



First quarter report 2021

SPAREBANK 1 ØSTLANDET

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Key figures

Group	01.01-31.03 2021		01.01-31.03 2020	
	Amount	Per cent ¹⁾	Amount	Per cent ¹⁾
Summary (NOK million and per cent of average assets)				
Net interest income	535	1.46 %	594	1.72 %
Net commission and other operating income	379	1.04 %	343	0.99 %
Net income from financial assets and liabilities	108	0.29 %	-48	-0.14 %
Total income	1 021	2.80 %	889	2.57 %
Total operating expenses	485	1.33 %	487	1.41 %
Operating profit before losses on loans and guarantees	536	1.47 %	402	1.16 %
Impairment losses on loans and guarantees	-18	-0.05 %	151	0.44 %
Pre-tax operating profit	554	1.52 %	251	0.72 %
Tax expense	114	0.31 %	-16	-0.05 %
Profit after tax	439	1.20 %	266	0.77 %
Interest expenses on hybrid capital	6	0.02 %	4	0.01 %
Profit after tax incl. interest hybrid capital ²⁾	433	1.19 %	262	0.76 %
Profitability				
Return on equity capital ²⁾	10.6%		6.9%	
Cost income ratio ²⁾	47.5%		54.7%	
Balance sheet and ratios				
Gross loans to customers	114 037		108 811	
Gross loans to customers including loans transferred to covered bond companies ²⁾	162 567		153 846	
Growth in loans during the last 12 months ²⁾	4.8%		10.2%	
Growth in loans including loans transferred to covered bond companies in the last 12 months ²⁾	5.7%		9.0%	
Deposits from customers	87 476		79 901	
Growth in deposits in the last 12 months ²⁾	9.5%		10.4%	
Deposit to loan ratio ²⁾	76.7%		73.4%	
Deposit to loan ratio incl. loans transferred to covered bond companies ²⁾	53.8%		51.9%	
Average total assets	148 096		139 184	
Total assets	150 118		143 586	
Total assets including loans transferred to covered bond companies ²⁾	198 648		188 621	
Losses and commitments in default				
Impairment on loans as a percentage of gross loans ²⁾	-0.1%		0.6%	
Loans to and receivables from customers in stage 2, percentage of gross loans	7.2%		6.4%	
Loans to and receivables from customers in stage 3, percentage of gross loans	0.6%		0.5%	
Solidity and liquidity				
CET 1 capital ratio	17.8%		17.0%	
Tier 1 capital ratio	18.8%		17.7%	
Capital adequacy ratio	20.7%		19.6%	
Total eligible capital	16 793		15 883	
Equity ratio ²⁾	11.5%		10.8%	
Leverage Ratio	7.1%		7.0%	
LCR ³⁾	147.5%		151.3%	
LCR in NOK ³⁾	145.3%		142.6%	
LCR in EUR ³⁾	399.0%		621.9 %	
Staff				
Number of fulltime equivalents	1 143		1 148	

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⁾	31.03.2021	31.03.2020	2020	2019	2018	2017
Total equity for distribution	69.6 %	70.1 %	70.0 %	70.1 %	69.3 %	67.6 %
Equity certificates issued	115 829 789	115 829 789.00	115 829 789.00	115 829 789	115 319 521	107 179 987
Market price (NOK)	111.40	75.00	97.80	92.50	83.00	90.50
Market capitalisation (NOK million)	12 903	8 687	11 328	10 714	9 572	9 700
Book equity per EC ²⁾	99.28	91.16	98.76	93.67	85.83	80.96
Earnings per EC, NOK ³⁾	2.59	1.58	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⁾	10.61	11.78	10.22	8.01	9.81	11.59
Price/book equity ²⁾	1.12	0.82	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

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

- Profit after tax: NOK 439 (266) million
- Return on equity: 10.6 (6.9) per cent
- Earnings per equity capital certificate: NOK 2.59 (1.58)
- Net interest income: NOK 535 (594) million
- Net commission and other operating income: NOK 379 (343) million
- Net income from financial assets and liabilities: NOK 108 (NOK -48) million
- Total operating expenses: NOK 485 (487) million
- Impairment losses on loans and guarantees: Net reversals on losses of NOK 18 (cost of 151) million
- Common Equity Tier 1 ratio: 17.8 (17.0) per cent
- Lending growth including mortgages transferred to covered bond companies in the past 12 months: 5.7 (9.0) per cent
- Deposit growth in the past 12 months: 9.5 (10.4) per cent

Important events in the first quarter of 2021

Issuance of green bond

On 16 February 2021, SpareBank 1 Østlandet announced an ambitious framework for issuing green bonds. The first bond issued under the new framework for green bonds was issued on 25 February 2021 and was for EUR 500 million. The framework for green bonds is part of the Bank's focus on sustainability and the issuance was very well received in the market.

Individual pension accounts

SpareBank 1 Østlandet launched individual pension accounts on 1 February 2021, enabling customers to gather their defined contribution pensions in SpareBank 1 Østlandet.

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, 19.09 per cent of SpareBank 1 Kreditt AS, 9.99 per cent of BN Bank ASA, 25.00 per cent of SpareBank 1 Bank og Regnskap AS, 18.74 per cent of SpareBank 1 Betaling AS and 14.78 per cent of SpareBank 1 Gjeldsinformasjon AS. The Bank also owns 22.45 per cent of SpareBank 1 Boligkreditt AS and 15.02 per cent of SpareBank 1 Næringskreditt AS (the covered bond companies). The above mentioned companies' net profit or loss is recognised in the Bank's consolidated financial statements in proportion to the Bank's stake.

Consolidated financial statements for the first quarter of 2021

Consolidated results

The consolidated profit after tax for the first quarter of 2021 was NOK 439 (266) million, compared with NOK 466 million for the fourth quarter of 2020. The return on equity was 10.6 (6.9) per cent, compared with 11.3 per cent in the fourth quarter of 2020.

Specification of the consolidated profit after tax, NOK millions:	31.03.2021	4Q 2020	31.03.2020
Parent Bank's profit after tax	496	377	280
Dividends received from subsidiaries/associated companies	-167	0	-156
Share of profit from:			
SpareBank 1 Gruppen - consolidated figures	43	55	144
SpareBank 1 Boligkreditt AS	4	-4	-33
SpareBank 1 Næringskreditt AS	1	2	1
EiendomsMegler 1 Innlandet AS	-1	-7	0
EiendomsMegler 1 Oslo Akershus - consolidated figures	3	1	-1
SpareBank 1 Finans Østlandet AS	48	31	29
SpareBank 1 Østlandet VIT - consolidated figures	1	-2	0
SpareBank 1 Kreditt AS	0	1	1
SpareBank 1 Betaling AS	-1	1	-2
BN Bank ASA	11	10	7
Youngstorget 5 AS	1	1	1
Other associated companies/joint ventures	0	0	-3
Consolidated profit after tax	439	466	266

Net interest income

Net interest income amounted to NOK 535 (594) million, compared with NOK 549 million in the fourth quarter of 2020. Net interest income must be viewed in conjunction with commissions from mortgages transferred to the part-owned covered bond companies totalling NOK 108 (79) million. Total net interest income, including and commissions from the covered bond companies, amounted to NOK 643 (673) million. The reduction in net interest income was mainly due to a reduction in deposit margins, which was offset to some extent by growth in lending volumes.

Net interest income as a percentage of average total assets was 1.46 (1.72) per cent.

Net commission and other operating income

Net commission and other operating income amounted to NOK 379 (343) million, compared with NOK 406 million in the fourth quarter of 2020.

Figures in NOK millions	31.03.2021	4Q 2020	31.03.2020
Net money transfer fees	24	39	28
Commissions from insurance and savings	65	64	56
Commissions from covered bonds companies	108	131	79
Commission from credit cards	15	14	16
Real estate brokerage commissions	81	78	76
Accounting services	52	44	53
Other operating income	33	37	35
Net commissions and other operating income	379	406	343

The increase in net commission and other operating income compared with the corresponding period last year was due to increased income 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, reduced commissions from credit cards, reduced income from accounting services, and a reduction in other income had the opposite effect.

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

Net income from financial assets and liabilities

Net income from financial assets and liabilities amounted to NOK 108 (-48) million, compared with NOK 146 million for the fourth quarter of 2020.

Figures in NOK millions	31.03.2021	4Q 2020	31.03.2020
Dividends from shares and other equity instruments	11	29	12
Share of profit or loss of associates and joint ventures	59	63	115
Net profit from other financial assets and liabilities	38	55	-175
Net profit from financial assets and liabilities	108	146	-48

Dividends of NOK 11 (12) million consisted mainly of dividends from Totens Sparebank of NOK 10 (11) million.

Profit contributions from associated companies and joint ventures amounted to NOK 59 (115) million.

Contribution from associated companies and joint ventures in NOK millions	31.03.2021	4Q 2020	31.03.2020
SpareBank 1 Gruppen AS	43	55	144
SpareBank 1 Boligkreditt AS	4	-4	-33
SpareBank 1 Næringskreditt AS	1	2	1
SpareBank 1 Kreditt AS	0	1	1
SpareBank 1 Betaling AS	-1	1	-2
BN Bank ASA	11	10	7
Other associated companies/joint ventures	0	-1	-2
Share of profit or loss of associates and joint ventures	59	63	115

The NOK 56 million reduction compared with the same period last year was primarily due to lower contribution from SpareBank 1 Gruppen, although these were offset to some extent by improved results from SpareBank 1 Boligkreditt AS and BN Bank ASA.

The profit contribution from SpareBank 1 Gruppen was NOK 43 (144) million. The reduction from the same period last year was due to last year's figures containing SpareBank 1 Østlandet's share of the NOK 217 million gain in SpareBank 1 Gruppen in 2020 in connection with the transfer of the personal risk area from SpareBank 1 Forsikring AS to Fremtind Forsikring AS.

Net income from other financial assets and liabilities was NOK 38 (-175) million. For more detailed

information please see Note 7 'Net income from financial assets and liabilities.

Operating expenses

Total operating expenses amounted to NOK 485 (487) million, compared with NOK 504 million in the fourth quarter of 2020. Operating expenses amounted to 47.5 (54.7) per cent of net income, compared with 45.7 per cent in the fourth quarter of 2020.

Specifications of the expenses in the period, NOK millions	31.03.2021	4Q 2020	31.03.2020
Personnel expenses excl. restructuring expenses	284	286	274
Depreciation/amortisation	31	33	34
ICT expenses	78	73	71
Marketing expenses	23	26	17
Operating expenses from real estate	15	14	15
Other expenses	54	72	74
Total operating expenses excl. restructuring expenses	485	504	486
Restructuring expenses	0	0	1
Total operating expenses	485	504	487

The NOK 2 million reduction in operating expenses from the same period last year was due to reduced depreciation and a reduction in other operating expenses, while increases in personnel expenses, ICT expenses and marketing expenses had the opposite effect. Restructuring expenses due to severance pay in connection with redundancies in the parent bank amounted to NOK 0 (1) million.

As at 31 March 2021, the Group employed 1 143 (1 148) FTEs. The reduction in headcount was the net result of an increase of 12 FTEs in the parent bank and a reduction of 17 FTEs in subsidiaries, of which 13 FTEs in TheVIT AS.

Impairment losses on loans and guarantees

In the first quarter of 2021, the Group saw net reversals on losses for loans and guarantees of NOK 18 (charge of 151) million compared with a charge of NOK 1 million in the fourth quarter of 2020.

The losses consist of the following elements:

Isolated loss effects, NOK millions	Retail market	Corporate market	Parent bank	S&BIFØ	Group
Change ECL due to period growth and migration	1	5	6	-3	3
Change ECL due to adjusted key assumptions (PD / LGD)	-2	-12	-13	0	-13
Change ECL due to changed scenario weighting	0	0	0	0	0
Change in model-based loss provisions	-1	-7	-7	-3	-10
Post model adjustments	0	-20	-20	0	-20
Change individual loss provisions	1	2	3	-1	2
Net write-offs	1	4	5	6	11
Total losses	1	-20	-19	2	-18

Model-generated provisions for credit losses (Stage 1 and Stage 2) decreased by NOK 10 million, primarily due to a change in ECL due to adjustments to key assumptions (PD/LGD). Post model adjustments (PMAs) for estimated, not observed, migration from Stage 1 to Stage 2 was reduced by NOK 20 million.

In addition, individual provisions for credit losses (Stage 3) increased by NOK 2 million, while the period's net realised loss was NOK 11 million.

The figures for the first quarter last year were heavily impacted by the coronavirus pandemic when the situation was unclear following the introduction of strong government measures towards the end of the quarter and the associated abrupt slowdown in the Norwegian economy. Today, the situation is regarded as clearer with the macroeconomic situation expected to improve going forward. This is reflected by the improvement in key assumptions in the loss models. For further information about provisions for credit losses, see Note 1 'Accounting principles', Note 5 'Loans to and receivables from customers' and Note 6 'Provisions for credit losses'.

Some 74 (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 credit losses on loan receivables and liabilities as at 31 March 2021 amounted to NOK 520 (507) million. The increase from the same date last year was due to a combination of increased model-generated provisions for credit losses and increased individual provisions for credit losses due, among other things, to growth in the period.

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

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

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

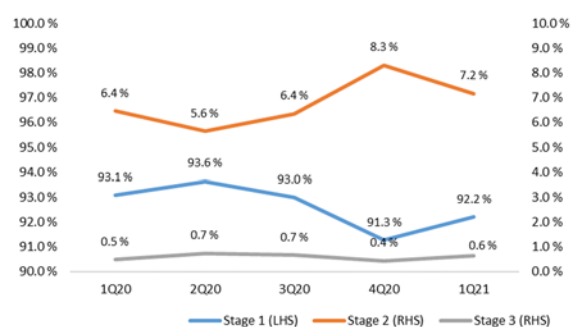
Stage 3 is used for lending that has a substantially higher credit risk than it did upon being granted, and where credit loss has occurred on the balance sheet date. A provision is made for expected loss over the entire lifetime.

As at 31 March 2021, gross loans and liabilities defined as Stage 3 amounted to NOK 724 (518)

million, compared with NOK 488 million as at 31 December 2020. This corresponded to 0.6 (0.5) per cent of gross loans. The increase from the beginning of the year is mainly due to changed procedures for manually flagging defaults due to SpareBank 1 Østlandet adopting a new definition of what constitutes a default on 1 January 2021. For further information about the new definition of what constitutes a default, see Note 1 'Accounting policies'.

Of gross loans and liabilities defined as Stage 3 NOK 133 (101) million was provisioned for credit losses. This results in a loan loss impairment ratio of 18.3 (19.5) per cent.

Gross exposures in the different stages were as follows:



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

Credit risk measured using the Bank's internal credit models was stable throughout the first quarter of 2021, in both retail lending and corporate lending. Corporate lending defaults are somewhat higher because of the new definition of what constitutes a default and changed procedures for manually flagging defaults, however the underlying credit risk has not changed. The individual provisions for credit losses for both retail lending and corporate lending are also stable. 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 first quarter of 2021, 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 that it has increased due to the coronavirus crisis.

