2021

Going through the crisis together

SpareBank 1 ØSTLANDET

ANNUAL REPORT

CONTENT

* Material sustainability topics

How to read our report

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

The chapter 'About SpareBank 1 Østlandet' presents financial ambitions and achievements, key figures from the Group and an overview of the development of the Bank's equity capital certificate. It also reports on our strategic focus and our approach to sustainability.

Chapter 2, 'Our organisation and operations', provides an overview of how the Bank is organised and a look at operations in 2021. You will also find information about our employees here and about our approach to ethics and anti-corruption. In a separate table you can read about how various regulatory requirements affect us.

In the chapter 'Our business areas and general work' you will find a business description of our three business areas: the Retail Division, Corporate Division and Organisation Market and Capital Market Division. There are also sections on our approach to innovation and business development and the Bank's role in society. In the latter we explain how the Bank contributes to social development, both locally and in a global perspective.

The chapter 'Report and results' forms the main part of the annual report and includes information about the Board of Directors, a section on corporate governance, the Board of Directors' report, the income statement, balance sheet, changes in equity, cash flow statement and notes, a statement from the Board of Directors and the CEO, the auditor's report, report on remuneration to senior executives and information about subsidiaries.

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

SpareBank 1 Østlandet's reporting complies with specific standards and acts, both with respect to financial information and with respect to sustainability data. Each of the bank's five most material sustainability topics has its own chapter in the editorial part of the report. A GRI index has been prepared to help the reader find relevant and important sustainability data. Indexes have also been produced for other reporting obligations and frameworks like Eco-Lighthouse, UNEP FI, TCFD and TNFD. More information about the acts, standards and principles complied with in our reporting can be found in Note 2 – Accounting policies (page 151) and in the Sustainability note – principles for reporting on sustainability (page 268).

Today's SpareBank 1 Østlandet came into being in 2017 after the merger between Sparebanken Hedmark and Bank 1 Oslo Akershus AS. The annual report's timeline starts in 2017 in order to provide a natural basis for comparison.

The annual report is published in both Norwegian and English. It is also available in a digital version and can be downloaded as a PDF from our website: **www.sparebank1.no/en/ostlandet/about-us/investor/reports.html**

Our work on the UN SDGs

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

Editorial staff: Ingvild Bjørklund Wangen, Camilla Knutsen Wickstrøm, Nina Høibråten Buer, Karoline Bakka Hjertø og Siv Stenseth.
Design and production: Ferskvann reklamebyrå. **Front- and backcover photo:** Ola Matsson/Trysil. The coverphotos are from Trysilfjellet, a major tourism destination in our region. Inside the report, you get to meet some of our corporate customers and several of our skilled employees who have all been working hard throughout the pandemic. **Other photos in this report:** Ricardofoto, Ferskvann, Kitchen, Metro Branding, Sparebankstiftelsen Hedmark, Geir Olav Slåen, Siv Stenseth, Lene Risbakken Tønjum, Ingvild Bjørklund Wangen and Svein Øvregård.

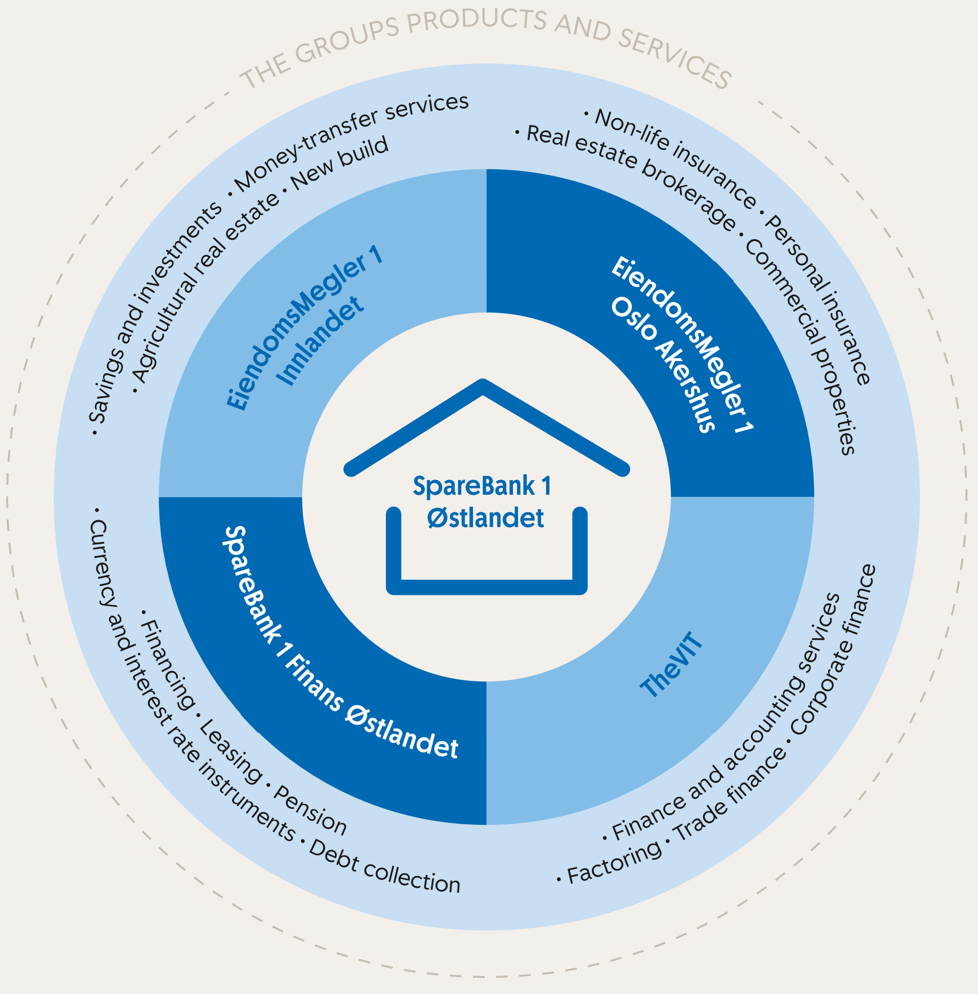
SpareBank 1 Østlandet in brief

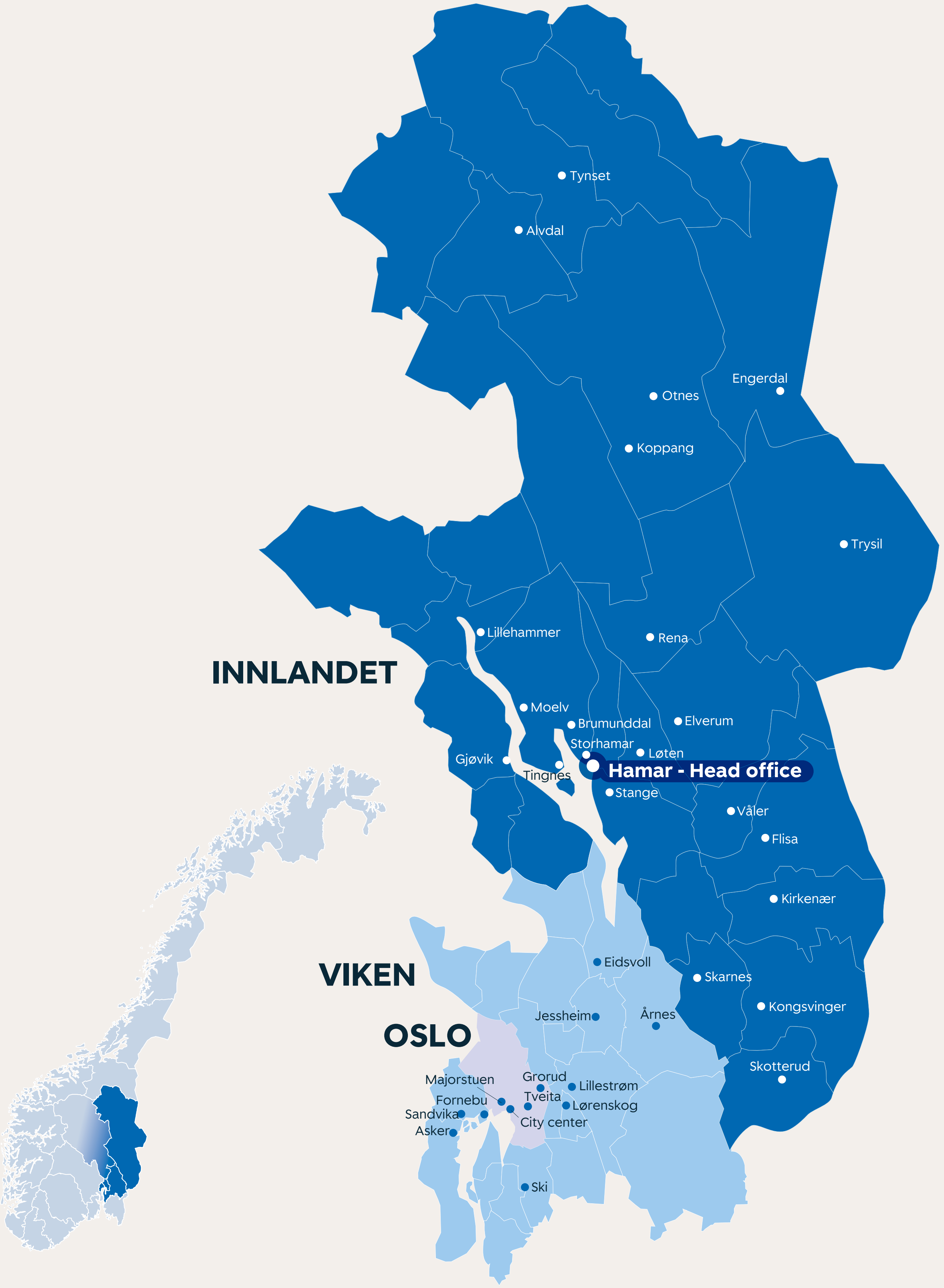
SpareBank 1 Østlandet is Norway's fourth largest savings bank and one of the country's strongest regional banking and financial services groups. The Group offers a wide range of financial products and services.

Based on positive customer experiences and proficient employees, we contribute to sustainable growth and development for society and for our customers, owners and employees. The Bank's head office is in Hamar, and it has a physical presence in Norway's most expansive market area and home to around 1.7 million people. We offer our services via 36 branches, digital surfaces and efficient customer service centres. Thanks to our service deliveries from subsidiaries and joint ventures and associates, the Bank offers our retail and corporate customers a full range of financial services in the rural and urban districts in our market area.

SpareBank 1 Østlandet is part of the SpareBank 1 Alliance. The Alliance comprises 14 independent banks from across the country that collaborate on joint IT solutions, brands and expertise. The purpose of the Alliance is to procure and deliver competitive financial services and products and achieve economies of scale in the form of lower costs and higher quality. The Alliance thus ensure customers can be offered specialised expertise, local roots and simpler banking.

A one-stop financial services institution





Strong growth and record results in 2021

When times are tough, both people and businesses seek a secure and stable bank. That is something we noticed this year as well. We have done our utmost to be there and available for our customers throughout the pandemic.

As an essential business we have kept our doors and phone lines open in a variety of infection control situations. Despite the pandemic, both our retail customers and corporate customers have remained busy. The strong growth in both loans and deposits is reflected in the Bank's very good profit for the year, which for the first time ever exceeds NOK 2 billion for the Group.

Although very many of the Bank's employees in all kinds of positions worked from home due to the infection challenges, operations largely continued as normal. The customers' financial services needs were met, and the Bank was able to develop and provide training despite fewer in-person meetings and the reduced presence at branches. We improved our products and solutions throughout the year to ensure we are even better bank for our customers.

Norges Bank raised interest rates twice in the autumn with the aim of returning the economy to its pre-pandemic level. More rate hikes are expected in 2022 in order to stabilise the Norwegian economy. All in all, things have turned out okay for the vast majority. The same is also true for the Bank. In spite of the uncertainty and challenges in some sectors, the majority of the Bank's retail and corporate customers remained optimistic and willing to invest. Businesses have adapted, adjusted their operations and come up with new solutions. Retail customers have continued to buy homes and holiday homes and maintain them. Customers also saved more, especially in funds and equities.

The learning effect from the rapidly changing circumstances has been huge. The digital skills of both our customers and our employees have improved and we gained experience of working in unpredictable operating conditions. We have all experienced how fast the wind can change direction. This is valuable experience in a time of prosperity and stability in an oil-rich country. SpareBank 1 Østlandet is also based in a region that is not affected by the major cyclical fluctuations. Stability is the region's and the Bank's strength.

2021 became the big anniversary year for the Bank rather than 2020 when the anniversary was really meant to be marked. We just managed to celebrate our 175th anniversary and bring together 1 000 employees for a party before society shut down again in November. We also marked the 25th anniversary of the SpareBank 1 Alliance and our 10 years in both Gjøvik and Lillehammer. Our subsidiary SpareBank 1 Finans Østlandet marked its 25th anniversary in 2021.

We will be celebrating yet another not so small anniversary already in April 2022 when we mark the passing of 5 years since the merger between Sparebanken Hedmark and Bank 1 Oslo Akershus. Many of our ambitions for the merger and launch of the SPOL equity capital certificate on Oslo Børs have been achieved over the course of these years. We have managed to achieve economies of scale. Our business capital has increased by more than 40 per cent, while our costs and staff numbers have remained almost unchanged over the same period. Additionally, by spring 2022, the Bank will have paid out well over NOK 1.1 billion in customer dividends. At the same time, our customer surveys show that satisfaction and the strength of relationships have increased significantly in the past 5 years.

We have really got to grips with the area of sustainability in the past 4 years. We have a long tradition of being close to our customers, fulfilling our corporate social responsibility and having a long-term mindset in our operations, but we have not always been as good at showcasing this. Today, the Bank scores well in ESG ratings, including on documentation and reporting. In 2021, we were named the best in our industry in the ESG 100 ratings, which assess the 100 largest Norwegian companies on Oslo Børs.

Sustainability assessments must be an integral part of everything we do in granting credit, the area of savings and investment, in purchasing and in our operations. The Bank has over time taken a structured approach to cutting emissions in our operations and compensating for those that remain. The Bank's goal is to achieve zero emissions throughout the Bank by the end of 2050. More green products have been launched and more are on their way. We still have a long way to go before we achieve our goals, both when it comes to the zero emissions goal and with respect to topics such as natural risk, but sustainability will remain high on our strategic agenda in the coming years as well.

We worked on preparing our new strategy for the period up to 2025 all year. We involved the entire organisation, conducted a serious of trend, scenario and market analyses and produced a solid basis for staking out a course for the Bank for the next 4 years. The news strategy assumes that we will realise our vision of Creating together even better and strengthen our long-term and close relationships with our customers and communities. It is also important for us to be a driving force behind sustainable operations and development in cities, towns and villages in our market area. You can read more about this in the annual report.

It is a fact that since our merger in 2017 we have become a bigger and more powerful bank in Eastern Norway. It is just as important for our customers as for the Bank, and not least society around us, that we are growing and remain robust and solid. Our operations must be based on the long-term and we continue to want to grow, both organically and structurally. We have the will, strength and capacity to do this successfully.

I would like to thank our professional employees and all of our great customers for their team spirit, good teamwork and excellent ability to do get things done in yet another year of unpredictable operating conditions.

Richard Heiberg

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Richard Heiberg – CEO

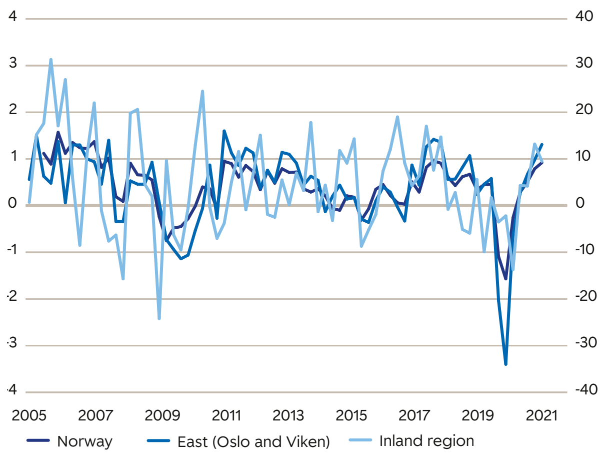
Macroeconomic environment

The infection situation also affected society in 2021. Lower infection rates during the year and higher vaccination rates resulted in a gradual reopening of Norway before the infection situation deteriorated again towards the end of the year and some infection control measures were reintroduced.

The development of the Norwegian economy reflected the infection situation. The level of activity rose in fits and starts up to the summer. Growth then accelerated, especially in the sectors hardest hit by infection control measures. The reintroduction of infection control measures dampened growth towards the end of the year.

Overall, activity in the Bank's market area developed in line with the national development. The recovery was not as strong in Innlandet county. This must be viewed in the context of the inland economy not being as hard hit in the first phases of the pandemic. On the other hand, the activity in the capital region was stronger than the national situation in autumn 2021 following a larger drop before.

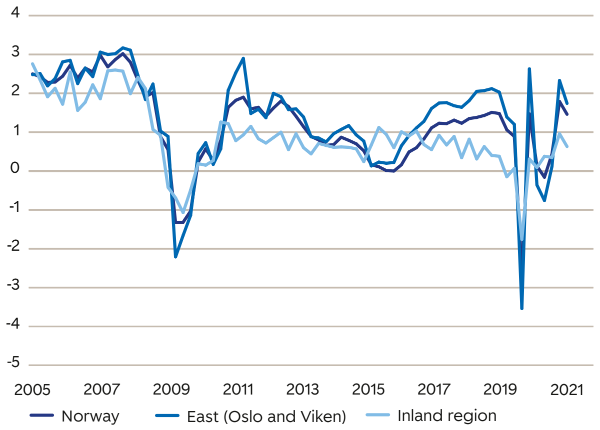
Production growth (Norges Bank's regional network)



Growth in the past 3 months and expected in the next 6 months. Index left axis, per cent (annualised) right axis. Source: Norges Bank.

About a quarter of the Bank's loans are to corporate customers. Corporate loans developed strongly in 2021 with growth of 11.1 per cent from the end of 2020 to the end of 2021. By comparison, according to Statistics Norway, non-financial enterprises' credit grew by 4.9 per cent nationally in December. Corporate investment is the main driver behind the Bank's loans to the business sector. Both Norges Bank's regional network and the Bank's business survey indicate good investment growth in the Bank's market area in the coming year.

Expected investment growth (Norges Bank's regional network)

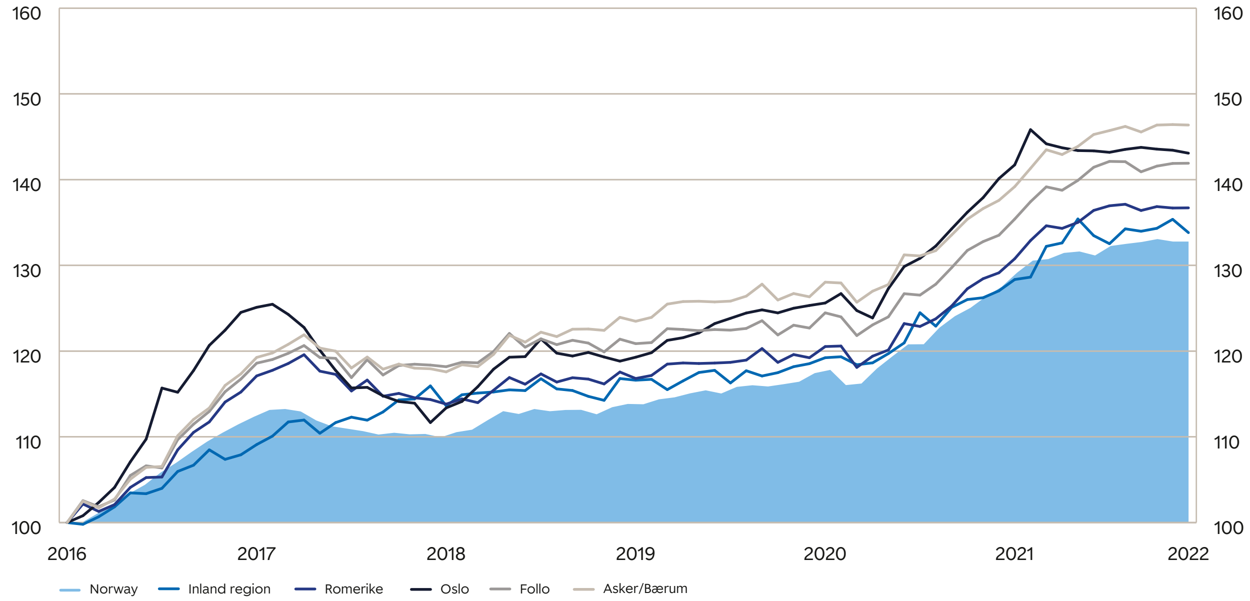


Expected change in investments in the next 12 months. Index left axis, per cent right axis. Source: Norges Bank.

Housing mortgages account for the largest share of the Bank's loan portfolio at around 75 per cent. Mortgage growth in the Bank was also strong in 2021. At the end of the year, annual growth in lending to households was at 6.6 per cent, compared with growth of 5.0 per cent nationally.

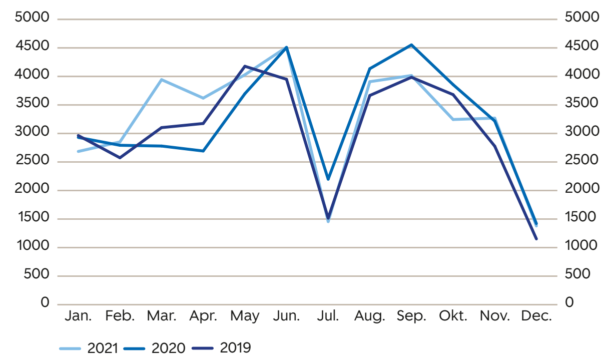
The housing market did well during the year. Compared with 2020, the first half of the year was particularly strong, while activity declined somewhat in the second half of the year. House prices rose steadily the year before, while growth in house prices gradually slowed throughout 2021, particularly in Oslo. Sales of existing homes in the Bank's market area were record high in 2021 after an already strong 2020.

House prices (index, seasonally adjusted)



Source: Eiendom Norge, FINN and Eiendomsverdi AS

Sales of existing homes in the Bank's market area

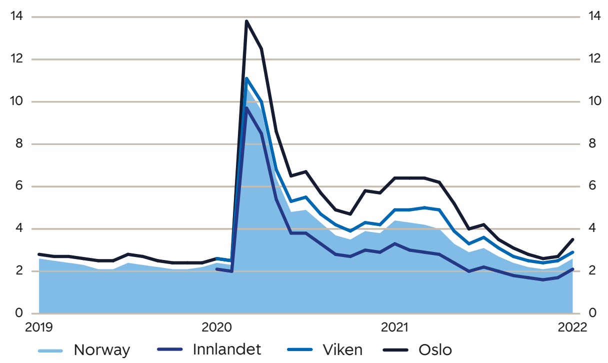


Number of units sold per month. The Bank's market area is defined as Oslo, Asker/Bærum, Follo, Romerike and Innlandet County. Source: Eiendom Norge, FINN and Eiendomsverdi AS

Bank lending rates and conditions in the labour market are important factors in the development of the housing market. Good economic growth and increasing pressure in the labour market contributed to Norges Bank raising the policy rate by 50 basis points in 2021. The central bank has signalled there will be further rate hikes in 2022. Higher borrowing costs could help to dampen activity in the housing market and thus growth in the Bank's housing mortgages.

On the other hand, a strong labour market is making a positive contribution to households' purchasing power. Prior to the reintroduction of some infection control measures in December, unemployment in the Bank's market area fell over the course of 2021. Unemployment rose relatively moderately in December 2021 and January 2022. According to the companies in Norges Bank's regional network and those in the Bank's own business surveys, labour shortages pose a growing problem, especially in Oslo and Viken. Seen in isolation, this would support positive growth in the housing market.

Unemployment (%)



Source: NAV and Macrobond.

Norges Bank, Statistics Norway and other analytical environments assume a solid macroeconomic development over the next year. However, there are risk factors. The infection situation still represents a risk of economic growth being weaker than expected. The Russian invasion of Ukraine brings with it great uncertainty about the times ahead, with likely negative consequences for the economy.

The uncertainty may dampen the willingness to invest among companies and lead to lower consumption growth and less activity in the housing market. The crisis may also lead to even higher inflation for electricity and other goods and services. For households, higher inflation contributes to weaker growth in real disposable income, which in turn can have a negative impact on the housing market. For enterprises, high cost pressures may put pressure on profitability, which in turn may lead to lower growth in corporate investment than otherwise. High inflation may also lead to more interest rate hikes than those already signalled by Norges Bank.

A look back at 2021

Q1

The skiing bank, 'Skibanken'

Making accounting simpler
In January, we launched Bank + Accounting which gathers all the financial information of an enterprise in one place. The aim is to make accounting as simple as possible so that enterprises can spend more time on their core activities. In November, the concept was expanded with Agriculture Bank + Accounting for our agricultural customers.

We established a green bond framework
In February, the Bank launched a framework for issuing green bonds. This was in line with our sustainability strategy and our general guidelines for corporate social responsibility and sustainability. The framework was prepared in line with the ICMA Green Bond Principles and at the same time supports the UN Sustainable Development Goals.

Ethics Committee in place
A large organisation like SpareBank 1 Østlandet occasionally experiences incidents or problems involving ethical dilemmas. The Ethics Committee that was established in February will, among other things, discuss overarching ethical issues and make recommendations in individual cases of an ethical nature that could damage customer trust or the Bank's reputation.

Launching Skibanken – for the delight of even more people
In collaboration with Ottestad IL and Lillehammer Ski Club, we launched the skiing bank, Skibanken, in March. The aim is to help more people experience the fun of skiing regardless of their financial situation or experience. The measure is intended to ensure that unused surplus equipment is put to use again by people who want to get out on the slopes. Skibanken is an idea and initiative from SpareBank 1 and the Norwegian Ski Federation Cross Country.

Maintenance calendar for homes launched in March
In collaboration with Fremtind Forsikring, SpareBank 1 has developed a maintenance calendar to help our customers prevent damage to their homes. The advice was developed by experts and is based on statistics on frequent causes of damage to homes and refurbishment advice from the Norwegian Building Authority (DiBK).

Q2

SpareBank 1 takes a stake in Fleks

New green mortgages
In April, we launched a new and expanded green mortgage for energy-efficient homes. With this, we can make an even greater contribution to our customers making sustainable choices.

UN initiative aimed at zero emissions by 2050 signed
In April, SpareBank 1 Østlandet was one of the first banks in the world to sign up to a new UN-led climate initiative for banks – the Net Zero Banking Alliance (NZBA). This committed us to a goal of climate neutrality by 2050.

Covid-19 millions for local clubs and associations
Clubs and associations saw their activities and income plunge as a result of Covid-19, while expenses remained largely unchanged. To remedy this, the Bank established a pot of NOK 10 million in May for voluntary organisations in Eastern Norway. Clubs and associations can apply for support and no fewer than 233 local clubs and associations have received funds.

Solid jump in Sustainalytics rating in May
A rating from the recognised analytics agency gives the Bank a good score of 'low risk' within environment, social and governance (ESG) issues. Our sustainability risk is lower than the average for comparable banks.

SpareBank 1 takes a stake in Norway's leading car subscription company
In July, the car subscription company Fleks gained new investors through a private placement that valued the company at around NOK 700 million. SpareBank 1 was the largest participant in the placement with an investment of NOK 255 million, equally divided between SpareBank 1 Finans Østlandet, SpareBank 1 Finans Midt-Norge and SpareBank 1 Nord-Norge.

Q3

SpareBank 1 Østlandet at the forum Arendalsuka

Arendalsuka: responsible consumption and production
In 2021, we were back at Norway's largest political forum and the green shift was a common thread in SpareBank 1's programme at the Arendalsuka in August. SpareBank 1 Østlandet hosted an event called 'How far do banks' sustainability responsibilities stretch?' We invited politicians and various social actors to a debate on responsible consumption and production.

Kæsj – the world's first educational app with AR
SpareBank 1 Østlandet wants to work with both parents and schools in order to help ensure today's youngsters gain a healthy understanding of personal finances. In August, we launched the app Kæsj, the world's first free educational app that uses AR technology and gamification to teach youngsters about personal finances.

Best in Norway at sustainability reporting
In September we scored the top grade of 'A' in an analysis of the sustainability reporting of the 100 largest companies on the Oslo Børs. SpareBank 1 Østlandet improved from a string 'A-' the year and is the best in the financial services industry. The analysis was conducted by The Governance Group.

Partnership agreement with Vålerenga Hockey
A lot of common history came together this year in September when SpareBank 1 Østlandet became of partner of the pride of Oslo, Vålerenga Hockey. Fighting exclusion in sports will be a key part of the partnership. Vålerenga Hockey plays at the elite level in Norway while the Bank's sport will also focus on the grassroots and providing equipment support for children and teenagers.

Lending and deposit rates adjusted
In September, SpareBank 1 Østlandet increased lending and deposit rates by up to 0.25 percentage points. At the same time, the Bank lowered the rate for green mortgages to 1.59 per cent. The Bank's best mortgage rate thus goes to customers who choose energy-friendly solutions.

Q4

My climate footprint in the digital bank

Opening future-oriented branch in Våler
On 02.10.2021,Våler Municipality opened its major social project 'new school and activity centres'. SpareBank 1 Østlandet has been a local patriot in the district ever since Vaaler Sparebank was established in 1861. The Bank is now opening a new, contemporary local branch that shares premises with a library and other municipal services.

Sustainability guide for enterprises
Many enterprises are finding that customers, the authorities and other stakeholders increasingly have expectations and requirements concerning the enterprise's sustainability work. To help enterprises get started on this work, the Bank launched a special sustainability guide in October. The guide is especially designed for small and medium-sized enterprises that do not really know where to start.

NOK 231 million in customer dividends
In November we paid out NOK 231 million of the Bank's profit in customer dividends to people with loans and deposits in the Bank. The Bank's Supervisory Board decides how much will be distributed as customer dividends each year. The amount each individual receives in customer dividends depends on the Bank's profit for the year, the Supervisory Board approving payment in the relevant year and how much the individual customer has in deposits and loans in the Bank.

'My climate footprint' – a new service in the digital bank
In cooperation with the company Ducky, SpareBank 1 has developed technology that translates customers' bank transactions into greenhouse gas emissions. In November, customers were able to activate the 'My climate footprint' service in the digital bank and thereby see how their spending is impacting the climate.

