**	**550**	**593**	**777**	**358**
Impairment on loans and guarantees	1	47	130	151	33	24	8	-33	11
Pre-tax operating profit	**597**	**549**	**535**	**251**	**406**	**526**	**585**	**810**	**347**
Tax expense	131	111	97	-16	114	116	114	54	25
Profit after tax	**466**	**438**	**438**	**266**	**291**	**409**	**471**	**757**	**322**

	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4.kv 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018
Profitability									
Return on equity capital [1]	11.3 %	10.9 %	11.3 %	6.9 %	7.3 %	10.7 %	12.8 %	21.2 %	9.1 %
Net interest income [2]	1.48 %	1.44 %	1.38 %	1.72 %	1.71 %	1.64 %	1.62 %	1.65 %	1.76 %
Cost income ratio [3]	45.7 %	43.8 %	40.2 %	54.7 %	52.7 %	45.4 %	45.2 %	38.8 %	58.6 %
Balance sheet and ratios									
Gross loans to customers	113 368	113 624	112 381	108 811	107 035	104 037	101 668	98 744	98 940
Gross loans to customers including loans transferred to covered bond companies [1]	161 259	160 993	157 956	153 846	150 688	147 310	144 337	141 079	140 165
Growth in loans during the last 12 months [1]	5.9 %	9.2 %	10.5 %	10.2 %	8.2 %	5.9 %	5.9 %	6.4 %	9.4 %
Growth in loans including loans transferred to covered bond companies in the last 12 months [1]	7.0 %	9.3 %	9.4 %	9.0 %	7.5 %	6.6 %	6.5 %	6.5 %	8.2 %
Growth in loans during the last quarter [1]	-0.2 %	1.1 %	3.3 %	1.7 %	2.9 %	2.3 %	3.0 %	-0.2 %	0.7 %
Growth in loans including loans transferred to covered bond companies in the last quarter [1]	0.2 %	1.9 %	2.7 %	2.1 %	2.3 %	2.1 %	2.3 %	0.7 %	1.5 %
Deposits from customers	85 613	85 496	85 481	79 901	78 494	76 866	77 352	72 377	71 497
Deposit to loan ratio [1]	75.5 %	75.2 %	76.1 %	73.4 %	73.3 %	73.9 %	76.1 %	73.3 %	72.3 %
Deposit to loan ratio including loans transferred to covered bond companies[1]	53.1 %	53.1 %	54.1 %	51.9 %	52.1 %	52.2 %	53.6 %	51.3 %	51.0 %
Growth in deposits in the last 12 months	9.1 %	11.2 %	10.5 %	10.4 %	9.8 %	9.4 %	9.5 %	9.5 %	8.4 %
Growth in deposits in the last quarter	0.1 %	0.0 %	7.0 %	1.8 %	2.1 %	-0.6 %	6.9 %	1.2 %	1.8 %
Average total assets	147 486	148 048	145 392	139 184	134 783	133 711	128 573	124 882	122 395
Total assets	146 074	148 898	147 197	143 586	134 783	136 568	130 854	126 292	123 472
Total assets including loans transferred to covered bond companies [1]	193 964	196 267	192 772	188 621	178 436	179 841	173 522	168 626	164 696
Losses and commitments in default									
Losses on loans as a percentage of gross loans 1)	0.0 %	0.2 %	0.5 %	0.6 %	0.1 %	0.1 %	0.0 %	-0.1 %	0.0 %
Financial strength									
Common equity Tier 1 capital ratio	17.8 %	17.3 %	17.1 %	17.0 %	17.2 %	16.7 %	16.7 %	16.9 %	16.8 %
Tier 1 capital ratio	18.8 %	18.3 %	18.2 %	17.7 %	17.9 %	17.7 %	17.3 %	17.5 %	17.6 %
Capital ratio	20.8 %	20.2 %	20.1 %	19.6 %	19.8 %	19.7 %	19.1 %	19.4 %	19.6 %
Net subordinated capital	16 704	16 502	16 418	15 883	15 444	15 685	14 982	14 676	14 672

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).

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	$\frac{\text{Deposits from and liabilities to customers}}{\textit{Deposits from and liabilities to customers 12 months ago}} - 1$ 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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