Total assets

As at 31 March 2021, total assets amounted to NOK 150.1 (143.6) billion. Adjusted total assets, defined as total assets inclusive of mortgages transferred to

the covered bond companies, amounted to NOK 198.6 (188.6) billion.

Lending to customers

Gross loans to customers, inclusive of mortgages transferred to the covered bond companies, totalled NOK 162.6 (153.8) billion. As at 31 March 2021, mortgages totalling NOK 47.5 (44.0) 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 8.7 (12.8) billion, equivalent to 5.7 (9.0) per cent. The growth in retail lending was NOK 8.6 (8.0) billion, while the growth in corporate lending was NOK 0.1 (4.7) billion.

Deposits from customers

As at 31 March 2021, deposits from customers totalled NOK 87.5 (79.9) billion. Deposit growth in the past 12 months was NOK 7.6 (7.5) billion, equivalent to 9.5 (10.4) per cent. Retail deposits grew by NOK 3.8 (3.9) billion, while corporate deposits grew by NOK 3.7 (3.6) billion.

The Group's deposit coverage ratio was 76.7 (73.4) per cent. The Group's deposit coverage ratio, inclusive of mortgages transferred to the covered bond companies, was 53.8 (51.9) 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 41.7 (42.1) billion, 53.0 (49.5) per cent of which was Euro-denominated. The average term to maturity for the Group's long-term funding was 4.2 (4.1) years, while the average term to maturity for all funding was 3.8 (3.8) years.

As at 31 March 2021, the liquidity coverage ratio (LCR) was 147.5 (151.3) per cent, whereas the average for the past 12 months was 144.6 (165.2) per cent. The Board's assessment is that the Group's liquidity situation is satisfactory.

Equity capital certificates

At 31 March 2021, the equity share capital comprised 115 829 789 (115 829 789) equity capital certificates and the book value per equity capital certificate was NOK 99.28 (91.16). Earnings per equity capital certificate amounted to NOK 2.59 (1.58) for the first quarter of 2021.

As at 31 March 2021, the market price for the Bank's equity capital certificate (ticker 'SPOL') was NOK 111.40 (75.00). On 7 April 2021, a dividend of NOK 1.75 (4.58) per equity capital certificate was paid out for the accounting year 2020.

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

Solidity and capital adequacy

As at 31 March 2021, the Group's equity totalled NOK 17.3 (15.5) billion and represented 11.5 (10.8) per cent of total capital. The leverage ratio was 7.1 (7.0) per cent.

The Group's Common Equity Tier 1 ratio as at 31 March 2021 was 17.8 (17.0) per cent. The Tier 1 capital and Tier 2 capital ratios were 18.8 (17.7) per cent and 20.7 (19.6) per cent, respectively.

The Bank's appeal regarding the Financial Supervisory Authority of Norway's instruction to increase buffers in the LGD estimates in the corporate portfolio was still being considered by the Ministry of Finance on the balance sheet date. The Bank sent a reminder to the Ministry of Finance in the first quarter of 2021 and received a reply stating that the appeal is now under consideration.

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

The Bank was subject to a total buffer requirement of 8.0 per cent as at 31 March 2021. 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 Norwegian exposures for banks with IRB permission from and including the end of 2020. In the total buffer requirement as at 31 March 2021, the institution-specific buffer requirements, the countercyclical buffer and the systemic risk buffer,

were calculated to be 1 per cent and 4.5 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 residential property and commercial property loans in Norway. The Bank's risk weights for the aforementioned segments are higher than the introduced risk weight floors and this change therefore had no immediate effect as at 31 December 2020. Therefore, as at 31 March 2021, the Bank's Common Equity Tier 1 ratio requirement, inclusive of a Pillar 2 requirement of 1.8 percentage points, was 14.3 per cent. The Bank's Common Equity Tier 1 ratio is thus significantly higher than the current and expected capital requirements. The Board regards the Bank's capital situation as satisfactory.

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

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

Ratings

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

On 22 February 2021, SpareBank 1 Østlandet received an ESG Risk Rating from Sustainalytics of 17.7 (Low Risk). The Bank's work on climate change is rated at the highest level, A, by the Carbon Disclosure Project (CDP).

Parent bank's financial statements for the first quarter of 2021

Parent bank's results

The parent bank's profit after tax for the first quarter of 2021 was NOK 496 (280) million. The increase from the first quarter of 2020 was mainly due to improved net income from financial assets and liabilities, as well as the fact that significant provisions for impairment losses on loans and guarantees were expensed in the first quarter of 2020 due to the coronavirus outbreak.

Credit losses were reduced by NOK 149 million from a net charge of NOK 130 million in the first quarter of 2020 to net reversals of NOK 19 million in the first quarter of 2021. The parent bank also saw NOK 32 million in increased net commission and other operating income, as well as a NOK 223 million improvement in net income from financial assets and liabilities. This was offset to some extent by a NOK 61 million decrease in net interest income, NOK 5 million in higher operating expenses and a NOK 123 million higher income tax expense.

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

Operating expenses

Total operating expenses in the parent bank amounted to NOK 341 (336) million in the first quarter of 2021 and represented 37.3 (46.6) per cent of net income.

The NOK 5 million increase in operating expenses was due to increases in personnel expenses, ICT expenses and marketing expenses, while reductions in depreciation expenses, operating expenses for real estate properties and other operating expenses had the opposite effect.

Restructuring expenses due to severance pay in connection with redundancies in the parent bank amounted to NOK 0 (1) million.

Specifications of the expenses in the period, NOK millions	31.03.2021	31.03.2020	Change
Personnel expenses excl. restructuring expenses	178	172	3.9 %
Depreciation/amortisation	24	27	-13.0 %
ICT expenses	71	63	12.4 %
Marketing expenses	20	14	37.9 %
Operating expenses from real estate	12	13	-3.1 %
Other expenses	36	46	-20.8 %
Total operating expenses excl. restructuring expenses	341	335	1.9 %
Restructuring expenses	0	1	
Total operating expenses	341	336	1.7 %

In 2021, SpareBank 1 Østlandet has a target of keeping the growth in the parent bank's operating expenses, adjusted for restructuring expenses, below 2.0 per cent.

As at 31 March 2021, the parent bank's operating expenses before restructuring expenses amounted to NOK 341 (335) million, which represents an increase of 1.9 per cent.

As at 31 March 2021, the parent bank employed 701 (689) FTEs.

Impairment losses on loans and guarantees

In the first quarter of 2021, the parent bank saw net reversals on losses of NOK 19 (charge of 130) million.

Model-generated provisions for credit losses (Stage 1 and Stage 2) decreased by NOK 7 million, primarily due to a change in ECL due to adjustments to key assumptions (PD/LGD). Post model adjustments (PMAs) for estimated, not observed, migration from Stage 1 to Stage 2 were reduced by NOK 20 million. In addition, individual provisions for credit losses (Stage 3) increased by NOK 3 million, while the period's net realised loss was NOK 5 million.

The figures for last year were heavily influenced by the coronavirus pandemic. For further information about provisions for credit losses, see Note 1 'Accounting principles', Note 5 'Loans to and receivables from customers' and Note 6 'Provisions for credit losses'.

Solidity and capital adequacy

The parent bank's equity amounted to NOK 16.2 (14.6) billion, which represented 10.9 (10.2) per cent of total capital as at 31 March 2021.

The parent bank's Common Equity Tier 1 ratio was 22.1 (21.2) per cent. The Tier 1 capital ratio was 23.1 (21.7) per cent, while the Tier 2 capital ratio was 25.1 (23.7) per cent. The profit for the period after expected income tax and dividends is included in the total capital adequacy ratio as at 31 March 2021.

Underlying banking operations

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

Underlying banking operations, NOK millions	31.03.2021	31.03.2020	Change
Net interest income	463	524	-11.6 %
Net commission and other operating income	236	204	15.9 %
Total operating costs	-341	-336	1.7 %
Adjustments: Restructuring costs	0	1	
Operating profit underlying banking operations	358	393	-8.8 %

The operating profit for the first quarter of 2021 from underlying banking operations was NOK 358 (393) million. The profit from underlying banking operations decreased by NOK 35 million compared with the same period last year, which is equivalent to a reduction of 8.8 per cent. The reduction was due to a reduction in net interest income and higher operating expenses, while the increase in net commission and other operating income had the opposite effect.

Subsidiaries

SpareBank 1 Finans Østlandet AS

The financing company SpareBank 1 Finans Østlandet AS (95 per cent stake) posted a profit after tax for the first quarter of 2021 of NOK 48 (29) million. Net interest income was NOK 73 (71) million, net other income NOK 16 (15) million, and total operating expenses NOK 24 (26) million, while credit losses amounted to NOK 2 (21) million.

The result for the first quarter of 2021 was marked by low losses and good margins due to lower funding costs and good portfolio interest in the company. An increase in other income and reduced operating expenses also contributed to an improvement in profit compared with the same quarter last year.

SpareBank 1 Finans Østlandet AS granted interest-only periods to corporate customers for approximately 340 loans and leases in the first quarter of 2021, representing total lending of around NOK 285 million. Interest-only periods were also granted for approximately 350 loans to retail customers, representing total lending of approximately NOK 85 million.

As at 31 March 2021, gross lending to customers amounted to NOK 9.0 (8.9) billion and the growth in lending in the past 12 months was 1.1 (7.6) per cent.

Coronavirus measures

During the first quarter of 2021, SpareBank 1 Østlandet granted interest-only periods for 1 619 loans representing total lending of NOK 2.7 billion to retail customers, including mortgages transferred to the covered bond companies. The Bank received a large number of applications for interest-only periods following the outbreak of coronavirus in spring 2020. The number of applications has remained at a stable and relatively low level in the subsequent quarters.

Similarly, interest-only periods were granted to corporate customers for approximately 70 loans in the first quarter of 2021, representing total lending of approximately NOK 465 million. A further 11 government guaranteed liquidity loans were granted to corporate customers, representing total lending of NOK 16 million. No contingency loans were granted during the period.

EiendomsMegler 1 Innlandet AS

For the first quarter of 2021, EiendomsMegler 1 Innlandet AS posted earnings of NOK 29 (28) million and a profit after tax of NOK -1 (0) million. The company has changed how it accrues personnel expenses, which has resulted in personnel expenses being approximately NOK 1 million higher than in the same quarter last year.

Earnings in January and February were lower than in the same period last year, although this was offset by higher earnings in March. The sales volume for used homes increased by 3.2 per cent from the same quarter last year, and in the first quarter of 2021 the company achieved a market share of 27.0 (30.6) per cent of sales of used homes and holiday properties in its market area.

Activity in the housing market was generally good throughout the first quarter of 2021. The total sales volume in the company's market area in the first quarter of 2021 was 768 units, which represents an increase of 8.6 per cent compared with the same period last year. In the same period, 688 units were put up for sale, which was 2 per cent lower than in the same period last year. This resulted in the number of residential properties for sale at the end of the quarter being lower than it had been for the last 3 years. The average sale time fell from 79 days in January to 58 days in March.

EiendomsMegler 1 Oslo Akershus Group – consolidated figures

The EiendomsMegler 1 Oslo Akershus Group posted earnings for the first quarter of 2021 of NOK 52 (48) million and achieved a profit after tax of NOK 3 (-1) million.

The year has started very strongly and never before have so many residential properties been sold in Oslo and Akershus as in the first 3 months of this year. January and February were characterised by very high demand, while the supply side was relatively poor. This contributed to abnormally strong price growth in January and February with overall price growth in Oslo totalling approximately 5 per cent. The supply side improved substantially in March and a record number of units for the month of March were sold. Approximately 2 350 sales were completed in the Oslo market in March, which represents an increase of 45 per cent compared with March 2020 and an increase of 35 per cent compared with March 2019. The growth in prices in March was dampened by the high supply and nominal price growth was negative by approximately

0.8 per cent that month. Overall, prices for residential properties in the market area grew strongly in the first quarter of 2021. In the first quarter of 2021, the company had a market share of 8.6 (7.5) per cent of sales of used homes and holiday properties in its market area. Market share has increased in parallel with volumes in the market having grown strongly and the company ended up achieving 32 per cent growth in sales compared with the same quarter last year.

SpareBank 1 Østlandet VIT AS – consolidated figures

The SpareBank 1 Østlandet VIT Group posted earnings for the first quarter of 2021 of NOK 52 (53) million and a profit after tax of NOK 1 (0) million.

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

Associated companies and joint ventures

SpareBank 1 Gruppen AS

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

SpareBank 1 Gruppen posted a consolidated profit before tax for the first quarter of 2021 of NOK 683 (NOK -942) million. The consolidated profit after tax for the same period was NOK 507 (-780) million. The controlling interest's share of the consolidated profit after tax amounted to NOK 344 (-591) million and SpareBank 1 Østlandet's share of this amounted to NOK 43 (-73) million.

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

Fremtind Forsikring AS posted a profit before tax of NOK 624 (-659) million, while SpareBank 1 Forsikring AS posted a loss before tax of NOK -26 (-252) million. Furthermore, ODIN Forvaltning AS posted a profit before tax of NOK 48 (25) million, driven by higher assets under management and positive net subscriptions. SpareBank 1 Factoring AS has seen a fall in volume due to the coronavirus crisis and posted a profit before tax of NOK 15 (19) million,

while Modhi Finance AS posted a consolidated profit before tax of NOK 78 (NOK -47) million.

In 2020, the profit contribution from SpareBank 1 Gruppen included in the consolidated financial statements of SpareBank 1 Østlandet was affected by the demerger of personal risk products from SpareBank 1 Forsikring AS and DNB Livsforsikring AS and their subsequent transfer to Fremtind Livsforsikring AS. The gain that arose in connection with this demerger was recognised directly against equity in SpareBank 1 Gruppen but was recognised through profit or loss in the consolidated financial statements of the owner banks. SpareBank 1 Østlandet's share of this gain amounted to NOK 217 million and resulted in the profit contribution from SpareBank 1 Gruppen included in SpareBank 1 Østlandet's consolidated financial statements amounting to NOK 144 million for the first quarter of 2020.

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.

In the first quarter of 2021, the company posted a profit after tax of NOK 26 (-132) million. The improvement from the same period last year was

mainly due to the lower negative contribution from financial instruments and reversal of provisions for credit losses.

The profit contribution from SpareBank 1 Boligkreditt AS, which is included in the consolidated financial statements of SpareBank 1 Østlandet using the equity method, is adjusted for interest paid on the additional Tier 1 capital that is recognised directly in equity. The profit contribution amounted to NOK 4 (-33) million for the first quarter of 2021.

SpareBank 1 Næringskreditt AS

SpareBank 1 Næringskreditt AS (15.02 per cent stake) was established according to the same model, and with the same management, as SpareBank 1 Boligkreditt AS. SpareBank 1 Næringskreditt AS has two classes of shares with differing rights to dividends. SpareBank 1 Østlandet includes 11.58 per cent of the company's results in its consolidated financial statements, equivalent to the Bank's share of the company's dividend payments.