'A-' on climate reporting to CDP in December
A grade of 'A-' puts SpareBank 1 Østlandet at the very top level – 'Leadership level'. This is the second time we have reported to the international non-profit climate organisation, CDP.

From grain to group

SpareBank 1 Østlandet's proud and solid history stretches all the way back to 1845. Over the course of 176 years, 23 banks have been established before subsequently merging with the goal of becoming stronger together. Today, SpareBank 1 Østlandet is Norway's fourth largest savings bank and has consolidated its position as a dynamic, high profile bank in central Eastern Norway.

1851

SpareBank 1 Østlandet's three first banks were established by the elite. The fourth, in Løten, was started by the working class, Løiten Arbeideres Spareskillingsbank joined the Thrane Movement.

1898

The temperance movement started Totalisternes Aktiebank, the progenitor of Bank 1 Oslo Akershus. The bank changed its name to Kristiania Ørebank and in 1918 to Kristiania & Oplands Vekselbank AS.

1970

The big wave of bank mergers really gathered pace in the 1970s when the small savings banks merged with the slightly larger regional banks. Vangs Sparebank and later Hedemarken Sparebank and Sparebanken Hedmark became the driving forces behind the establishment of the county bank in Hedmark.

2011

Sparebanken Hedmark takes its first steps out of Hedmark County and opens a branch in Gjøvik. Next came Lillehammer that same year, and Årnes in Akershus the year after. Bank 1 Oslo changes its name to Bank 1 Oslo Akershus to reflect its strong expansion in both Oslo and Akershus.

2017

1 April: Sparebanken Hedmark merges with Bank 1 Oslo Akershus, becoming Norway's fourth largest savings bank and changes its name to SpareBank 1 Østlandet.

1999

SpareBank 1 Gruppen signs an agreement to acquire VÅR Gruppen. VÅR Bank AS changes its name to Bank 1 Oslo. The respective regional banks in SpareBank 1 take over the business outside Oslo, Akershus and Hedmark.

2015

Sparebanken Hedmark converts from a self-owning foundation to an equity capital certificate bank. Sparebankstiftelsen Hedmark was formed by ownership of 60 per cent of the Bank's primary capital being transferred to it at no cost.

1845 — 1847: Nes Sparebank; Elverum Sparebank — 1851: Vinger Sparebank; Løiten Sparebank — 1853: Vangs Sparebank — 1855: Tønset Sparebank — 1856: Hamar Sparebank — 1861: Aasnes Sparebank; Vaaler Sparebank — 1863: Trysil Sparebank — 1871: Stange Sparebank — 1885: Stor-Elvdal Sparebank — 1886: Aamot Sparebank — 1889: Ytre Rendal Sparebank — 1891: Romedal Sparebank — 1896: Kvikne Sparebank; Øvre Rendalen Sparebank — 1898: Totalisternes Aktiebank — 1907: Folldal Sparebank — 1910: Engerdal Sparebank — 1912: Strandbygden Sparekasse — 1923: Alvdal Sparebank — 1939: Engerdal Sparebank, Trysil Sparebank → Trysil Sparebank — 1956: Nes Sparebank, Vangs Sparebank → Vangs Sparebank — 1957: Strandbygden Sparekasse, Elverum Sparebank → Elverum Sparebank — 1964: Romedal Sparebank, Stange Sparebank → ; Kvikne Sparebank → Tønset Sparebank — 1965: Stor-Elvdal Sparebank, Aamot Sparebank, Ytre Rendal Sparebank, Øvre Rendalen Sparebank → Østerdalen Sparebank — 1970: Vangs Sparebank, Hamar Sparebank, Stange Sparebank → **Hedemarken Sparebank** — 1973: Tønset Sparebank, Folldal Sparebank, Alvdal Sparebank → Nord-Østerdal Sparebank — 1975: Vaaler Sparebank, Aasnes Sparebank, Løiten Sparebank, Trysil Sparebank → — 1982: Hedemarken Sparebank, Nord-Østerdal Sparebank → **Sparebanken Hedmark**; Elverum Sparebank, Østerdalen Sparebank → Østerdalen Sparebank — 1988: Vinger Sparebank, Østerdalen Sparebank — 1993: Hof Sparebank — 2017: Sparebanken Hedmark, Bank 1 Oslo Akershus → **SpareBank 1 Østlandet** — 2021

The savings banks in Hedmark are established with primary capital from the sale of granaries, felling timber on common land, donations and deposits from organisations, municipalities and private individuals. From the mid-1800s and up to around 1920, savings banks were established in almost all of the municipalities in Hedmark and 22 of them formed the basis for the current SpareBank 1 Østlandet. Throughout their history, the savings banks in Elverum, Vang and Vinger have vied to be the largest bank in the county as economic ups and downs have impacted farming, forestry and industry.

SpareBank 1 Østlandet becomes the first bank in Norway to launch customer dividends so the Bank's profit can also be shared with its customers, not just its owners.

1845

Hof Sparebank
– the first bank that forms part of SpareBank 1 Østlandet's history was established by a socially engaged clergyman and mayor, Haagen Ludvig Bergh. The bank's primary capital came from funds from the sale of granaries in Hof, Våler and Åsnes.

1919

The Workers National Trade Union (LO) signed an agreement to buy the majority of shares in Kristiania & Oplandske Vekselbank. From 1920 to 1931, LO's new workers' bank became an important tool for funding the strikes taking place at that time in Norway.

1958

Cheque books and wage accounts were introduced as innovations for banks and customers. During the next 30-40 years, people's payment habits evolved from cash to cheques to debit cards and ATMs.

i

The big wave of mergers between the savings banks in Hedmark started in around 1940 and continued until almost all of the banks had been gathered together in Sparebanken Hedmark in 1988.

1996

Sparebanken Hedmark launches Europe's first online bank just a few days before its subsequent merger partner, Landsbanken.

1997

Landsbanken and Samvirke Forsikring merge to create Landsbanken-Samvirkegruppen AS, which a year late changes its name to VÅR Bank og Forsikring. Landsbanken changes its name to VÅR Bank.

2013

Sparebanken Hedmark increases its stake from 12 to 40.5 per cent in Bank 1 Oslo Akershus.

2006

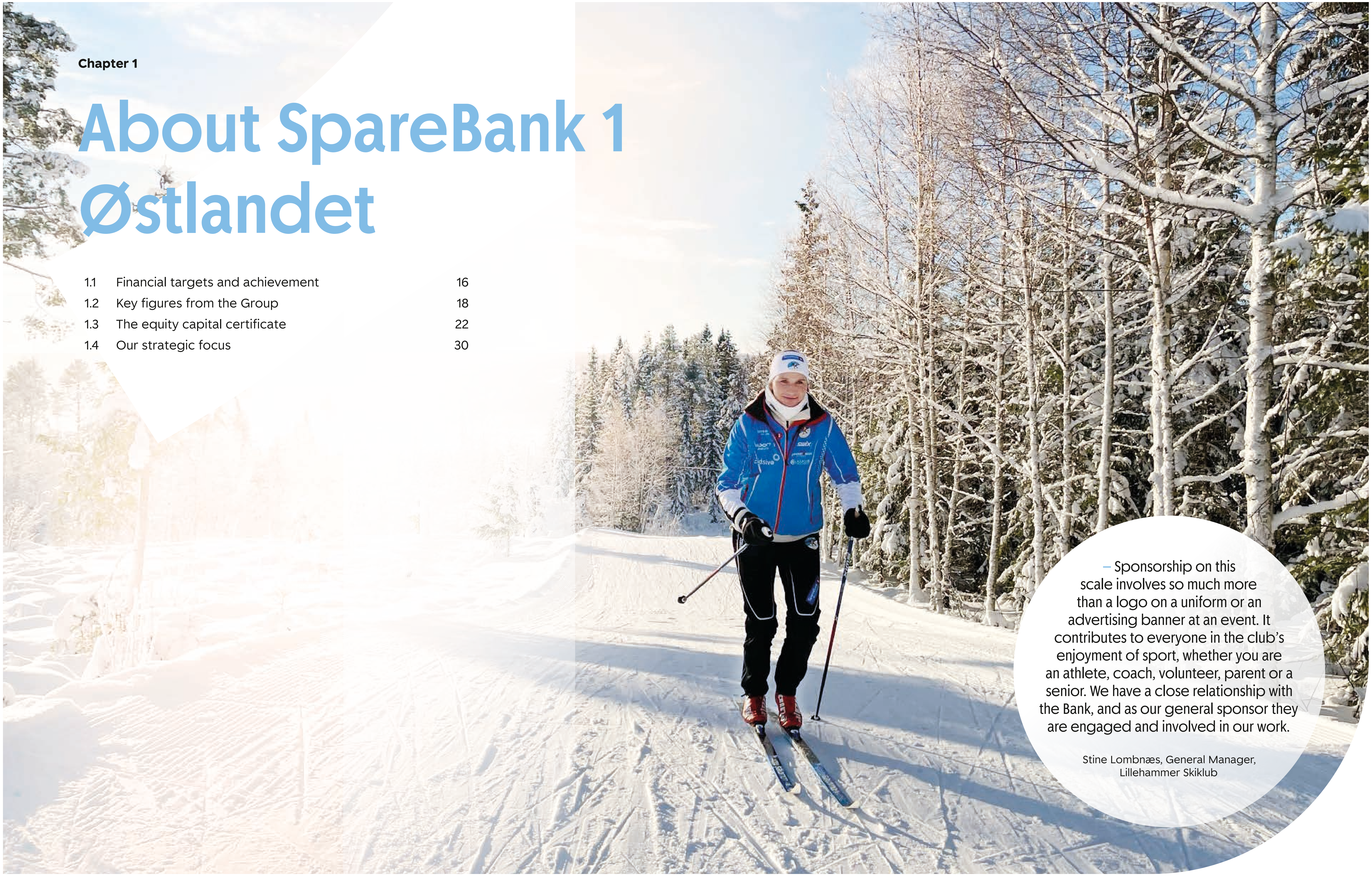
Sparebanken Hedmark becomes part of the SpareBank 1 Alliance with a 12 per cent stake in SpareBank 1 Gruppen. Sparebanken Hedmark takes over Bank 1 Oslo's business in Hedmark.

2016

Sparebanken Hedmark increases its stake from 40.5 to 100 per cent of Bank 1 Oslo Akershus. Almost the entire settlement for LO and the SpareBank 1 banks consists of newly issued equity capital certificates in Sparebanken Hedmark.

2017

13 June: SpareBank 1 Østlandet is listed on the Oslo Børs, with local, professional and foreign investors showing strong interest in its equity capital certificate.



Chapter 1

About SpareBank 1 Østlandet

– Sponsorship on this scale involves so much more than a logo on a uniform or an advertising banner at an event. It contributes to everyone in the club's enjoyment of sport, whether you are an athlete, coach, volunteer, parent or a senior. We have a close relationship with the Bank, and as our general sponsor they are engaged and involved in our work.

Stine Lombnæs, General Manager, Lillehammer Skiklub

Financial targets and achievement

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

For 2022, the targets for profitability, dividends and solvency are unchanged from before. The bank aims to deliver a return on equity of 11 per cent over time, of which 50 per cent will be paid as dividends. At the same time, the bank aims for a regulatory capital adequacy that is one percentage point above regulatory requirements. For 2022, the goal is for cost growth in the parent bank to be below 4 per cent, from 2 per cent.

		2022	2021	2020	2019	2018	2017
Profitability Return on equity	Target	11.0 %	11.0 %	11.0 %	10.0 %	10.0 %	10.0 %
	Achievement		11.6 %	10.1 %	12.8 %	10.5 %	10.2 %
Dividens 50 % of the majority's share of consolidated profit	Target	50 %	50 %	50 %	50 %	50 %	50 %
	Achievement		50 %	50 %	40 % *	50 %	50 %
Solvency ratio CET1 ratio	Target	Regulatory requirements + 100 bps p.t. 15.3 %	Regulatory requirements + 100 bps 15.1 %	Regulatory requirements + 100 bps 15.1 %	16.0 %	16.0 %	16.0 %
	Achievement		18.0 %	17.8 %	17.2 %	16.8 %	16.8 %
Cost Cost increase in the Parent Bank	Target	4.0 %	2.0 %	0.0 %	2.0 %	-5.0 %	
	Achievement		4.3 %	-0.4 %	2.5 %	-5.3 %	

* In keeping with a request from the Financial Supervisory Authority of Norway, the 2019 dividend was reassessed in light of the COVID-19 pandemic and reduced from 50 per cent to 40 per cent of the Group's profit after tax for the 2019 financial year.

Profitability targets

The group's goal of profitability of at least 11per cent return on equity is a long-term goal. In 2021, the bank achieved a return on equity of 11.6 per cent, well above the profitability target. The return on equity in 2020 was 10.1 per cent, despite relatively large loss provisions.

Dividends

The dividend ambition of 50 per cent of the majority's share of the group result is an expression of the desire to balance the owners' desire for dividends with continued financing of the bank's growth ambitions. For 2021, the Board proposes to the Bank's Supervisory Board a dividend payout ratio of 50.2 per cent of the annual profit after tax.

Solvency

Throughout 2021, SpareBank 1 Østlandet has operated with a target for pure CET-1 capital adequacy of regulatory requirements with an addition of management buffer of 100 bps». The requirement for CET-1 capital at the end of 2021 was 14.3 per cent. The actual CET-1 ratio at the end of 2021 was 18.0 per cent, and thus significantly higher than current regulatory requirements and the group's target.

Costs

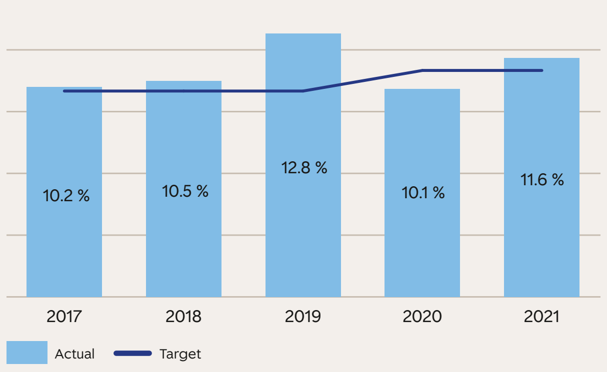
Cost growth in the parent bank has been set as a target because this best shows target efficiency developments in the streamlining of the core business over time, and enables comparison with other banks.

The bank has realized large economies of scale following the merger between Sparebanken Hedmark and Bank 1 Oslo Akershus in 2017. In the period 2017 to 2021, costs increased by NOK 16 million, corresponding to 1.2 per cent. Over the same period, the bank's business capital (the sum of the bank's balance sheet and loans transferred to the mortgage companies) increased from NOK 147 billion to NOK 208 billion.

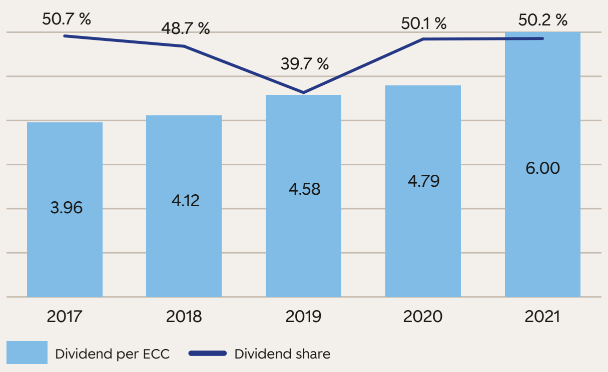
The target for 2022 has been cost growth in the parent bank within 2 per cent. Actual cost for 2021 was 4.3 per cent. Cost growth adjusted for non-recurring items (such as costs related to the implementation of a new CRM system for the Group, at appr. NOK 10 million) was approximately 3.0 per cent.

The cost target for 2022, with cost growth in the parent bank of less than 4 per cent, reflects increased underlying wage inflation and strategic initiatives. The Group maintains continued focus on ongoing efficiency and reallocation of staffing. Replacement of temporary contracts with permanent employees and efficient utilization of alliance deliveries will also contribute to meeting the cost target for 2022.

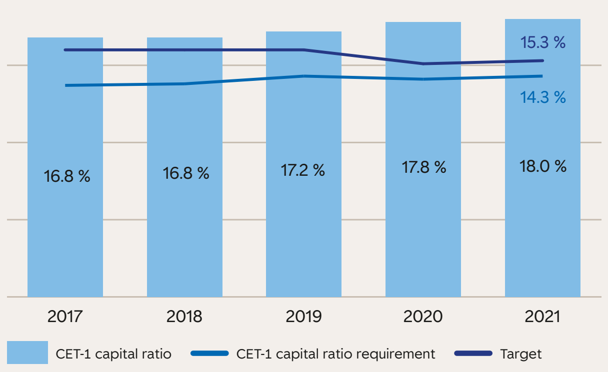
Return on equity



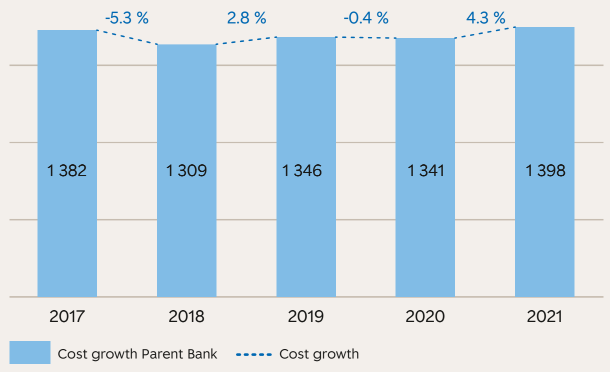
Dividend and dividend share



CET-1 capital ratio



Cost growth Parent Bank (in millions and per cent)



Chapter 1.2

Key figures from the Group

	2021	2020	2019	2018	2017
Summary of results (NOK millions)	**Amount/ per cent**	**Amount/ per cent**	**Amount/ per cent**	**Amount/ per cent**	**Amount/ per cent**
Net interest income	2 202	2 177	2 166	2 074	1 956
Net commissions and other operating income	1 622	1 441	1 388	1 286	1 263
Net income from financial assets and liabilities	599	545	735	291	277
Total income	**4 423**	**4 164**	**4 289**	**3 651**	**3 496**
Total operating expenses	**1 980**	**1 902**	**1 930**	**1 881**	**1 898**
Operating profit before losses on loans and guarantees	**2 443**	**2 262**	**2 359**	**1 770**	**1 598**
Impairment losses on loans and guarantees	5	330	32	35	-20
Operating profit before tax	**2 438**	**1 932**	**2 326**	**1 735**	**1 618**
Income tax expense	416	323	398	321	356
Profit after tax	**2 022**	**1 608**	**1 928**	**1 414**	**1 263**
Interest on additional Tier 1 capital	27	20	15	17	13
Profit after tax including interest on additional Tier 1 capital [1]	1 994	1 589	1 913	1 396	1 250

Profitability					
Return on equity [1]	11.6 %	10.1 %	12.8 %	10.5 %	10.2 %
Cost/income ratio [1]	44.8 %	45.7 %	45.0 %	51.5 %	54.3 %
Net interest income as a percentage of average total assets	1.45 %	1.51 %			
Profit after tax as a percentage of average total assets	1.33 %	1.12 %			

Balance sheet figures (NOK millions)					
Gross loans to customers	121 283	113 368	107 035	98 940	90 460
Gross loans to customers incl. loans transferred to covered bond companies [1]	173 699	161 259	150 688	140 165	129 535
Lending growth in the past 12 months [1]	7.0 %	5.9 %	8.2 %	9.4 %	9.1 %
Growth in loans incl. loans transferred to covered bond companies in the past 12 months [1]	7.7 %	7.0 %	7.5 %	8.2 %	8.4 %
Deposits from customers	92 178	85 613	78 494	71 497	65 985
Deposit growth in the past 12 months [1]	7.7 %	9.1 %	9.8 %	8.4 %	4.6 %
Deposit coverage ratio [1]	76.0 %	75.5 %	73.3 %	72.3 %	72.9 %
Deposit coverage ratio incl. loans transferred to covered bond companies in the past 12 months [1]	53.1 %	53.1 %	52.1 %	51.0 %	50.9 %
Average total assets	152 242	144 108	130 394	117 358	105 157
Total assets	155 459	146 074	134 783	123 472	108 321
Business capital [1]	207 875	193 964	178 436	164 696	147 396

Losses and exposures in default					
Impairment losses as a percentage of gross loans [1]	0.0 %	0.3 %	0.0 %	0.0 %	0.0 %
Loans and liabilities in Stage 2 as a percentage of gross loans	8.6 %	7.3 %	7.4 %		
Loans and liabilities in Stage 3 as a percentage of gross loans	0.5 %	0.4 %	0.4 %		
Gross exposures in default as a percentage of gross loans				0.3 %	0.3 %
Other doubtful exposures as a percentage of gross loans				0.1 %	0.3 %
Net exposures in default and bad and doubtful exposures as a percentage of gross loans				0.4 %	0.4 %

	2021	2020	2019	2018	2017
Financial strength and liquidity	**Amount/per cent**	**Amount/per cent**	**Amount/per cent**	**Amount/per cent**	**Amount/per cent**
Common Equity Tier 1 capital ratio	18.0 %	17.8 %	17.2 %	16.8 %	16.8 %
Tier 1 capital ratio	19.4 %	18.8 %	17.9 %	17.6 %	17.7 %
Tier 2 capital ratio	21.1 %	20.8 %	19.8 %	19.6 %	20.5 %
Total eligible capital	17 933	16 704	15 444	14 672	14 138
Equity percentage [1]	12.0 %	11.7 %	11.8 %	12.0 %	12.3 %
Leverage ratio	7.3 %	7.2 %	7.2 %	7.5 %	7.1 %
LCR [2]	131.6 %	140.6 %	162.2 %	152.5 %	114.0 %
LCR in NOK [2]	127.4 %	130.5 %	147.1 %	164.2 %	113.0 %
LCR in EUR [2]	231.0 %	619.0 %	1 248.3 %	123.2 %	

Branches and employees					
No. of branches [3]	36	37	37	38	38
FTEs at end of period	1 137	1 149	1 127	1 139	1 109
Sick leave rate [3]	3.7 %	4.0 %	4.5 %	4.0 %	4.0 %
Percentage of women [3]	51.6 %	51.9 %	52.2 %	53.0 %	53.0 %
Female managers [3]	42.2 %	36.1 %	35.8 %	39 %	39.0 %
Proportion of women on the Board	50.0 %	50.0 %	50.0 %	50.0 %	50.0 %
Proportion of women in Group Management	40.0 %	30.0 %	30.0 %	30.0 %	30.0 %
Employee turnover [3]	5.1 %	3.8 %	4.6 %	2.0 %	2.0 %

Other					
No. of complaints	298	360	388	261	171
Total no. of customers	356 081	365 108	353 713	336 728	318 507
Share of green loans according to our Green Bond Framework	16.3 %				

Equity capital certificate (ECC) 4)					
Equity capital certificate/ratio	70.0 %	70.0 %	70.1 %	69.3 %	67.6 %
No. of equity capital certificates issued	115 829 789	115 829 789	115 829 789	115 319 521	107 179 987
Market price (NOK)	145.6	97.8	92.5	83	90.5
Market cap (NOK millions)	16 865	11 328	10 714	9 572	9 700
Book equity per ECC, Group [1]	106.3	98.76	93.67	85.83	80.96
Earnings per ECC, in NOK [5]	12.00	9.57	11.55	8.46	7.81
Dividend per ECC [6]	6.00	4.79	4.58	4.12	3.96
Price/earnings per ECC [1]	12.14	10.22	8.01	9.81	11.59
Price/book equity [1]	1.37	0.99	0.99	0.97	1.12

1) See attachment regarding alternative performance measures.

2) Liquidity Coverage Ratio (LCR): Measures the size of banks' liquid assets relative to net liquidity supply 30 days into the future given a stress situation.

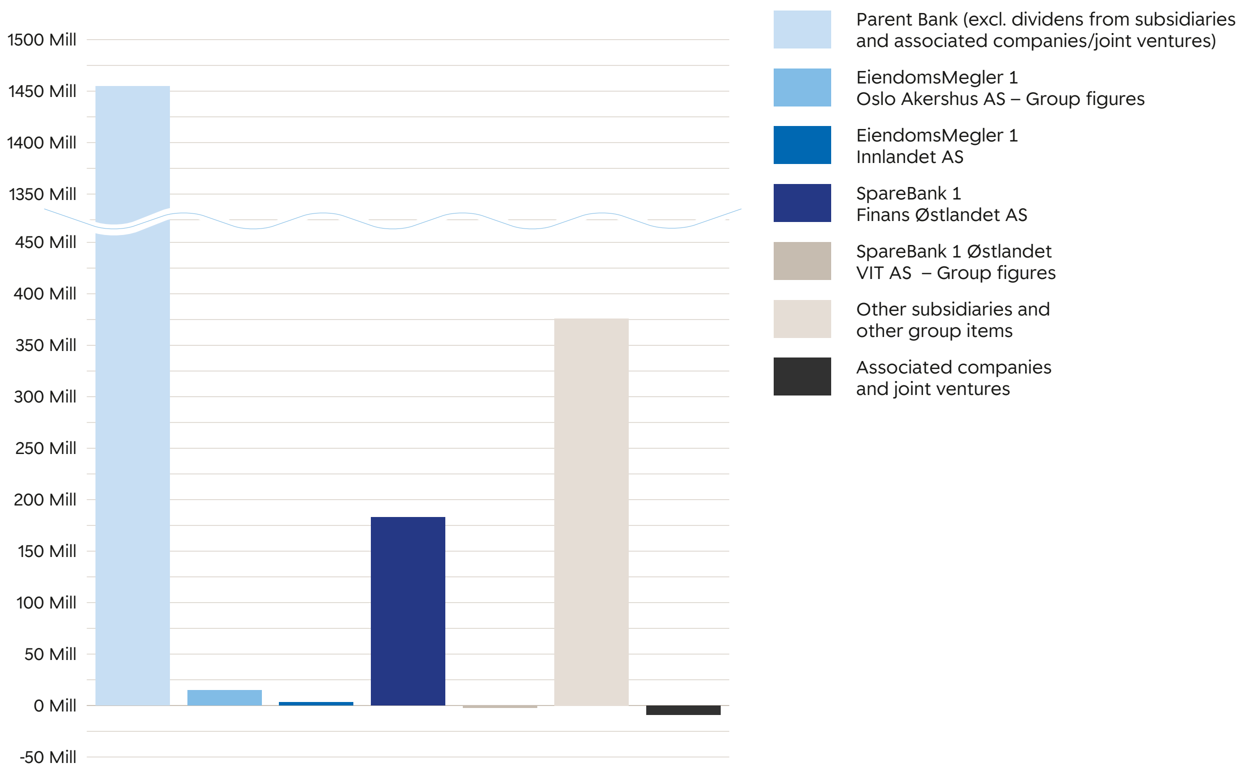
3) Figures for the parent bank

4) SpareBank 1 Østlandet was listed on 13.06.2017.

5) Profit after tax and interest on additional Tier 1 capital for controlling interest x equity capital ratio/no. of ECCs.

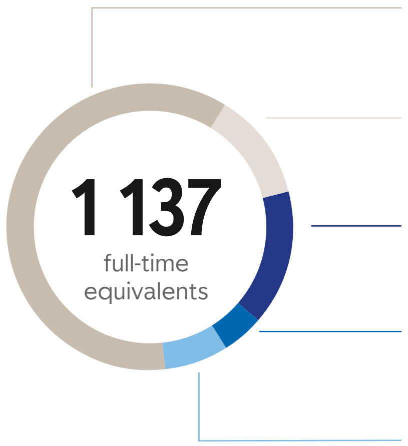
6) The payout ratio for the dividend for 2019 was, in accordance with the Board's revised recommendation and as communicated in a market announcement dated 19 March 2020, reduced from 50 per cent to 40 per cent. The dividend per equity capital certificate was changed from NOK 5.72 to NOK 4.58.

Consolidated profit after tax (NOK millions)



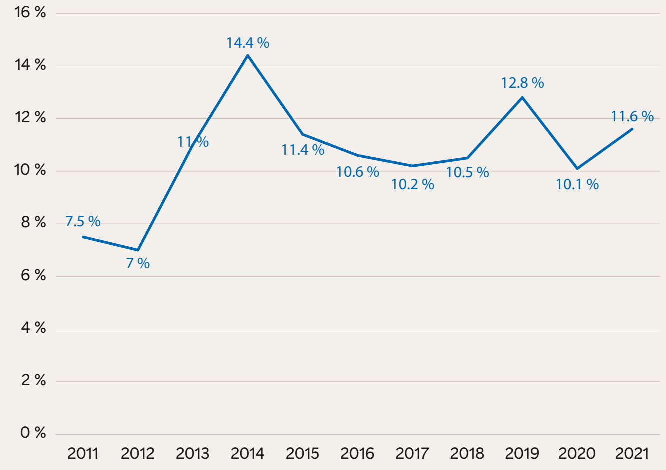
2021	**1 455**	**15**	**3**	**183**	**-2**	**376**	**-9**	**Profit:**	**2 022**
2020	1 055	12	10	126	0	5	400	Profit:	1608
2019	1 274	7	5	118	-7	12	519	Profit:	1928
2018	1 075	3	8	139	-9	5	191	Profit:	1414
2017	955	-12	10	118	-3	1	193	Profit:	1263

Number of full-time equivalents



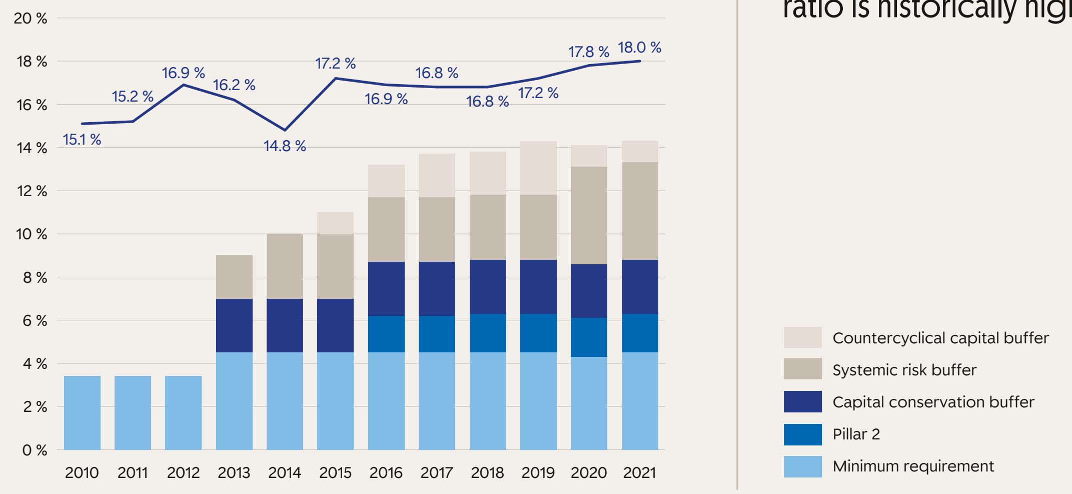
	2021	2020	2019	2018	2017
SpareBank 1 Østlandet AS	**687**	702	672	697	705
EiendomsMegler 1 Oslo Akershus AS – Group figures	**140**	153	153	147	135
SpareBank 1 Østlandet Vit AS – Group figures	**172**	167	174	174	150
SpareBank 1 Finans Østlandet AS	**54**	52	56	53	55
EiendomsMegler 1 Innlandet AS	**80**	75	72	68	64

The development of return of equity capital



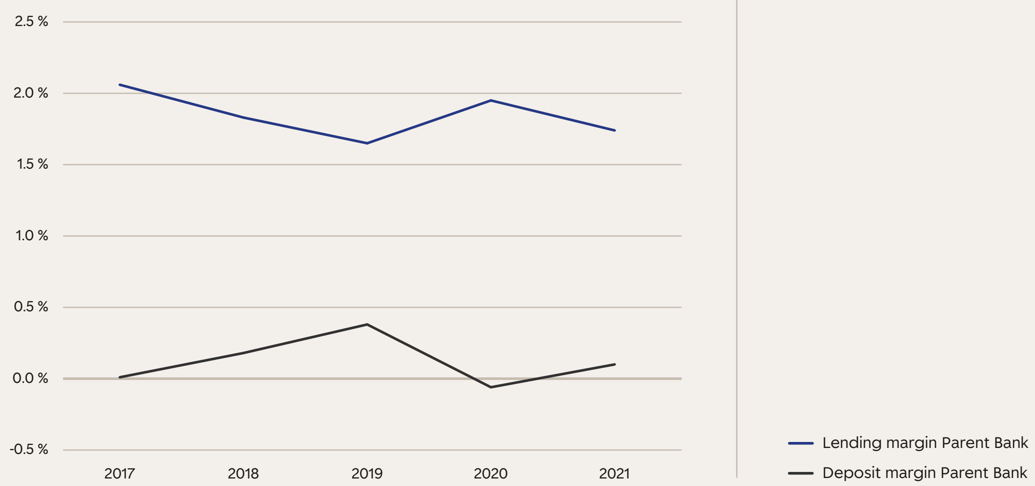
› The ROE for 2021 is satisfactory

The development of CET1 capital ratio



› The 2021 CET1 capital ratio is historically high.

Deposit and lending margin Parent Bank



Chapter 1.3

Equity capital and equity capital certificates

SpareBank 1 Østlandet became an equity capital certificate bank in 2015 by converting 60 per cent of Sparebanken Hedmark's primary capital at the time into equity capital certificates. The equity capital certificates went public on 13 June 2017 under the ticker SPOL.

Key figures for the equity capital certificate

Key figures¹	2021	2020	2019	2018	2017
Market price as at 31.12, NOK	145.6	97.8	92.5	83.0	90.5
- High	145.8	101.0	92.5	96.7	93.2
- Low	96.6	70.1	80.8	80.4	78.0
No. of equity capital certificates issued as at 31.12	115 829 789	115 829 789	115 829 789	115 319 521	107 179 987
No. of equity capital certificate holders as at 31.12	5 658	5 122	5 008	5 021	4 835
Market cap as at 31.12 (NOK millions)	16 865	11 328	10 714	9 572	9 700
Equity capital ratio as at 31.12, %	70.0%	70.0%	70.1%	69.3%	67.6%
Average equity capital ratio	69.8%	70.1%	69.3%	67.7%	67.5%
Average daily volume traded (in thousands of equity capital certificates)	36.0	61.9	42.8	29.8	79.5
Annual volume traded (in thousands of equity capital certificates)	9 067	15 608	10 654	7 430	11 282
Average daily volume traded (NOK millions)	4.4	5.6	3.7	2.6	6.6
Annual volume traded (NOK millions)	1 098	1 411	916	652	935
Earnings per equity capital certificate, NOK ²	11.96	9.57	11.55	8.46	7.81
Dividend per equity capital certificate, NOK ³·⁴	6.00	4.79	4.58	4.12	3.96
Payout ratio, %⁵	50.2%	50.1%	39.6%	48.7%	50.7%
Direct return, %⁶	4.1%	4.9%	5.0%	5.0%	4.4%
Total return, %⁷	54.6%	12.3%	17.0%	-4.1%	16.0%
Book equity per ECC, NOK⁸	106.31	98.76	93.67	85.83	80.96
Price/book equity (P/B)⁸	1.37	0.99	0.99	0.97	1.12
Price/earnings per ECC (P/E)⁸	12.18	10.22	8.01	9.81	11.59

1) SpareBank 1 Østlandet was listed on 13 June 2017.

2) Profit after tax and interest on additional Tier 1 capital for controlling interest x equity capital ratio/no. of ECCs.

3) 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.

4) On 25 March 2021, the Supervisory Board approved a dividend of NOK 555 million (equivalent to NOK 4.79 per equity capital certificate), customer dividends of NOK 231 million and provisions for is donations of NOK 6 million from the Bank's profit for 2020. This results in a payout ratio of 50 per cent of the controlling interest's share of the consolidated profit, which in line with the Bank's long-term-oriented dividend policy. The payout was implemented in two rounds. Dividend payment for 2021 requ-ires approval in the Supervisory Board on 29 March 2022.

5) Dividend per equity capital certificate/earnings per equity capital certificate.

6) Dividend per equity capital certificate/market price as at 31.12.

7) Annual return including reinvestment of dividend.

The equity capital was increased in connection with the acquisition of Bank 1 Oslo Akershus. The Bank has issued 115 829 789 equity capital certificates, each with a nominal value of NOK 50. The book value of the equity capital certificates was NOK 12 313 millions at the end of 2021.

The Group's profit after tax and minority interests will be distributed between equity capital certificate holders and the primary capital based on the relative share of equity capital at the beginning of the period. The equity capital certificate holders' share of the profit is divided between dividends and the dividend equalisation fund.

Ownership policy

SpareBank 1 Østlandet complies with the Norwegian Code of Practice for Corporate Governance to the extent appropriate for savings banks with equity capital certificates (see page 113 for more information on corporate governance). In line with the Code of Practice, the Bank has established an investor and dividend policy that has been adopted by the Board of Directors and is published on the Bank's website.

The Bank complies with the Oslo Børs Code of Practice for IR of 1 March 2021. SpareBank 1 Østlandet places great importance on creating trust in the investor market by providing correct, relevant and timely information on the Bank's performance and earnings.

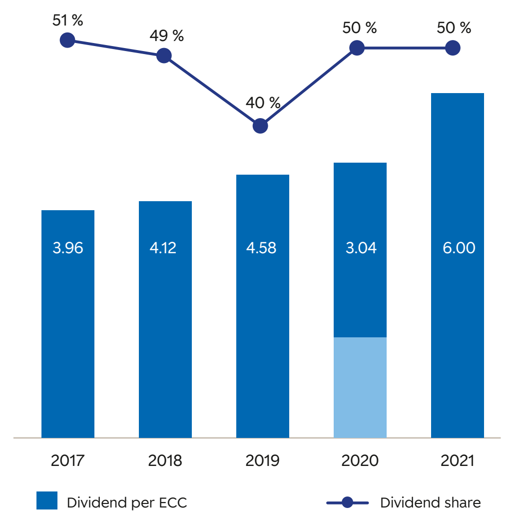
Dividends

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

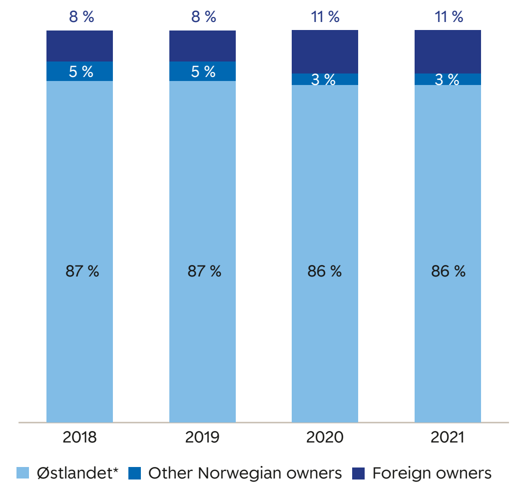
With the exception of the dividend for the 2019 fiscal year, actual dividends have been in line with this policy. The dividend ratio that year was 40 per cent because of the outbreak of the coronavirus pandemic and the resulting uncertainty about the economic outlook. The dividend for 2020 was paid out in two rounds in 2021: NOK 1.75 per equity capital certificate in April and NOK 3.04 in November. In total, this equalled a dividend ratio of 50 per cent. For the 2021 fiscal year, the Board of Directors has proposed a dividend to the Bank's Supervisory Board of NOK 6.00 of earnings of NOK 11.96 per equity capital certificate.

The share of the profit allocated to primary capital is normally paid out via customer dividends. SpareBank 1 Østlandet is the only bank in its market area that pays out customer dividends, which also help to prevent dilution of the equity capital certificates. The Board is proposing paying out customer dividends totalling up to NOK 295 million for 2021.

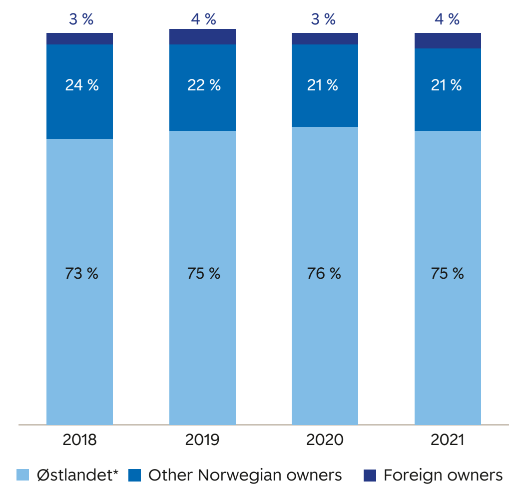
ECC dividends



Geographical distribution of investors (holding)



Geographical distribution of investors (number)



* Eastern Norway (Østlandet) is defined as Oslo, Innlandet and Viken.

Owner composition

SpareBank 1 Østlandet is interested in broad and local ownership. At the end of the year the Bank had 5 658 private and institutional owners, compared with 5 122 at the end of 2020, of which 4 235 lived in Oslo, Innlandet and Viken (3 873 in 2020). Around 89 per cent of the equity capital certificates were owned by Norwegian investors. The USA and Sweden account for the largest groupings of international investors.

In 2021, the Bank established an equity capital certificate savings programme for employees of the Group. The programme will be continued in 2022. The programme allowed employees to invest up to NOK 2 000 in the Bank's equity capital certificates per month throughout the year. 2 years after each allocation, employees who have not sold the equity capital certificates purchased through the savings programme will receive a free equity capital certificate for every second equity capital certificate they purchased. In the course of 2021, 482 out of 1 000 eligible employees took part in the programme.

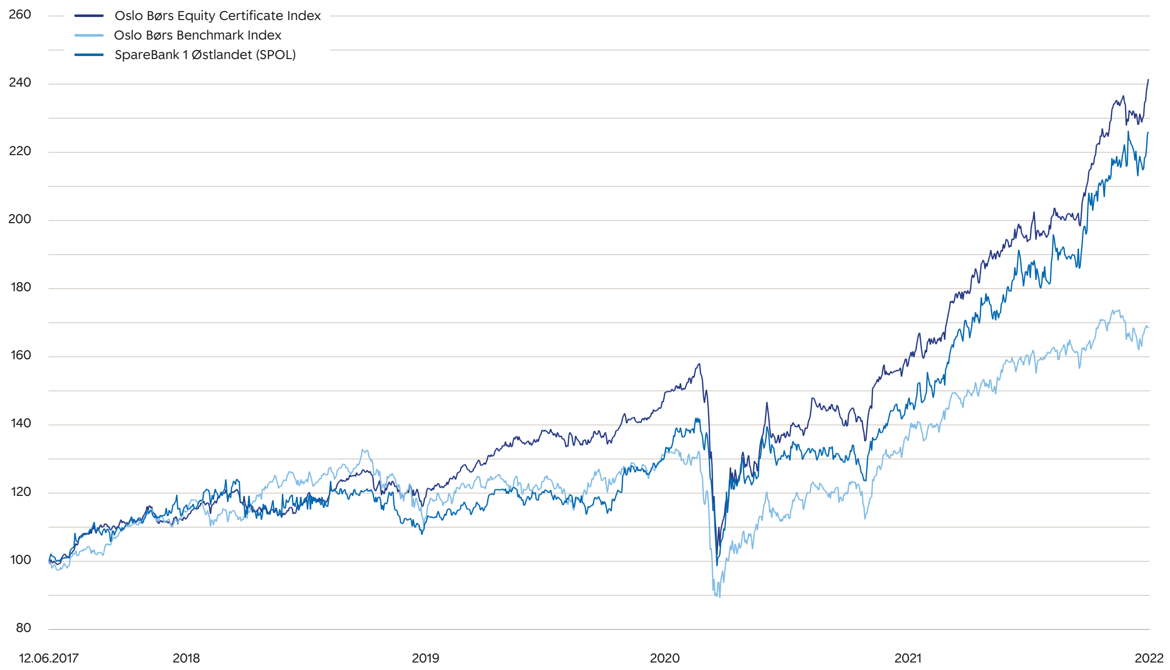
Sparebankstiftelsen Hedmark is the largest owner of the Bank with 52.15 per cent of the equity capital certificates. The foundation's mission includes exercising significant, long-term and stable ownership of SpareBank 1 Østlandet. The foundation makes major contributions to the development of local communities, including by distributing substantial donations (see **www.sparebankstiftelsenhedmark.no** for more information about the foundation).

Largest owners

20 largest holders of equity capital certificates	2021 No. of equity capital certificates	2021 Share in per cent	2020 No. of equity capital certificates	Change
Sparebankstiftelsen Hedmark	60 404 892	52.15%	60 404 892	–
Norwegian Confederation of Trade Unions (LO)	11 121 637	9.60%	11 121 637	–
Pareto Invest AS	3 300 861	2.85%	2 762 610	538 251
Fellesforbundet	2 391 954	2.07%	2 101 322	290 632
Eika Egenkapitalbevis	1 996 144	1.72%	1 854 512	141 632
Geveran Trading Co LTD	1 952 005	1.69%	1 952 005	–
Odin Norge	1 621 218	1.40%	1 621 218	–
Danske Invest Norske Institusjoner II	1 455 776	1.26%	1 710 467	(254 691)
Norsk Nærings- og Nytelsesmiddelarbeiderforbund	1 313 555	1.13%	1 313 555	–
Landkreditt Utbytte	1 000 000	0.86%	1 000 000	–
The Bank of New York Mellon SA/NV	888 454	0.77%	896 545	(8 091)
Brown Brothers Harriman & Co.	875 000	0.76%	1 000 000	(125 000)
Tredje AP-fonden	804 750	0.69%	804 750	–
State Street Bank and Trust Comp	735 862	0.64%	785 311	(49 449)
Danske Invest Norske Aksjer Institusjon	663 717	0.57%	750 607	(86 890)
Fagforbundet	622 246	0.54%	351 456	270 790
Spesialfondet Borea Utbytte	616 021	0.53%	144 865	471 156
Brown Brothers Harriman & Co.	568 688	0.49%	568 688	–
JPMorgan Chase Bank, London	544 401	0.47%	545 030	(629)
Pareto AS	522 681	0.45%	322 176	200 505
Total 20 largest owners of equity capital certificates	**93 399 862**	**80.6%**	**92 011 646**	**1 388 216**
Other holders	22 429 927	19.4%	23 818 143	(1 388 216)
Total no. of equity capital certificates	**115 829 789**	**100.0%**	**115 829 789**	

› In 2021, the Bank established an equity capital certificate savings programme for employees of the Group. The programme will be continued in 2022. The programme allowed employees to invest up to NOK 2 000 in the Bank's equity capital certificates per month throughout the year.

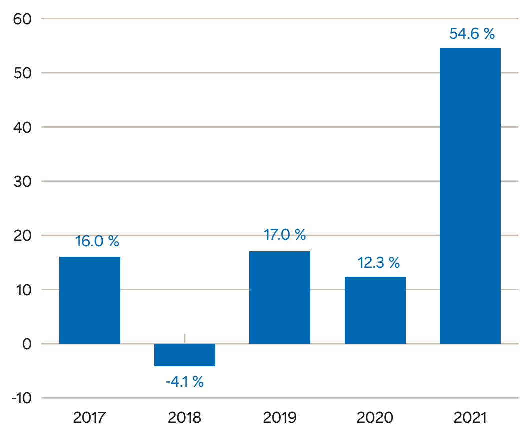
Total return (index = 100 as at 12 June 2017)



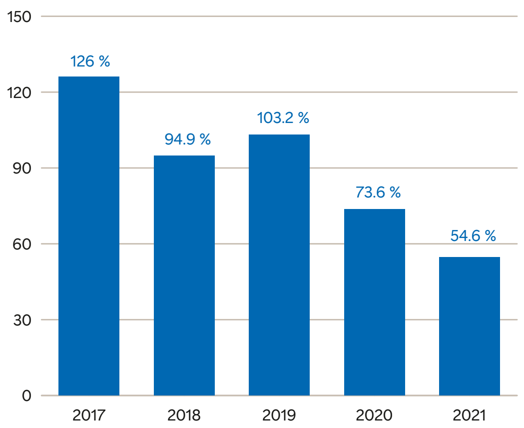
Return and sales

The total return on the SPOL equity capital certificate in 2021, including dividends, was 54.6 per cent, compared with 23.4 per cent for the Oslo Børs's Benchmark Index (OSEBX) and [51.5] per cent for the Equity Certificate Index (OSEEX). The market value of the listed equity capital was NOK 16 865 billions at the end of 2021, based on a price per equity capital certificate of NOK 145.6. The price equalled 1.37 times the book value of equity (price/book).

Total return in the year

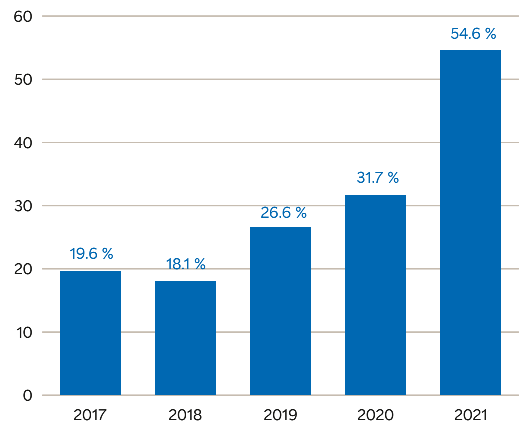


Cumulative total return



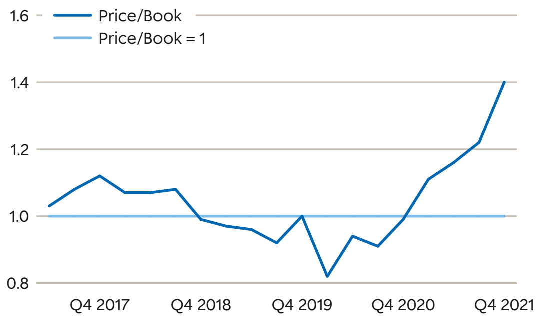
Cumulative total return from purchase of SPOL from end of year to 31 December 2021. Return is adjusted for dividend payments.

Annualised cumulative total return

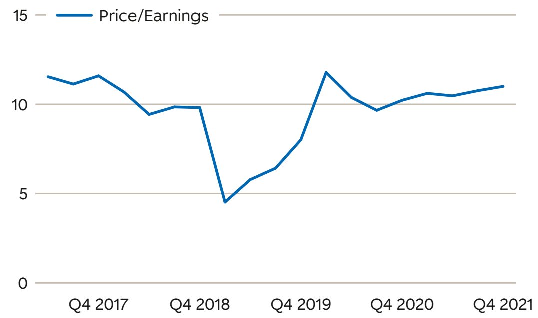


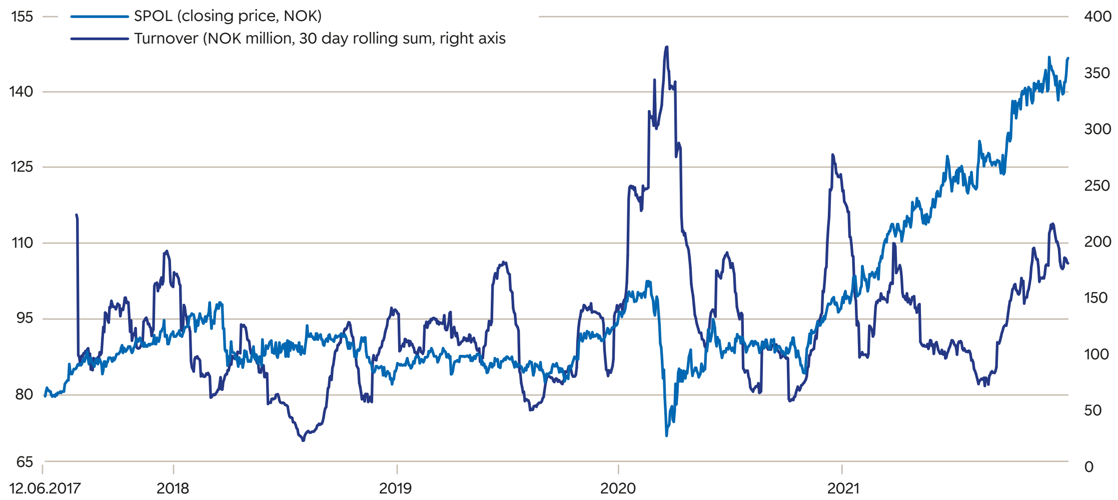
Annualised cumulative total return from purchase of SPOL from end of year to 31 December 2021. Return is adjusted for dividend payments

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



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





Approximately NOK 1 100 million worth of SpareBank 1 Østlandet's equity capital certificates were traded on Oslo Børs over the course of 2021. Turnover fell significantly from on 2020 (NOK 1 400 million), which was characterised by large trading volumes due to market turbulence in March, although it was higher than in 2019 (NOK 900 million).

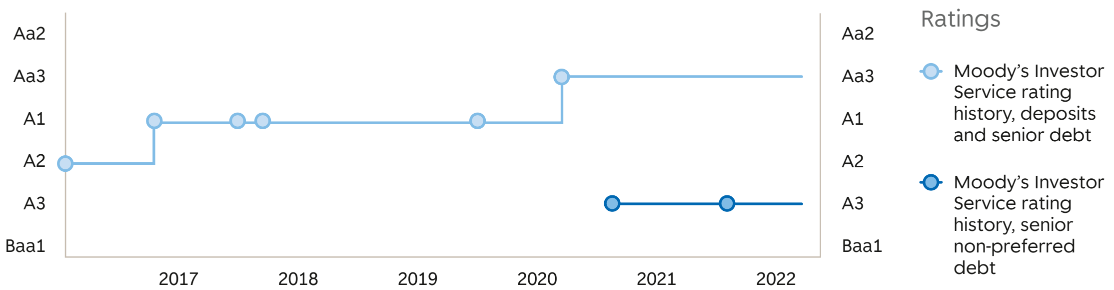
SpareBank 1 Markets has provided a market making liquidity guarantee agreement for the SPOL equity capital certificate since mid-2018.

SpareBank 1 Østlandet is included in the Oslo Børs Equity Certificate with a weight of 10.2 per cent, as well as several international equity indices.

Ratings

SpareBank 1 Østlandet has a rating from Moody's Investors Service (Moody's) for its deposits and senior preferred debt of Aa3 with a stable outlook. This means that SpareBank 1 Østlandet has the highest credit rating from Moody's of any Norwegian savings bank. The Bank's Baseline Credit Assessment (BCA) and adjusted BCA are a3. The Bank's senior non-preferred debt has a rating from Moody's of A3. This was confirmed by Moody's on 12 January 2022.

The Bank also has an ESG Risk Rating from Sustainalytics of 12.3 on a scale of 0 (best) to 100 (worst). This is the second best rating in Norway and in the fourth percentile internationally. The corresponding rating from MSCI is AA, which also results in a joint second place.



Sustainability ratings in 2021

Rating agencies	Score	Comments	Scale
Sustainalytics	12.3	Ranked second among Norwegian banks	0-100
MSCI	AA	Ranked joint second among Norwegian banks	AAA - CCC
CDP	A-	Ranked joint top with three other Norwegian banks	A - F
ESG 100 - Oslo Børs	A	Ranked top among Norwegian banks. No. 5 in total.	A+ - F
Ethical bank guide	86 %	Ranked third place. Top among listed banks.	100 % - 0 %

Distinctions linked to sustainability ratings.

Framework for issuing green bonds

In 2021, SpareBank 1 Østlandet established a framework for issuing green bonds. The framework was prepared in line with the ICMA Green Bond Principles, based on best market practice and, at the same time, supports the UN Sustainable Development Goals.

The green bond framework was established in line with the Bank's general sustainability strategy and general guidelines for corporate social responsibility and sustainability. The framework represents a natural step forward in our sustainability work and helps to operationalise the sustainability strategy. It provides a clear thematic definition of what is sustainable and is used as a basis for mapping the Bank's loan portfolio.[1]

Green bond issues are used to finance or refinance green projects within the following categories:

- Green buildings
- Agriculture
- Forestry
- Renewable energy
- Clean transport

The green bond framework was independently assessed (second opinion) by Cicero Shades of Green and rated 'Medium Green'. The management culture was rated 'Excellent'. The technical calculations of emissions data are performed by Multiconsult.

Our Green Bond Committee is responsible for the green bond framework and its ongoing monitoring. This consists of members from involved units and divisions in the Bank and is chaired by the CFO.

The assessment of the criterias in our green bond framework up against the criterias in EUs taxonomy is made by Cicero Shades of Green. For more information, se our website: **www.sparebank1.no/en/ostlandet/about-us/sustainability/green-bond-framework.html**

Cicero Shades of Green's assessment of the green bond framework against the EU's taxonomy

Eligible Green Asset Category	Green Buildings (Residential & Commercial)	Sustainable Forestry	Hydro Power	Clean Transportation
Geography		Norway		
Eligibility Criteria	Top 15 % (via Building code / EPC label)	PEFC certification (as part of ISO 14001)	Facilities with <100gCO2e/kWh life cycle emissions (all facilities <20MW)	Electric vehicles
Technical Screening Criteria	**Partial Alignment2** Built <2021: **Likely Aligned** Built >2021: **Out of Scope** Large commercial buildings: **Not Aligned**	Likely Aligned	Likely Aligned	Likely Aligned
Do No Significant Harm	Likely Aligned	Likely Aligned	Likely Aligned	Likely Aligned
Minimum Social Safeguards	Likely Aligned	Likely Aligned	Likely Aligned	Likely Aligned

The fact that the criteria may be in line with the technical criteria in the EU classification system (taxonomy) does not mean that the entire green portfolio will be. For example, a large part of it is made up of small and medium-sized enterprises that are not yet covered by the taxonomy, even in the EU.

1) Loans on SpareBank 1 Østlandet's balance sheet. This includes SpareBank 1 Finans Østlandet. Loans transferred to SpareBank 1 Boligkreditt AS come on top of this.

Allocation and green financing

SpareBank 1 Østlandet issued its first green bond based on the green bond framework in February 2021. This was a EUR 500 million senior unsecured bond with a term to maturity of 7 years.

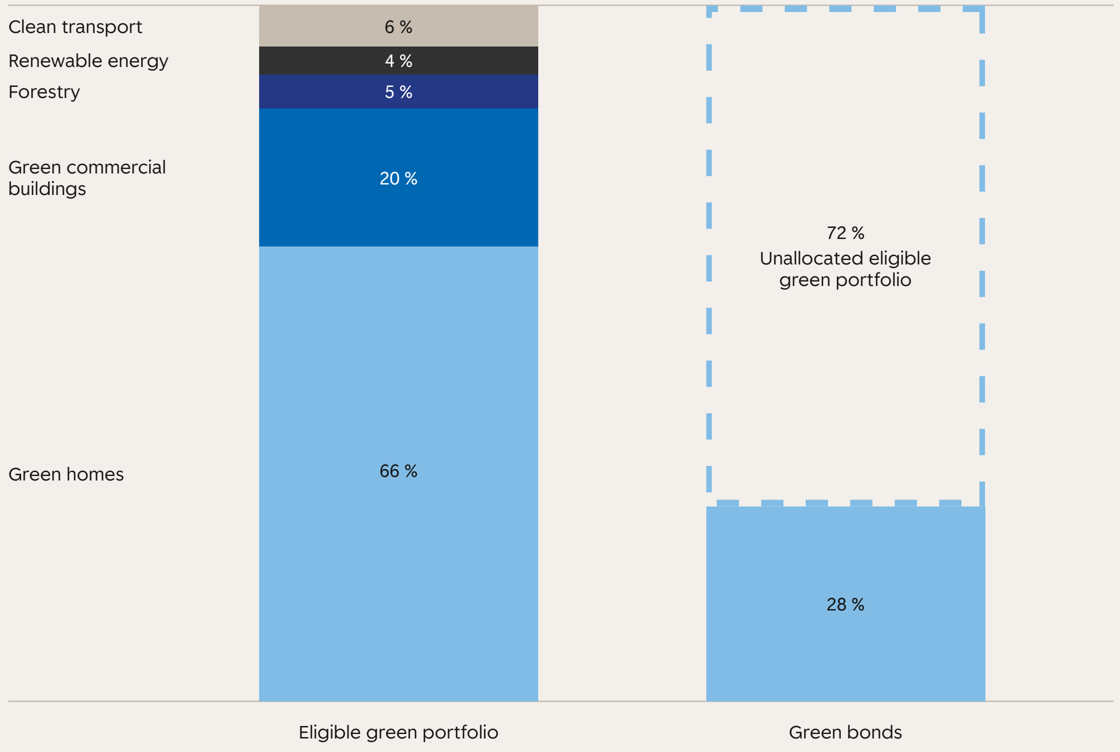
As at 31.12.2021, the Bank had NOK 18 billion in eligible green loans. The Bank has also transferred loans worth NOK 9.6 billion to SpareBank 1 Boligkreditt that are also eligible pursuant to the Bank's green bond framework – a total of NOK 27.6 billion. This represents an increase in eligible assets of 12 per cent since 31.12.2020.