In the first quarter of 2021, the company posted a profit after tax of NOK 12 (8) million. The improvement from the same period last year was mainly due to the lower negative contribution from financial instruments and reduced expenses for credit losses, while a decrease in net interest income had the opposite effect.

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

SpareBank 1 Kreditt AS

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

In the first quarter of 2021, the company posted a profit after tax of NOK 2 (2) million. Both net interest income and net transaction income decreased compared with the same period last year, although lower credit losses resulted in the company achieving a profit after tax for the first quarter of 2021 on a par with that for the first quarter of 2020. The profit contribution included in SpareBank 1 Østlandet's consolidated financial statements for

the first quarter of 2021 amounted to NOK 0 (1) million.

SpareBank 1 Betaling AS

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

In the first quarter of 2021, the company posted a loss after tax of NOK -4 (-11) million. The profit contribution included in SpareBank 1 Østlandet's consolidated financial statements for the first quarter of 2021 amounted to NOK -1 (-2) million.

BN Bank ASA

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

BN Bank ASA and Bolig- og Næringskreditt AS merged in the third quarter of 2020. The comparable figures for the same period last year are consolidated figures inclusive of Bolig- og Næringskreditt AS. BN Bank ASA posted a profit after tax for the first quarter of 2021 of NOK 117 (69) million and a return on equity of 10.5 (6.5) per cent. Net interest income decreased by NOK 6 million compared with the same period last year, while other income increased by NOK 13 million. Total operating expenses decreased by NOK 3 million and losses were reduced by NOK 54 million due to the bank's net reversals on losses of NOK 12 million in the first quarter of 2021, compared with a charge of NOK 42 million for the same quarter last year.

The profit contribution from BN Bank ASA, which is included in the consolidated financial statements 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 the first quarter of 2021 amounted to NOK 11 (7) million.

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

Corporate social responsibility and sustainability

SpareBank 1 Østlandet has set itself a goal of becoming climate neutral by 2050, both with respect to its own operating activities and with respect to its loan portfolio. The Bank has, therefore, signed up to the international banking initiative: the Net Zero

Banking Alliance (NZBA). NZBA is led by UNEP FI, which has previously launched the initiatives Principles for Responsible Banking and Collective Commitment on Climate Action. The Bank has already signed up to these. SpareBank 1 Østlandet

has also adopted a science-based plan, both for its own operating activities and for its corporate market portfolio, to achieve its goal of climate neutrality.

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

and 'excellent' for its governance system. In the second quarter of 2021, the Bank is planning to launch a green product framework.

SpareBank 1 Østlandet published a comprehensive report on sustainability as an integral part of its annual report for 2020. The report complies with the GRI standard. The report includes reporting in line with UNEP FI's Principles for Responsible Banking, Eco-Lighthouse and the TCFD framework for climate risk.

Outlook

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

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

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

The Bank's customers have been affected by the government's measures to varying degrees and the Bank has maintained ongoing preparedness and dialogues with affected customers. So far, actual credit losses have proved to be far lower than it was assumed that they would be at the start of the crisis.

This is due to a combination of wide-ranging support schemes from the government, interest rate cuts and adaptable loan customers. The composition of the Bank's lending book has also been an important factor as the bank's exposure to the hardest hit industries is limited.

National and local authorities have kept strong measures in place during the first quarter of 2021 as well, especially in Oslo; although at the time of writing infection rates are clearly falling, both nationally and regionally. Backed by recent positive news on the vaccine front, this has provided hope and expectations of a gradual reopening and normalisation of society.

The plans for gradual reopening are also reflected in the expectations of positive developments in the national and regional macroeconomic situation going forward. The Board of Directors believes there are grounds for cautious optimism regarding future regional growth and assess the situation as clearer than it was at the end of the previous quarter. The trend in credit losses in the Bank is positive and has not developed negatively at all, as there were grounds for fearing it would a year ago.

The level of uncertainty remains significant, although with light at the end of the tunnel the Board of Directors expects a gradual normalisation of banking operations in the coming quarters. With its very strong liquidity and capital situation and its pro-active organisation, the Bank is prepared to help companies and individuals getting back to their normal financial lives.

The Board of Directors of SpareBank 1 Østlandet

Hamar, 29 April 2021

Income statement

Parent Bank				Group			
Year	01.01-31.03			Notes	01.01-31.03		Year
2020	2020	2021			2021	2020	2020
			(NOK million)				
2 875	912	617	Interest income effective interest method	18	689	984	3 167
268	64	57	Other interest income	18	57	64	268
1 256	452	211	Interest expense	18	211	454	1 258
1 887	524	463	Net interest income	18	535	594	2 177
947	221	253	Commission income		351	314	1 359
95	24	25	Commission expenses		35	35	144
30	6	7	Other operating income		62	64	226
882	204	236	Net commission and other operating income		379	343	1 441
41	12	11	Dividends from shares and other equity instruments	7	11	12	41
282	156	167	Net income from subsidiaries, associates and joint ventures (Parent Bank)	7			
			Share of profit or loss of associates and joint ventures (Group)	7	59	115	394
109	-175	38	Net profit from other financial assets and liabilities	7	38	-175	109
432	-7	216	Net profit from financial assets and liabilities		108	-48	545
3 201	720	916	Total net income		1 021	889	4 164
678	172	178	Personnel expenses		284	274	1 083
104	27	24	Depreciation		31	34	132
559	136	139	Other operating expenses	6	170	178	687
1 341	336	341	Total operating expenses		485	487	1 902
1 860	385	574	Operating profit before losses on loans and guarantees		536	402	2 262
245	130	-19	Impairment losses on loans and guarantees		-18	151	330
1 615	254	593	Pre-tax operating profit		554	251	1 932
273	-26	97	Tax expense		114	-16	323
1 342	280	496	Profit after tax		439	266	1 608
			Attributable to additional Tier 1 Capital holders		6	4	20
			Profit after tax for controlling interest		431	261	1 583
			Profit after tax for non-controlling interest		3	1	6
			Profit after tax		439	266	1 608
			Earnings/diluted earnings per equity certificate (in NOK)		2,59	1,58	9,57
			Earnings/diluted earnings per average equity certificate (in NOK)		2,59	1,58	9,57

Statement of other comprehensive income

Parent Bank				Group			
Year	01.01-31.03		Notes	01.01-31.03		Year	
2020	2020	2021 (NOK million)		2021	2020	2020	2020
1 342	280	496	Profit after tax	439	266	1 608	
-6	0	0	Actuarial gains/losses on pensions	0	0	-6	
2	0	0	Tax effects of actuarial gains/losses on pensions	0	0	2	
10	72	0	Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	0	72	10	
-3	-18	0	Tax effects related to the above	0	-18	-3	
			Share of other comprehensive income from associated companies and joint ventures	0	2	9	
3	54	0	Total items that will not be reclassified through profit or loss	0	56	12	
11	7	0	Net fair value adjustments on loans at fair value through other comprehensive income	0	7	11	
-3	-2	0	Tax effects related to the above	0	-2	-3	
13	16	-18	Fair value changes on hedge derivatives due to changes in the currency basis spread	-18	16	13	
-3	-4	5	Tax effects related to the above	5	-4	-3	
			Share of other comprehensive income from associates and joint ventures	-28	6	13	
18	17	-14	Total items that will be reclassified through profit or loss	-42	23	30	
21	71	-14	Total profit and loss items recognised in equity	-42	80	43	
1 363	351	482	Total profit/loss for the period	397	346	1 651	
			Attributable to additional Tier 1 Capital holders	6	4	20	
			Total profit/loss for the period for controlling interest	389	341	1 626	
			Total profit/loss for the period for non-controlling interest	3	1	6	
			Total profit/loss for the period	397	346	1 651	

Balance sheet

Parent Bank					Group		
31.12.2020	31.03.2020	31.03.2021	NOK million	Notes	31.03.2021	31.03.2020	31.12.2020
ASSETS							
683	1 698	588	Cash and deposits with central banks		588	1 698	683
8 887	11 387	10 752	Loans to and receivables from credit institutions		3 508	4 171	1 576
103 911	99 626	104 767	Loans to and receivables from customers	5,6	113 581	108 364	112 885
20 999	17 874	23 425	Certificates, bonds and fixed-income funds	10	23 425	17 874	20 999
2 212	3 946	1 237	Financial derivatives	8,10,11	1 237	3 946	2 212
616	660	636	Shares and other equity interests	10	636	660	616
4 510	4 322	4 529	Investments in associates and joint ventures		5 345	4 964	5 325
1 758	1 758	1 758	Investments in subsidiaries		0	0	0
96	90	97	Goodwill and other intangible assets		411	406	410
463	505	453	Property, plant and equipment		607	664	620
505	577	520	Other assets	13	781	839	746
144 641	142 444	148 762	Total assets		150 118	143 586	146 074
LIABILITIES							
5 129	6 418	4 951	Deposits from and liabilities to credit institutions		4 953	6 429	5 090
85 643	79 937	87 529	Deposits from and liabilities to customers	14	87 476	79 901	85 613
34 952	37 625	36 849	Liabilities arising from issuance of securities	10,15	36 849	37 625	34 952
697	804	695	Financial derivatives	8,10,11	695	804	697
81	147	89	Current tax liabilities		126	168	128
288	58	282	Deferred tax liabilities		418	185	417
631	1 578	879	Other debt and liabilities recognised in the balance sheet	16	994	1 667	739
1 302	1 303	1 302	Subordinated loan capital	10,15	1 302	1 303	1 302
128 723	127 869	132 577	Total liabilities		132 814	128 082	128 939
EQUITY CAPITAL							
5 791	5 791	5 791	Equity capital certificates	17	5 791	5 791	5 791
848	848	848	Premium fund		848	848	848
3 269	3 124	3 574	Dividend equalisation fund		3 574	3 124	3 269
555	0	352	Recommended dividends and other equity capital	17	352	0	555
4 053	3 991	4 183	Primary capital		4 183	3 991	4 053
237	0	231	Recommended dividend customer return	17	231	0	237
29	32	29	Provision for gifts		29	32	29
166	166	166	Other paid-up equity		166	166	166
320	322	361	Fund for unrealised gains		361	322	320
650	300	650	Hybrid capital		650	300	650
0	0	0	Other equity		1 010	820	1 104
			Non-controlling interests		110	109	113
15 918	14 575	16 185	Total equity capital		17 304	15 504	17 135
144 641	142 444	148 762	Total equity capital and liabilities		150 118	143 586	146 074

The board of SpareBank 1 Østlandet
Hamar, April 29th 2021

Changes in equity capital

Parent Bank

(NOK million)

	Paid-up equity			Earned equity capital					Total equity capital
	Equity certificates	Premium fund	Other paid-up equity	Primary capital ^{1) 3)}	Dividend equalisation funds ^{2) 3)}	Provision for gifts	Fund for unrealised gains	Hybrid-capital	
Equity capital as of 01.01.2020	5 791	848	166	4 117	3 403	12	334	300	14 972
ECs issued and transferred to owners									0
Hybrid capital									0
Interest on hybrid capital				-1	-3				-4
Profit after tax				87	205		-13		280
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				16	38				54
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				4	9				12
Net fair value adjustments on loans at fair value through other comprehensive income after tax				2	4				5
Actuarial gains after tax on pensions									0
Dividend paid				-208	-531				-738
Donations distributed from profit 2019				-26		26			0
Grants from provision for gifts in 2020						-6			-6
Equity capital as of 31.03.2020	5 791	848	166	3 991	3 125	32	322	300	14 575
Equity capital as of 01.01.2020	5 791	848	166	4 117	3 403	12	334	300	14 972
ECs issued and transferred to owners									0
Hybrid capital								350	350
Interest on hybrid capital				-6	-14				-20
Profit after tax				406	951		-15		1 342
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				2	5				7
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				3	7				10
Net fair value adjustments on loans at fair value through other comprehensive income after tax				2	6				8
Actuarial gains after tax on pensions				-1	-3				-4
Dividend paid				-208	-531				-738
Donations distributed from profit 2019				-6					-6
Grants from provision for gifts in 2020				-20		17			-3
Equity capital as of 31.12.2020	5 791	848	166	4 289	3 825	29	320	650	15 918
Equity capital as of 01.01.2021	5 791	848	166	4 289	3 824	29	320	650	15 918
ECs issued and transferred to owners									0
Hybrid capital									0
Interest on hybrid capital				-2	-4				-6
Profit after tax				137	319		41		496
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				0	0				0
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				-4	-10				-14
Net fair value adjustments on loans at fair value through other comprehensive income after tax				0	0				0
Actuarial gains after tax on pensions									0
Dividend paid					-203				-203
Donations distributed from profit 2020				-6					-6
Grants from provision for gifts in 2021						-1			-1
Equity capital as of 31.03.2021	5 791	848	166	4 414	3 926	29	361	650	16 185

Group

(NOK million)	Paid-up equity			Earned equity capital					Hybrid-capital	Non-controlling interests	Total equity capital
	Equity certificates	Premium fund	Other paid-up equity	Primary capital ^{1) 3)}	Dividend equalisation funds ^{2) 3)}	Provision for gifts	Fund for unrealised gains	Other equity			
Equity capital as of 01.01.2020	5 791	848	166	4 117	3 403	12	334	816	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
ECs issued and transferred to owners											0
Hybrid capital											0
Interest on hybrid capital				-1	-3						-4
Profit after tax				87	205		-13	-14		1	266
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				16	38						54
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				4	9						12
Net fair value adjustments on loans at fair value through other comprehensive income after tax				2	4						5
Actuarial gains after tax on pensions											0
Share of other comprehensive income from associated companies and joint ventures								8			8
Effects directly in equity from associated companies and joint ventures								9			9
Dividend paid				-208	-531					-6	-744
Donations distributed from profit 2019				-26		26					0
Grants from provision for gifts in 2020						-6					-6
Equity capital as of 31.03.2020	5 791	848	166	3 991	3 125	32	322	820	300	109	15 503
Equity capital as of 01.01.2020	5 791	848	166	4 117	3 403	12	334	816	300	114	15 902
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	816	300	114	15 903
ECs issued and transferred to owners											0
Hybrid capital									350		350
Interest on hybrid capital				-6	-14						-20
Profit after tax				406	951		-15	260		6	1 608
at fair value due to the Bank's own credit risk				2	5						8
changes in the currency basis spread				3	7						9
Net fair value adjustments on loans at fair value through other comprehensive income				2	6						8
Actuarial gains/losses on pensions				-1	-3						-5
Share of other comprehensive income from associated companies and joint ventures								22			22
Effects directly in equity from associated companies and joint ventures								4			4
Dividend paid				-208	-531					-6	-744
Donations distributed from profit 2019				-6							-6
Grants from provision for gifts in 2020				-20		17					-3
Equity capital as of 31.12.2020	5 791	848	166	4 288	3 824	29	320	1 104	650	113	17 135
Equity capital as of 01.01.2021	5 791	848	166	4 289	3 824	29	320	1 104	650	113	17 135
OB Corr. Subsidiary								0			0
OB Corr. In Group companies								-3			-3
Adjusted equity capital at 01.01.2021	5 791	848	166	4 289	3 824	29	320	1 101	650	113	17 132
ECs issued and transferred to owners											0
Hybrid capital											0
Interest on hybrid capital				-2	-4						-6
Profit after tax				137	319		41	-59		3	439
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk				0	0						0
Fair value changes on hedge derivatives due to changes in the currency basis spread				-4	-10						-14
Net fair value adjustments on loans at fair value through other comprehensive income				0	0						0
Actuarial gains/losses on pensions											0
Share of other comprehensive income from associated companies and joint ventures								-28			-28
Effects directly in equity from associated companies and joint ventures								-3			-3
Dividend paid					-203					-6	-209
Donations distributed from profit 2019				-6							-6
Grants from provision for gifts in 2020						-1					-1
Equity capital as of 31.03.2021	5 791	848	166	4 414	3 926	29	361	1 010	650	110	17 304

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) Dividends to owners as well as dividends to customers return that have not been decided to be paid out, are included in the equalization fund and the basic fund, respectively, as of 31 March 2020. For further information, see note 17 Equity certificates and ownership structure.