What is a green bond?

A green bond is a type of bond in which the capital raised is used exclusively to finance or refinance green projects. At a minimum, such projects must be in line with best market practice and the main components of the ICMA Green Bond Principles.

The Green Bond Principles

Green bonds and allocation 2021 (NOK millions)



Eligible green portfolio per division/company

Division/company	Eligible green portfolio	Gross loans to customers	Green proportion
Retail market	10 897	70 369	15.5 %
Corporate market	6 088	38 145	16.0 %
SpareBank 1 Finans Østlandet	1 032	9 514	10.8 %
SpareBank 1 Boligkreditt:	9 644	51 552	18.7 %
Total eligible portfolio	27 661	169 580	16.3 %

Chapter 1.4

Our strategic focus

Business idea

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

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

Vision

Creating together

– long-term value for society and our customers, owners and employees.

The Bank's vision, Creating together, makes the point that the Bank's results are achieved in partnership with those around us.

What our values mean to us

Proficient

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

Near

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

Engaged

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

– It is reassuring to have a bank that knows the company and that is on our side. This has been especially important during corona and in connection with the construction of a new notched timber factory. We have always felt that the Bank has believed in our ideas and it played a crucial part in us completing the factory in 2020.

Esten Kjølvang, founder, Innlandet Treindustri AS (right) together with bank manager John Ragnar Dalen.

Strategic goals achieved in the period 2018-2021

The end of 2021 saw SpareBank 1 Østlandet starting a new strategy period. It is therefore natural to take a look back at the strategy period we have just ended, almost half of which was affected by Covid-19. At the same time, we will soon pass the 5-year mark since the merger between Sparebanken Hedmark and Bank 1 Oslo Akershus, and the listing of the Bank's equity capital certificate (SPOL) on Oslo Børs.

The main strategy for the period 2018-2021 included six strategic goals:

By 2021

1. We will be the third largest savings bank group in Norway.
2. We will have one of the most attractive equity capital certificates on Oslo Børs.
3. We will stand out from our main competitors and have increased our market shares.
4. We will have made the Bank simpler for customers and employees.
5. We will be the best at across-the-board sales in the Alliance and have taken advantage of the potential for profitable collaboration in the Group.
6. We will have established ourselves as a bank with a clear sustainability profile.

The Bank has realised several of our overarching ambitions since the merger between Sparebanken Hedmark and Bank 1 Oslo Akershus and the listing of the Bank's equity capital certificate (SPOL) on Oslo Børs in 2017. We can therefore report that we are pleased, even though we have all been impacted by Covid-19 for nearly 2 years. Our banking operations have continued their solid progress despite the pandemic. Like everyone else, we have been tested. However, we have seen that both people and businesses need their bank just as much, if not more, during such a storm.

1. We are still the fourth largest savings bank in Norway

As far as the first goal is concerned, becoming the third largest savings bank group in Norway, we are still some way off achieving the ambition we set ourselves. At the same time, it is important to note that we are closer to our goal than we were at the start of the strategy period. We have closed the gap with third place by around 30 per cent in terms of total assets. We have achieved this exclusively through organic growth. Our goal remains to grow further and, therefore, we are also still open to sensible structural initiatives.

2. SPOL has been established as an attractive equity capital certificate

During the strategy period, we have established the Bank's equity capital certificate (SPOL) as an attractive equity capital certificate on Oslo Børs. The Bank's solid loan portfolio contributes to fewer price drops in downturns, and we have had stably high dividends in line with the Bank's dividend policy. The Bank's return on equity capital is well above our target level. At the same time, we have reinforced the Bank's financial strength and reduced costs. During the strategy period, the Bank has seen a sharp growth in volume of 40 per cent with the same number of employees as before. At the same time, costs have been reduced by 1 per cent nominally and inflated by around 10 per cent, which helps to boost the attractiveness of the equity capital certificate.

3. The Bank with customer dividends — a differentiator

Standing out from our competitors, strengthening the Bank's position and increasing market shares have been important ambitions that encompassed many measures and initiatives during the strategy period. In the period since 2017, we have established the Bank as a strong and visible stakeholder in Eastern Norway due to the acquisition of Bank 1 Oslo Akershus. Two banks have become a stronger business under a new brand following the largest bank merger in Norway since 2003.

One important measure when it comes to standing out from competitors was the launch of customer dividends in 2017 under the slogan 'The Bank that shares with you'. Customer dividends were an innovation with two purposes. Customer dividends will ensure a stable ownership ratio is maintained between the equity capital owned by equity capital certificate holders and the ownerless capital. At the same time, customer dividends let customers take part in the Bank's profit generation. This is not a customer rewards programme, rather it is a customer benefit that is part of their relationship with the Bank, if the Bank's annual profits permit it and the Supervisory Board decides to pay out the customer dividends.

The customer dividends for the qualifying year 2019 (paid out in 2020) were somewhat lower due to government pandemic-related instructions, and for the qualifying year 2020, payment was delayed until the fourth quarter of 2021 for the same reason. Including the payout for 2021, the Bank has now paid out a total of NOK 1.1 billion to loan and deposit customers.

During the period, 'the Bank with customer dividends' has been established as SpareBank 1 Østlandet's primary identity marker. Customer dividends are very popular and a highly appreciated measure among customers. A number of other banks have subsequently followed our lead and established customer dividends.

In 2019, SpareBank 1 Østlandet entered into an agreement with the Norwegian Confederation of Trade Unions (LO) making it the preferred provider of loan products to the LOfavør programme. This has contributed to a strong rise in customer numbers and made a solid contribution to the Bank's lending growth.

At the same time, our customer surveys show that satisfaction and the strength of relationships have increased significantly in the past 5 years.

4. The Bank has become simpler for customers and employees

Major improvements have taken place in the area of self-service. The goal of making the Bank simpler for customers and employees has been realised via SpareBank 1 Utvikling and solutions developed by the Bank. New and improved user-friendly services in digital channels, for example within savings and pensions, make it simpler for customers to maintain an overview of their personal finances.

The digitalisation rate, which measures the rate at which customers set up products themselves using our digital services, has increased substantially since 2018. Covid-19 has also contributed to more customers becoming more comfortable with digital solutions. The digitalisation rate in the 80+ age group has increased from 51 per cent to 65 per cent since 2018. The general coverage of digital banking services (mobile and online banks) has increased from 91 per cent to 95 per cent.

A new robotisation and continuous improvement unit was established in 2018. Digital assistants have been brought online and today help an ever-increasing number of customers and work processes. This helps to streamline work processes and free up our employees' time. This is how we are able to keep staffing needs down in spite of the steadily increasing number of customers, as well as new instructions and control routines issued by the authorities. Digital assistants are also used in our subsidiaries, which means that the total time being freed up in the Group is high. This time is now being spent on more value creating activities.

The Bank has also boosted its innovation work through partnerships with other stakeholders, including through the car subscription company Fleks. SpareBank 1 Finans Østlandet has bought a stake in the company together with SpareBank 1 Finans Midt-Norge and SpareBank 1 Nord-Norge. Fleks currently has 1 500 cars in its fleet. The ambition for the next 2 years is to grow considerably. This agreement gives us a leading position in a changing car market and where interest in, for example, car subscription is rising sharply.

The Bank has also entered into a multi-year collaboration with NTNU Gjøvik on finance and digitalisation.

The goal is to draw on relevant expert environments and address strategic and business critical topics for the Bank. One result of this partnership is a pilot agreement with Mobai. This company is a spinoff from the NTNU environment and is developing solutions that could make facial recognition simpler and better for banks. The company recently received NOK 16 million in support from the Research Council of Norway.

Following the technical merger in late autumn 2017, the two organisations have become one and managers and employees have demonstrated great adaptability. The pandemic has enhanced adaptability throughout the organisation. The Bank also marked the Group's 175th anniversary and published a book on all of the 23 banks that have merged since 1845 to become SpareBank 1 Østlandet. The idea was to gather together the historical threads, improve the understanding of our common origin and build a stronger organisation under the new name 'Østlandet'.

The Bank's goals are to develop new skills and improve the understanding of society's digitalisation. During the strategy period, more than 90 of the Bank's employees completed the Digitalisation and Digital Transformation programme at NTNU.

5. Best at across-the-board sales and taking advantage of the potential for profitable collaboration in the Group

We are doing very well in sales of non-life insurance. The Bank's commissions are among the best in the Alliance. Sales of credit cards were also a good area in this period. The Bank does not have the same lead in saving that it has in other across-the-board sales areas, although we have nonetheless achieved significant improvements in sales and portfolio growth in recent years.

Internal collaboration within the Group has been strengthened and has helped to increase income. This internal collaboration has resulted in, for example, increased sales of car financing. A lot has also happened within real estate brokerage. The cooperation with our brokers is good, which benefits both parties. As in other areas, the Bank has ambitions here too and a strong belief that we can achieve much more by further strengthening our collaboration.

Together with the subsidiary TheVIT, the Bank has launched the product 'Bank + Regnskap', where banking and accounting gather all aspects of a business's finances together in a single package. It is primarily designed for small and medium-sized enterprises and contributes to a better overview and a simpler every day. The businesses get a simple and flexible accounting application, an accountant and advice when they need it and various packages tailored to the enterprise's size and needs.

6. Being a facilitator and driving force behind sustainable restructuring

Long-term and sustainable operations have been one of the cornerstones of the Bank ever since its inception. The Bank's portfolio has a relatively low CO_2 footprint and relatively low climate risk. This was key to moving the area of sustainability up the strategy map from 2018. A dedicated head of sustainability was recruited. A great deal has happened in the past 4 years through raising awareness of the sustainability perspective in all areas and documenting the good work being done.

Taking sustainability into consideration in major and minor decisions has become an integral part of the Bank's operations, including in our liquidity management, purchasing work, customer advice process in both the retail and corporate markets, and sponsorship work. A large mapping project of environmental, social and governance (ESG) conditions covering all of the funds we offer has been conducted.

The Bank was one of the first to estimate greenhouse gas emissions in its loan portfolio, as well as its own operations. We were the first Norwegian bank to sign the UN Principles for Responsible Banking and are now one of two Norwegian banks that are members of the UN Net Zero Banking Alliance. A partnership has also been entered into with the University of Oslo on a research-based approach to the future work on sustainability.

During this period, the Bank also produced a framework for the issuance of green bonds. At the same time, the Bank launched green loans and deposits, strengthened its advice within both the retail and corporate markets, held webinars and advised corporate customers on sustainability. The Bank's emissions have been significantly reduced through the Eco-Lighthouse scheme. In addition, we have signed up to a series of sustainability initiatives and achieved good scores in national and international ESG ratings, including by Sustainalytics and ESG 100. The Bank has also committed to net zero emission from own operations, lending and investments by 2050.

How we follow up our main strategy during the year

The work on strategies, sub-strategies, goals and measures takes place in the individual divisions, corporate functions and support units. Strategy is a topic in Group Management's corporate governance meetings. Strategic decisions, status and results are communicated regularly, both in general videoconferences and on our intranet.

Strategic goals and results also form part of employee performance and career development interviews and follow-up interviews.

– It was natural for us to establish a relationship with a local bank. SpareBank 1 Østlandet has been with us right from the planning and start-up phase and they have been a good adviser and partner ever since. We find the Bank's advisers capable, engaged and solution-oriented.

Anne Elisabeth Liberg and Lise-Lene Høiby, owners, Rom for Rom Interiør

Our approach to sustainability

Sustainability is one of the Bank's strategic objectives and is well integrated into operations.

Goals and responsibilities
Sustainability and responsible banking embrace many themes for a bank. This was reflected in our two main goals for the strategy period 2018-2021.
One of the goals was to consider sustainability in both major and minor decisions, thereby making it an integral part of our operations. Here, all of the Bank's business areas set their own goals for integrating sustainability into all governing documents, policies, procedures and practices.

The second goal was to be a driving force behind sustainable development in our market area. This contained all of the customer-oriented goals, for example working for zero emissions in our loan portfolio by 2050, developing products with a social profile and helping to end economic crime.

The Board of Directors bears overall responsibility for the Bank's sustainability work, see 'Report of the Board of Directors', page 124. Responsibility for delivering on the goals has been delegated to the relevant executive vice presidents, who report to Group Management on a quarterly basis. Our target map shows that all the main goals in this strategy period were achieved. We report on main goals in relevant chapters throughout the report.

Materiality analysis
We have conducted an analysis to identify the material sustainability topics for the bank. The five most material topics are set out below. Each of the topics also has its own chapter in the annual report in which we report on the attainment of significant goals. Some goals have been highlighted on this page. A full materiality analysis can be found on page 267. We have also conducted UNEP FI's impact analysis, which is explained and can be found on page 260.

The Sustainability Council
The Bank has a Sustainability Council tasked with performing oversight of our comprehensive efforts on sustainability and acting as an advisory body for Group Management. It consists of representatives from 12 different departments. Everyone on the council plays a strategic role in the work on sustainability, such as head of credit for the corporate market, chief compliance officer and head of capital markets. The council is chaired by the head of sustainability and held 11 meetings in 2021.

Global initiatives
The Bank supports the UN Sustainable Development Goals (SDGs). Below you can see the goals the Bank can affect through our most material sustainability topics. Also see the full overview in the appendix, page 232. As part of the global financial sector, we have huge possibilities for impact. That is why we support, use and contribute to multiple initiatives and frameworks, including the UNEP FI Principles for Responsible Banking, the Collective Commitment on Climate Action and the Net Zero Banking Alliance. We make active use of the OCED's guides on due diligence assessments to assess customers and suppliers, and PCAF to report on greenhouse gas emissions in the loan portfolio. The Bank has been Eco-Lighthouse certified since 2008. We are also a member of the Norwegian Coalition for Responsible Business (KAN) which contributed to getting the Norwegian Transparency Act passed in 2021. For a complete overview of initiatives and frameworks, see the chapter on 'Our global responsibility', page 108.

Reporting
Sustainability information is integrated throughout the annual report, and we report in line with the GRI framework. At the back of the report is a GRI index to help the reader find material and important information. There are also indexes for finding information the reader may need about Eco-Lighthouse, UNEP FI, TCFD and TNFD. Much of the information is contained in the appendix 'Further facts about SpareBank 1 Østlandet's sustainability work'. Information about complaints is provided on page 59. Information about what laws, standards and principles we comply with in our reporting is discussed in 'Principles for sustainability reporting', page 268.

Our material sustainability topics	Responsible lending Retail page 64, corporate page 72	Combating economic crime Page 96	Ethics and anti-corruption Page 46	Requirements for suppliers of financial services Page 80	Ethical marketing of products and services Page 82
UN Sustainable Development Goals	8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production; 13 Climate action; 15 Life on land; 16 Peace, justice and strong institutions	16 Peace, justice and strong institutions	16 Peace, justice and strong institutions	8 Decent work and economic growth; 12 Responsible consumption and production; 13 Climate action; 15 Life on land; 16 Peace, justice and strong institutions	8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production; 13 Climate action; 16 Peace, justice and strong institutions
Our results in 2021	**253 000** tonnes of CO2e in emissions from the mortgage portfolio. **678 000** tonnes of CO2e in emissions from the corporate market portfolio. **0** in net emissions from the loan portfolios is the target before 2050. **26 %** of commercial buildings are defined as green in line our green bond framework. **29 %** of the lending volume consists of products with a social profile for the retail market.	**26 941** transactions flagged for further checks **259** cases reported to ØKOKRIM No breaches of the Bank's guidelines have been identified in any of these cases.	**98 %** of employees have confirmed they have reviewed and understood the Code of Conduct. **0** credit cases in which breaches of impartiality rules have been identified.	**95 %** of the funds have been graded 'A' or 'B' in the ESG labelling. **98 %** of the customers have invested in funds that have been graded 'A' or 'B' in the ESG labelling. **99 %** of new sales were in funds graded 'A' or 'B' in the Alliance's ESG labelling.	Sustainable Brand Index: Consumers regard the SpareBank 1 Alliance as the most sustainable in our industry.

See the chapters for more detailed descriptions of the results in relation to the goals, KPIs and historic figures, as well as other results.

Chapter 2

Our organisation and operation

* Material sustainability topic

– The outbreak of the coronavirus in March 2020 was dramatic for us and we had a good and open partnership with the Bank at that time. It is incredibly important for us that we have a Bank that knows the business and that is close to us who run a company, and that understands the challenges our enterprise faces.

Thor Arve Øveraasen, General Manager, Øveraasen AS. From the left: Mille, Thor Christian and Thor Arve Øveraasen, with our Corporate Adviser Rune Kværndal.

Organisation chart and stakes

Organisational chart

SUPERVISORY BOARD

BOARD OF DIRECTORS

GROUP CEO

RETAIL MARKET
- Division Management
- Direct Bank (customer service centre)
- Private Banking
- Hedmarken Region
- Glåmdalen Region
- Østerdalen Region
- Ringsaker and Oppland Region
- Oslo Centre-West Region
- Romerike-Øst Follo Region
- Support and Development Functions

CORPORATE MARKET
- Division Management
- Corporate Centre (customer service centre)
- Credit Management
- Life and Pension INSURANCE
- General Insurance
- Cash Management
- Hedmarken Region
- Glåmdalen Region
- Østerdalen Region
- Oppland Region
- Oslo/Akershus Region

ORGANISATION MARKET AND CAPITAL MARKET

Organisation Market
- Unions,
- Associations and Local Branches

Capital Market
- Controller/Business Support
- Analysis and Portfolio Structure
- Currency/Interest Rates
- Asset Management
- Management

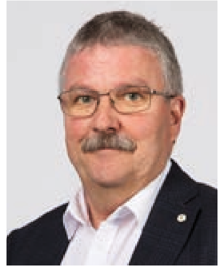
CORPORATE AND SUPPORT FUNCTIONS
- Economy and Finance
- HR and Legal
- Communication and Social Affairs
- Innovation and Business Development
- Risk Management and Compliance
- Business Operations

Stakes

SUBSIDIARIES	STAKE
SpareBank 1 Finans Østlandet AS	95.0 %
SpareBank 1 Østlandet VIT AS	70.7 %
EiendomsMegler 1 Innlandet AS	100.0 %
EiendomsMegler 1 Oslo Akershus AS	100.0 %
AS Vato	100.0 %
Youngstorget 5 AS	100.0 %
SpareBank 1 Forvaltning AS	5.4 %
SpareBank 1 Kundepleie AS	26.7 %

ASSOCIATED COMPANIES/ JOINT VENTURES	STAKE
SpareBank 1 Gruppen AS	12.4 %
SpareBank 1 Utvikling DA	18.0 %
SpareBank 1 Betaling AS	18.2 %
BN Bank ASA	10.0 %
SpareBank 1 Gjeldsinformasjon AS	14.7 %
SpareBank 1 Bank og Regnskap AS	25.0 %
SpareBank 1 Boligkreditt AS	23.1 %
SpareBank 1 Næringskreditt AS	10.2 %
SpareBank 1 Kreditt AS	19.1 %

Group Management



Richard Heiberg
(born 1956), Group Chief Executive Officer (Group CEO)

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

No. of equity capital certificates: 107 724*

Geir-Egil Bolstad
(born 1967), Chief Financial Officer (CFO)

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

No. of equity capital certificates: 38 955

Kari Elise Gisnås
(born 1964), Executive Vice President Retail Market

Kari holds degrees in finance from the Norwegian College of Agriculture, marketing management from BI Norwegian School of Management and sales and customer relationship management from NKI. She has marketing and managerial experience from the food industry, as well as broad boardroom experience. Kari joined Sparebanken Hedmark in 2001 and has been part of Group Management since then.

No. of equity capital certificates: 3 241

Hans Olav Wedvik
(born 1974), Executive Vice President Corporate Market

Hans Olav is a qualified economist and holds qualifications in business management from BI Norwegian Business School and in finance and risk management from NHH Norwegian School of Economics. He has previous experience from DNB Finans, DNB Asset Management ASA and as CEO of SpareBank 1 Finans Østlandet AS before joining Group Management in 2016.

No. of equity capital certificates: 3 241

Liv Krokan Murud
(born 1966), Executive Vice President HR and Legal

Liv is a qualified computer engineer and holds a Master of Management from BI Norwegian Business School. She has experience from the IT industry, Norges Bank, Norsk Tipping and the university college sector. Liv joined Sparebanken Hedmark in 2008 and became part of Group Management in 2021.

No. of equity capital certificates: 3 562

Siv Stenseth
(born 1963), Executive Vice President Communication and Social Affairs

Siv is a journalist (NJH) and holds a Master of Management, specialising in strategic PR, communication and management, from BI Norwegian Business School, and is also a qualified social worker (SHT). She has experience from the media and communications and working with individuals. Siv has been responsible for communications and a member of Group Management since 2003.

No. of equity capital certificates: 3 531

Dag-Arne Hoberg
(born 1957), Executive Vice President Innovation and Business Development

Dag-Arne graduated in engineering from the Norwegian Institute of Technology and continued his education in management and administration. He has extensive managerial experience from the Norwegian IT industry and became the head of IT in Sparebanken Hedmark in autumn 1995. Dag-Arne has been a member of Group Management since 2007.

No. of equity capital certificates: 7 320

Vidar Nordheim
(born 1962), Chief Risk Officer (CRO)

Vidar is a graduate of BI Norwegian School of Management. He gained experience at Gjensidige Forsikring and held a number of positions in Sparebanken Hedmark from 1990 onwards. Vidar has been a member of Group Management since 2006.

No. of equity capital certificates: 5 246

Espen Mejlænder-Larsen
(born 1969), Executive Vice President Organisation Market and Capital Market

Espen is an economist and holds a Master of Management in investment and financing from BI Norwegian Business School. He has experience from SEB as a bond broker and joined Bank 1 Oslo Akershus in 1995 as head of treasury and capital markets. He was part of Bank 1's executive management before joining Group Management in 2017.

No. of equity capital certificates: 6 494

Elin B. Ørbæk
(born 1963), Chief Operations Officer (COO)

Elin is a lawyer and graduated from the Norwegian Police University College and holds a Master of Management in HR, board work and economic crime from BI Norwegian Business School. She has experience from the police and from Campbell &Co. Elin joined the Bank's credit management department as a lawyer in 2008 and became the legal director and joined Group Management in 2019.

No. of equity capital certificates: 1 788

* Also includes EC's owned through Richard Heiberg Invest AS.

Chapter 2.1

Our operations in 2021

Like other banks, SpareBank 1 Østlandet is classified as an essential business. The Bank's crisis team was in action throughout 2021 working on managing government imposed measures and resolving other operational challenges caused by Covid-19.

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

The crisis team has held weekly meetings and reported its work to the crisis management team. If necessary, complex issues were referred to the crisis management team for a decision.

The crisis team has continuously ensured that the media and all employees and customers have received up-to-date information.

The Bank has, thanks to the good work of the crisis team and crisis management team, fulfilled its corporate social responsibility, demonstrated great adaptability and been available to customers throughout the pandemic despite reduced in-person operations.

Our 36 branches in Innlandet, Oslo and Akershus have modified their opening hours and operational status in line with the local infection situation in order to contribute to infection control in society in general and to serve our customers as well as possible. The aim has always been to comply with the government's guidelines and stay open as long as infection control, the staffing situation and prudent operations permit. Most of the Bank's services can be carried out digitally or with the aid of our customer service centres. Although many of our employees worked from home for large parts of the year, their duties were performed well. Customers have received the assistance they needed, and banking operations have otherwise carried on as normal.

Energy and climate work during the year

While the pandemic captured much of the attention and resources in 2020 and 2021, the work on sustainability has continued. The Bank's takes a twofold approach to environmental and climate challenges. On the one hand, SpareBank 1 Østlandet aims reduce its own impact on the environment and the climate. On the other hand, the Bank tries to help customers and suppliers in everything from energy companies to mutual funds to do the same.

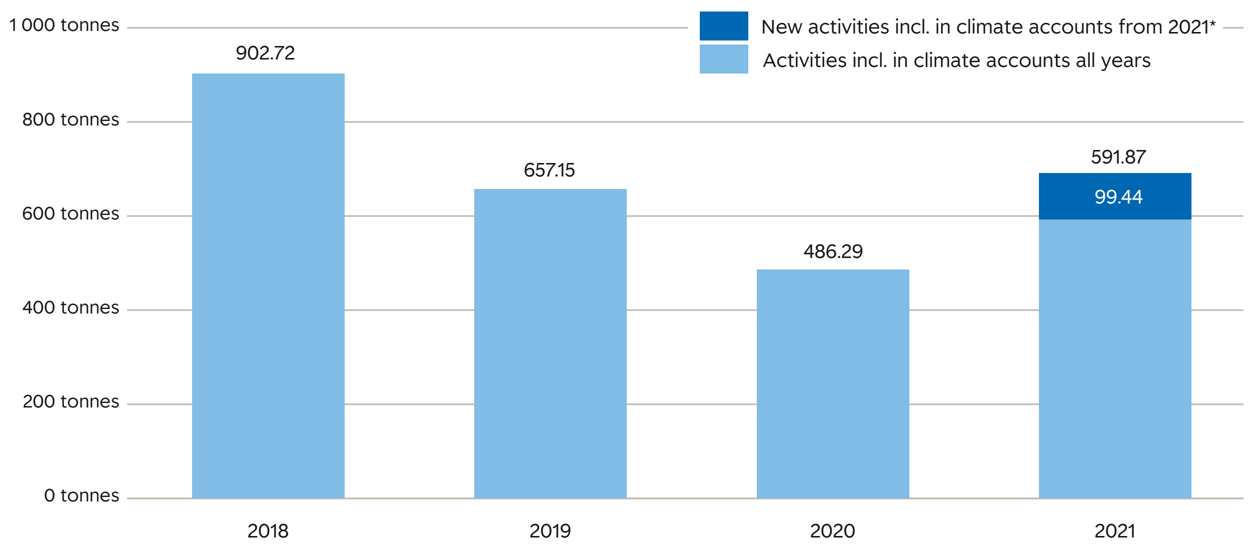
In order to maintain full control over cutting our emissions, the Bank has been certified by Eco-Lighthouse since 2007. Eco-Lighthouse is a recognised and effective tool for environmental management. All of the Bank's branches are already certified but will undergo a recertification process in 2022 that will be valid for another 3-year period.

The Bank also prepares annual energy and climate accounts in accordance with the international 'Corporate Accounting and Reporting Standard' developed by the Greenhouse Gas Protocol Initiative (the GHG protocol). The climate accounts cover greenhouse gas emissions from, for example, travel, waste management and energy use. The Bank uses the figures to reduce its own negative impact on the climate.

The Bank has significantly reduced its emissions over time. We halved emissions between 2013 and 2017, and between 2018 and 2020 we reduced them by a further 1 285 tonnes of CO2e to 748 tonnes of CO2e. The Bank has been climate neutral since 2020 thanks to purchasing climate quotas.

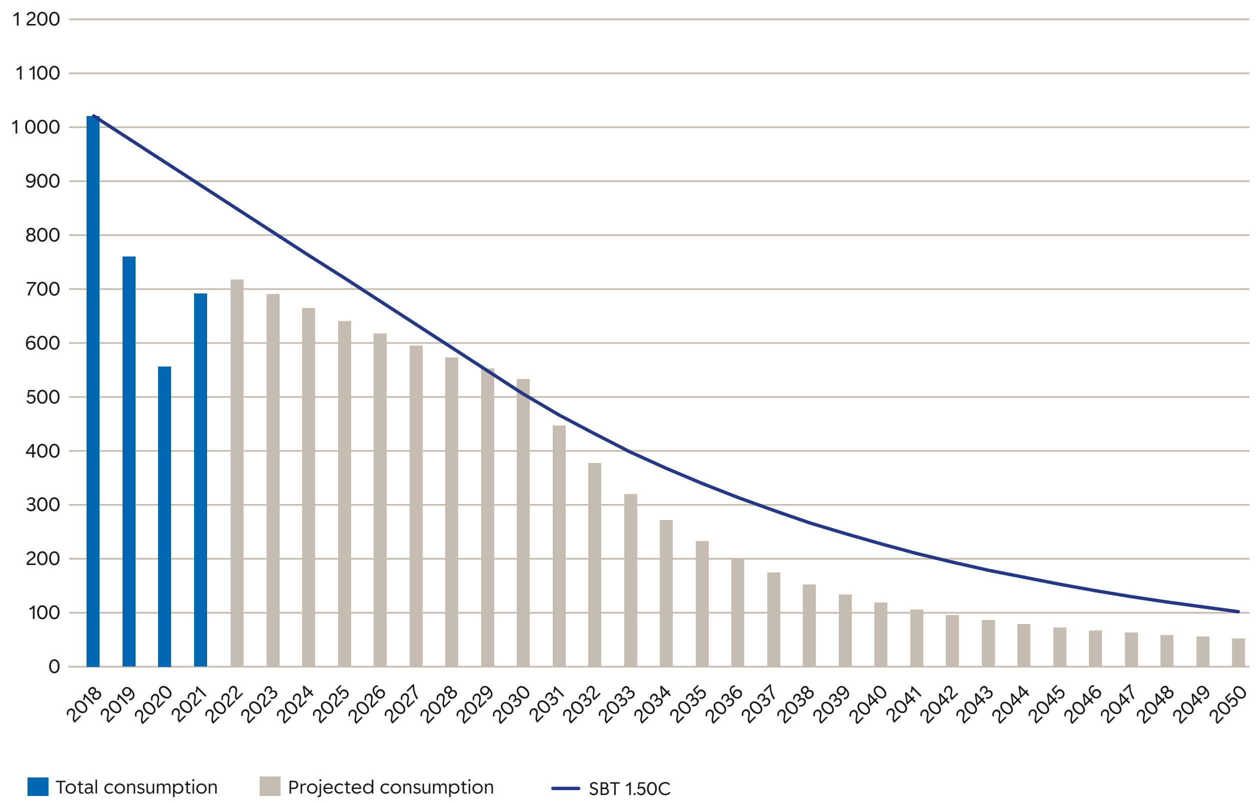
› The Bank has, thanks to the good work of the crisis team and crisis management team, fulfilled its corporate social responsibility, demonstrated great adaptability and been available to customers throughout the pandemic despite reduced in-person operations.

Greenhouse gas emissions from operations measured in tonnes of CO2e



* New activities included in the climate accounts in 2021 are mileage allowance and source separated waste.

Past greenhouse gas emissions in blue and projections in grey



The figures and projections in this graph are based on Miljøfyrtårn's conversion factors before they were changed on 1.1.2022. The numbers in the bar graph on the top of this page have been recalculated with the new factors, also historical figures, but for technical reasons it has not yet been done in this graph. We will in 2022 convert also these projections with the new factors from Miljøfyrtårn.

Chapter 2.2

Our employees

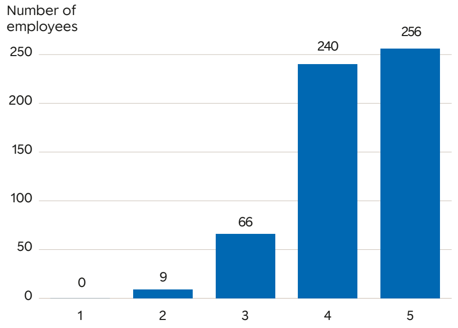
Proficient and engaged employees are the Bank's most important input factor. 'Employeeship' entails each employee having to actively relate to a strategy and business goals and understand how these impact the need for learning and development.

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

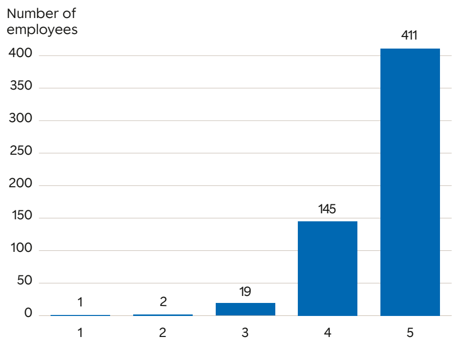
Working conditions

Covid-19 had a major impact on the working day in 2021 as well, and many employees worked from home a lot. This created new working environment risks and made other demands of both employees and managers. The Bank has conducted barometer surveys that show that on the whole there have been few problems associated with working from home, although there was some need for individual adaptation.

Organisation survey about working from home



Question: I am doing okay. Please assess the statements below from 1 (completely disagree) to 5 (completely agree).



Question: I feel that I am handling the technical and digital aspects of this situation well. Please assess the statements below from 1 (completely disagree) to 5 (completely agree).

HSE and sick leave

SpareBank 1 Østlandet takes a systematic approach to HSE. The cooperation and working environment committee approves annual action plans aimed at preventing health problems and sick leave. The plans involve the safety service, corporate health service and various specialist departments such as HR, security and property management. One key means is the provision of annual extended health checks for all employees. Combined with health insurance with a treatment guarantee, this helps to ensure illnesses are detected and treated at an early stage. This reduces the disadvantages and costs for both employees and the Group. In cooperation with a large and professional provider of corporate health services, we also offer employees chats with external advisors where needed.

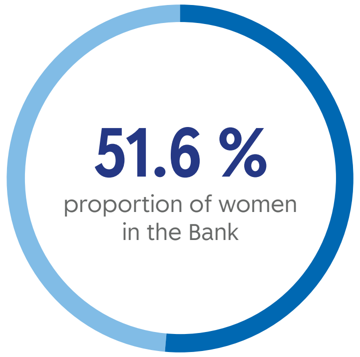
86 per cent feel that they are doing okay in the coronavirus situation with the extensive use of working from home.

96 per cent feel that they are handling the technical and digital aspects of the coronavirus situation well with the extensive use of working from home.

Education

56.3 hours of training per employee

Equality



The total sick leave rate for 2021 was 3.7 per cent. The sick leave rate was therefore somewhat lower than in 2020 and was within the targeted level of 4.5 per cent.

No accidents were reported to the Norwegian Labour Inspection Authority in 2021.

Organisational development, training and competence

We have found that working from home has worked well throughout the pandemic. The Bank wants to be an attractive employer and ensure flexibility. We therefore implemented a voluntary working from home solution in 2021. We have also learned that our creativity, learning and sense of belonging can suffer when we do not meet face to face. Therefore, an extra focus on learning and creating a good framework and social arena at work will be important going forward.

We conduct annual employee performance and career development interviews. These are an important strategic tool for ensuring that every employee understands the Group's strategy and for achieving targeted competence development. In 2021, 97 per cent of all employees had an employee performance and career development interview. This is well above the target level of 90 per cent.

Training and education are provided in cooperation with both internal and external partners such as Finance Norway, BI Norwegian Business School, the Norwegian University of Science and Technology (NTNU), universities and university colleges. We continued our commitment to digital skills in collaboration with NTNU. In 2021, 47 employees took the Digitalisation and Digital Transformation master's programme. Some 97 employees have taken this programme in the space of 2 years.

The introduction of a new CRM system required a major skills boost. Covid-19 disrupted our in-person training strategy, so about 500 employees therefore learned the new system in groups in Teams and through self-training.

Diversity and equal opportunities

The Bank wants employees who reflect the community of which it is a part – irrespective of cultural background, ethnicity, religion and gender. We have a statutory duty to work on gender equality and against discrimination. Our reporting in line with the activity and reporting obligation (ARP) is published on the Bank's website (in Norwegian), **www.sparebank1.no/content/dam/SB1/bank/ostlandet/omoss/samfunn/ost-ARP-rapportering-likestilling-mangfold-SB1O-2021.pdf**.

It strives to achieve gender balance at all levels of the organisation. We have 702 permanent employees in the Bank, 51.6 per cent of whom are women and 48.4 per cent of whom are men. Equal pay for work of equal value is assessed and practised as far as possible based on objective criteria. The CEO's management team has increased its proportion of women by 10 per cent and consists of four women and six men. The Bank's board has four women and four men.

Our goal was to increase the proportion of female managers to 45 per cent by the end of 2021. The proportion of management positions with personnel responsibilities held by women has increased from 36 per cent in 2020 to 42.2 per cent in 2021. We are still slightly below the 45 per cent target for the strategy period.

The increase in the proportion of women in management positions must be viewed in the context of the management development programme, 'Take Off', which is a programme specifically targeted at women, as well as conscious efforts in recruitment processes. The management development programme has 12 participants. Three of these have taken up senior positions internally, and one has applied for an external position with more responsibility.

See the Board of Directors' report for more information on how the organisation and HR area of the Bank is managed. You will find more detailed information here about, and the status of, themes such as working conditions, HSE and sick leave, skills and organisational development, diversity and equality, and ethics and whistleblowing. The latter is also discussed further in the chapter on 'Ethics and anti-corruption' on the next page.

Appendix – Further facts about Organisation and HR.

Chapter 2.3 – Material sustainability topics

Ethics and anti-corruption

SpareBank 1 Østlandet has focused heavily on ethics for many years and with a new anti-corruption policy from 2020 we have in the last couple of years taken further important steps in this work.

Why is this a material topic for the Bank?

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

What did we achieve in 2021?

An annual 'Ethics Week' is arranged for all employees. This year's theme was conflicts of interest. Employees and managers get involved through various activities such as information, training and discussions of various ethical dilemmas. The Bank also has a programme for its work against corruption and bribery. The programme consists of different key activities, such as training, whistleblowing channels (also for anonymous whistleblowing), risk assessments in the area and due diligence assessments in connection with granting credit. Systems and procedures have been established for registering and following up any deviations. Regular compliance checks are also made, and the Data Protection Officer prepares a report for the Board of Directors every quarter. Annual reports are prepared for the Board on compliance with the Code of Conduct and the Anti-Corruption Policy.

Ethics Committee
The Bank has an Ethics Committee tasked with ensuring the orderly and uniform handling of cases of an ethical nature in the Group. The Ethics Committee is strategically anchored in the general strategy, the Bank's sustainability strategy, the Code of Conduct and the Bank's governing document for communication.
The committee is chaired by the Executive Vice President HR and Legal and the other members comprise managers, employees and employee representatives, as well as an external member with specialist expertise in the area of ethics. The committee's duties include discussing matters of principle and general ethical issues, revising the Code of Conduct and presenting any proposed changes to the Bank's Group Management before the guidelines are approved by the Board of Directors. The committee must also propose themes and establish the framework for the annual 'Ethics Week'.

Goal for the area	SpareBank 1 Østlandet employees need to be very familiar with Bank's Code of Conduct.				
Measurement parameter	The proportion of employees who have confirmed that they have reviewed and understood the Code of Conduct is measured quarterly. The goal is for at least 92 per cent to confirm (sick leave and turnover mean that 100 per cent is not realistic).				
Goal attainment	2021	2020	2019	2018	2017
	✓ 98%	✓ 97%	✓ 95%	Not available	Not available

Goal for the area	Employees in SpareBank 1 Østlandet will avoid impartiality problems and conflicts of interest in processing credit applications.				
Measurement parameter	Number of credit cases in which breaches of impartiality rules are identified. Annual checks. Goal is 0.				
Goal attainment	2021	2020	2019	2018	2017
	✓ 0	✓ 0	New from 2020	Not available	Not available

Whistleblowing
The Bank has a dedicated whistleblowing committee consisting of the Executive Vice President HR and Legal, Executive Vice President Risk and Compliance and the legal director. The Bank has dedicated procedures for handling both internal whistleblowing by staff and external whistleblowing. This ensures that reports are handled in a secure and predictable manner. The Bank's procedures for external whistleblowing are published on the Bank's website. The Bank received two reports in 2021. They concerned questions about the working environment in two of the Bank's subsidiaries. The reports were handled in line with the Bank's procedures.

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

There were no significant deviations in terms of the goals set. However, the Bank will continue to focus on ethics and anti-corruption in order to develop and improve its skills, work processes, control measures and compliance with procedures for satisfying self-imposed and government-imposed requirements.

Risks and opportunities

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

Training:

During 'Ethics Week 2021', all employees received training in the form of nano-learning, external digital seminars, panel debates, situations to reflect on and cases. Additionally, all of our authorised financial advisers completed the mandatory ethics refresher course.

Strategic anchoring

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

Responsible for the area: Executive Vice President HR and Legal

Goal for area: The Bank has several goals for its work on anti-corruption.

Two key goals are:

- SpareBank 1 Østlandet employees need to be very familiar with Bank's Code of Conduct.
- SpareBank 1 Østlandet will avoid impartiality problems and conflicts of interest in processing credit applications.

GRI indicators: 2-23, 205-1, 205-2, 205-3
Training and education: 404-2
SDG: 16.5
GC: 2, 10
UNEP FI: 5.1, 5.2

› In the Bank's opinion, the results in this area satisfy the goals that have been set, without deviations from important points. No unacceptable ethics and anti-corruption related incidents were identified in 2021.

– The partnership with the Bank is working very well. They are easy to get hold of and I'm pleased that they understand farming and our operations. The Bank is a sparring partner when it comes to financing; what is it smart to borrow for and what isn't, as well as what is it smart to insure. We are interested in achieving good sensible solutions together.

Per André Dyste, Farmer, Toten Bær og Grønt (to the left), with his father John Olav and brother Henry Dyste.

Chapter 2.4

Important regulatory changes

New regulations in 2021	Main features of the regulations	Consequences for SpareBank 1 Østlandet
Privacy	The so-called Schrems II Judgement handed down by the Court of Justice of the European Union on 16 July 2020 deals with the transfer of personal data out of the EEA. In it, the Court of Justice states that it is not sufficient to use a valid basis for transfer but that one must also ensure that the high level of protection we have in the EEA will be maintained in practice in the country to which the personal data is going to be transferred. In 2021, the European Data Protection Board (EDPB) issued revised guidance on the transfer of personal data to countries outside the EEA. This provided new recommendations and clarifications in light of the Schrems II Judgement.	This has created major practical challenges with respect to the use of subcontractors and data processors. Even with the new guidelines, it will be challenging to ensure that any agreements with subcontractors and data processors satisfy the principles contained in the Schrems II Decision.
Capital requirements and non-performing loans	Amendments were made to the capital requirements regulations that introduce requirements regarding deductions in Common Equity Tier 1 capital for non-performing loans that have not been adequately impaired. The new rules apply to loans granted after 07.02.2020.	These provisions are deemed to be of immaterial significance for SpareBank 1 Østlandet.
Changes to the anti-money laundering regulations	On 31.05.2021, the Ministry of Finance laid down Regulations on amendments to, among others, the Anti-Money Laundering Regulations. The key points of the changes include more detailed rules on procedures for terminating and blocking customer relationships, minimum requirements for electronic transactions monitoring systems and rules about so-called high-risk countries.	The regulatory changes are of have consequences for internal procedures, policies and system solutions.
New definition of default	New guidelines issued by the EBA, and which the Financial Supervisory Authority of Norway has confirmed Norwegian banks must also comply with, entail certain adjustments to the definition of what is considered a defaulted loan.	The new definition has little effect on default levels but does entail changes to internal procedures and system solutions.
Own pension account	In 2021, the regulations for so-called 'Own pension accounts' were amended so that the customer can themselves collect various earned pension rights into a single account and even choose the provider of the account.	SpareBank 1 Østlandet distributes this product on behalf of SpareBank 1 Forsikring AS.

New regulations expected in 2022	Main features of the regulations	Consequences for the Bank
Changes to the countercyclical buffer	In December 2021, Norges Bank decided to increase the countercyclical buffer requirement for banks to 2.0 per cent with effect from 31.12.2022. In June 2021, a decision was made to increase the buffer requirement from 1.0 per cent to 1.5 per cent with effect from 30.06.2022.	This will result in a corresponding increase in the regulatory requirement for Common Equity Tier 1 capital to which the Bank is subject.
Amended capital requirements regulations (CRD V/ CRR II)	The EU's fifth capital requirements directive and its second capital requirements regulation are expected to be enacted in Norway in 2022. This will affect various elements of capital requirement calculations, including calculations of SME discounts. It will also entail changes to the limits for so-called large exposures, as well as some new requirements for management and control.	These provisions are deemed to be of immaterial significance for SpareBank 1 Østlandet.
Revised guidelines from the EBA on internal management and control	The EBA has published revised guidelines on internal management and control. The update takes into account the changes introduced by the fifth capital requirements directive (CRD V) in relation to governance arrangements, particularly with regard to gender diversity, money laundering, terrorist financing risk and handling conflicts of interest, including in connection with loans and other transactions with members of the executive management and their related parties. Otherwise, the contents are a continuation of the earlier guidelines.	The changes are not considered to have any material consequences for the Bank.
Revised guidelines from the ESMA and the EBA on suitability assessments for board members and key personnel	The EBA has published revised guidelines on assessing the suitability of members of executive management teams, boards of directors and key function holders. These guidelines take into account the changes introduced by the revised capital requirements directive (CRD V – ref. above). They will affect suitability assessments for members of management bodies, especially with respect to money laundering, terrorist financing risk and gender diversity.	The changes are not considered to have any material consequences for the Bank.

Continued from previous page:

New regulations expected in 2022	Main features of the regulations	Consequences for the Bank
Amended regulations for crisis management (BRRD II)	The EU's second crisis management directive will entail some changes to calculations of minimum requirements for own funds and eligible liabilities (MREL). These include a ceiling for how large a proportion of the MREL can be met with senior non-preferred debt.	The changes to the MREL are implemented through the Financial Supervisory Authority of Norway's decision on setting the minimum requirement as the sum of own funds and eligible liabilities that applies from 01.01.2022. The main consequence for the Bank is that a ceiling is being introduced for senior non-preferred debt.
New Financial Contracts Act	The new Financial Contracts Act is expected to come into force in 2022. The Act entails new duties and new responsibilities for banks in relation to financial services.	The Act will make it simpler for the Bank to communicate digitally with customers. At the same time, the Bank's liability will increase in a number of areas, for example in terms of information for customers, its duty to provide guidance to customers and liability in the event of breaches of the Bank's obligations.
New Insurance Distribution Act	The Insurance Distribution Directive will be enacted in Norwegian law from 01.01.2022. It will specify some new requirements for the Bank as a distributor of various insurance products. The new requirements include some internal requirements regarding knowledge and competences, continued education, documentation, and management and control, as well as some new obligations in relation to information for customers, advice to customers and safeguarding the customers' interests.	The Bank, which has previously operated as a secondary insurance agent, must satisfy the requirements for registration as an insurance provider by the end of 2022. We must also ensure that the new requirements regarding the knowledge and competences of relevant employees and the requirements for customer information are met.
The EBA has laid down guidelines for granting and monitoring loans	The guidelines come into full effect in Norway from 01.01.2022. The Financial Supervisory Authority of Norway's circular 5/2021 covers chapter 7 of the EBA's guidelines for granting and monitoring loans, specifically those parts of the chapter that cover real estate valuations in connection with granting and monitoring loans, including the use of statistical models when valuing real estate. The circular covers the authority's requirements and expectations with respect to banks' internal guidelines for real estate valuation such as collateral, the use of statistical models and requirements for valuations in cases where models are not used.	The regulatory changes entail a need to make some adjustments to internal procedures and guidelines.
Sustainable Finance Act	This Act implements the EU's Taxonomy Regulation and Sustainable Finance Disclosure Regulation.	It will require the Bank to report and disclose information on the extent of the Bank's lending activities that can be regarded as sustainable given the definitions in the EU's Taxonomy Regulation. It will also require the Bank to explain how it takes sustainability into account in its investment advice.
Transparency Act	The Transparency Act is intended to help protect basic human rights, including labour rights. The Act will require so-called major enterprises such as SpareBank 1 Østlandet to conduct due diligence assessments in line with the OECD Guidelines for Multinational Enterprises and to provide an account of such due diligence assessments. The Bank will also be required to provide anyone who requests it in writing with information about how the enterprise manages actual and potential negative consequences. The assessments do not just have to cover the Bank's own activities, they also have to cover any risk of the Bank being involved in breaches of human rights through our supply chains or through financing our customers' activities.	Overall, the consequences for the Bank of the change are considered limited.
Regulation on the duty to report outsourcing arrangements	A new Regulation on the duty to report outsourcing arrangements will reduce the scope of the duty to report outsourcing arrangements to the Financial Supervisory Authority of Norway, while at the same time it will entail a clearer requirement to establish and maintain a register of all outsourcing arrangements and minimum requirements regarding the contents of such a register.	Overall, the consequences for the Bank of the change are considered limited.
New EU directive on covered bonds	The government has presented proposed new statutory rules for covered bonds. The proposed statutory rules will enact the EU's directive on covered bonds, which is expected to be incorporated into the EEA Agreement in 2022.	The covered bonds directive is based on the same principles as the current Norwegian covered bond regulations and only minor changes will be required to adapt the Norwegian regulations to the directive. The covered bonds directive will have no direct impact for the Bank but will impact SpareBank 1 Boligkreditt og SpareBank 1 Næringskreditt, where the Bank is a co-owner.

Regulations expected to be introduced after 2022 where the actual content and entry into force remain uncertain	Main features of the regulations	Consequences for the Bank
Proposed new Estate Agency Act	The Committee on Estate Agency Services has submitted a proposed new Estate Agency Act (NOU 2021: 7). The committee believes that the current Estate Agency Act has worked well and therefore sees no need for major changes. At the same time, the committee points out that the regulations must be future-oriented and flexible enough that they can be adapted to changes in markets and technology. It has also incorporated some proposals for, for example, strengthening consumer protections in real estate transactions.	The regulations have not yet been finalised and, therefore, it is difficult at this time to assess the likely full impact of the proposed Act.
Capital requirements (CRD VI/ CRR III)	The European Commission has presented its proposal for completing the implementation of Basel 3 in the EU. It includes a completely new and more risk-sensitive standard method for capital requirements, as well as the reintroduction of a floor for IRB banks' capital requirements. This floor would be based on calculations in line with the new standard method. The proposal also entails a lengthy series of other changes in the area of capital requirements. This regulatory package will probably reduce the differences in capital requirements between standard method banks and IRB banks.	The regulations have not yet been finalised and, therefore, it is difficult at this time to assess the likely full impact of the proposed Act.
Anti-money laundering and anti-terrorist financing	The European Commission has presented a new package of rules in the area of anti-money laundering and anti-terrorist financing. The proposal includes a number of rules being stipulated in the form of a regulation rather than a directive in order to ensure a greater degree of harmonisation between member states.	The regulations have not yet been finalised and, therefore, it is difficult at this time to assess the likely full impact of this initiative.
Sustainability	In the area of sustainability, we expect both further requirements for banks' management and control of sustainability risk and new requirements for the disclosure and reporting of sustainability risk. This is partly due to the proposals in CRD VI/CRR II and partly expected to come in the form of guidelines from the EBA. The extent to which funding for green purposes should receive a capital requirements discount is also being explored. Regulations are also expected that will make it mandatory to map and take into account customers' sustainability preferences in connection with investment and insurance advice.	This will entail additional requirements for both the Bank's management and control of sustainability risk and new requirements for disclosure and reporting of sustainability risk.
Digitalisation and technology	The EU wants to promote digitalisation in finance and strengthen the EU's competitiveness in the area of technology. Proposed regulations have also been presented that are designed to both produce greater security when technology is used in finance (Digital Operational Resilience Act – DORA) and act as a regulatory initiative with respect to the use of AI (Artificial Intelligence Act).	The regulations have not yet been finalised and, therefore, it is too early to assess the likely full impact of this initiative.
Money-transfer services	As part of its strategy for promoting digitalisation in finance, the EU has also presented proposed revisions to the money-transfer services strategy, which include revisions to the current Payment Services Directive (PSD II). The purpose is to promote instant payments, increase consumer protections and generally make payments even safer.	The regulations may thus have an impact on both the Bank's requirements for its money-transfer services and in relation to the competition situation.
Cryptocurrency	The EU is working on a separate directive to regulate activities within cryptocurrencies and other forms of crypto-based assets – the Markets in Crypto Assets Act (MiCA).	The Bank is not currently involved in cryptocurrencies or other forms of crypto-based assets.
Communication protection regulations (ePrivacy Regulation)	The ePrivacy Regulation is intended to protect the confidentiality of electronic communications and updates the rules in this area due to both market and technological developments. The Regulation will also adapt the regulations of the current General Data Protection Regulation (GDPR).	The regulations will have consequences for the Bank's digital communication with customers.
Accessibility Directive	The Accessibility Directive will be enacted in Norwegian law through the necessary amendments being made to the Equality and Anti-Discrimination Act, plus a supplementary Regulation. These will probably first come into effect on around 01.07.2025. The directive entails an obligation to ensure that primary information and communication technology (ICT) solutions intended for, or made available to, users comply with the principles of universal design. This will result in the Group's general features being able to be used by as many as possible, irrespective of disability.	The regulations will thus specify functional and design-related requirements for the Bank's system solutions, including the online bank and mobile bank.

Chapter 3

Business areas and general work

* Material sustainability topics

– As a start-up, it was important for us to feel seen and not just risk assessed. We really appreciate the fact that the Bank was there for us at both the start and during various challenges throughout the pandemic. Our account manager has been with us the entire way and provides a lot of good advice. We even achieved a record turnover in 2021.

General Manager Ulf Inge Vien and Hotel Manager Tina Barkbu, Slobrua Gjestegård

Chapter 3.1

Business areas and support functions

SpareBank 1 Østlandet offers a broad range of financial products and services, and we have a unique competitive advantage thanks to our 176-year history and local knowledge of our market area in Innlandet, Oslo and Viken.

Customer areas

Retail Division
The Retail Division serves our 352 000 retail customers. The Bank provides the financial services our customers need through our core activities, which include savings, financing, money transfer services, insurance, accident prevention, and capital and investment management. This has been especially important during the last 2 years.

Corporate Division
The Corporate Division serves our 26 000 corporate customers, which are mainly small and medium-sized enterprises, the public sector and public sector customers, as well as clubs, teams and associations. An important part of the Bank's contribution to society involves financing good projects that stimulate job growth and development, which in turn contributes to local prosperity in our market area and makes the region more attractive.

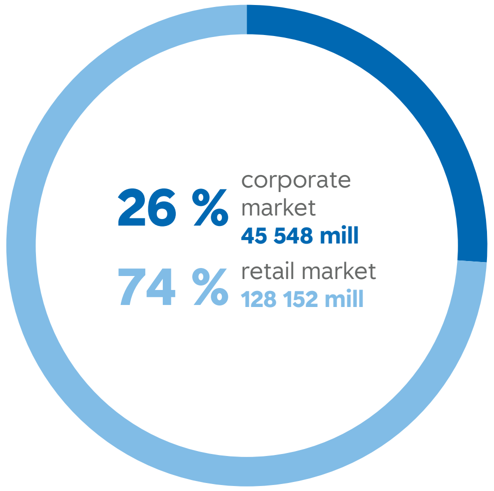
The Corporate Division offers financing for investments and operations, advice, money-transfer services in Norway and abroad, interest rate and currency hedging, investment of surplus liquidity, and insurance cover for people and commercial buildings and property. In much of what it does it works closely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

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

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

Corporate and support functions

The Group's support areas are responsible for tasks and services within economy and finance, HR and legal, communication and social affairs, innovation and business development, business operations, risk management and compliance.



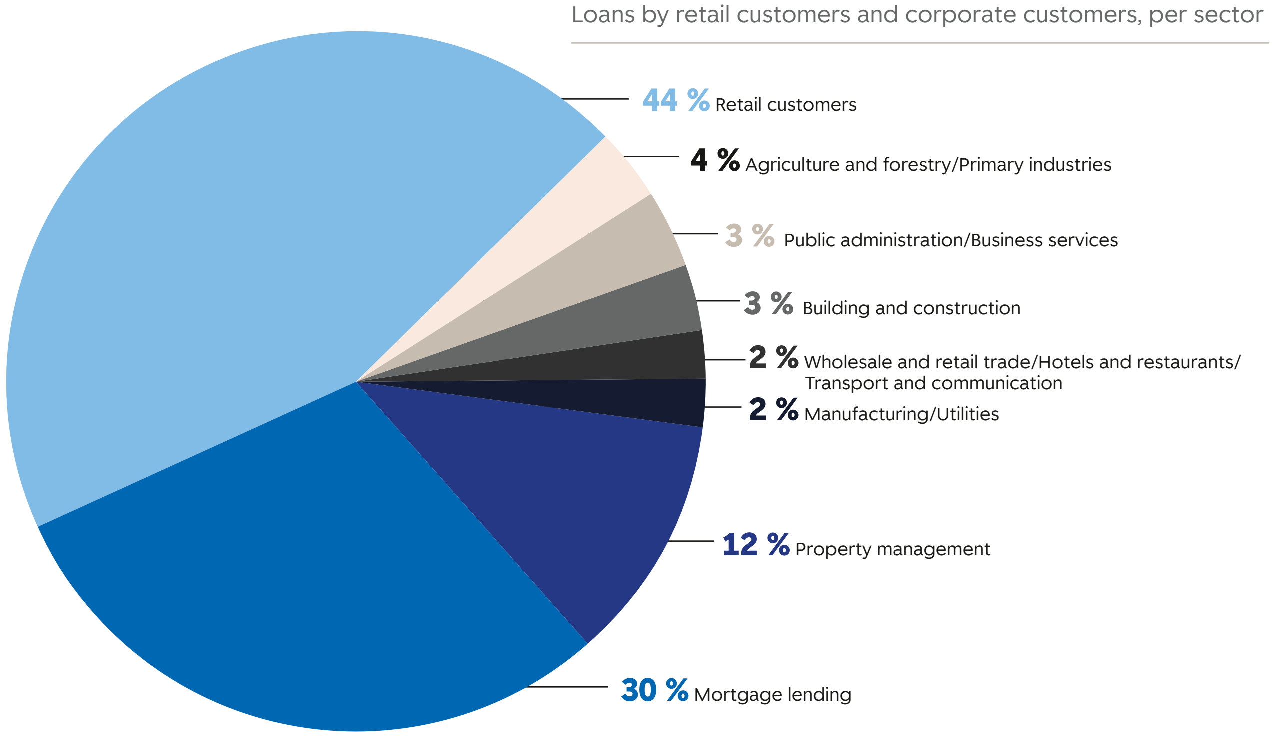
The Bank's total loan portfolio

16 % Proportion of green loans of total loan portfolio in the corporate market.

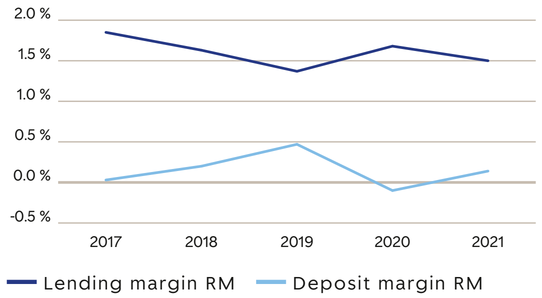
29 % Proportion of loans with a social profile of total loan portfolio in the retail market.