Cash flow statement

Parent Bank				Group		
31.12.2020	31.03.2020	31.03.2021	(NOK million)	31.03.2021	31.03.2020	31.12.2020
-5 990	-1 692	-829	Change in gross lending to customers	-837	-1 776	-6 333
2 911	903	633	Interest receipts from lending to customers	726	1 017	3 316
7 109	1 403	1 886	Change in deposits from customers	1 863	1 407	7 119
-618	-253	-81	Interest payments on deposits from customers	-81	-254	-621
855	243	-1 874	Change in receivables and debt from credit institutions	-1 900	394	1 049
99	36	20	Interest on receivables and debt to financial institutions	-1	-6	-14
-3 731	-835	-2 426	Change in certificates and bonds	-2 426	-835	-3 731
81	17	13	Interest receipts from commercial papers and bonds	13	17	81
882	204	236	Net commission receipts	369	332	1 406
77	51	18	Capital gains from sale on trading	18	51	77
-1 231	-309	-320	Payments for operations	-456	-452	-1 764
-342	-108	-45	Taxes paid	-64	-133	-380
375	913	-382	Other accruals	-235	924	379
477	572	-3 149	Net change in liquidity from operations (A)	-3 009	686	584
-44	-9	-12	Investments in tangible fixed assets	-15	-16	-60
0	0	0	Receipts from sale of tangible fixed assets	9	11	36
-113	1	-19	Change in long-term investments in equities	-19	1	-113
329	114	142	Dividends from long-term investments in equities	1	2	204
172	106	111	Net cash flow from investments (B)	-24	-3	66
4 729	1 125	5 235	Debt raised by issuance of securities	5 235	1 125	4 729
0	0	0	Debt raised by subordinated loan capital	0	0	0
350	0	0	Equity raised by hybrid capital	0	0	350
-4 992	-650	-1 981	Repayments of issued securities	-1 981	-650	-4 992
0	0	0	Repayments of issued subordinated loan capital	0	0	0
0	0	0	Repayments of hybrid capital	0	0	0
0	0	0	Payments arising from issuance of equity capital certificates	0	0	0
-575	-172	-122	Interest payments on securities issued	-122	-172	-575
-30	-11	-6	Interest payments on subordinated loans	-6	-11	-30
-41	-11	-11	Lease payments	-10	-10	-36
0	0	0	Payments arising from placements in subsidiaries	0	0	0
-531	0	0	Payment of dividend	-6	-6	-536
-206	0	0	Payment of customer dividend	0	0	-206
-10	0	-1	Donations	-1	0	-10
-1 305	281	3 113	Net cash flow from financing (C)	3 108	276	-1 306
-656	959	75	CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	75	959	-656
1 507	1 507	851	Cash and cash equivalents at 1 January	851	1 507	1 507
851	2 467	926	Cash and cash equivalents at the end of the period	926	2 467	851
			Cash and cash equivalents at comprise:			
683	1 698	588	Cash and deposits with central banks	588	1 698	683
169	769	338	Deposits etc. at call with banks	338	769	169
851	2 467	926	Cash and cash equivalents at the end of the period	926	2 467	851

Notes to the accounts

Note 1 Accounting principles

1.1 Basis for preparation

The interim financial statements for SpareBank 1 Østlandet cover the period 1 January - 31 March 2021. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, current IFRS standards and IFRIC interpretations. The presentation currency is NOK (Norwegian kroner), which is also the functional currency of all the units in the Group. All amounts are in NOK million unless otherwise stated. The interim financial statements do not include all the information required in full annual financial statements and should be read in conjunction with the financial statements for 2020. The Group has applied the same accounting policies and methods of calculation in this interim report as in the last annual financial statements, with the following exceptions:

New standards and interpretations that have been applied:

New definition of default

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

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

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

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

The Group has, with effect from 1 January 2021, also used this definition in the accounts for transfers to Stage 3. This implementation resulted, as at 31 March 2021, in an increase in the volume of lending in level 3 of NOK 236 million, primarily as a result of the implementation of the new definition of what constitutes a default. Similarly, the effect of increased default loans on Common Equity Tier 1 ratio was below 0.1 percentage points. However, the underlying credit risk has not significantly changed during the first quarter of 2021. The comparison figures have not been restated based on the new definition of what constitutes a default.

1.2 Important accounting estimates and discretionary assessments

In preparing consolidated financial statements, management makes estimates, discretionary assessments and assumptions which influence the effect of applying the accounting policies. This will in turn affect the recognised amounts for assets, liabilities, income and costs. Note 3 of the annual financial statements for 2019 explain in more detail critical estimates and assessments in relation to the application of accounting policies.

Losses on loans

Please see Note 2 'Accounting Policies' in the annual financial statements for 2020 for a detailed description of the applied loss model pursuant to IFRS 9. The model contains several critical estimates. The most important is related to the definition of substantially increased credit risk and important assumptions in the general loss model.

Substantially increased credit risk

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

In the first to fourth quarters of 2020, a post model adjustment (PMA) was carried out to reflect that the effects of the coronavirus pandemic would have an impact on credit models with some delay. It was assumed that a proportion of customers in exposed industries would migrate from Stage 1 to Stage 2 as a result of an assumed, but not observed, significant degree of credit deterioration. The model override was based on a discretionary assessment of the proportion of loan receivables that may be expected to migrate in each industry and the related higher expected credit loss in the event of migration. These extra loss provision was gradually reduced through 2020. At the end of 2020, NOK 20 million in provisions had been made in the parent bank and NOK 5 million in the subsidiary SpareBank 1 Finans Østlandet. In the first quarter of 2021, the need for model overriding in the parent bank was considered to be fully replaced by specific assessments on industry level and on an individual basis. The PMA in the parent bank of NOK 20 million was consequently reversed as of 31.03.2021, so that the remaining post model adjustment at group level was limited to the provision in SpareBank 1 Finans Østlandet.

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

Important assumptions in the overall loss model: Scenario-weighting and estimate of expected development on the default and loss level

The overall loss model calculates expected credit losses in three economic development scenarios: an expected scenario, a downside scenario and an upside scenario. The scenarios use different future levels of probability of default (PD) and loss given default (LGD). In combination with estimated exposure at default (EAD), PD and LGD are the most important assumptions in calculations of expected credit losses (ECL).

The starting point for the expected scenario is observed and validated level of default (DR) and loss (actually LGD) in the last three years, but the starting point is subject to ongoing assessments of whether historical default and loss are expected, and the levels of future PD and LGD then adjusted. The bank has over time experienced a very low default rate, and even before the coronavirus pandemic, estimated future PD levels were set significantly higher than the average DR over the past three years. Based on an overall assessment of the macro picture, the PD estimates were raised significantly at the end of the first quarter of 2020. Based on available macro forecasts, with emphasis on Monetary Policy Report from Norges Bank, Economic trends from Statistics Norway and monthly

analyses from Moody's Investor Service. the assumptions were further adjusted at the end of the second quarter of 2020. Updated forecasts from the same sources as of the end of the third and fourth quarters of 2020 were considered to provide support to keep the PD assumptions assumed in the second quarter of 2020 virtually unchanged. The macro forecasts for the first quarter of 2021 point to a somewhat faster economic recovery than previously assumed. Therefore, a reason was found to make a cautious improvement of estimated PD levels in two to three years' time (see note 6 for effect calculation). The bank has not found reason to change the LGD estimates in the expected scenario as these also reflect a significantly higher loss ratio than the actual LGD in recent years.

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

The upside scenario reflects an economic outlook that is better than the expected development, and PD and LGD have been set lower than in the expected scenario. The starting point is the observed level of defaults and losses in an historical economic recovery. The Bank believes that the DR in the last 3 years and the actual LGD in the last 5 years reflect such a period of economic prosperity. However, the assessments as at 30 June 2020 took account of the fact that it could take some time for PD levels to come down after the coronavirus pandemic. The PD curves was consequently adjusted upwards in the short and medium term, especially in the corporate segment. The assumptions in the upside scenario have not changed since.

The scenario weighting is subject to ongoing assessment based on the available information. The Bank's executive management team conducts, at least annually, a review of the basis and principles for the current weighting. As at 31 December 2018, the expected scenario was assigned a weighting of 80 per cent, the downside scenario 10 per cent and the upside scenario 10 per cent (80/10/10 per cent). On 31 December 2019, the Bank increased the weighting of the downside scenario by 5 percentage points such that the expected scenario was assigned a weighting of 75 per cent, the downside scenario 15 per cent and the upside scenario 10 per cent (75/15/10 per cent). In light of the coronavirus pandemic, it was the assessment of the Bank that the probability of the downside scenario occurring had further increased and it increased the scenario's weighting by a further 5 percentage points as at 31 March 2020. One year later, the increased downside risk given by the coronavirus pandemic is open for reassessment. However, the bank considered that at the end of the first quarter of 2021 some uncertainty still remained and chose to maintain the scenario weighting from the first quarter of 2020. The ECL as of 31 March 2021 was consequently calculated as a combination of 70 per cent expected scenario, a 20 per cent downside scenario and a 10 per cent upside scenario (70/20/10 per cent).

Sensitivity related to key assumptions in the general loss model:

The table below shows the estimated ECLs in the three scenarios described above: expected scenario, downside scenario and upside scenario. The calculations are divided into the main segments retail customers and corporate customers, which are totalled for the Parent Bank. The table also shows corresponding ECL calculations for the subsidiary SpareBank 1 Finans Østlandet (SB1FØ). The ECLs of the Parent Bank and the subsidiary, adjusted for group eliminations, are totalled in the Group column. Besides the segment distributed ECLs with the scenario weighting applied, the table shows four alternative scenario weightings. The first two alternatives reflect previously applied scenario weightings. The last two alternatives show the sensitivity to a further deterioration in relation to the applied scenario weighting with a 60-65 per cent probability of the expected scenario, 25-30 per cent probability of the downside scenario and 10 per cent probability of the upside scenario (65/25/10 per cent and 60/30/10 per cent).

	Retail market	Corporate market	SpareBank 1		Group
			Parent Bank	Finans Østlandet	
31.03.2021					
ECL in expected scenario	79	164	243	88	327
ECL in downside scenario	404	746	1 150	178	1 324
ECL in upside scenario	64	95	159	64	218
ECL with used scenario weighting 70/20/10 per cent	142	274	416	103	515
ECL with alternative scenario weighting 80/10/10 per cent	110	215	325	94	416
ECL with alternative scenario weighting 75/15/10 per cent	126	244	370	99	465
ECL with alternative scenario weighting 65/25/10 per cent	159	303	461	108	565
ECL with alternative scenario weighting 60/30/10 per cent	175	332	507	112	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 around four times higher than in the expected scenario. The applied scenario weighting, with 20 per cent downside and 10 per cent upside, thereby results in an around 60 per cent higher ECL than in the expected scenario. A further 10-percentage point increase in the probability of the downside scenario would have increased the weighted ECL by around NOK 100 million (19 per cent). A 10-percentage point reduction in the probability of the downside scenario, the probability weightings the Bank used when introducing IFRS 9, would reduce the weighted ECL correspondingly.

Reference is also made to Note 6 'Loan loss provisions', where the first table shows the loss cost effects per segment of the various changes in the model assumptions in isolation. Note that the table above does not include loan loss impairments due to post model adjustments (PMA), NOK 5 million in SpareBank 1 Finans Østlandet.

Note 2 Change in the composition of the Group

2021

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

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

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

2020

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

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

Betr AS was sold in the fourth quarter of 2020.

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

A reallocation of shares in SpareBank 1 Kredittkort AS pursuant to the shareholder agreement resulted in the Group increasing its stake in the company from 20.8 per cent to 20.9 per cent with effect from 1 January 2020.

Note 3 Segment information

This segment information is linked to the way the Group is governed through reporting on performance and capital, authorisations and routines. Reporting on segments is divided into following areas retail market (RM), corporate market (CM) incl. organization market, real estate brokerage, leasing, accounting and consulting services and other operations.

Reviews:

- Real estate brokerage, leasing, financing and accounting are organised as independent companies.
- From September 30th 2020, the tax expense for RM and CM is calculated as 25 per cent of the segment's share of Pre-tax operating profit and then deducted with the segment's share of the tax deduction in relation to customer dividends.
- From 2019 until June 30th 2020 the tax expense for RM, CM and Other operations was distributed according to the segment's share of Pre-tax operating profit. For earlier periods, tax is calculated at 25 per cent for RM and CM.
- Operating expenses in RM and CM includes its share of shared expenses.
- Net commission and other income in RM and CM includes its share for shared income.
- Group eliminations arise together with other operations in a separate column.

	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
31.03.2021								
Income statement								
Net interest income	236	226	73	0	0	-1	0	535
Net commissions and other income	185	44	16	28	52	52	1	379
Net income from financial assets and liabilities	10	15	0	0	0	0	83	108
Total operating expenses	223	112	24	30	48	51	-3	485
Profit before losses by segment	208	173	66	-2	4	1	87	536
Impairment losses on loans and guarantees	1	-20	2	0	0	0	0	-18
Pre-tax operating profit	207	193	64	-2	4	1	87	554
Tax expense	37	46	16	0	1	0	15	114
Profit/loss per segment after tax	170	147	48	-1	3	1	72	439
Balance sheet								
Gross lending to customers	70 510	34 532	8 977	0	0	0	19	114 037
Provisions for credit losses	-69	-275	-108	0	0	0	-4	-456
Other assets	2 887	506	138	73	151	132	32 651	36 537
Total assets per segment	73 327	34 763	9 007	73	151	132	32 665	150 118
Deposits from and liabilities to customers	49 868	37 592	0	0	0	0	16	87 476
Other liabilities and equity	23 459	-2 829	9 007	73	151	132	32 650	62 642
Total equity capital and liabilities per segment	73 327	34 763	9 007	73	151	132	32 665	150 118

31.03.2020	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	285	281	71	0	0	-1	-42	594
Net commissions and other income	178	68	16	28	48	53	-48	343
Net income from financial assets and liabilities	0	0	0	0	0	0	-48	-48
Total operating expenses	222	109	29	27	49	52	-2	487
Profit before losses by segment	242	240	57	0	0	0	-137	402
Impairment losses on loans and guarantees	16	114	21	0	0	0	0	151
Pre-tax operating profit	225	126	36	0	0	0	-137	251
Tax expense	-27	-15	9	0	0	0	17	-16
Profit/loss per segment after tax	252	141	27	0	-1	0	-153	266

Balance sheet

Gross lending to customers	65 137	34 786	8 878	3	0	0	6	108 811
Provisions for credit losses	-71	-288	-88	0	0	0	0	-447
Other assets	2 831	1 101	162	68	135	144	30 780	35 222
Total assets per segment	67 898	35 599	8 953	72	135	144	30 785	143 586
Deposits from and liabilities to customers	46 274	33 575	0	0	0	0	52	79 901
Other liabilities and equity	21 624	2 024	8 953	135	72	144	30 733	63 684
Total equity capital and liabilities per segment	67 898	35 599	8 953	135	72	144	30 785	143 586

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 liabilities to customers	49 520	36 043	0	0	0	0	50	85 613
Other liabilities and equity	23 332	-1 659	9 159	70	149	131	29 280	60 461
Total equity capital and liabilities per segment	72 852	34 384	9 159	70	149	131	29 330	146 074

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 requirement based on own estimates for the Probability of Default (D), Loss Given Default (LGD), presumed utilisation of off-balance sheet exposures (CCF - Credit Conversion Factors) and Maturity (M). Modelled estimates will always entail some uncertainty. SpareBank 1 Østlandet has permission to use IRB Advanced method for calculating the capital requirements for the exposure classes Corporate and Retail. The Bank has exceptions for certain types of exposures. This includes states, municipalities and institutions where there is a permanent exception as well as housing associations and general associations where the bank applies the standardised method. At the consolidated level the Bank consolidates partly owned companies using the proportional method of consolidation.

Capital adequacy is calculated at three levels based on different definitions of capital:

- Common equity tier 1 ratio (CET1)
- Tier 1 capital ratio (including hybrid tier 1 capital)
- Total capital adequacy ratio (including subordinated loans)

The current requirement for CET1 capital consists of a minimum requirement of 4.5 per cent and a buffer requirement totalling 8.0 per cent. The total buffer requirement consists of two institution-specific buffers, the countercyclical capital buffer requirement and the systemic risk buffer which is set to 1 per cent and 4.5 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 31.03.2021. The total capital requirement for common equity tier 1 capital was thus 14.3 per cent at 31.03.2021. In addition to this, a further 1.5 per cent is covered by additional Tier 1 capital and 2.0 per cent is covered by Tier 2 capital.

Parent Bank				Group		
31.12.2020	31.03.2020	31.03.2021		31.03.2021	31.03.2020	31.12.2020
15 918	14 575	16 185	Total equity carried	17 304	15 504	17 135
			Common equity tier 1 capital			
-791	-99	-215	Results for the accounting year not included	-215	-99	-791
-650	-300	-650	Hybrid capital	-650	-300	-650
			Minority interests that is not eligible as CET1 capital	-70	-68	-74
17	-29	17	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	17	-29	17
-78	-68	-78	Goodwill and other intangible assets	-482	-471	-461
-196	-247	-255	Positive value of expected losses under the IRB approach	-338	-330	-278
-156	-155	0	CET 1 instruments of financial sector entities where the institution does have a significant investment	-387	-368	-539
-32	-31	-34	Value adjustments due to the requirements for prudent valuation (AVA)	-40	-35	-36
0	0	-739	Other adjustments in CET1	-719	15	12
14 031	13 645	14 231	Common equity tier 1 capital	14 421	13 818	14 335
			Additional Tier 1 capital			
650	300	650	Hybrid capital	650	300	650
			Instruments issued by consolidated entities that are given recognition in AT1 Capital	160	199	162
650	300	650	Tier 1 capital	810	499	812
			Supplementary capital in excess of Tier 1 capital			
1 300	1 300	1 300	Subordinated loan capital	1 300	1 300	1 300
			Instruments issued by consolidated entities that are given recognition in T2 Capital	262	265	257
1 300	1 300	1 300	Total supplementary capital	1 562	1 565	1 557
15 981	15 245	16 181	Total eligible capital	16 793	15 883	16 704
			Credit exposures calculated using IRB-approach			
4 764	4 793	5 163	Corporates - SME	5 173	4 797	4 775
13 760	14 428	14 895	Corporates - Specialised Lending	15 536	15 103	14 428
1 953	2 782	1 294	Corporates - Other	1 327	2 814	1 986
1 314	1 324	1 211	Retail - SME	1 435	1 531	1 530
20 059	19 839	19 886	Retail - Mortgage exposures	28 242	27 619	28 485
873	1 040	811	Retail - Other	842	1 082	907
0	0	0	Equity exposures	0	3	0
42 723	44 205	43 259	Credit exposures calculated using IRB-approach	52 554	52 948	52 110
			Credit exposures calculated using the standardised approach			
15 289	14 156	15 581	Credit exposures calculated using the standardised approach	19 770	18 536	19 705
417	624	448	Counterparty credit risk	2 239	2 947	1 966
0	0	0	Market risk	0	0	0
5 133	5 356	5 133	Operational risk	6 664	6 659	6 664
63 562	64 341	64 422	Risk-weighted assets	81 227	81 090	80 445
5 085	5 147	5 154	Capital requirements (8%)	6 498	6 487	6 436
1 144	1 158	1 160	Pillar 2 (1.8%)	1 462	1 460	1 448
			Buffer requirements			
1 589	1 609	1 611	Capital conservation buffer (2.5%)	2 031	2 027	2 011
636	643	644	Countercyclical capital buffer (1.0%)	812	811	804
2 733	1 930	2 899	Systemic risk buffer (4.5%, 4.3% as at 31.12.2020 and 3.0% as at 31.03.2020)	3 655	2 433	3 459
4 958	4 182	5 154	Total buffer requirements for CET1 (8.0%, 7.8% as at 31.12.2020 and 6.5% as at 31.03.2020)	6 498	5 271	6 275
5 069	5 409	5 019	Available CET1 above current requirements (14.3%, 14.1% as at 31.12.2020, and 12.8% as at 31.02.2020)	2 806	3 439	2 992
			Capital ratios			
22.1 %	21.2 %	22.1 %	CET 1 capital ratio	17.8 %	17.0 %	17.8 %
23.1 %	21.7 %	23.1 %	Tier 1 Capital ratio	18.8 %	17.7 %	18.8 %
25.1 %	23.7 %	25.1 %	Capital adequacy ratio	20.7 %	19.6 %	20.8 %
10.0 %	9.9 %	9.8 %	Leverage Ratio	7.1 %	7.0 %	7.2 %

Note 5 Loans to and receivables from customers

Parent Bank

Gross loans	31.03.2021				31.03.20				31.12.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance	95 716	8 159	411	104 286	91 115	6 858	323	98 296	91 115	6 858	323	98 296
Transfers in (out) to Stage 1	1 062	-1 061	-1	0	1 223	-1 216	-7	0	1 547	-1 541	-6	0
Transfers in (out) to Stage 2	-737	746	-9	0	-1 225	1 228	-3	0	-4 555	4 563	-8	0
Transfers in (out) to Stage 3	-49	-113	161	0	-58	-40	98	0	-60	-131	191	0
Net increase/decrease existing loans	108	-243	-16	-151	-981	-34	-3	-1 018	1 439	-1 011	-40	388
Purchases and originations	6 625	49	9	6 683	14 195	125	26	14 346	23 443	645	28	24 116
Derecognitions and maturities	-5 335	-339	-24	-5 698	-10 761	-827	-43	-11 631	-17 212	-1 225	-66	-18 503
Write-offs	0	0	-5	-5	0	0	-5	-5	0	0	-12	-12
Ending Balance	97 391	7 199	526	105 116	93 507	6 094	388	99 989	95 716	8 159	411	104 286
Loan and advances to customers at amortised cost				32 139				32 446				31 574
Loan and advances to customers at fair value				72 976				67 542				72 712

Group

Gross loans	31.03.2021				31.03.20				31.12.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance	103 458	9 422	488	113 368	98 654	7 925	456	107 035	98 654	7 925	456	107 035
Transfers in (out) to Stage 1	1 256	-1 254	-1	0	1 446	-1 431	-15	0	1 874	-1 867	-7	0
Transfers in (out) to Stage 2	-889	902	-13	0	-1 389	1 410	-21	0	-5 217	5 238	-21	0
Transfers in (out) to Stage 3	-81	-180	261	0	-78	-79	157	0	-97	-183	280	0
Net increase/decrease existing loans	-441	-377	19	-800	-1 383	-90	-5	-1 478	309	-1 224	-53	-968
Purchases and originations	7 580	114	17	7 711	15 125	153	26	15 304	26 620	921	45	27 586
Derecognitions and maturities	-5 749	-448	-41	-6 238	-11 099	-871	-76	-12 046	-18 686	-1 388	-200	-20 273
Write-offs	0	0	-5	-5	0	0	-5	-5	0	0	-12	-12
Ending Balance	105 134	8 179	724	114 037	101 276	7 017	518	108 811	103 458	9 422	488	113 368
Loan and advances to customers at amortised cost				41 061				41 268				40 656
Loan and advances to customers at fair value				72 976				67 542				72 712

Parent Bank

	Provisions for credit losses					
	Loan and advances to customers at amortised cost 31.03.2021	Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value 31.03.2021	Net lending 31.03.2021
Public sector	3	-0	0	0	0	3
Primary industries	3 074	-2	-5	-7	1 958	5 018
Paper and pulp industries	1 218	-1	-1	-1	371	1 585
Other industry	1 116	-2	-14	-3	46	1 143
Building and constructions	3 809	-26	-12	-15	296	4 052
Power and water supply	458	-0	-1	-1	1	456
Wholesale and retail trade	872	-5	-4	-7	145	1 001
Hotel and restaurants	485	-0	-5	-4	59	535
Real estate	15 827	-38	-66	-14	437	16 146
Commercial services	4 275	-16	-5	-8	674	4 919
Transport and communication	250	-1	-2	-1	227	473
Post model adjustments	0	0	0	0	0	0
Gross corporate loans by sector and industry	31 388	-92	-115	-62	4 213	35 332
Retail market	751	-1	-3	-32	68 719	69 435
Post model adjustments	0	0	0	0	0	0
Total loans to private customers	751	-1	-3	-32	68 719	69 435
Adjustment fair value	0	0	-37	-8	44	-0
Total loans to customers	32 139	-92	-155	-101	72 976	104 767
Loans transferred to SpareBank 1 Boligkreditt AS						47 522
Loans transferred to SpareBank 1 Næringskreditt AS						1 007
Total loans including loans transferred to covered bond companies						153 297
Other liabilities ¹⁾						17 313
Total commitments including loans transferred to covered bond companies						170 610

	Provisions for credit losses					
	Loan and advances to customers at amortised cost 31.03.2020	Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value 31.03.2020	Net lending 31.03.2020
Public sector	11	0	0	0	0	10
Primary industries	2 892	-2	-6	-12	1 832	4 704
Paper and pulp industries	1 676	-2	-2	0	365	2 036
Other industry	1 400	-9	-5	-1	52	1 437
Building and constructions	3 861	-28	-18	-4	282	4 094
Power and water supply	238	0	-1	-1	1	237
Wholesale and retail trade	994	-6	-6	-5	129	1 106
Hotel and restaurants	430	-1	-1	-1	55	482
Real estate	15 630	-42	-45	-13	482	16 011
Commercial services	4 215	-12	-11	-9	560	4 743
Transport and communication	309	-1	-4	-1	155	458
Post model adjustments	0	0	-35	0	0	-35
Gross corporate loans by sector and industry	31 656	-105	-133	-47	3 912	35 283
Retail market	790	-1	-42	-35	63 626	64 339
Post model adjustments	0	0	0	0	0	0
Total loans to private customers	790	-1	-42	-35	63 626	64 339
Adjustment fair value		0	0	0	4	4
Total loans to customers	32 446	-106	-175	-82	67 542	99 626
Loans transferred to SpareBank 1 Boligkreditt AS						44 020
Loans transferred to SpareBank 1 Næringskreditt AS						1 015
Total loans including loans transferred to covered bond companies						144 661
Other liabilities ¹⁾						14 831
Total commitments including loans transferred to covered bond companies						159 492

	Loan and advances to customers at amortised cost 31.12.2020	Provisions for credit losses			Loan and advances to customers at fair value 31.12.2020	Net lending 31.12.2020
		Stage 1	Stage 2	Stage 3		
Public sector	18	0	0	0	0	18
Primary industries	3 089	-2	-7	-8	2 017	5 090
Paper and pulp industries	1 539	-1	-2	-1	342	1 877
Other industry	1 203	-5	-10	-1	47	1 234
Building and constructions	3 454	-25	-9	-20	299	3 699
Power and water supply	436	-1	-1	-1	1	433
Wholesale and retail trade	833	-5	-3	-8	141	957
Hotel and restaurants	471	-1	-3	-4	57	519
Real estate	15 433	-37	-71	-8	458	15 775
Commercial services	4 132	-17	-5	-10	636	4 737
Transport and communication	257	-1	-2	-1	210	462
Post model adjustments	0	0	-20	0	0	-20
Gross corporate loans by sector and industry	30 866	-94	-133	-63	4 206	34 782
Retail market	708	-1	-1	-31	68 454	69 129
Post model adjustments	0	0	0	0	0	0
Total loans to private customers	708	-1	-1	-31	68 454	69 129
Adjustment fair value	0	0	-44	-8	52	0
Total loans to customers	31 574	-95	-178	-102	72 712	103 911
Loans transferred to SpareBank 1 Boligkreditt AS						46 872
Loans transferred to SpareBank 1 Næringskreditt AS						1 018
Total loans including loans transferred to covered bond companies						151 801
Other liabilities ¹⁾						15 760
Total commitments including loans transferred to covered bond companies						167 561

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

Group

	Loan and advances to customers at amortised cost 31.03.2021	Provisions for credit losses			Loan and advances to customers at fair value 31.03.2021	Net lending 31.03.2021
		Stage 1	Stage 2	Stage 3		
Public sector	310	-1	-0	-0	0	309
Primary industries	3 461	-2	-6	-7	1 958	5 404
Paper and pulp industries	1 218	-1	-1	-1	371	1 585
Other industry	1 351	-4	-15	-3	46	1 375
Building and constructions	4 833	-31	-19	-19	296	5 061
Power and water supply	483	-1	-1	-1	1	480
Wholesale and retail trade	1 121	-8	-7	-7	145	1 243
Hotel and restaurants	506	-0	-6	-4	59	555
Real estate	16 246	-42	-72	-15	437	16 554
Commercial services	5 096	-19	-9	-8	674	5 734
Transport and communication	1 602	-5	-12	-9	227	1 804
Post model adjustments	0	0	-4	0	0	-4
Gross corporate loans by sector and industry	36 228	-114	-151	-75	4 213	40 100
Retail market	4 833	-8	-17	-46	68 719	73 482
Post model adjustments	0	0	-1	0	0	-1
Total loans to private customers	4 833	-8	-17	-46	68 719	73 481
Adjustment fair value	0	0	-37	-8	44	-0
Total loans to customers	41 061	-123	-205	-129	72 976	113 581
Loans transferred to SpareBank 1 Boligkreditt AS						47 522
Loans transferred to SpareBank 1 Næringskreditt AS						1 007
Total loans including loans transferred to covered bond companies						162 111
Other liabilities ¹⁾						16 658
Total commitments including loans transferred to covered bond companies						178 769