16 % Proportion of green loans of total loan portfolio in the retail market

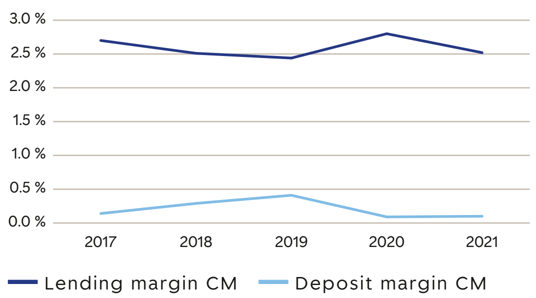
Loans by retail customers and corporate customers, per sector



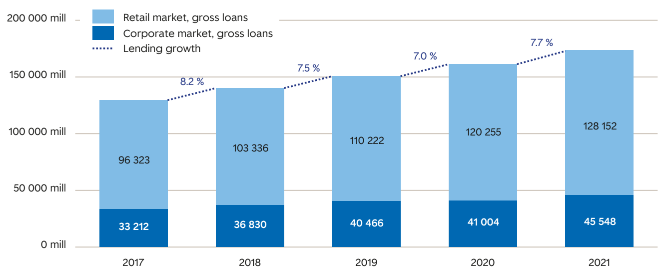
Margins retail market



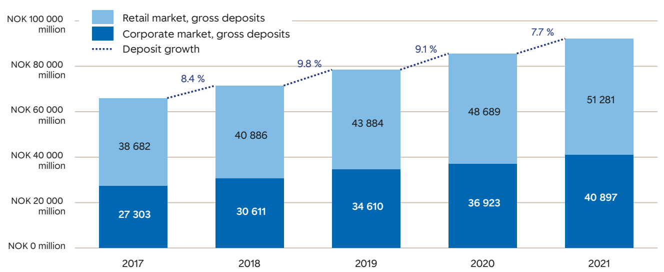
Margins corporate market



Loans, annual growth in %, incl. covered bond companies

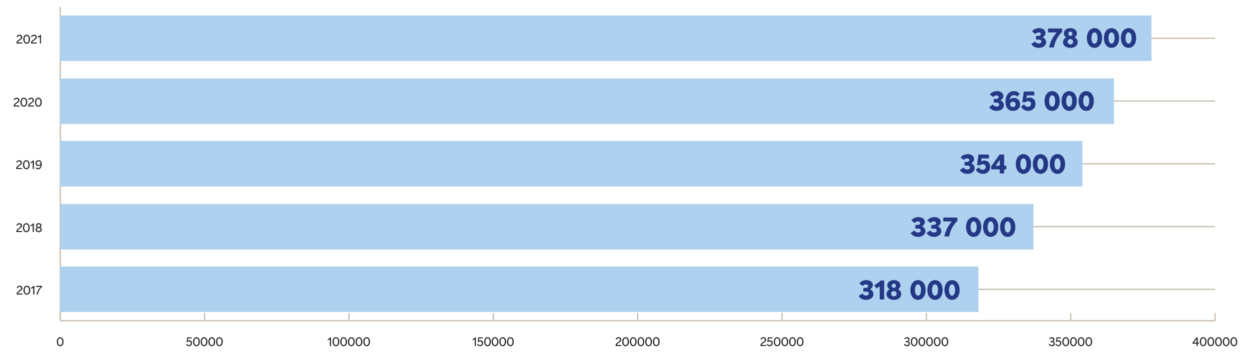


Deposits, annual growth in %, incl. covered bond companies

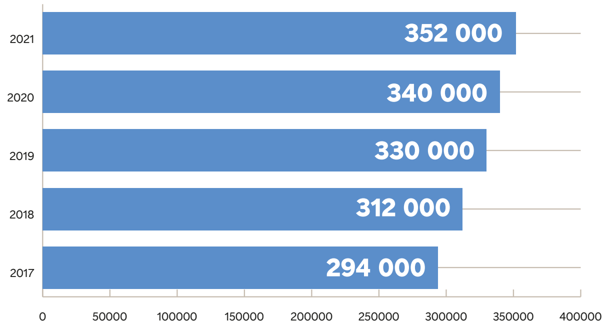


No. of customers

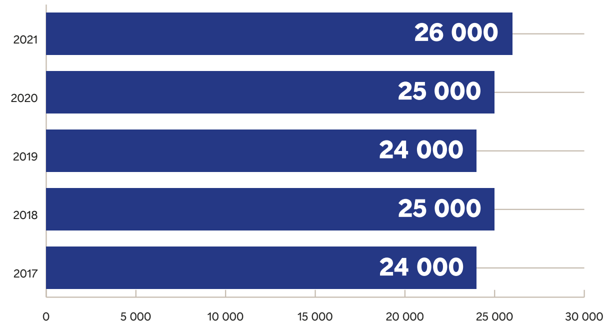
Total



Retail customers

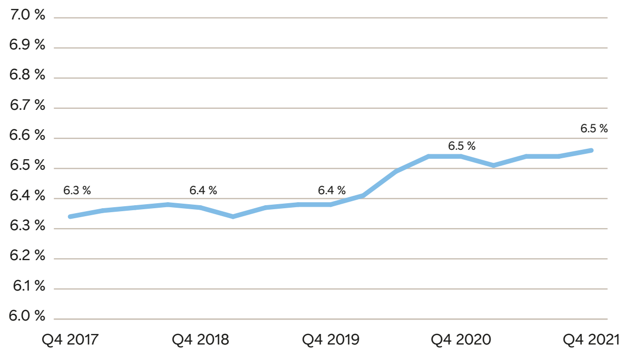


Corporate customers



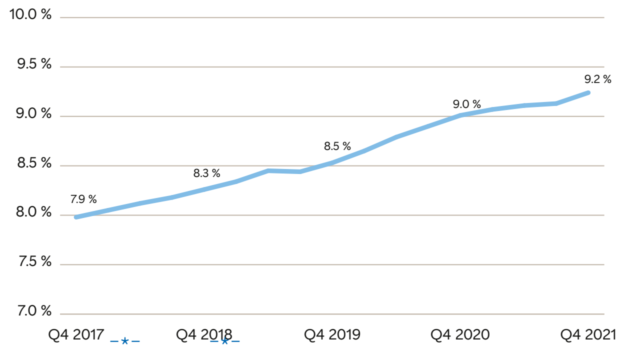
Customer shares in our market area

Retail market, growth in customer share, mortgage customers



Growth in customer share, mortgage customers, including co-borrowers. Customer share = number of primary borrowers and co-borrowers divided by the population > 18.

Corporate market, customer/market share



Customer/market share
Estimate for the period Q4 2016 - Q2 2018

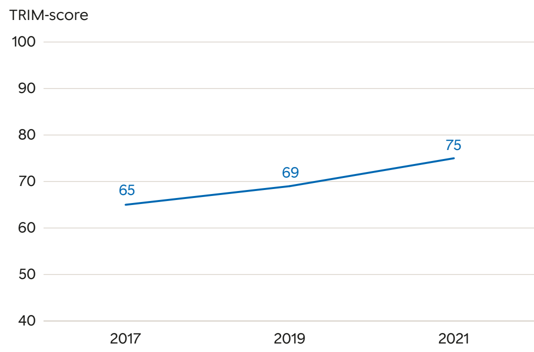
The relationship bank

A survey conducted in 2021 shows that our customer relationships strengthened from a TRIM score of 69 in 2020 to a strong score of 75 points. TRIM scores are Kantar's globally validated method for measuring relationship strength. Relationship strength is based on customer satisfaction and preference. A score above 70 points is regarded as very good. SpareBank 1 Østlandet's score is well above the average for Norwegian banks, which is 67 points. The survey shows that we particularly strengthened our customer relationships with retail customers in Oslo, Akershus and Hedmark.

We also strengthened our customer relationships with our corporate customers during the pandemic. We maintained a close dialogue with many corporate customers and clearly took market shares in 2021.

Although our customers are increasingly serving themselves, surveys show that a large and increasing proportion of customers want a relationship with our professional advisers. Offering a combination of advice and good self-service solutions will therefore be important for us going forward.

Solid development in customer satisfaction



Development in customer relations (TRIM) for retail customers in SpareBank 1 Østlandet. Source: Kantar, SpareBank 1 Østlandet

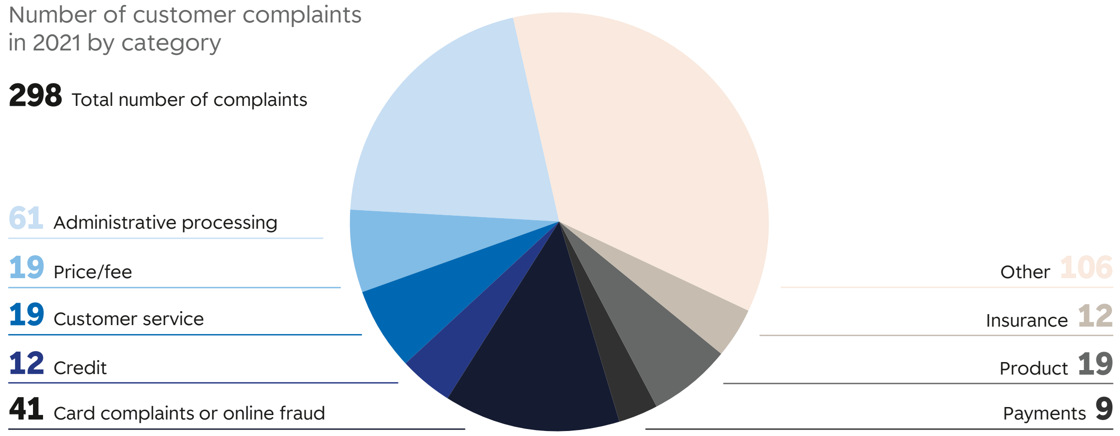
Follow-up of customer complaints

The Bank registered 298 customer complaints in 2021. The Bank's confirmed loss in connection with customer complaints is NOK 412 161. The majority of the complaints concerned administrative procedures, prices or fees, card refunds and online fraud.

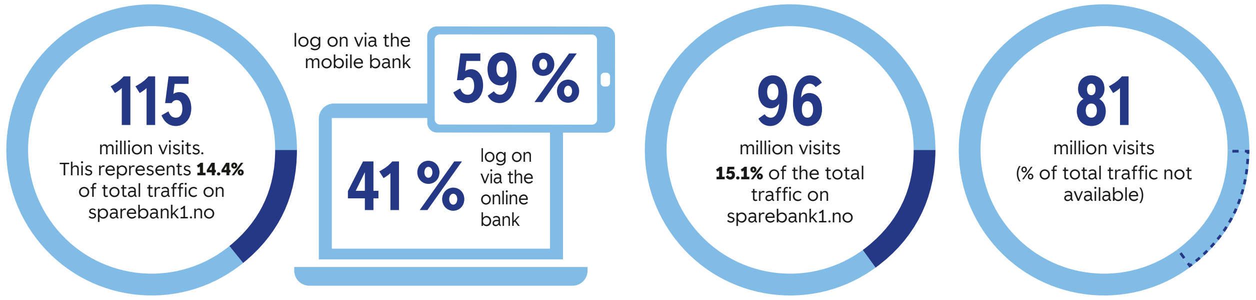
Customer complaints are dealt with by a complaints board consisting of representatives of the legal department and risk management and compliance. The purpose of this structure is to ensure a thorough and uniform process that provides adequate consumer protection in accordance with the Financial Supervisory Authority of Norway's guidelines. The Bank's complaints board collects all relevant information so it can make comprehensive and thorough assessments of the complaints. If the complaints board is unable to sustain the complaint, the complainant receives a written letter explaining its decision and information about their right to bring the case before the Norwegian Financial Services Complaints Board. We are constantly striving to improve our products and services . Processing customer complaints provides the Bank with important knowledge and is part of practising our vision of 'Creating together'.

Number of customer complaints in 2021 by category

298 Total number of complaints

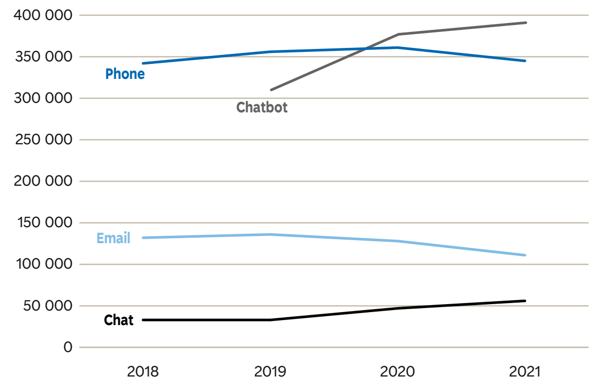


Visits to digital channels sb1ostlandet.no

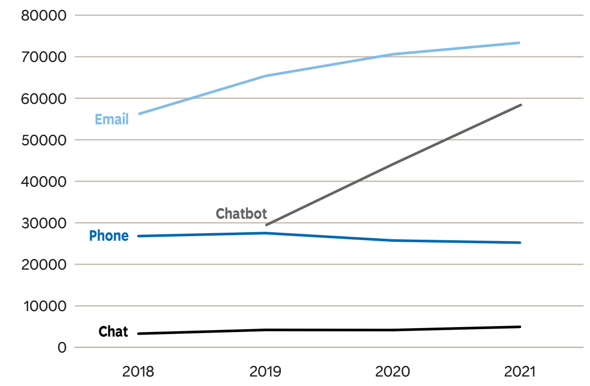


Customer service centre traffic

Retail customers

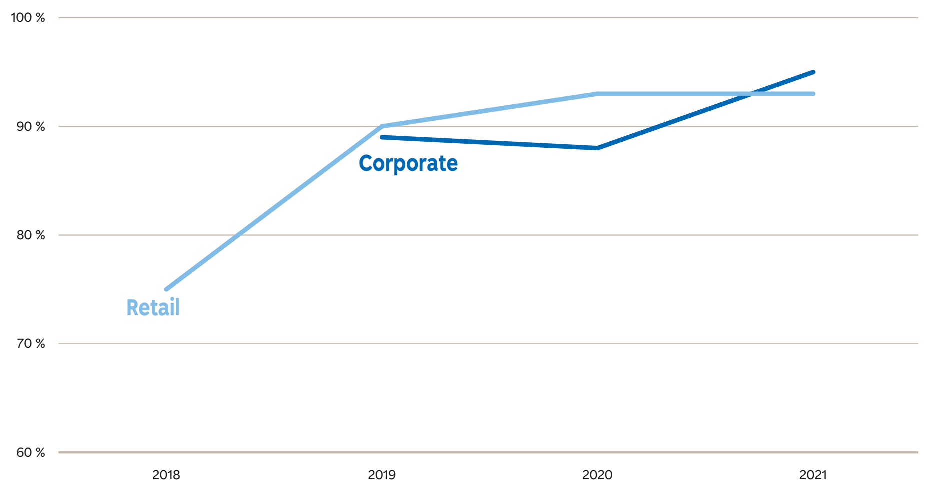


Corporate customers



There are no comparable traffic figures from the time before 2018 due to the merger between Sparebanken Hedmark and Bank 1 Oslo Akershus and the merging of systems. Chatbot was introduced in 2019.

Digitalisation rate*



* The digitalisation rate shows the percentage of customers applying to establish a customer relationship and open accounts themselves online. Figures are not available until 2018 for retail customers and before 2019 for corporate customers.

– We took over the hotel in 1998 and immediately started to develop a spa and wellness centre, as well as flats for sale. Since then, the Bank has helped to finance further development. During the Covid-19 pandemic, the operating company relied on government guaranteed liquidity loans and these have come through SpareBank 1 Østlandet. These were necessary to ensure that we have the liquidity we needed during periods when we had to close our doors.

Per Morten Hektoen, General Manager, Savalen Fjellhotell (to the left), with Corporate Adviser Tor Petter Lunåsmo.

Chapter 3.1.1

Retail market

The Retail Division continued its solid work in helping customers get through the pandemic. Despite the challenges, the Retail Division has grown both in terms of customer numbers and in terms of volume – and we are growing sustainably.

2021 was a demanding year for both the Bank and customers. The Retail Division's main focus was on limiting the harmful effects of the pandemic and at the same time fulfilling the Bank's corporate social responsibility. Our employees demonstrated great flexibility and adaptability in their numerous switches between working in their office in the Bank and working from home.

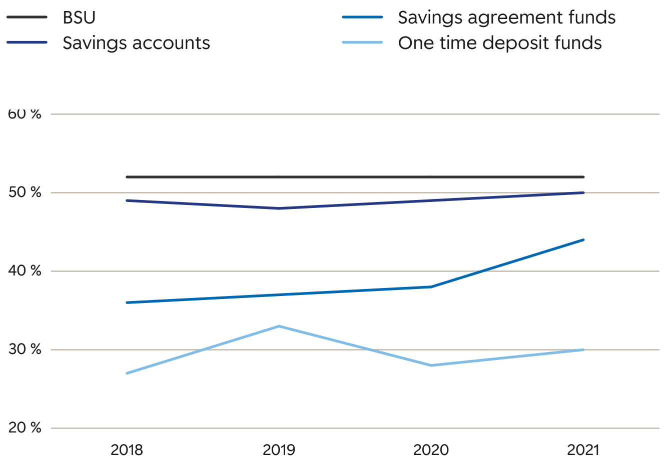
During the pandemic, customers changed both their patterns of behaviour and consumption. They travelled less and spent less money on social activities. We saw significantly more saving in 2021, although this dropped off somewhat towards the end of the year when electricity prices in particular ate into customers' disposable income. At the end of 2021, the Retail Division had more than 350 000 customers, which represents a pleasing increase in both number and business volume from the year before.

The Retail Division strengthened the Bank's focus on sustainability in 2021 by developing more green products for customers. The division's employees have improved their expertise in the area of sustainability.

Interest rate changes

In 2021, the key policy rate was raised from 0.00 per cent to 0.50 per cent via two rate hikes in September and December. Norges Bank's rate hikes were justified by two factors in particular: normalisation of the economy and the need to stabilise inflation around the target figure in the medium term. This led to announcements of higher lending rates, although without Norges Bank's full increase being passed on in 2021. We raised loan and deposit rates in September and December by up to 0.25 percentage points each time.

Savings and gender: women's proportion of total balance



Loans and deposits

Both loans and deposits grew in the retail market, which confirms that the Bank is attractive to customers. Lending grew by 7.15 per cent and deposits by 5.5 per cent in the Retail Division during 2021. Extraordinarily low interest rates throughout the year were one of the drivers behind lending growth. It is likely that low debt costs have also contributed to higher deposits, increased long-term savings and some repayment of unsecured debt.

Customers and market position

SpareBank 1 Østlandet is the market leader in Hedmark with a 44 per cent market share for mortgages. At the same time, we are growing in all of the areas where the Bank is a challenger, namely Oppland, Oslo, Asker and Bærum, Romerike and Follo.

The Bank provides mortgages for LO's members based on a special agreement. This has contributed to more customers and more across-the-board sales in 2021 as well.

New products

On the lending side, the Retail Division still mostly focuses on mortgages. Several new products were launched during the year, including a new green mortgage product. By offering a more attractive interest rate to finance the most energy-efficient homes, the Bank hopes to incentivise customers to make sustainable choices – which is positive for the customer, the Bank and the environment. The product has been well received by our customers and advisers.

Two new deposit-related products were launched towards the end of 2021: 'green fixed-rate deposits 12 months' and 'green monthly saving'. By launching these products we are meeting the demands of our customers. The Bank guarantees that green deposits are only used for loans for green purposes.

Non-life and personal insurance

2021 was another year of good sales and good portfolio growth in both personal and non-life insurance. It is pleasing to note that more and more of our customers understand the importance of having good insurance cover and that they are choosing to take it out with us.

A good year marked by the pandemic

"We can look back on a year when most our targets were achieved by a clear margin. We saw good growth in mortgages, car loans and savings," says Kari Gisnås, Executive Vice President Retail Market.

2021 was another year in which the pandemic impacted society. Customers have adapted their patterns of behaviour and consumption to the current situation.

"We saw a large number of customers borrowing money to buy a home or holiday home, redecorate or buy a car in 2021. We also noted a formidable willingness to save, well aided by low interest rates and less consumption of experiences and services," says Gisnås. "Competition in the market is fierce and we are pleased that we are balancing growth and margins well," she adds.

Another trend was that customers' total unsecured debt decreased throughout the year.

"This is very positive. We are a responsible bank that helps customers in this area," says Gisnås.

The employees also handled the changes brought about by the pandemic in a good way.

"We have continuously adapted to local conditions and our employees have stuck at it for the customers regardless of whether they have been working from home or physically present in the branches. Their adaptability has been crucial for us."

When Gisnås gazes in her crystal ball, she can see that sustainability is going to become even more important.

"Sustainability awareness is seriously starting to grow among consumers. In 2021, we launched several new green products, as well as digital solutions designed to raise awareness among customers. The Bank's work on sustainability will be important going forward," she says.

– Leading digital solutions combined with professional advisers will continue to be one the Bank's most important competitive edges going forward – it's an unbeatable combination.

Kari Gisnås, Executive Vice President Retail Market

Material sustainability topic

Responsible lending to the retail market

The Retail Division's overarching ambition for sustainability is in line with the Bank's goal: to be a clear driving force behind sustainable restructuring. The Retail Division can achieve such an ambition by working well with and through our customers. That is why our sustainability efforts focus on encouraging our customers to make smarter and more responsible choices. We also had several measures in 2021 that were designed to support customers who were experiencing difficulties during the pandemic.

Why is this a material topic for the Bank?

Responsible lending has been and is an important part of the Bank's social mission. Today, it is the main priority in our sustainability work. In the years to come, more lending will be steered towards new energy efficient homes. However, the homes of the future have largely already been built so the Bank wants to encourage the upgrading of existing homes such that they consume less energy and thus result in lower greenhouse gases emissions.

What did we achieve in 2021?

The Retail Division also received a lot of coronavirus related enquiries in 2021. Even though fewer took advantage of interest-only periods in 2021, the Retail Division supported considerably more customers than in a normal year. The Bank will continue to follow up those customers who need help because of the pandemic.

Due diligence assessments and credit ratings
The Retail Division still carries out due diligence assessments for all new customers in line with the applicable requirements concerning compliance and internal guidelines. The focus on money laundering and terrorist financing increased during the year. Assessing the risk of money laundering is an integral part of all credit cases.

The good growth in volume and customers has not been at the expense of risk. Good, professional credit work is a top priority for the simple reason that it is in the best interests of both the customer and the Bank. The proportion of defaulted portfolios was reduced during the year and is considered to be very low.

Products and activities with a social profile

In addition to ordinary housing mortgages, the Bank has many products and services with a social profile and associated economic benefits. The Bank recognises the fact that in many places young first-time buyers can face greater challenges getting onto the property ladder. The Bank has therefore targeted some of its loan products at this segment so that they can realise their dream of their own home.

In addition to loans for young people, the Bank offers some other loans with a social profile. Examples of these include restart loans for customer experiencing financial difficulties and who want to sort out their finances, conflict loans for customers in labour-related legal disputes, salary guarantee loans as advances on funds from the salary guarantee fund and deposit loans for customers who need to finance a deposit as part of a tenancy agreement.

The volume of first-home loans, UNG loans and other loans with a social profile as described above amounted to NOK 35.9 billion at the end of the year, equivalent to 28.8 per cent of our total lending volume. This represents an increase of NOK 4.2 billion and 1.5 percentage points since the end of 2020. This includes loans transferred to the covered bond company for the retail market.

The Regulations on Financial Institutions' Lending Practices regulate a number of criteria related to taking out a loan. The Regulations also permits the volume of loans to include a certain number of loans, called the flexibility quota, that do not meet some of the Regulations' criteria. The Bank prioritises young first-timer buyers wanting to get onto the property ladder within that quota.

Products with a social profile:
- Restart
- Deposit loan young/LOfavør deposit loan young
- Mortgage young/LOfavør mortgage young
- First mortgage and LOfavør first mortgage
- Loan salary guarantee fund LO
- LOfavør conflict loan

Total portfolio with a social profile: NOK 35.9 billion.

In 2020, around 43 per cent of the quota was allotted to young people aged 18-34. In 2021, the proportion of young people rose to 44 per cent.

We continue to help customers achieve orderly personal finances and a good balance between saving, consumption and debt. The Retail Division encourages customers to reduce and postpone consumption in favour of saving. This is also an important and central element of the Retail Division's sustainability work.

Products and activities with environmental benefits

We offer two different kinds of loans that encourage retail customers to become greener. Green energy loans can be granted for eco-friendly upgrades to existing homes or holiday homes. This will be one of the Retail Division's most important products and could make a big difference to the climate. A revitalised version of green mortgages was also launched in 2021. These loans are granted with collateral in homes with an energy label of 'B' or better. Both of these green loan products offer more favourable interest rates than ordinary mortgages. The relaunch of green mortgages resulted in a significant increase in the total volume of green housing mortgages in 2021 compared with 2020.

The Retail Division arranges green car loans for customers who want to buy electric cars. The loan is subject to a very competitive interest rate. The maximum repayment period has been set at 8 years, although the customer gets even better terms with faster repayment. The loan was launched in 2020, and the table below shows its development.

As discussed in other chapters, the Bank launched 'My climate footprint' in 2021. The solution was developed for the entire SpareBank 1 Alliance and allows customers to log in to the online bank or mobile bank and see the estimated greenhouse gas emissions caused by their consumption.

Goal for the area	The Retail Division's goal for increased saving in the current strategy period (until the end of 2021): 32.5 per cent of customers should have buffer savings (short-term savings) 13.5 per cent of customers should have savings agreements				
Measurement parameter	Percentage of customers with short-term savings, buffer savings, long-term savings and savings agreements				
	2021	2020	2019	2018	2017
Goal attainment Buffer savings	30.9%	30.8%	Not available	Not available	Not available
Goal attainment Savings agreements	✓ 14.1%	12.1%	Not available	Not available	Not available

Goal for the area	The Retail Division will double green mortgages to NOK 50 million in 2021.				
Measurement parameter	Volume in green mortgages				
Goal attainment	2021	2020	2019	2018	2017
	✓ NOK 244.3 million*	NOK 26.0 million	NOK 21.5 million	Not available	Not available

* Green mortgages were relaunched in a different form in 2021.

Goal for the area	The Retail Division wanted to increase the number of green car loans sold by 50 per cent by the end of 2021.				
Measurement parameter	Number of green car loans				
Goal attainment	2021	2020	2019	2018	2017
	✓ 317	40	Product not launched	Product not launched	Product not launched

This is designed to help customers see how they can reduce their greenhouse gas emissions. The service was launched on 15.11.2021 and 6 338 customers used 'My climate footprint' in 2021. The Bank is following this up with webinars, articles and cases in social media concerning how individual people can live in a more climate-friendly way and consume more responsibly.

What remains to be done in a longer perspective?

The Retail Division's ambitions are aimed at 2050 but with intermediate targets in 2025 and 2030. In 2050, the Retail Division, like the rest of the Bank, will be a clear driving force behind sustainable restructuring and the Retail Division's loan portfolio will be emission-free, sustainable and within what the plant can tolerate. To achieve this ambitious goal, the Retail Division has for the next strategy period chosen the two main focuses that we believe will have the greatest positive effect for the climate and for a sustainable society:

- *energy saving from homes and properties*
- *responsible consumption*

In 2021, the Retail Division calculated and projected how we can make the housing portfolio emission-free by 2050. The calculations are based on variables such as the portfolio's total number of m², energy mix, CO2/m² and annual growth.

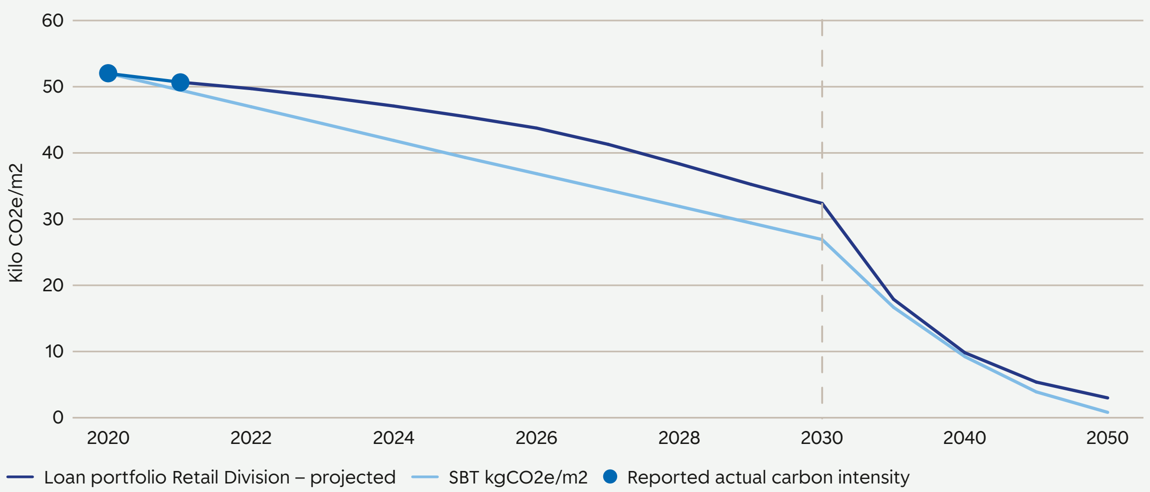
A few more measures are required as the projected graph does not fall to zero but ends up at 2.99 kgCO2e/m².

Risks and opportunities

There are a lot of homes in the Retail Division's portfolio with a poorer energy label than 'B'. The goal is to upgrade 40 per cent of these by 30 per cent or more before 2050 to make the loan portfolio steadily greener. An energy intensive mortgage portfolio represents a risk for the Bank because in the long term it will be harder to sell such homes and their value will thus decrease. The Retail Division is also aiming to ensure that 80 per cent of the new homes financed in 2050 satisfy both the EU's and the Norwegian definition of a new build.

There is a lot of potential in encouraging more sustainable consumption. The circular mindset of reusing and repairing rather than discarding and buying new may lead to lower customer consumption and opportunities for saving. This harmonises well with reduced consumption and good personal finances. The Bank will therefore focus on further developing 'My climate footprint' and continue to inform customers how they can achieve responsible and climate-friendly consumption.

Science based target for reducing greenhouse gas emissions from mortgage portfolio



The calculation and projection of emissions are in line with the Science Based Targets Initiative (SBTi) and are calculated by Cemasys and Multiconsult. See more detailed information on the figures and calculations in the appendix: Proportion of green loans and greenhouse gas emissions in the loan portfolio.

Training

Training is essential for success. The Retail Division's employees must have sufficient expertise to encourage customers to make more sustainable choices. The Retail Division has developed a *sustainability competence wheel* that shows what needs to be reviewed each month. It also does the following:

- Mandatory course: 'Sustainable Finance', a basic course. 97.3 per cent of all employees in the Retail Division have completed the course.
- The Retail Division took part in 'Arbeidslivets Klimauke', which involves a series of talks and other educational activities centred around the topic of the climate and climate risk.
- Retail division staff have received brief email lessons on specific sustainability topics.
- The Retail Division's departments take the Bank's dilemma training during 'Ethics Week'.
- New retail division employees take part in a seminar with dilemma training on sustainability as part of the induction process for new employees.
- All new employees must complete a digital sustainability workshop.
- The Bank also ensures that all financial advisers are certified in the areas of savings and investments, non-life insurance, credit and personal insurance.

Strategic anchoring

Important guidelines: Corporate Social Responsibility and Sustainability Strategy, General Guidelines for Corporate Social Responsibility and Sustainability, and Guidelines for Corporate Social Responsibility and Sustainability for the Retail Market.

Responsible for the area: Executive Vice President Retail Market.

Goal for the area:

Targets for 2021 (last year of the strategy period just ended – new targets will be set for the next strategy period):

- Double green mortgages to NOK 50 million.
- Increase green car loan sales by 50 per cent.
- 32.5 per cent of customers should have buffer savings (short-term savings).
- 13.5 per cent of customers should have savings agreements (long-term savings).

The Retail Division's long-term ambitions for the period to 2050:

- 40 per cent of the residential properties in the loan portfolio built before 2012 (TEK 10) will have been upgraded and be 30 per cent more energy efficient.
- Net zero emissions from the Retail Division's loan portfolio.
- At least 80 per cent of new buildings in the loan portfolio will come under the EU definition of new buildings as set out in the classification system (taxonomy).