Provisions for credit losses						
	Loan and advances to customers at amortised cost 31.03.2020	Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value 31.03.2020	Net lending 31.03.2020
Public sector	284	-1	0	0	0	283
Primary industries	3 300	-3	-8	-12	1 832	5 110
Paper and pulp industries	1 693	-2	-3	0	365	2 052
Other industry	1 662	-10	-6	-1	52	1 697
Building and constructions	4 976	-31	-27	-6	282	5 196
Power and water supply	419	-1	-1	-1	1	417
Wholesale and retail trade	1 316	-8	-9	-6	129	1 423
Hotel and restaurants	444	-1	-1	-1	55	495
Real estate	15 777	-48	-41	-16	482	16 155
Commercial services	4 937	-16	-13	-9	560	5 459
Transport and communication	1 646	-5	-13	-2	155	1 781
Post model adjustments	0	0	-36	0	0	-36
Gross corporate loans by sector and industry	36 455	-126	-157	-55	3 912	40 030
Retail market	4 813	-7	-54	-45	63 626	68 334
Post model adjustments	0	0	-4	0	0	-4
Total loans to private customers	4 813	-7	-58	-45	63 626	68 330
Adjustment fair value		0	0	0	4	4
Total loans to customers	41 268	-132	-215	-99	67 542	108 364
Loans transferred to SpareBank 1 Boligkreditt AS						44 020
Loans transferred to SpareBank 1 Næringskreditt AS						1 015
Total loans including loans transferred to covered bond companies						153 399
Other liabilities ¹⁾						15 729
Total commitments including loans transferred to covered bond companies						169 128

Provisions for credit losses						
	Loan and advances to customers at amortised cost 31.12.2020	Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value 31.12.2020	Net lending 31.12.2020
Public sector	327	-1	0	0	0	326
Primary industries	3 469	-3	-7	-8	2 017	5 468
Paper and pulp industries	1 539	-1	-2	-1	342	1 877
Other industry	1 439	-6	-12	-1	47	1 467
Building and constructions	4 520	-29	-16	-23	299	4 751
Power and water supply	458	-1	-1	-1	1	456
Wholesale and retail trade	1 089	-8	-6	-8	141	1 207
Hotel and restaurants	492	-2	-3	-4	57	540
Real estate	15 838	-41	-94	-15	458	16 145
Commercial services	4 975	-20	-8	-11	636	5 572
Transport and communication	1 633	-1	-4	-2	210	1 835
Post model adjustments	0	0	-24	0	0	-24
Gross corporate loans by sector and industry	35 779	-113	-177	-76	4 206	39 620
Retail market	4 877	-7	-12	-47	68 454	73 265
Post model adjustments	0	0	-1	0	0	-1
Total loans to private customers	4 877	-7	-13	-47	68 454	73 265
Adjustment fair value		0	-44	-8	52	0
Total loans to customers	40 656	-119	-234	-130	72 712	112 885
Loans transferred to SpareBank 1 Boligkreditt AS						46 872
Loans transferred to SpareBank 1 Næringskreditt AS						1 018
Total loans including loans transferred to covered bond companies						160 775
Other liabilities ¹⁾						14 787
Total commitments including loans transferred to covered bond companies						175 562

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

Note 6 Provisions for credit losses

The table shows isolated loss effects.

01.01.2021-31.03.2021

Isolated loss effects	Retail market	Corporate market	Parent bank	SB1FØ	Group
Change ECL due to period growth and migration	1	5	6	-3	3
Change ECL due to adjusted key assumptions (PD / LGD)	-2	-12	-13	0	-13
Change ECL due to changed scenario weighting	0	0	0	0	0
Change in model-based loss provisions	-1	-7	-7	-3	-10
Post model adjustments	0	-20	-20	0	-20
Change individual loss provisions	1	2	3	-1	2
Net write-offs	1	4	5	6	11
Total losses	1	-20	-19	2	-18

01.01.2020-31.03.2020

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

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

31.03.2021

	31.12.2020	Provision for credit losses	Net write-offs	31.03.2021
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	356	-12	-5	339
Provisions for loan losses at fair value over OCI	84	-7	-1	77
Total provisions for credit losses	440	-19	-5	416
Presented as:				
Assets: Provisions for loan losses - decrease of assets	375	-22	-5	349
Liabilities: Provisions for loan losses - increase of liabilities	32	3	0	35
Equity: Fair value adjustment of losses	32	0	0	32

31.03.2020

	31.12.2019	Provision for credit losses	Net write-offs	31.03.2020
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	232	117	-4	345
Provisions for loan losses at fair value over OCI	67	12	-1	78
Total provisions for credit losses	299	129	-5	423
Presented as:				
Assets: Provisions for loan losses - decrease of assets	255	113	-5	363
Liabilities: Provisions for loan losses - increase of liabilities	22	10	0	32
Equity: Fair value adjustment of losses	21	7	0	28

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
Equity: Fair value adjustment of losses	21	11	0	32

Group

31.03.2021

	31.12.2020	Provision for credit losses	Net write-offs	31.03.2021
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	465	-17	-5	444
Provisions for loan losses at fair value over OCI	84	-7	-1	77
Total provisions for credit losses	549	-23	-5	520
Presented as:				
Assets: Provisions for loan losses - decrease of assets	484	-23	-5	456
Liabilities: Provisions for loan losses - increase of liabilities	32	-1	0	31
Equity: Fair value adjustment of losses	32	0	0	32

31.03.2020

	31.12.2019	Provision for credit losses	Net write-offs	31.mar.20
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	294	140	-4	429
Provisions for loan losses at fair value over OCI	67	12	-1	78
Total provisions for credit losses	360	152	-5	507
Presented as:				
Assets: Provisions for loan losses - decrease of assets	317	135	-5	447
Liabilities: Provisions for loan losses - increase of liabilities	22	10	0	32
Equity: Fair value adjustment of losses	21	7	0	28

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
Equity: Fair value adjustment of losses	21	11	0	32

Parent Bank

Provisions for credit losses *	31.03.2021				31.03.20				31.12.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance	149	189	103	440	115	115	69	299	115	115	69	299
<i>Provision for credit losses</i>												
Transfers in (out) to Stage 1	2	-2	0	0	2	-2	0	0	5	-5	0	0
Transfers in (out) to Stage 2	-29	31	-1	0	-27	27	0	0	-85	85	0	0
Transfers in (out) to Stage 3	-6	-5	11	0	-3	-3	6	0	-12	-26	38	0
Net remeasurement of loss provisions	24	-20	5	9	55	22	14	91	112	6	5	124
Purchases and originations	12	0	0	12	24	2	5	31	29	13	4	46
Derecognitions and maturities	-5	-9	-7	-20	-9	-13	-6	-28	-15	-19	-2	-36
Write-offs	0	0	-5	-5	0	0	-5	-5	0	0	-12	-12
Post model adjustment	0	-20	0	-20	0	35	0	35	0	20	0	20
Ending Balance	147	163	106	416	157	183	83	423	149	189	103	440

Group

Provisions for credit losses *	31.03.2021				31.03.20				31.12.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance	173	244	131	548	131	142	87	360	131	142	87	360
<i>Provision for credit losses</i>												
Transfers in (out) to Stage 1	8	-8	0	0	7	-6	-1	0	12	-12	0	0
Transfers in (out) to Stage 2	-30	32	-1	0	-27	28	0	0	-88	89	-1	0
Transfers in (out) to Stage 3	-6	-11	17	0	-3	-6	9	0	-12	-29	41	0
Net remeasurement of loss provisions	19	-14	2	8	57	36	16	109	109	33	16	158
Purchases and originations	16	4	0	19	28	3	5	36	40	20	10	71
Derecognitions and maturities	-6	-14	-11	-31	-9	-14	-10	-33	-18	-24	-11	-54
Write-offs	0	0	-5	-5	0	0	-5	-5	0	0	-12	-12
Post model adjustment	0	-20	0	-20	0	40	0	40	0	25	0	25
Ending Balance	174	213	133	520	184	223	101	507	173	244	131	548

* Provisions for loans, guarantees and unused credit facilities

Note 7 Net profit from financial assets and liabilities

Parent Bank			Group			
31.12.2020	31.03.2020	31.03.2021		31.03.2021	31.03.2020	31.12.2020
41	12	11	Dividends from equity investments at fair value through profit and loss	11	12	41
41	12	11	Dividends from shares and other equity instruments	11	12	41
287	156	167	Dividends from subsidiaries, associates and joint ventures			
-6	0	0	Gains or losses on realisation of subsidiaries, associates and joint ventures			
0	0	0	Impairment on subsidiaries, associates and joint ventures			
282	156	167	Net income from subsidiaries, associates and joint ventures (Parent Bank)			
			Share of profit or loss of associates and joint ventures (Group)	59	115	394
135	49	-51	Net change in value on certificates, bonds and fixed-income funds	-51	49	135
-118	-149	67	Net change in value on derivatives that hedge securities above	67	-149	-118
16	-100	16	Net change in value on certificates, bonds and fixed-income funds including hedge derivatives	16	-100	16
-514	-533	266	Net change in value of securities issued	266	-533	-514
520	561	-292	Net change in value in derivatives that hedge securities issued	-292	561	520
6	29	-27	Net change in value on securities issued including hedge derivatives	-27	29	6
-6	-14	19	Net change in value on equity instruments at fair value through profit and loss	19	-14	-6
150	79	-64	Net change in value on fixed-rate loans to customers at fair value through profit and loss	-64	79	150
-135	-189	74	Net change in value on other derivatives	74	-189	-135
27	6	4	Gains or losses on realisation of assets at fair value through profit and loss	4	6	27
50	13	14	Net income from FX trading and -hedging	14	13	50
109	-175	38	Net profit from other financial assets and liabilities	38	-175	109
432	-7	216	Net profit from financial assets and liabilities	108	-48	545

Note 8 Financial derivatives

Parent Bank and Group

	31.03.2021		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	1 917	42	32
Currency swaps	1 029	17	14
Total currency instruments	2 946	59	47
Interest rate instruments			
Interest rate swaps (including cross-currency)	54 764	1 178	648
Other interest rate contracts	3 810	1	0
Total interest rate instruments	58 573	1 179	648
Total currency instruments	2 946	59	47
Total interest rate instruments	58 573	1 179	648
Total financial derivatives	61 520	1 237	695

	31.03.2020		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	2 900	99	73
Currency swaps	1 266	31	27
Total currency instruments	4 166	130	99
Interest rate instruments			
Interest rate swaps (including cross-currency)	52 565	3 815	705
Other interest rate contracts	3 467	2	0
Total interest rate instruments	56 031	3 816	705
Total currency instruments	4 166	130	99
Total interest rate instruments	52 565	3 816	705
Total financial derivatives	56 731	3 946	804

	31.12.2020		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	1 872	26	21
Currency swaps	2 257	14	84
Total currency instruments	4 129	40	104
Interest rate instruments			
Interest rate swaps (including cross-currency)	49 293	2 171	593
Other interest rate contracts	3 985	1	0
Total interest rate instruments	53 279	2 172	593
Total currency instruments	4 129	40	104
Total interest rate instruments	53 279	2 172	593
Total financial derivatives	57 408	2 212	697

Note 9 Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its obligations when they fall due, or be unable to finance its assets, including the desired growth, without significantly increased costs.

The group's framework for managing liquidity risk reflects its conservative risk profile, and the group manages the liquidity risk by maintaining a sufficient proportion of liquid reserves at all times, while the financing is diversified and long-term. Diversification is achieved by spreading borrowing across different markets, maturities and instruments. The group's goal is to be able to survive for twelve months without access to new financing while house prices fall by 30 per cent. The Bank must satisfy the minimum requirement for LCR over the same period. Stress testing is undertaken at various maturities for a bank-specific crisis, a systemic crisis and a combination of these, and a contingency plan has been established to handle various liquidity crises.

Average time to maturity in the Bank's borrowing portfolio was 3.8 (3.8) years at the end of Q1 2021. At the same date, total LCR was 147.5 (151.3) per cent.

Note 10 Financial instruments at fair value

The table below shows financial instruments at fair value by valuation method. The different levels are defined as follows:

- Level 1: Quoted prices for similar asset or liability on an active market
- Level 2: Valuation based on other observable factors either direct (price) or indirect (deduced from prices) than the quoted price (used on level 1) for the asset or liability
- Level 3: Valuation based on factors not based on observable market data (non-observable inputs)

Group

31.03.2021	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value				
- Derivatives	0	1 237	0	1 237
- Certificates, bonds and fixes-income funds	0	23 425	0	23 425
- Fixed-rate loans to customers	0	0	6 461	6 461
- Equity instruments	369	0	267	636
- Mortgages	0	0	66 471	66 471
Total assets	369	24 662	73 199	98 230
Liabilities				
Financial liabilities at fair value				
- Derivatives	0	695	0	695
- Securities issued	0	2 679	0	2 679
Total liabilities	0	3 374	0	3 374
31.03.2020				
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives	0	3 946	0	3 946
- Bonds and certificates	0	17 874	0	17 874
- Fixed-rate loans to customers	0	0	6 585	6 585
- Equity instruments	316	43	301	660
- Other financial assets	0	0	60 906	60 906
Total assets	316	21 864	67 793	89 973
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives	0	804	0	804
- Securities issued	0	3 613	0	3 613
Total liabilities	0	4 417	0	4 417
31.12.2020				
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives	0	2 212	0	2 212
- Bonds and certificates	0	20 999	0	20 999
- Fixed-rate loans to customers	0	0	6 331	6 331
- Equity instruments	349	0	267	616
- Other financial assets	0	0	66 330	66 330
Total assets	349	23 211	72 928	96 488
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives	0	697	0	697
- Securities issued	0	3 050	0	3 050
Total liabilities	0	3 747	0	3 747

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

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

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

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

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flow based on observable yield curves.
- Fair value forward contracts in a foreign currency is determined by looking at the present value of the difference between the agreed forward exchange rate and the foreign exchange rate on balance sheet day.
- Fair value of bonds and certificates (assets and liabilities) is calculated as the present value of the estimated future cash flow based on observable yield curves, including an indicated credit spread on issuers from Nordic Bond Pricing, Refinitiv pricing service, Bloomberg or reputable brokers.
- Fair value of fixed-rate loans to customers is calculated as the present value of the estimated future cash flow based on an observable swap yield curve, plus a calculated marked premium
- Fair value of floating rate mortgages is estimated based on carrying amount and expected credit losses.
- Other methods, such as multiplier models, have been used to determine the fair value of the remaining financial instruments.

The table below presents the changes in value of the instruments classified in level 3:

	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Total
31.12.2020-31.03.2021				
Opening balance	6 331	267	66 330	72 928
Investments in the period	603	0	4 037	4 640
Sales/redemption in the period	-409	0	-3 902	-4 312
Gains/losses recognised through profit and loss	-64	0	7	-57
Gains/losses recognised through other comprehensive income	0	0	0	0
Closing balance	6 461	267	66 471	73 199
Gains/losses for the period included in the profit for assets owned on the balance sheet day	-64	0	7	-57

	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Total
31.12.2019-31.03.2020				
Opening balance	6 765	299	59 865	66 929
Investments in the period	192	0	9 499	9 691
Sales / redemption in the period	-451	-1	-8 452	-8 903
Gains / losses recognised through profit and loss	79	3	-12	70
Gains/losses recognised through other comprehensive income	0	0	7	7
Closing balance	6 585	301	60 906	67 793
Gains / losses for the period included in the profit for assets owned on the balance sheet day	79	3	-12	70

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

Specification of fair value, instruments classified in level 3:

31.03.2021	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Total
Nominal value including accrued interest (fixed income instruments)/cost (shares)	6 392	200	66 516	73 108
Fair value adjustment	69	66	-44	91
Closing balance	6 461	267	66 471	73 199

31.03.2020	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Total
Nominal value including accrued interest (fixed income instruments)/cost (shares)	6 523	208	60 957	67 689
Fair value adjustment	62	93	-51	104
Closing balance	6 585	301	60 906	67 793

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

Sensitivity, instruments classified as level 3

The valuation of fixed-rate loans to customers is based on an agreed rate with the customer. The loans are discounted by the current yield curve plus a discretionary market premium. An increase in the discount rate by ten basis points would have resulted in a negative change in fair value of MNOK 17.

Equity instruments in Level 3 consists of the significant shareholdings in Oslo Kongressenter Folkets Hus BA (MNOK 57), Eksportfinans ASA (MNOK 72), SpareBank 1 Markets AS (MNOK 40) and VN Norge AS (MNOK 26). The valuation of the two former is based on the book value of their equity adjusted for surplus and deficit values. Based on valuation from 2010 and later broker reviews, it is considered to be significant added value in the property mass belonging to Oslo Kongressenter Folkets Hus BA (P/B 3.7). Based on an external valuation in connection with a demerger in 2012 and subsequent equity transactions, the value of Eksportfinans ASA is considered to be less than book value (P/B 0.85). The value of the shareholding in SpareBank 1 Markets are based on current issue pricing. The value of the shareholding in VN Norge (former Visa Norge FLI, transformed into a limited company medio 2018) are based on valuation of underlying assets, of witch preference shares in Visa Inc are most significant. Preference shares in Visa Inc will be converted into tradable shares no later than 2028. The valuation of this underlying asset is based on the share price of tradable Visa Inc stocks and the closing exchange rate (USDNOK) as well as agreed conversion factor for the preference shares. Net value is less deferred tax and a liquidity discount. The preference shares are priced by an external party.

Floating rate mortgages classified at fair value through other comprehensive income (OCI) are valued bases on carrying amounts and expected credit losses. Mortgages that do not have a significantly higher credit risk than they did upon initial recognition, are valued at nominal amount. For loans with a significant increase in credit risk since initial recognition, expected credit loss will be calculated as for assets at amortised cost. Estimated fair value on these mortgages are the carrying amount less lifetime expected credit losses. With the current assumptions on expected credit loss, the fair value adjustment amounts to MNOK -44. 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					
	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
31.03.2021						
Derivatives as assets	1 237	0	1 237	-435	-685	117
Derivatives as liabilities	-695	0	-695	435	176	-84
31.03.2020						
Derivatives as assets	3 946	0	3 946	-645	-3 025	276
Derivatives as liabilities	-804	0	-804	645	124	-36
31.12.2020						
Derivatives as assets	2 212	0	2 212	-612	-1 450	150
Derivatives as liabilities	-697	0	-697	612	61	-25

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		
31.12.2020	31.03.2020	31.03.2021	Right of use	31.03.2021	31.03.2020	31.12.2020
214	214	192	Right of use asset at 01.01.	156	169	169
4	3	2	Indexation of the right of use asset	3	4	4
5	5	0	Additions	0	5	9
9	0	0	Adjustments of options	0	0	10
39	10	10	Depreciation	9	9	37
192	213	184	Right-of use asset at the end of the period	150	170	156

31.12.2020	31.03.2020	31.03.2021	Lease liability	31.03.2021	31.03.2020	31.12.2020
216	216	198	Lease liability at 01.01	161	169	170
4	3	2	Indexation of the lease obligation	3	5	4
5	5	0	Additions	0	5	9
9	0	0	Adjustments of options	0	0	10
41	11	11	Instalments in the period	10	10	36
5	1	1	Interest	1	1	4
198	215	190	Liabilities associated with lease rights, at the end of the period	154	171	161

* In the parent bank, NOK 38 million of the lease obligation falls due within 12 months. Corresponding figures in the Group are NOK 32 million.

31.12.2020	31.03.2020	31.03.2021	Effects on earnings	31.03.2021	31.03.2020	31.12.2020
5	1	1	Interest expense	1	1	4
39	10	10	Depreciation	9	9	37
44	11	11	Total cost from IFRS 16	10	10	41

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		
31.12.2020	31.03.2020	31.03.2021		31.03.2021	31.03.2020	31.12.2020
273	273	273	Capital payments into pension fund	273	273	273
35	30	42	Accrued income, not yet received	45	33	36
91	78	91	Prepaid costs, not yet incurred	171	150	158
24	53	2	Unsettled trades	2	53	24
82	142	112	Other assets	290	329	255
505	577	520	Total other assets	781	839	746

Note 14 Deposits from and liabilities to customers

Parent Bank				Group		
31.12.2020	31.03.2020	31.03.2021		31.03.2021	31.03.2020	31.12.2020
48 689	45 191	49 040	Retail market	49 040	45 191	48 689
6 798	6 550	7 399	Public sector	7 399	6 550	6 798
1 140	1 300	1 470	Primary industries	1 470	1 300	1 140
454	402	467	Paper and pulp industries	467	402	454
1 153	860	1 038	Other industry	1 038	860	1 153
2 186	2 000	2 092	Building and construction	2 092	2 000	2 186
105	285	109	Power and water supply	109	285	105
2 199	1 868	2 309	Wholesale and retail trade	2 309	1 868	2 199
369	293	363	Hotel and restaurants	363	293	369
3 958	4 366	4 490	Real estate	4 490	4 366	3 958
17 244	15 587	17 349	Commercial services	17 296	15 551	17 214
1 348	1 234	1 403	Transport and communications	1 403	1 234	1 348
85 643	79 937	87 529	Total deposits by sector and industry	87 476	79 901	85 613

Note 15 Debt securities issued

Parent Bank and Group

Change in debt securities issued	31.03.2021	Issued	Due / redeemed	Other changes	31.12.2020
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	33 453	5 139	-1 981	96	30 200
Senior non-perferred, nominal value	2 500	0	0	0	2 500
Subordinated loan capital, nominal value	1 300	0	0	0	1 300
Accrued interest	146	0	0	-38	184
Value adjustments *	752	0	0	-1 318	2 070
Total debt raised through issuance of securities and subordinated loan capital, book value	38 151	5 139	-1 981	-1 261	36 254

*) Herof exchange rate effects with MNOK -973 in the period and MNOK 370 accumulated

Change in debt securities issued	31.03.2020	Issued	Due / redeemed	Other changes	31.12.2019
Certificate-based debt, nominal value	0	0	0	0	0
Bond debt, nominal value	33 438	2 551	-650	-1 426	32 964
Subordinated loan capital, nominal value	1 300	0	0	0	1 300
Accrued interest	196	0	0	-39	235
Value adjustments	3 993	0	0	3 456	537
Total debt raised through issuance of securities and subordinated loan capital, book value	38 928	2 551	-650	1 991	35 036

Change in debt securities issued	31.12.2020	Issued	Due / redeemed	Other changes	31.12.2019
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	30 200	3 081	-4 992	-853	32 964
Senior non-perferred, nominal value	2 500	2 500	0	0	0
Subordinated loan capital, nominal value	1 300	0	0	0	1 300
Accrued interest	184	0	0	-51	235
Value adjustments	2 070	0	0	1 533	537
Total debt raised through issuance of securities and subordinated loan capital, book value	36 254	5 581	-4 992	629	35 036

Note 16 Other debt and liabilities recognized in the balance sheet

Parent Bank				Group		
31.12.2020	31.03.2020	31.03.2021		31.03.2021	31.03.2020	31.12.2020
73	63	108	Accrued expenses and prepaid revenue	136	115	107
33	32	35	Provisions	31	36	33
83	79	82	Pension liabilities	82	81	83
69	182	110	Accounts payable	116	199	74
0	0	0	Unsettled trades	0	0	0
198	215	190	Lease obligation (for specifications see note 12)	154	171	161
174	1 006	354	Other liabilities	475	1 064	281
631	1 578	879	Total other debt and liabilities recognised in the balance sheet	994	1 667	739

Note 17 Equity capital certificates and owner structure

Parent Bank	31.03.2021	31.03.2020	31.12.2020
Equity capital certificates	5 791	5 791	5 791
Dividend equalisation fund ²⁾	3 574	3 124	3 269
Recommended dividends and other equity capital ³⁾	352	0	555
Premium fund	848	848	848
A. Equity capital certificate owners' capital	10 566	9 764	10 463
Primary capital ²⁾	4 183	3 991	4 053
Recommended dividends on customers return ³⁾	231	0	237
Provision for gifts ¹⁾	29	32	29
Other paid-up equity	166	166	166
B. Total primary capital	4 609	4 189	4 485
			0
Fund for unrealised gains	361	322	320
Total other equity	361	322	320
Hybrid capital	650	300	650
Total equity	16 185	14 575	15 918
Total equity for distribution:			
Equity capital certificate ratio (A/(A+B)) after distribution	69.6 %	70.1 %	70.0 %
Equity certificates issued	115 829 789	115 829 789	115 829 789
Average Equity certificates	115 829 789	115 800 431	115 829 789

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

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

³⁾ On 25 March 2021, The Supervisory Board decided on a dividend of NOK 555 million, a customer dividend of NOK 231 million and a provision of NOK 6 million for donations of the bank's profit from 2020. This results in a payout ratio of 50 per cent of the controlling interest's share of the consolidated profit, which is in line with the Bank's long-term-oriented dividend policy. The payment is proposed to be paid out in two rounds. On April 7, 2021, a dividend of NOK 203 million (equivalent to 1.75 per equity certificate) and donations of NOK 6 million was paid out. The board has been authorized by the Supervisory Board to assess and pay all or parts of the remaining dividend up to NOK 352 million (equivalent to 3.04 per equity certificate) and up to 231 million in customer dividends after 30 September 2021 if the capital situation allows it.

Equity Certificate holders	Q1 2021		Q1 2021		Change in number	Account type
	No. Of EC's	Share in %	No. Of EC's			
Sparebankstiftelsen Hedmark	60 404 892	52.10 %	60 404 892			Ordinary
Landsorganisasjonen i Norge	11 121 637	9.60 %	11 121 637			Ordinary
Pareto Invest AS	3 006 134	2.60 %	2 762 610	243 524	↑	Ordinary
Fellesforbundet	2 101 322	1.80 %	2 101 322			Ordinary
Geveran Trading Co LTD	1 952 005	1.70 %	1 952 005			Ordinary
Eika Egenkapitalbevis	1 842 752	1.60 %	1 854 512	-11 760	↓	Ordinary
Danske Invest Norske Institusjoner II	1 695 467	1.50 %	1 710 467	-15 000	↓	Ordinary
Odin Norge	1 621 218	1.40 %	1 621 218			Ordinary
Norsk Nærings- og Nytelsesmiddelarbeiderforbund	1 313 555	1.10 %	1 313 555			Ordinary
Landkreditt Utbytte	1 000 000	0.90 %	1 000 000			Ordinary
Brown Brothers Harriman & Co.	900 000	0.80 %	1 000 000	-100 000	↓	Nominee
The Bank of New York Mellon SA/NV	871 545	0.80 %	896 545	-25 000	↓	Nominee
Tredje AP-fonden	804 750	0.70 %	804 750			Ordinary
State Street Bank and Trust Comp	789 147	0.70 %	785 311	3 836	↑	Nominee
Danske Invest Norske Aksjer Institusjon	734 607	0.60 %	750 607	-16 000	↓	Ordinary
State Street Bank and Trust Comp	644 013	0.60 %	627 794	16 219	↑	Nominee
Fagforbundet	622 246	0.50 %	351 456	270 790	↑	Ordinary
Brown Brothers Harriman & Co.	568 688	0.50 %	568 688			Nominee
Skandinaviska Enskilda Banken AB	544 910	0.50 %	544 910			Nominee
JPMorgan Chase Bank, London	544 401	0.50 %	545 030	-629	↓	Nominee
20 largest EC-holders	93 083 289	80.40 %	92 717 309	365 980	↑	
Other EC-holders	22 746 500	19.60 %	23 112 480	-365 980	↓	
ECs issued	115 829 789	100.00 %	115 829 789			

Note 18 Net interest income

Parent bank				Group		
31.12.2020	31.03.2020	31.03.2021		31.03.2021	31.03.2020	31.12.2020
			Interest income			
151	56	28	Interest income from loans to and claims on central banks and credit institutions (amortised cost)	7	15	38
1 253	380	274	Interest income from loans to and claims on customers (amortised cost)	369	493	1 664
1 471	476	315	Interest income from loans to and claims on customers (fair value over OCI)	313	476	1 465
2 875	912	617	Total interest income, effective rate method	689	984	3 167
187	48	44	Interest income from loans to and claims on customers (fair value over profit and loss)	44	48	187
221	79	41	Interest on certificates and bonds (fair value over profit and loss)	41	79	221
-141	-62	-28	Other interest income	-28	-62	-141
268	64	57	Total other interest income	57	64	268
3 143	976	674	Total interest income	746	1 048	3 436
			Interest expenses			
53	20	8	Interest on debt to credit institutions	8	20	53
618	253	81	Interest on deposits from and liabilities to customers	81	254	621
501	152	104	Interest on securities issued	104	152	501
30	11	6	Interest on subordinated loan capital	6	11	30
49	15	11	Fees to the Banks' Guarantee Fund	11	15	49
5	1	1	Interest on leases	1	1	4
0	0	0	Other interest expenses	0	0	0
1 256	452	211	Total interest expenses	211	454	1 258
1 887	524	463	Total net interest income	535	594	2 177