GRI indicators: F7, F8, F10. Training: 404-2
SDG: 8.10, 9.4, 12.2, 12.6, 12.8, 13.3, 15.a, 15.b, 16.4
GC: 1, 2, 4, 5 ,6, 7, 8, 9
UNEP FI: 2.2, 2.3, 2.4, 3.1, 3.2, 6.1
Eco-Lighthouse: 2065, 2068, 2069, 2070, 2071, 2072

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

› Total greenhouse gas emissions from the Bank's mortgage portfolio are estimated at 253 000 tonnes CO2e.

See the detailed information on the report and methods in the appendix: Proportion of green loans and greenhouse gas emissions in the loan portfolio.

Chapter 3.1.2

Corporate market

Like 2020, 2021 was impacted by the pandemic and our corporate advisers again made a great effort during the year to help and advise our customers.

We saw positive development and solid growth throughout 2021, despite the fact that our customers at times experienced decreases in demand for a range of services such as nightlife, culture, flights and hotel accommodation, while demand for goods in general increased. For many goods, production was unable to keep up with the demand and this led to long delivery times. We also saw a decline in the international supply and delivery of input factors and finished products due to the fact that both factories and ports occasionally had to close due to outbreaks of infection. The main reason for the positive development was good the collaboration between our customers and our advisers and specialists within money-transfer services, insurance and pensions.

Throughout the year, the Corporate Division put a lot of effort into training employees within sustainability and several green products targeted at the business sector were developed.

At the end of 2021, the division was serving almost 26 000 corporate customers. We can meet most customer needs in partnership with our associates and subsidiaries. The benefit of having access to so many disciplines and professional resources gives us a great advantage.

Deposits and lending

Deposit growth was significantly above the target for the year. This was mainly due to companies holding onto their liquidity and, presumably, the government's tax and VAT deferrals also had an effect.

Lending growth in the first part of 2021 was somewhat lower than in 2020. It developed better in the second half of 2021, and we ended the year well above the targets set for loans.

Margins – our lending margins have been under pressure in the past year, and deposit margins have been under pressure during the entire pandemic. We are now seeing a rising money market and thus opportunities for better margins on deposits, and with some delay we will maintain the margins on loans.

Customers and market position – Corporate Division

In 2021, the Bank registered around 1 100 new corporate customers and continued to capture market shares. In terms of customer numbers, SpareBank 1 Østlandet has a market share of 9.2 per cent of the corporate market in our market area.

Our largest industries are real estate, followed by agriculture and then financing and insurance activities in third place. These three categories account for around 80 per cent of the volume in the corporate market division.

20 per cent of the companies in our market area have a customer relationship with SpareBank 1 Østlandet. We are the market leader with an almost 50 per cent customer share in our market area in Innlandet County. Our long and stable relationships with customers are an important success factor. In Oslo, Akershus and Oppland we are growing challenger.

New products

An increasing number of our customers are requesting green deposits. Towards the end of the year, the Corporate Division launched two new green products for deposits. You can read more about these in the chapter on 'Responsible lending to the corporate market'.

Other products launched by the Corporate Division in 2021 include:

- Digital applications for repayment loans for sole proprietorships
- A redesign of the online business bank
- A redesign of the corporate mobile bank with new features
- Deposit cards for the Corporate Division
- Digital solution for financial reporting for our municipal customers

The customers have fared well during the pandemic.

"We have seen a high level of activity in the corporate market and are well-positioned for the future. I am proud of the results our capable employees have produced throughout the pandemic," says Hans Olav Wedvik.

"The coronavirus pandemic has confirmed that the corporate market loan portfolio is sound," concludes the Bank's Executive Vice President Corporate Market. He is pleased to see that customers have managed to keep going in a challenging period, which we are still in the middle of. Wedvik is proud of the corporate advisers who have worked so hard for those customers who knocked on our door and asked for help.

"Even though 2021 was impacted by the pandemic, the level of activity in the corporate market grew throughout the year. We have achieved our ambitions for growth, cost-effectiveness, profitability and quality in the 4-year strategy period now ended. I am very satisfied with this," he says.

However, he cannot hide the fact that the margins for loans and deposits have been under pressure during the period of the pandemic.

"Going forward, I expect deposit margins to improve and continued strong competition on lending margins. We are well-positioned for this," says Wedvik.

Many industries in the corporate market portfolio are growing rapidly and developing well. This is especially true for real estate and agriculture, the Bank's two largest sectors. Wedvik will continue to be a proactive partner for corporate customers. One important task now is to make banking even simpler for customers, including by enhancing IT systems and infrastructure.

"We know our market area well and have skilled professionals in the regions.
We are big, but at the same time very local. This is a strong competitive advantage, and we are well-positioned for further growth," says Wedvik.

– We have aggressive plans and will work hard to make the Bank even simpler for both our customers and our staff.

Hans Olav Wedvik, Executive Vice President Corporate Market

Corporate and agricultural insurance

It was a good year for insurance in the corporate market in SpareBank 1 Østlandet. The good results were due to high levels of activity, capturing new customers and good cooperation between the Bank's specialists and corporate market advisers. The Corporate Customers Centre has also delivered good insurance results.

We have delivered the highest sales results and highest portfolio growth of the banks in the SpareBank 1 Alliance.

Life and pension insurance

2021 was a good sales year for SpareBank 1 Østlandet. We enjoyed a good inflow of new agreements with customers who were new to the Bank and agreements were transferred to us thanks to good cooperation with other business areas throughout the market area.

The good growth in premium volumes continued in 2021 and we were the regional bank with the highest premium growth. This came from, for example, customers expanding their pension saving plans for their employees with the aim of becoming more attractive employers, good growth in new customers and little departure of existing customers. Several legislative amendments that will come into force in 2022 within occupational pensions will help to grow the premium volume further with savings from the first krone, a reduction in the lower age limit for admission to pensions and elimination of the percentage of employment threshold.

SpareBank 1 Østlandet has seen overall growth of 67 per cent in the annual premium volume for the 2018-2021 strategy period, as well as an increase of 36 per cent in the number of members in pension plans.

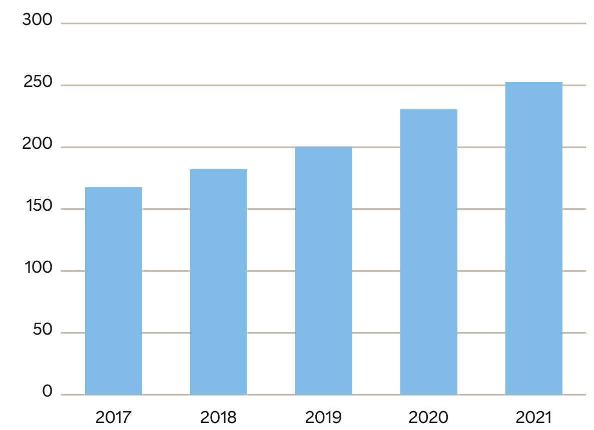
For the third year in a row, SpareBank 1 Forsikring was named the pensions company with the most satisfied occupational pension customers. This is shown by the Aalund Corporate Pension Barometer for 2021, Norway's largest customer survey for corporate pensions. In addition to having the most satisfied customers, SpareBank 1 scores highly on customer loyalty among our medium-sized and larger corporate customers. Aalund also names SpareBank 1 the pensions company with the best image. A good image depends on factors such as a good reputation, being creative, innovative and customer-oriented, corporate social responsibility and sustainable investments.

SpareBank 1 is in the process of offering 'A-melding' integration for reporting its customers' pensions. This will simplify reporting, save time and ensure more correct updates of the basis for pensions. SpareBank 1 Østlandet has had several customers involved in a pilot programme in 2021 and at the start of 2022 was enrolling new customers on a daily basis.

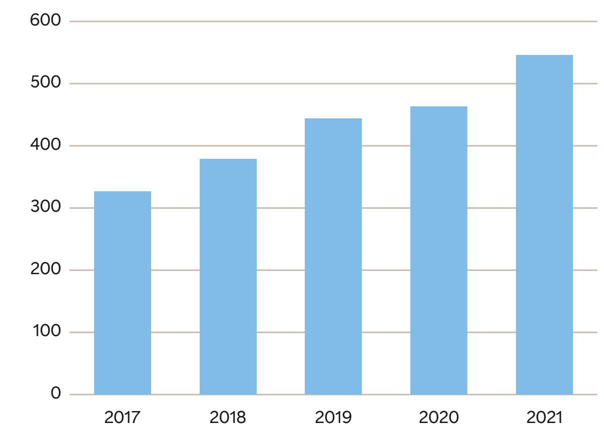
› For the third year in a row, SpareBank 1 Forsikring was named the pensions company with the most satisfied occupational pension customers.

This is shown by the Aalund Corporate Pension Barometer for 2021, Norway's largest customer survey for corporate pensions.

Stock development for non-life insurance (NOK mill.)



Growth in annual premiums life and pension insurance (NOK mill.)



Keeping track with Bank + Accounting

When the company Min Vaktmester AS was established in summer 2021, the Bank pointed them in the direction of Bank + Accounting.

"We have received a lot of advice from others, both about doing and not doing our accounts ourselves. But this seemed so good that we went for it. We're very happy we did," says Hilde Røsberg of Min Vaktmester AS.

With Bank + Accounting they get access to a simple, understandable accounting system that is integrated with the Bank. Bank + Accounting is a package in which everything connected to the company's finances is gathered in one place. Customers can get all of their invoicing, accounting, payroll, time registration, payment and financing needs met regardless of the company's size.

Min Vaktmester As provides caretaker services such as small carpentry jobs, cleaning, gardening work and clearing, as well as holiday home services such as clearing snow off roofs. Hilde does most of the bookkeeping. While her colleague Magne Tvinnereim is out on the jobs, she enters everything against the posts related to the work.

"I have to post things to the right place, but luckily it's an understandable application and a lot of it's automated. It's easy to keep track," she says.

Bank + Accounting was launched in February 2021 in collaboration with the Bank's subsidiary TheVIT. It provides advice and guidance to all Bank + Accounting customers in SpareBank 1 Østlandet.

"Min Vaktmester AS is a typical customer of this service. The company has relatively few accounting needs, although it could expand and the service would still be a good fit for them. Most small and medium-sized enterprises would benefit from Bank + Accounting," says Tine Holdhus of TheVIT.

In November, the Bank also launched Agriculture Bank + Accounting in collaboration with the financial services and accounting company Duett. Bank + Accounting has been slow but steady growth and had 75 billable customers as at 02.12.2021.

– Bank + Accounting is very easy to use. It's a good system to rely on when you're doing the payroll, billing and or need an overview of expenses.

Hilde Røsberg and Magne Tvinnereim, Min Vaktmester AS, Hamar.

Material sustainability topic

Responsible lending to the corporate market

The financial services industry has a major role to play in the green shift. The Bank's strategic foundation is to exist to help people and enterprises succeed. To deliver on this, we want to contribute to sustainable growth and development in our local communities together with our customers. Responsible lending will probably be our most important contribution to this work.

Why is this a material topic for the Bank?

In 2020, we conducted an analysis based on a template from the UN Principles for Responsible Banking to identify where the Bank's contributions can have the greatest impact. The impact analysis showed that for the corporate market, it is most important for us to focus on the areas of resource utilisation and greenhouse gas emissions when it comes to both reinforcing positive impacts and reducing negative impacts. The analysis was updated in 2021 and suggested that we should continue doing this for the next strategy period as well.

Based on the impact analysis, we have identified real estate property (including commercial property rental and the construction of new homes/commercial properties) and agriculture as the sectors we should focus on. The Bank has a number of measures designed to encourage customers to make sustainable changes, including:

- Analysing sustainability risk and opportunities when processing applications for loans/credit facilities.
- Offering products or measures that encourage green restructuring.
- Requiring energy efficiency and/or greenhouse gas emission documentation.

By signing up to the Net Zero Banking Alliance, we have committed ourselves to adopting short-term and long-term objectives for green restructuring in the loan portfolio. The Corporate Division's long-term ambition for the period up to 2050 is to make our loan portfolio almost completely climate neutral.

What did we achieve in 2021?

The Corporate Division again spent a lot of time helping corporate customers resolve financial problems due to the pandemic in 2021. This assistance was provided in the form of advice on dealing with challenges resulting from restrictions, granting some interest-only holidays for shorter periods and continued administration of the government guaranteed liquidity loan scheme. The scale of relief granted within repayment plans was lower and there was less need for liquidity loans in 2021 than was the case the year before. An overview of the development in products with a social profile is provided a bit later in the chapter.

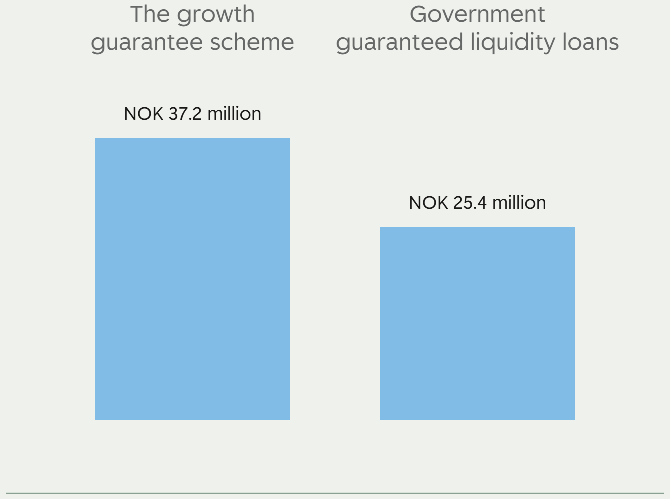
In 2021, the Corporate Division participated in two business clusters in our region that are working on solutions for the climate and resource utilisation:

- NCE Heidner Biocluster, Norway's leading industry cluster for the green bioeconomy and sustainable food production.
- Norwegian Wood Cluster, an expanded collaboration in the forest, industrial and building value chain, that aims to grow into an internationally leading industry cluster for industrial, sustainable wooden buildings. The Bank participates in the expert group for sustainability.

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

- Growth guarantee scheme: Three loans and nine credit facilities totalling NOK 37.2 million
- Government guaranteed liquidity loans: 19 loans totalling NOK 25.4 million.

We exhausted the budget we received from Innovation Norway for the Growth Guarantee Scheme. We have been granted a larger budget and an extension to the scheme until the end of 2022. There was less activity in relation to government guaranteed liquidity loans than in 2020 when we granted loans worth NOK 291 million.



Products and activities with environmental benefits
In December 2021, we launched two green deposit products in the Corporate Division:

- Green fixed-rate deposits 12 months
- Green investment account+

Our customers are increasingly requesting products like this and the Bank guarantees that the funds invested in them are used for green loans.

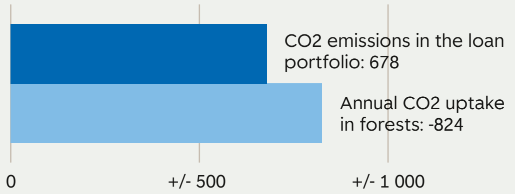
In autumn 2021, we decided to establish a green product designed to incentivise energy efficiency measures in commercial properties for rent that are already in our loan portfolio. The product is expected to be ready for use in January 2022 and we have set a target for how many such loans we want to grant in 2022. We will continuously work to increase the number of loans granted.

Goal for the area	Corporate Division: At least 50 per cent of the commercial buildings in our portfolio must be green in line with our green framework in 2030.				
Measurement parameter	Proportion of commercial buildings that are green according to our product framework, measured in loan volume.				
Goal attainment	2021	2020	2019	2018	2017
	✓ 26.0%	✓ 15.5%	Project not started	Project not started	Project not started

Goal for the area	The Corporate Division must obtain energy certificates, where they are available, for all commercial property with borrowing in excess of NOK 10 million by the end of 2021.				
Measurement parameter	Proportion of customers with borrowing in excess of NOK 10 million for which an energy certificate has been obtained.				
Goal attainment	2021	2020	2019	2018	2017
	27%	24%	Project not started	Project not started	Project not started

Greenhouse gas emissions and uptake of CO2 in our Corporate Division portfolio

(1 000 tonnes of CO2e per year):



Estimated greenhouse gas emissions from the loan portfolio and estimated uptake in forests. Calculation method: PCAF and the Norwegian Environment Agency. See the further analysis and explanations in the appendix 'Proportion of green loans and greenhouse gas emissions in the loan portfolio'.

678 000 tonnes of CO2e represent the total emissions in the Corporate Division's portfolio

17.7 tonnes of CO2e is the carbon intensity per NOK millions.

The Bank does not provide loans for:

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

There may be reasons other than sustainability for why the Bank refrains from lending to certain industries.

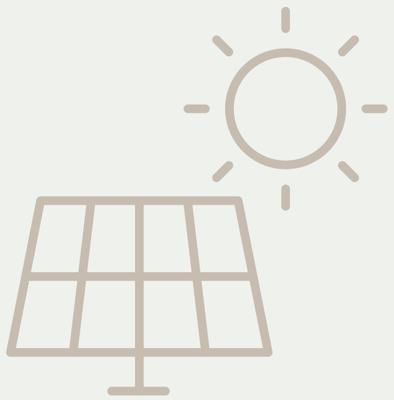
Through our green agricultural loans, we financed the construction of 12 solar farms on actual farms to the tune of NOK 3.6 million in 2021. This corresponds to around 146 tonnes of CO2e emissions avoided per year. At the end of 2021, we had 41 green agricultural loans with a total lending volume of NOK 8.5 million.

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

Due diligence assessments and credit ratings

Sustainability is a topic that we address in our first contact with customers, and we assess new customers in relation to our Guidelines for Corporate Social Responsibility and Sustainability for the Corporate Market. The assessments particularly target sectors and types of activity that we do not wish to finance, any risk of breaching working environment, labour and human rights, and any risk of failing to comply with laws regarding economic crime and money laundering. Based on such assessments, we ended up with a significant number of applications that did not result in a customer relationship with the Bank in 2021. These primarily involved smaller enterprises that applied online.

Green agricultural loans



12 Solar powered installations on farms that have been financed through our green agricultural loans

146 tonnes of CO2 emission avoided as a result of these installations

However, the main focus is on including sustainability as part of the credit process. The governing document for credit in the Retail Division and Corporate Division was updated in 2021 and sets clearer guidelines concerning the focus on sustainability in credit applications. The Corporate Division had a dialogue about sustainability with almost all the customers who applied for financing in 2021 and we conducted thorough sustainability analyses of around 760 loan applications, an increase of 40 per cent compared with 2020. This represents approximately 45 per cent of all customers who submitted a loan application in 2021 for more than NOK 1 million. 14 per cent of customers have an analysis that is not older than 1.5 years and is still valid. See figure below.

The primary aim of the analyses is to identify sustainability risk as a component of the credit risk from potentially granting the loans as sought. The physical risk related to fixed assets/properties we have collateral in and the risk of loss of income or increased costs due to climate change or instructions/prohibitions are key parts of such an analysis. The sustainability risk identified can in some cases result in us not wanting to grant loan applications.

The analyses also cover questions concerning the protection of nature and the environment, social conditions, labour and human rights, and compliance with laws/regulations for the activities being carried out. In the analyses, we rely on quality and certification schemes implemented by the sectors themselves and on the recommendations of experts. Such analyses also focus on assessing the customer's knowledge, motivation and plans, as well as clarifying any measures that have been implemented to contribute to the green shift. Raising

Sustainability assessments in loan cases

14 % have thorough assessments less than 1.5 years old

45 % underwent thorough assessments in 2021

41 % had a basic dialogue on sustainability

Sustainability guide for enterprises

How do you start the work on sustainability?

Many enterprises are finding that customers, the authorities and others expect them to have a responsibility and sustainability profile. However, it is easy to lose your way among the various initiatives and frameworks, and many guides are too complicated for a small enterprise.

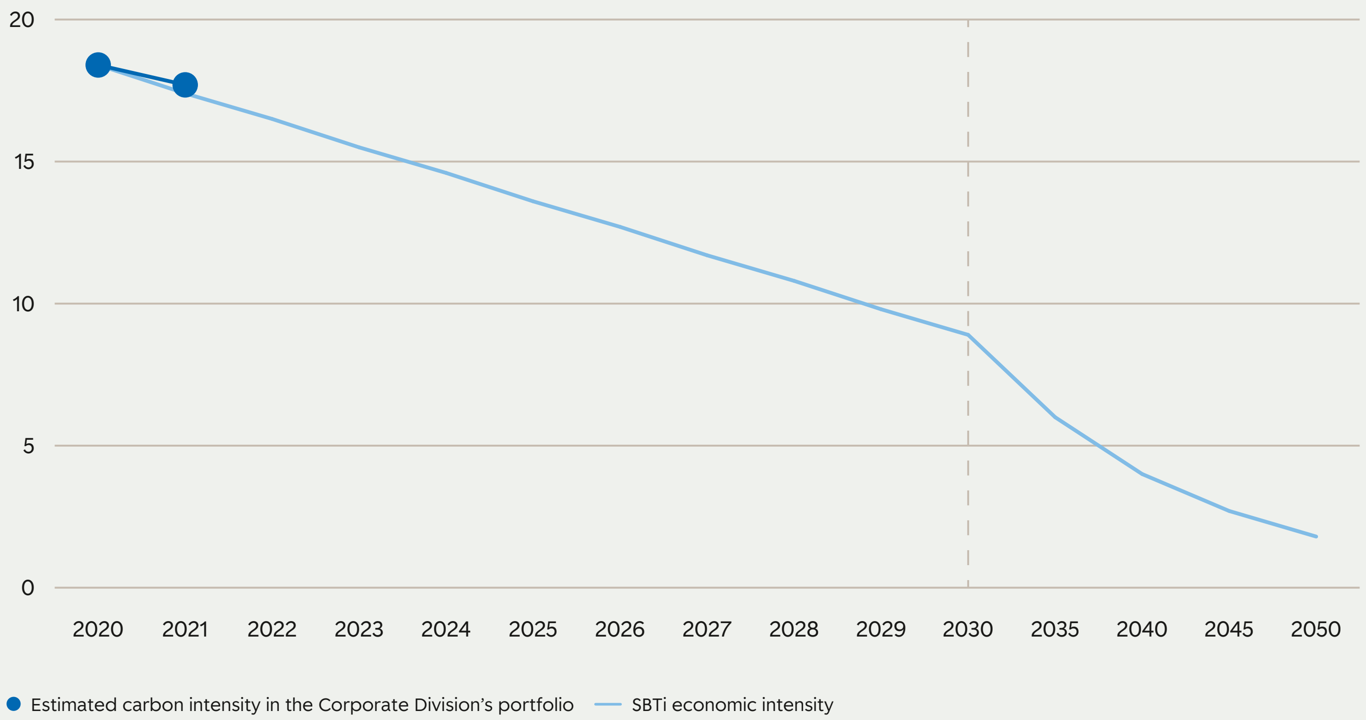
SpareBank 1 Østlandet has therefore produced a simple guide to help enterprises get started. The guide is suitable for enterprises that do not have their own sustainability department or for new employees within sustainability who do not know quite where to start.

The guide was launched in October 2021 and has been produced as an e-learning tool with different chapters and tasks. The Bank's goal is to contribute to sustainable development and the sustainability guide is part of this work.

– The guide is written in a simple and practical manner for use by small or medium-sized enterprises, which encompasses more than 99 per cent of the enterprises in Norway.

Karoline Bakka Hjertø, Head of Sustainability

Estimate carbon intensity in the Corporate Division's portfolio for 2020 and 2021 with projections of carbon intensity in line with SBTi.



For more information on Scope 3 emissions, the loan portfolio and the Science Based Targets (SBTi) for cuts in the period up to 2050, see the appendix 'Proportion of green loans and greenhouse gas emissions in the loan portfolio'.

the awareness of customers and encouraging them to implement sustainable changes are also important parts of our dialogue with customers.

In 2021, we joined forces with the other banks in the SpareBank 1 Alliance to purchase a new sustainability analysis module for corporate customers. The module can be included in the processing and production system we use in the loan process. The goal is for the module to simplify the analysis work and integrate it into loan application processing in an even better way. We are working with the other banks in the Alliance on filling the module with good, relevant topics for each sector.

What remains to be done in a longer perspective?

2021 was the last year of the strategy period now ended (2018–2021). The Corporate Division achieved its main goals for the strategy period and laid a good foundation for an even greater focus on sustainable restructuring in the coming strategy period. The Corporate Division's main focus in the new strategy period (2022-2025) will be on cutting greenhouse gas emissions in the portfolio in line with our short-term and long-term goals. We have set revised and specific targets for the most important sectors with milestones in 2025, as well as Science Based Targets for the entire loan portfolio, with milestones in 2030 and 2050.

Risks and opportunities

The climate risk in our loan portfolio remains relatively low because it is almost fossil free. We can see that we will have to maintain our focus on reducing climate emissions, especially in the real estate property, construction and agriculture sectors since these account for the highest emissions in our portfolio. We are working with the sectors and want to support the measures the sectors themselves choose to implement. Our goal for the next strategy period is to be a clear driving force behind sustainable restructuring.

This restructuring represents huge potential for us as a bank because:

- The sectors we currently lend money to will also have a natural place in the low emission society of 2050.
- We lend money in a market area with great potential within forestry and associated industries.

Training

Measures for all advisers in the Corporate Division in 2021:

- 'Arbeidslivets Klimauke' – a week of training activities and seminars on the climate for all employees
- Ethics Week 2021
- The sustainability quarter – a general meeting with updates on sustainability
- Those who had not completed their mandatory training in 2020 were reminded and completed it in 2021.

Measures for selected advisers in the Corporate Division in 2021:

- Sector seminars – real estate property and the public sector. Heavy focus on sustainability at both gatherings for account managers who work with relevant sectors
- Voluntary webinars

Strategic anchoring

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

Responsible for the area: Executive Vice President Corporate Market

Goal for the area:
(excerpt of main goals)
The Corporate Division's overall long-term goal for our loan portfolio is to have a net zero emissions portfolio by no later than 2050. We have set ourselves some milestones along the way:

The Corporate Division's long-term goal for the commercial property for rent loan portfolio for the period to 2030:

- At least 50 per cent of the loans for commercial buildings for rent in our portfolio must be green in line with our green framework.

The Corporate Division's short-term goals for loan portfolio segments by the end of 2025 (new targets, not yet reported on):

Commercial properties (property rental):

- At least 40 per cent of the loans for commercial properties for rent (loans in excess of NOK 10 million per building) must be green in line with our green framework.
- At least 10 per cent of our loans for commercial properties for rent (loans in excess of NOK 10 million per building) must be for existing commercial properties (built before TEK 17) that meet the requirements of our green bond framework for green upgraded buildings.

Construction projects (residential or commercial properties):

- By no later than the beginning of 2025, greenhouse gas accounts must be published for loans financed by the Corporate Division for emissions from materials (produced in accordance with recognised regulations) for all construction projects (where the law indicates that such accounts must be produced).
- By no later than the beginning of 2025, we must require a 20 per cent reduction in greenhouse gas emissions (in relation to the average building in 2021) from materials in construction projects that we finance.

Renewable energy:

- Increase the proportion of loans to the renewable energy industry (small-scale hydro, solar, wind and geothermal power) by 50 per cent measured against the same proportion of the Corporate Division's loan portfolio as at 31.12.2021.

Agriculture (new goal, not reported on yet):

- 80 per cent of our agriculture customers with exposures of more than NOK 2 million have started using the climate calculator.
- 80 per cent of our agriculture customers with exposures of more than NOK 2 million have received climate advice and established a climate action plan for their farm.
- 25 per cent of our agriculture customers who have established a climate action plan have implemented measures in line with the action plan that was drawn up.
- By the end of 2025, the Bank should have granted and paid out green agriculture loans to 100 customers.

GRI indicators: F7, F8, F10, F11. Training: 404-2
SDG: 8.10, 9.4, 12.2, 12.6, 12.8, 13.3, 15.a, 15.b, 16.4
GC: 1, 2, 4, 5 ,6, 7, 8, 9
UNEP FI: 2.2, 2.3, 2.4, 3.1, 3.2, 6.1
Eco-Lighthouse: 2065, 2068, 2069, 2070, 2071, 2072

Appendix: Proportion of green loans and greenhouse gas emissions in the loan portfolio, page 240. Responsible lending within liquidity management, page 246.

› The climate risk in our loan portfolio is relatively low because it is almost fossil free. We can see that we will have to maintain our focus on reducing climate emissions, especially in the real estate property, construction and agriculture sectors since these account for the highest emissions in our portfolio.

Chapter 3.1.3

Organisation Market and Capital Market Division

The Organisation Market and Capital Market Division consists, as the name suggests, of two different units, the organisation market and the capital market. Both of the units did very well in 2021, despite the unstable circumstances due to the coronavirus pandemic.

The capital market unit's mission is to offer advice and bespoke solutions within equity trading, asset advice and interest and currency trading. Customers receive personal follow-up and have direct access to their adviser or broker, who provides portfolio advice tailored to the customer's specific needs. This applies to both retail and corporate customers.

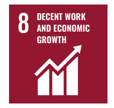
- **The trading desk**
  The trading desk's job it to serve customers' interest rate hedging, equity and currency needs. The unit serves both retail and corporate customers. The Bank has trading desks in both Hamar and Oslo that are served by six people with long market experience.
- **Currency hedging**
  We assist enterprises whose exports and/or imports are exposed to fluctuations in the foreign exchange market. Managing currency risk using financial instruments can help an enterprise reduce its currency risk and improve the predictability of its financial results.
- **Interest rate hedging**
  Changes in the fixed income market can impact enterprises' earnings, financial strength and competitiveness. We offer interest rate hedging to enterprises that want predictability regarding their financial expenses and flexibility that provides opportunities for individual adjustments.
- **Equities**
  We offer a personal contact for trading and follow-up. We offer broad analysis coverage through SpareBank 1 Markets.
- **Asset advice**
  Asset advice is tasked with serving customers who want an extra return on their assets. The team consists of eight asset advisers based in Hamar, Oslo and Kongsvinger. The asset adviser will, in consultation with the customer, put together a portfolio tailored to the customer's requirements with respect to returns, risk and investment horizon. The Bank collaborates with solid, selected suppliers and mainly offers equity funds, index funds, balanced funds, fixed income funds, active management, interest rates and equities when we put together proposals with customers. These are documented in a separate financial plan.

The Bank is a challenger in Oslo and Viken with low market shares and great potential. In Innlandet County we are a major player, although here too there is great potential. The ambition is to increase awareness of the trading desk and asset advice, as well as to increase the proportion of major investment customers. We also want a good collaboration with SpareBank 1 Forvaltning. Adapting to the taxonomy will also be a key factor going forward.

The Organisation Market works on tasks related to the Norwegian Confederation of Trade Unions (LO), unions and associations. LO is both a major owner of the Bank and represents a major customer group. Our goal is to come up with activities that support the Bank's growth, stable funding and produce satisfied customers and owners.