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	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
(NOK million, excluding percentages)	2021	2020	2020	2020	2020	2019	2019	2019	2019
Interest income	746	768	780	839	1 048	1 023	981	910	875
Interest expense	211	219	244	341	454	438	427	390	367
Net interest income	535	549	536	498	594	584	554	520	508
Commission income	351	389	380	277	314	332	336	323	304
Commission expenses	35	40	36	32	35	37	40	36	30
Other operating income	62	57	49	56	64	37	54	78	67
Net commission and other operating income	379	406	392	300	343	333	350	364	341
Dividends from shares and other equity instruments	11	29	1	0	12	0	0	6	12
Share of profit or loss of associates and joint ventures	59	63	88	128	115	-1	44	131	346
Net profit from other financial assets and liabilities	38	55	45	185	-175	12	59	61	65
Net income from financial assets and liabilities	108	146	133	314	-48	11	103	198	423
Total income	1 021	1 102	1 061	1 112	889	928	1 007	1 082	1 271
Personnel expenses	284	285	269	255	274	274	267	267	290
Depreciation	31	33	33	32	34	32	30	33	36
Other operating expenses	170	186	163	160	178	183	161	189	169
Total operating expenses	485	504	465	447	487	490	457	489	494
Operating profit before losses on loans and guarantees	536	598	596	665	402	439	550	593	777
Impairment on loans and guarantees	-18	1	47	130	151	33	24	8	-33
Pre-tax operating profit	554	597	549	535	251	406	526	585	810
Tax expense	114	131	111	97	-16	114	116	114	54
Profit after tax	439	466	438	438	266	291	409	471	757
	1Q	4Q	3Q	2Q	1Q	4.kv	3Q	2Q	1Q
	2020	2020	2020	2020	2020	2019	2019	2019	2019
Profitability									
Return on equity capital ¹⁾	10,6 %	11,3 %	10,9 %	11,3 %	6,9 %	7,3 %	10,7 %	12,8 %	21,2 %
Net interest income ²⁾	1,46 %	1,48 %	1,44 %	1,38 %	1,72 %	1,71 %	1,64 %	1,62 %	1,65 %
Cost income ratio ³⁾	47,5 %	45,7 %	43,8 %	40,2 %	54,7 %	52,7 %	45,4 %	45,2 %	38,8 %
Balance sheet and ratios									
Gross loans to customers	114 037	113 368	113 624	112 381	108 811	107 035	104 037	101 668	98 744
Gross loans to customers including loans transferred to covered bond companies ¹⁾	162 567	161 259	160 993	157 956	153 846	150 688	147 310	144 337	141 079
Growth in loans during the last 12 months ¹⁾	4,8 %	5,9 %	9,2 %	10,5 %	10,2 %	8,2 %	5,9 %	5,9 %	6,4 %
Growth in loans including loans transferred to covered bond companies in the last 12 months ¹⁾	5,7 %	7,0 %	9,3 %	9,4 %	9,0 %	7,5 %	6,6 %	6,5 %	6,5 %
Growth in loans during the last quarter ¹⁾	0,6 %	-0,2 %	1,1 %	3,3 %	1,7 %	2,9 %	2,3 %	3,0 %	-0,2 %
Growth in loans including loans transferred to covered bond companies in the last quarter ¹⁾	0,8 %	0,2 %	1,9 %	2,7 %	2,1 %	2,3 %	2,1 %	2,3 %	0,7 %
Deposits from customers	87 476	85 613	85 496	85 481	79 901	78 494	76 866	77 352	72 377
Deposit to loan ratio ¹⁾	76,7 %	75,5 %	75,2 %	76,1 %	73,4 %	73,3 %	73,9 %	76,1 %	73,3 %
Deposit to loan ratio including loans transferred to covered bond companies ¹⁾	53,8 %	53,1 %	53,1 %	54,1 %	51,9 %	52,1 %	52,2 %	53,6 %	51,3 %
Growth in deposits in the last 12 months	9,5 %	9,1 %	11,2 %	10,5 %	10,4 %	9,8 %	9,4 %	9,5 %	9,5 %
Growth in deposits in the last quarter	2,2 %	0,1 %	0,0 %	7,0 %	1,8 %	2,1 %	-0,6 %	6,9 %	1,2 %
Average total assets	148 096	147 486	148 048	145 392	139 184	134 783	133 711	128 573	124 882
Total assets	150 118	146 074	148 898	147 197	143 586	134 783	136 568	130 854	126 292
Total assets including loans transferred to covered bond companies ¹⁾	198 648	193 964	196 267	192 772	188 621	178 436	179 841	173 522	168 626
Losses and commitments in default									
Losses on loans as a percentage of gross loans ¹⁾	-0,1 %	0,0 %	0,2 %	0,5 %	0,6 %	0,1 %	0,1 %	0,0 %	-0,1 %
Financial strength									
Common equity Tier 1 capital ratio	17,8 %	17,8 %	17,3 %	17,1 %	17,0 %	17,2 %	16,7 %	16,7 %	16,9 %
Tier 1 capital ratio	18,8 %	18,8 %	18,3 %	18,2 %	17,7 %	17,9 %	17,7 %	17,3 %	17,5 %
Capital ratio	20,7 %	20,8 %	20,2 %	20,1 %	19,6 %	19,8 %	19,7 %	19,1 %	19,4 %
Net subordinated capital	16 793	16 704	16 502	16 418	15 883	15 444	15 685	14 982	14 676

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	<p><i>Profit after tax - Interest expences on hybrid capital</i></p> <p>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 expences related to the hybrid capital had been recognized in the income statement.</p>
Return on equity capital	<p>$\frac{(\text{Profit after tax} - \text{Interest expences on hybrid capital}) \times \left(\frac{\text{Act}}{\text{Act}}\right)}{\text{Average equity} - \text{Average hybrid capital}}$</p> <p>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.</p>
Underlying banking operations	<p><i>Operating profit before losses on loans and guarantees</i> <i>- Net income from financial assets and liabilities - Notable items</i></p> <p>The result from underlying banking operations provides relevant information about the profitability of the Bank's core business.</p>
Cost-income-ratio	<p>$\frac{\text{Total operating costs}}{\text{Total net income}}$</p> <p>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.</p>
Lending margin	<p><i>Weighted average interest rate on lending to customers and loans transferred to covered bond companies - Average NIBOR 3 MND</i></p> <p>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.</p>

Alternative performance measures	Definition and rationale
Deposit margin	<i>Average NIBOR 3 MND – Weighted average interest rate on deposits from customers</i>
	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	<i>Lending margin + Deposit margin</i>
	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	<i>Net interest income + Commissions from loans and credit transferred to covered bond companies</i>
	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	<i>Total assets + Loans transferred to covered bond companies</i>
	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	<i>Loans to and receivables from customers + Loans transferred to covered bond companies</i>
	Loans transferred to covered bond companies are subtracted from the balance sheet, but are included in the total lending business.
Deposit to loan ratio	$\frac{\text{Deposit from and liabilities to customers}}{\text{Gross loans to customers}}$
	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	$\frac{\text{Deposit from and liabilities to customers}}{\text{Gross loans to customers} + \text{Loans transferred to covered bond companies}}$
	The deposit coverage ratio provides information about the financing mix in the overall lending business. Deposits from customers are an important means of financing the Bank's lending business and the indicator provides important information about the dependence of the overall lending business on market financing.
Growth in loans during the last 12 months	$\frac{\text{Gross loans to customers}}{\text{Gross loans to customers 12 months ago}} - 1$
	This indicator provides information about activity and growth in the Bank's lending activity.
Growth in loans including loans transferred to covered bond companies (CB) in the last 12 months	$\frac{\text{Gross loans to customers} + \text{Loans transferred to CB}}{\text{Gross loans to customers 12 months ago} + \text{Loans transferred to CB 12 months ago}} - 1$
	This indicator provides information about activity and growth in the Bank's total lending activity. The Bank uses the covered bond companies as a source of funding, and the indicator includes loans transferred to the covered bond companies to highlight the activity and growth in overall lending including these loans.

Alternative performance measures	Definition and rationale
Growth in deposits in the last 12 months	$\frac{\text{Deposits from and liabilities to customers}}{\text{Deposits from and liabilities to customers 12 months ago}} - 1$ <p>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.</p>
Impairment on loans as a percentage of gross loans	$\frac{(\text{Losses on loans and guarantees}) \times \left(\frac{\text{Act}}{\text{Act}}\right)}{\text{Gross loans to customers}}$ <p>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.</p>
Loans to and receivables from customers in stage 2, percentage of gross loans	$\frac{(\text{Loans to and receivables from customers in stage 2})}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p>
Loans to and receivables from customers in stage 3, percentage of gross loans	$\frac{(\text{Loans to and receivables from customers in stage 3})}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p>
Commitments in default as percentage of gross loans	$\frac{\text{Gross defaulted commitments for more than 90 days}}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p>
Other doubtful commitments as percentage of gross loans	$\frac{\text{Gross doubtful commitments not in default}}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p>
Net commitments in default and other doubtful commitments in percentage of gross loans	$\frac{\text{Net defaulted commitments} + \text{Net doubtful commitments}}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p>
Loan loss impairment ratio for defaulted commitments	$\frac{\text{Individual write downs on defaulted commitments}}{\text{Gross defaulted commitments for more than 90 days}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p>
Loan loss impairment ratio for doubtful commitments	$\frac{\text{Individual write downs on doubtful commitments}}{\text{Gross doubtful commitments not in default}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p>
Equity ratio	$\frac{\text{Total equity capital}}{\text{Total assets}}$ <p>The indicator provides information about the company's unweighted solvency ratio.</p>

Alternative performance measures	Definition and rationale
Book equity per EC	$\frac{(Total\ EC - Minority\ interests - Gifts - Hybrid\ capital) \times EC\ certificate\ ratio}{Number\ of\ Equity\ certificates\ issued}$ <p>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.</p>
Price/Earnings per EC	$\frac{Listed\ price\ of\ EC}{Earnings\ per\ EC \times \left(\frac{Act}{Act}\right)}$ <p>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.</p>
Price/book equity	$\frac{Listed\ price\ of\ EC}{Book\ equity\ per\ EC}$ <p>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).</p>
Average LTV (Loan to value)	$\frac{Average\ amount\ on\ loans\ to\ customers}{Average\ market\ value\ of\ asset\ encumbrance}$ <p>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.</p>
Loans transferred to covered bond (CB) companies	<p>Loans transferred to SpareBank 1 Boligkreditt AS og SpareBank 1 Næringskreditt AS and thus derecognised from the balance sheet</p> <p>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.</p>
Act/Act	$\frac{Total\ number\ of\ days\ in\ the\ year\ (365\ or\ 366)}{Number\ of\ days\ so\ far\ this\ year}$ <p>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.</p>
Notable items	<p>Identified costs considered to be non recurring</p> <p>The indicator is used to calculate the underlying banking activity, which is shown as a separate APM.</p>
Earnings per average equity certificate	$\frac{Majority\ interest\ of\ the\ Group's\ profit\ after\ tax \times ECC\ ratio}{Average\ number\ of\ ECC\ i\ the\ accounting\ period}$ <p>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.</p>
Diluted earnings per average equity certificate	$\frac{Majority\ interest\ of\ the\ Group's\ profit\ after\ tax \times ECC\ ratio}{Average\ number\ of\ ECC\ in\ the\ accounting\ period + Number\ of\ ECC\ issued\ after\ the\ accounting\ period}$ <p>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.</p>
Total operating expenses before restructuring costs	<p>Total operating expenses – Restructuring costs</p> <p>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.</p>

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 1 st Quarter 2021
Tuesday 10 August	10.00 AM 2 nd Quarter 2021
Friday 29 October	7.30 AM 3 rd 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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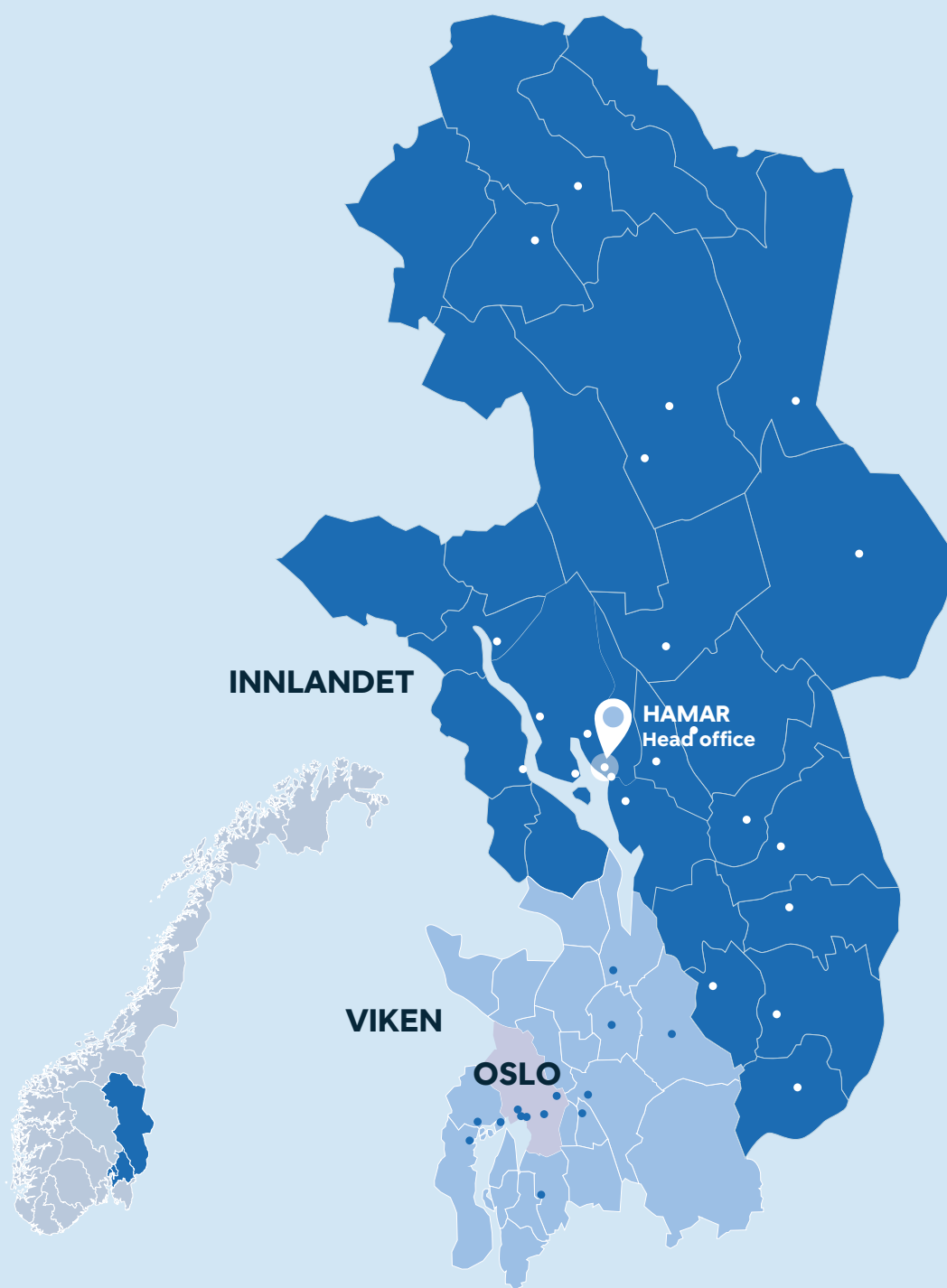
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