LO has been an owner of the Bank for more than 100 years and the unit is the account manager for more than 20 unions and hundreds of associations. The Bank has been a preferred partner for LO with respect to offering LOfavør mortgages since 2019. The unit consist of a total of three organisation consultants plus an executive vice president.

› LO has been an owner of the Bank for more than 100 years and the organisation market unit is the account manager for more than 20 unions and hundreds of associations.



Good profitability and strong growth for the organisation and capital markets

2021 was a very good year for the Organisation Market and Capital Market Division. Profitability, activity levels and customer capture were all better than expected in a pandemic year.

"Both trading and asset advice have delivered good profitability and goal attainment this year for the capital market unit, in spite of Covid-19. Customers have received good returns on their investments, and the market has done well," says Espen Mejlænder-Larsen, Executive Vice President Organisation Market and Capital Market.

A new business model was introduced with differentiated pricing in line with the service concept chosen by the customer. The ESG self-declaration process with portfolio managers has been completed and the ESG labelling of funds updated.

The organisation market unit was also very busy in 2021. Two important jobs have been to promote the Bank's product range and to teach union representatives about the LOfavør membership rewards programme.

"The combination of the unit's activities, the Bank's other measures and competitive terms and conditions has resulted in high customer and lending growth among LO members," he says.

The work with the trade union movement has been strengthened further during the pandemic in order to highlight LOfavør's membership benefits. The unit has maintained contact and the Bank's relevance, despite Covid-19 and fewer in-person meetings. The goal set for the organisation market area for 2022 is to achieve more across-the-board sales to unions, i.e. within insurance, accounting, banking and investments.

– We will ensure that the Bank's new strategy is implemented and operationalised throughout the division and use the full range of features offered by the new CRM solution. Espen Mejlænder-Larsen, Executive Vice President Organisation Market and Capital Market.

Espen Mejlænder-Larsen, Executive Vice President Organisation Market and Capital Market

Chapter 3.1.3.1 – Material sustainability topics

Requirements for suppliers of financial services – asset management

For SpareBank 1 Østlandet, suppliers of financial services are in this context limited to fund managers. The Bank does not manage its own funds, it offers funds from other suppliers. The Bank is a co-owner of ODIN, a jointly owned company where we are an indirect co-owner thanks to our stake in SpareBank 1 Forvaltning AS.

Why is this a material topic for the Bank?

Saving in funds is becoming an increasingly important savings product for our customers. The funds we offer invest in companies in a very large number of sectors, both in Norway and internationally. Maintaining an overview of companies' performance with respect to responsibility and sustainability within areas such as the environment, climate, human and labour rights, economic crime and corporate governance is difficult for customers. Therefore there is an intense focus on this area, both in civil society and in the financial services industry itself.

What did we achieve in 2021?

All mutual funds offered via the SpareBank 1 Alliance's platform undergo an annual sustainability assessment and are labelled based on with this. This assessment makes it simpler for customers to make sustainable choices and helps to ensure that we efficiently allocate more saved and invested funds to companies that focus on sustainability/ESG (an abbreviation for environmental, social, and governance criteria).

The funds have been analysed by the SpareBank 1 Alliance's independent partner. The funds are divided into categories and no fewer than 95 per cent of the funds have been rated 'A' or 'B', the two best internal rating categories. In our experience, fund managers take this process seriously and expend resources on adaptation to ensure that they get into as good a category as possible.

The labelling scheme was launched in our digital channels at the end of 2020 and gives customers access to general and detailed ESG information about the individual mutual fund. This allows them to take better account of their sustainability preferences in savings/investments in securities funds through us. The ESG status of the individual fund has been implemented as part of the product management process and the annual product review.

Goal for the area	Proportion of funds with a clear ESG profile is growing				
Measurement parameter	Proportion of the Bank's fund offerings graded 'A' or 'B' in the Alliance's ESG labelling.				
Goal attainment	2021	2020	2019	2018	2017
	✓ 95%	✓ 79%	✓ 70%	Not available	Not available

Goal for the area	At least 10 per cent of our customers' investments in funds are invested in funds with a clear ESG profile.				
Measurement parameter	Proportion of customers invested in funds graded 'A' or 'B' in the Alliance's ESG labelling.				
Goal attainment	2021	2020	2019	2018	2017
	✓ 98%	✓ 89%	✓ 74%	Not available	Not available

Goal for the area	A growing proportion of new sales should be in funds with a clear ESG profile.				
Measurement parameter	Proportion of new sales in funds graded 'A' or 'B' in the Alliance's ESG labelling.				
Goal attainment	2021	2020	2019	2018	2017
	✓ 99%	✓ 85%	✓ 80%	Not available	Not available

For 2021, this resulted in a handful of securities funds being removed from the recommended list since they did not meet our ESG criteria.

EU's classification of funds
A Norwegian Act relating to the disclosure of sustainability information and based on the EU taxonomy directive and disclosure directive will come into force in 2022 once the directives have been incorporated into the EEA Agreement. This will contain requirements for fund classification with which managers will have to comply. Fund suppliers will thus have to classify their funds into one of three categories: Article 6, Article 8 or Article 9, depending on the fund's objectives. Article 6 funds are "funds with no special requirements concerning ESG objectives or factors". Article 8 funds "promote ESG" and Article 9 funds "have sustainable investments as their defined purpose".

All of ODIN's equity funds are classified as Article 8 funds, with the exception of ODIN Bærekraft, which is classified as an Article 9 fund.

What remains to be done in a longer perspective?

The focus on ESG in the product management process will remain a top priority for the Bank in the new strategy period. We will continue trying to influence fund managers, both directly and indirectly through the Alliance. We will also adapt to the EU's classification system and focus on recommending mutual funds with a good ESG profile.

Risks and opportunities

The demand for funds with a clear sustainability profile is increasing despite the fact that 2021 was a challenging in terms of returns. Offering sustainable products the customers want represents an opportunity for the Bank to increase its business volume. The Bank believes that the risk is mainly linked to not delivering funds with a clear enough sustainability profile. At the same time, pricing sustainable funds can involve some financial risk, which increases the overall financial risk (relatively short history for many ESG funds so far). The industry also regards greenwashing, or the lack of good enough data to classify something as sustainable, as a risk. We get the impression that an ever-increasing number of management environments are taking this seriously and prioritising ESG work.

Training:

All advisers who work with fund distribution and savings and investment advice completed an e-learning module on the ESG labelling scheme in 2021.

Strategic anchoring

Important guidelines: Strategy for Corporate Social Responsibility and Sustainability. General Guidelines for Corporate Social Responsibility and Sustainability. Guidelines for the sustainable distribution and recommendation of mutual funds in SpareBank 1 Østlandet

Responsible for the area: Head of capital market.

Goal for the area:

- The Bank wants to offer its customers funds with good sustainability profiles (qualitative measurement).
- We provide the customer with good information about the ESG profile of all our funds (qualitative measurement).
- Proportion of funds with a clear ESG profile is growing (quantitative measurement).
- At least 10 per cent of our customers' investments in funds must made be in funds with a clear ESG profile (quantitative measurement).
- A growing proportion of new sales should be in funds with a clear ESG profile (quantitative measurement).

The goals will be revised for the coming strategy period 2022–2025.

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

Appendix: Greenhouse gas emissions in funds, page 248. Requirements for other suppliers, page 250.

› All of ODIN's equity funds are classified as Article 8 funds, with the exception of ODIN Bærekraft, which is classified as an Article 9 fund.

Chapter 3.1.4 – Material sustainability topic

Ethical marketing of products and services

By focusing on ethical marketing, the Bank wants to ensure that we are providing good and verifiable information about our products and services that is easy to understand. We also focus on avoiding greenwashing, which is when someone presents a product as eco-friendly or climate-friendly without an adequate basis for making such a claim.

Why is this a material topic for the Bank?

It is important for the us to practise ethical marketing in order to make services and products transparent and understandable. We do this to ensure that the customer is well-informed and able to make good financial decisions. Our communications and marketing will always aim to be as relevant as possible for our customers and to add value for them.

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

What did we achieve in 2021?

We have integrated sustainability assessments of all of the content we produce and communicate into our procedures and made them a requirement. We quality assure all of our marketing and digital sales on an ongoing basis to ensure that it is, ethically and legally, in line with the Bank's marketing policy.

No breaches of the regulations and guidelines for product and service information and labelling were reported in 2021. No failures to comply with regulations or voluntary guidelines for marketing, including advertising, promotions and sponsorships, were reported either. In 2021, we achieved the following:

- We started measuring our brand in relation to sustainability and corporate social responsibility.
- All of our sponsorship agreements were followed up in relation to sustainability.
- We signed the greenwashing decree ('Grønnvaskingsplakaten') and have implemented it in our marketing work.
- We have clear guidelines on good marketing with an emphasis on ethical marketing.
- We conducted evaluations and surveys of our activities to ensure that our marketing communications are always relevant.
- We quality assured that our purchases were being thoroughly checked in relation to sustainability and complied with the Bank's rules for purchases.

Goal for the area	The Bank's sustainability profile has been clarified and the Bank is viewed as the most sustainable by consumers.				
Measurement parameter	Results achieved in the Sustainable Brand Index, within our industry. The goal is to make the SpareBank 1brand an industry winner. This is a common goal for the SpareBank 1 Alliance, adopted in 2019.				
	2021	2020	2019	2018	2017
Goal attainment	✔ 2nd place after VIPPS*	✔ Industry winner	✔ Industry winner	✔ Industry winner	Not available

* VIPPS is a payment solution, not a bank.

What remains to be done in a longer perspective?
We will continue to work on implementing new guidelines for sponsorship activities in the Bank. Otherwise, we will continue our work in all areas with the same intensity.

Risks and opportunities

We are finding that it is becoming increasingly important to focus on sustainability and corporate social responsibility in marketing work. Ethical marketing is essential in order to strengthen the Bank's reputation and clarify our brand. The risk associated with ignoring sustainability is huge and it can, for example, result in fines, reputational loss and reduced loyalty. If we always make sustainable choices in our actions and decisions, we will be seen as a clear brand that focuses on sustainability and corporate social responsibility.

Training:

Everyone who works in marketing in the Bank has completed the Bank's Ethics Week. They have been informed of the Bank's marketing policy and the greenwashing decree the Bank has signed. The division took part in a range of webinars on the topic of ethical marketing throughout 2021.

Strategic anchoring

Important guidelines: General Guidelines for Corporate Social Responsibility and Sustainability. Code of Conduct. The Bank's marketing policy, brand strategy and sponsorship policy.

Responsible for the area: Marketing Manager

Goal for the area: Sustainability requirements are incorporated into all new or extended agreements. We carry out a sustainability assessment of all the content we produce and communicate. The Bank's sustainability profile has been clarified and the Bank is viewed as the most sustainable by consumers.

GRI indicators: 417-2, 417-3
SDG: 8.3, 9.4, 12.6, 12.8, 13.3, 16.5
GC: 2

› In 2021, the Bank signed the 'Grønnvaskingsplakaten' greenwashing decree, which provides guidelines on preventing a product or business from being portrayed as better than it actually is in terms of its impact on climate, nature, animals and people.

Chapter 3.2

General work

I have been a customer ever since I was 15. I have been in business for 43 years with the Bank by my side, and I've never considered changing banks. For me, it has always been a safe bank that I feel is on the side of companies and that takes care of its customers.

Kari Myrvold, Owner and General Manager, Bus Stop

Chapter 3.2.1

Innovation and business development

The division takes a long-term, systematic approach to creating good customer experiences. 2021 was another different type of year with many Teams meetings and limited in-person contact with our strategic partners. Fortunately, this did not affect either our deliveries or the creativity and efforts of our employees and partners.

The division was responsible for two of the Bank's three priority deliveries in 2021: implementing a new operational CRM system and establishing the Bank's new business strategy for 2022-2025.

The Bank's new CRM system, IVER, is the advisers' tool for communicating with customers. The new customer relationship system was introduced at the end of September. The solution was originally developed in SpareBank 1 Midt-Norway and is based on Microsoft Dynamics.

From and including spring 2019, IVER underwent further development in a collaboration involving us, SpareBank 1 Nord-Norge and our development partners SpareBank 1 Utvikling DA and Sopra Steria. The CRM solution is designed to contribute to:

- Better customer experiences
- Better flow and work processes for employees and managers
- Better results for the Bank

In today's banking market, we need to meet the customer's needs fast, simply and with the right level of quality they expect. This means that we have to set clear goals regarding service quality and response and processing times and follow these up. CRM technology affords us good control over all customer activities and more precise 'routing' of all customer matters across channels and the organisation. The goal is to ensure that all customer enquiries are resolved quickly.

Both the implementation of the new CRM system and the work on establishing the Bank's new business strategy, in collaboration with inFuture AS, demonstrated the strength of our employees. They drew on their substantial capacity to adapt and mobilise when it is most needed.

Innovation and new solutions

Innovation will be an important tool for new growth and development in the years to come as well; not least when it comes to strengthening the Bank's position in the future. Our focus will be twofold: creating new products, services and business models, and strengthening the delivery capacity of existing business through new technology and new partnerships. We want to combine more than 175 years of good banking craftsmanship with external data and services in order to offer the best customer experiences in the future.

Facial recognition ID checks
We tested a new solution for verifying a person's identity in 2021. When a customer arrives at the Bank for an identification check, a photo of the customer is taken, at the same time as the person's passport photo is scanned. The solution then compares the two photos and tells us whether they are the same person or not. The solution will be implemented and come online in 2022. The facial recognition technology was developed by Mobai, a spin off company of NTNU Gjøvik offering facial biometrics solutions for verifying identity and authentication.

Just before Christmas, Mobai, with its partners NTNU, KU Leuven, Vipps, and SpareBank 1 Østlandet, received 'Innovation in Business' support from the Research Council of Norway to develop a solution for safe and secure facial recognition on mobile phones. The goal is to make authentication and identification easier and more secure for both users and enterprises.

The solution will also be socially useful since facial biometrics are important when it comes to solving challenges associated with ID theft and the better identification of customers, for example in the fight against money laundering. Additionally, it can prevent someone performing actions in another person's name. A new Financial Contracts Act gives banks greater responsibility for preventing money laundering and we will have greater financial responsibility when it comes to fraud using, for example, BankID.

Legal services
In 2021, we launched a new concept for legal services. Customers are increasingly seeking legal assistance from the Bank in connection with their customer relationship or life events. We want to meet our customers' needs and help them put legal agreements in place. At the same time, it is strategically important to expand the category 'banking' and explore new income streams and business models. We want more points of contact with our customers that allow us to build a relationship. Legal services are an example of how we can meet more of our customers' needs at the same time as we establish new, capital-smart income streams. The concept has been established through a partnership with the law firm Legalis AS.

Responsible consumption – My climate footprint
'My climate footprint' has been launched in the digital bank. The solution calculates customers' CO_2 footprints based on their transactions. This is part of the Bank's sustainability initiative in which we want to improve our customers' knowledge and insight such that they better understand how their shopping patterns impact CO_2 emissions and the climate. Further developing the system to enable people to reduce their climate footprint will be of interest in the long term. 'My climate footprint' was developed in collaboration with Ducky and SpareBank 1 Midt-Norge.

› In 2021, we focused heavily on simplifying, improving and streamlining the loan process. By the end of 2021, 93 per cent of housing mortgage applications were being started digitally via the online loan process.

Subscription management
We are continuing to enhance the subscription management solution together with Minna Technologies so that customers can cancel subscriptions directly in the digital bank. Overall, almost 40 000 customers took a look at the service in 2021 and more than 8 000 subscriptions with the around 50 suppliers currently available were terminated directly in the mobile bank. One calculation shows that this has saved our customers a total of NOK 4.5 million. Customer satisfaction was 4.5 out of 5 and we will continue to develop the solution further to include more suppliers and more transactions, including by enabling subscriptions to be terminated outside the EU as well.

Digitalisation

An ever-growing number of our customers are digitally active in the online bank or mobile bank. See figure on the next page. The Bank is making self-service banking via the digital channels even easier for customers. The figure on the next page shows how digitalisation is growing among our retail customers.

In 2021, we focused heavily on simplifying, improving and streamlining the loan process. By the end of 2021, 93 per cent of housing mortgage applications were being started digitally via the online loan process. One important part of our work has been to make this process user friendly for the customers by providing good support and guidance through simple steps, help texts and proactive chat.

Major improvements have also taken place in the internal process up to the disbursement of a loan. Information from the online loan process is increasingly being transferred directly into the professional system. These systems are increasingly communicating with public registers and new functionality is making application processing more efficient for advisers. This is freeing up their time to focus on customers and provide the right financial guidance. Work on streamlining the loan process will continue in 2022.

A steadily increasing number of corporate customers are also using our digital solutions actively. In the past year, the number of active online banking agreements with corporate customers has increased by 10 per cent. Just 4 per cent of new corporate customers in the SpareBank 1

New personal finances learning app developed

'Kæsj' is the world's first free educational app that uses AR technology and gamification to teach youngsters about personal finances.

The app is a digitalised version of an educational programme SpareBank 1 Østlandet has been teaching since 2017. In this programme, our Youth Coordinator Jesper Foss has travelled around schools as a guest speaker on personal finances.

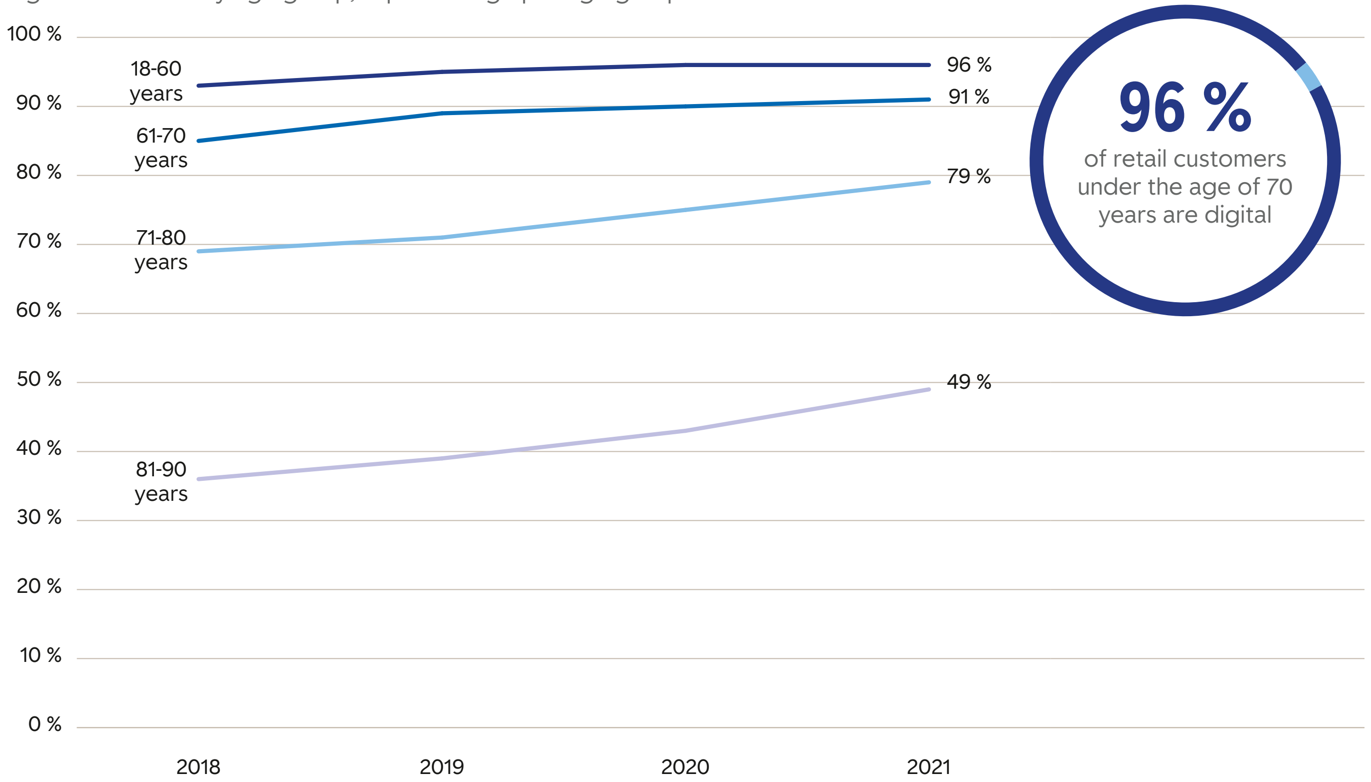
The demand for good ways to learn about personal finances has been so great that the Bank has digitalised the programme in order to reach more people. The app teaches youngsters to think about their personal finances and future with the aid of AR technology and game mechanisms.

Kæsj was launched in August and is designed for youngsters aged 15-16. It is not a maths app, rather it is a tool that supplements the curriculum in social sciences, public health, life skills and maths. The app had been downloaded 8 200 times by the end of the year.

– The app is designed to help ensure that young people learn about important topics surrounding personal finances such that they are well-equipped as they enter adulthood.

Jesper Foss, Youth Coordinator

Digital customers by age group, in percentage per age group



Alliance choose to apply for a customer relationship without access to the online bank for enterprises. This indicates that digital services are becoming increasingly important for our corporate customers.

New arena for online meetings
Our customers can book digital meetings with an adviser instead of visiting a branch in person. The old solution for online meetings was phased out at the end of April 2021 and replaced with recordable Teams meetings. The MIFID II regulations require recordings to be made when an adviser speaks to a customer about saving and investment services on the telephone or via video. About 30-50 Teams meetings have been recorded per month since the service was launched. Teams meetings that were not recorded were used for general customer dialogue throughout 2021.

Cards and payment

Physical cards remain the preferred means of payment in Norway. SpareBank 1 Østlandet had around 415 000 debit and credit cards in our portfolio at the end of 2021. Our customers spent NOK 52.2 billion in 114 million cards transactions in 2021.

Covid-19 continues to affect how we pay for things. No fewer than nine out of ten customers now choose contactless payment when they shop, a change that is here to stay.

Expanded reserve solution – BankAxept
In autumn 2021, we expanded the reserve solution for payments with BankAxept in Norway. The purpose was to defer the public's demand for cash in situations where the electronic payment systems are down for a prolonged period, and a range of crisis scenarios could occur. The expanded reserve solution makes it possible to make payments and purchase essential products such as groceries, medicines and fuel.

New cards from recycled plastic
We are interested in making sustainable choices and are always looking for good new eco-friendly measures. In 2021, we started using recycled plastic in the production of debit and credit cards. The new, more eco-friendly cards were launched on the market from January 2022.

Automation and the use of digital assistants

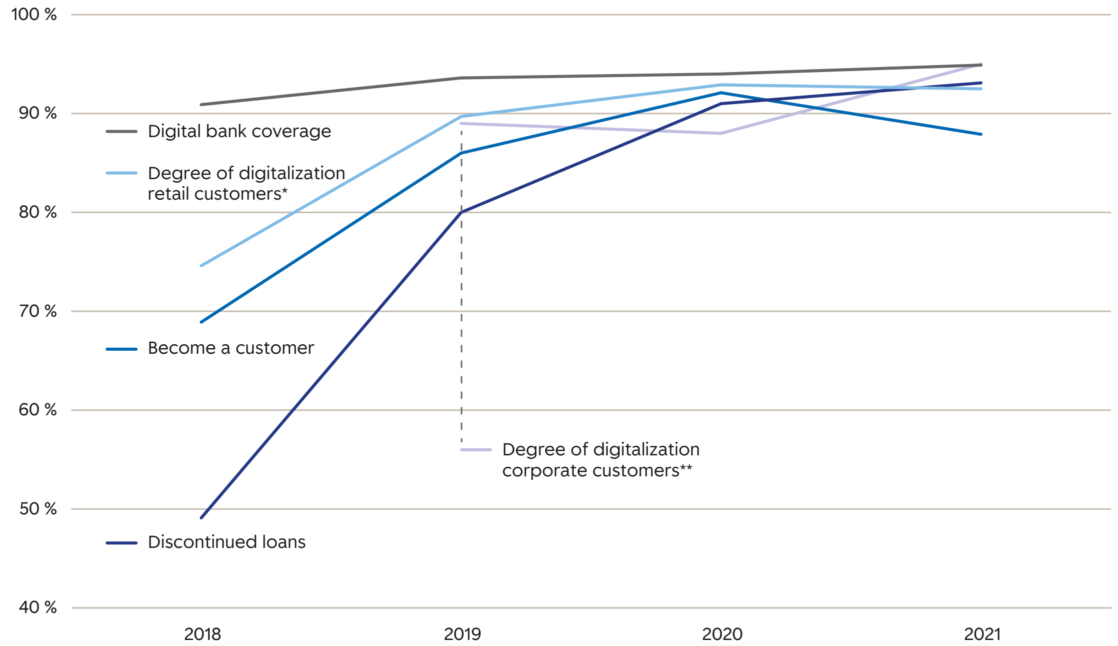
The automation of customer and work processes through the use of digital assistants (Robot Process Automation (RPA)) is producing good results. Many processes have been automated and both the number of cases being processed, and the number of hours being freed up are increasing. For the parent bank, this now amounts to 50 FTEs per year, an increase of almost 40 per cent in 2021.

For the Group, automation has freed up 66 FTEs of time and is contributing to faster application processing and more automated checks.

The number of cases/enquiries handled by digital assistants has increased by 15 per cent in the past year. For the Group, this represents more than one million cases/enquiries. The number of FTEs of freed up time is increasing by more than the number of cases/enquiries because we are now handling more complex and work-intensive processes using digital assistants.

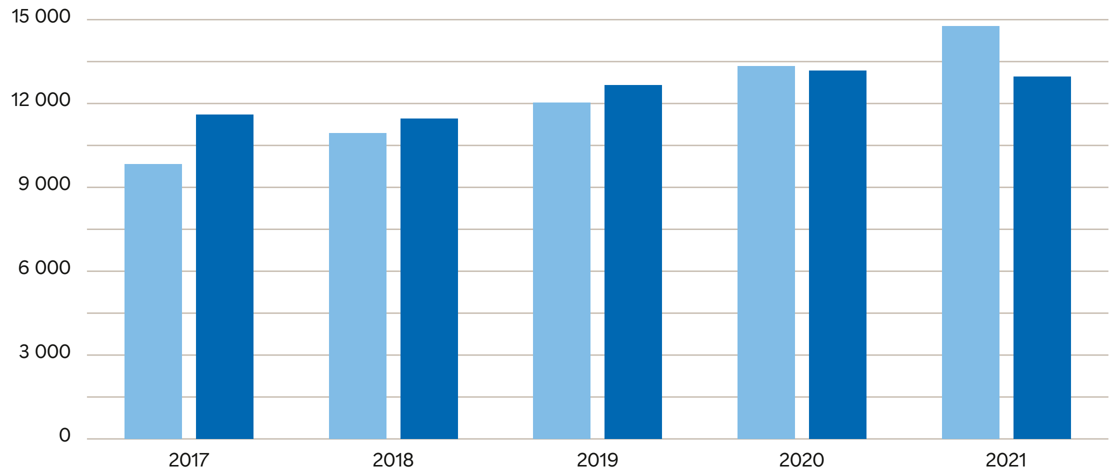
The use of leading AI technology has made our chat solution an important component of our service concept. Our digital assistant is handling steadily more chat enquiries

Digital development, retail customers and corporate customers



* The digitalisation rate shows whether customers set up products themselves or if it is done manually by the Bank.
** No digitalisation rates are available for enterprises prior to 2019.

Development in the number of customers using the online business bank



Active agreements: The customer can log in to the online business bank.
Registered agreements: The customer cannot log in to the online business bank themselves, but the enterprise's accounts are linked to another online banking agreement – for example via the online banking agreement with the customer's accountant.

and helping to provide customers with rapid answers and guidance on the use of digital self-service solutions.

If they want to, customers can continue their chat with one of our advisers, although only 19 per cent of all chats are transferred to an adviser. Customer satisfaction surveys confirm that customers are very pleased with the solution.

The solution is being developed and improved further in collaboration with the Bank's customer service centres, which means that we are constantly adapting the solution to meet customer needs.

Proactive chat was launched in June 2021. In our self-service solutions, customers are offered the option of chatting to an adviser when, for example, they are going to complete a loan application. This makes it easier for customers to receive effective guidance, at the same time as it improves the quality of the applications and results in faster application processing.

Automation combined with robot technology is contributing to better customer journeys, greater availability and faster case processing, while also freeing up time for customer follow-up and advice. There is still a lot of potential for streamlining and automating processes through the use of digital assistants and this will be an important focus area in the coming strategy period.

Insight-driven development and improvement work

The Bank takes a systematic approach to the work on continuous improvement. Close cooperation between the business divisions, customer service centres and the Innovation and Business Development Division has contributed to both major and minor improvement measures. The goal is to make everyday life easier for both customers and employees.

Using digital improvement agreements and working in multidisciplinary teams mean that we can interact efficiently across the organisation and locations.

We have made a systematic effort to facilitate the increased use of data and insight as a basis for both development and improvement work. Our new CRM platform – IVER – will be an important part of our work on insight-driven improvements going forward.

Vision for service experiences
Good service experiences produce good customer relationships. With more data and greater insight, we have looked at how customers are changing how they use the Bank and have established a new vision for service experiences.

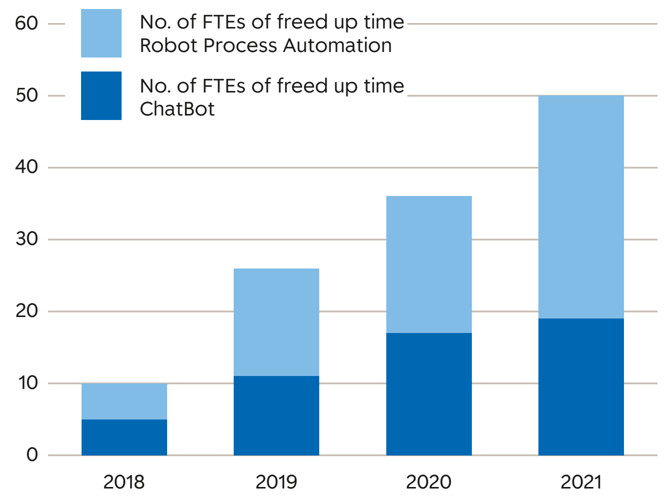
The vision will be partly realised through joint projects in the SpareBank 1 Alliance, in close collaboration with SpareBank 1 Utvikling, and partly through continued improvements in the Bank. The goal is to make our customers' lives simpler through the increased exploitation and use of digital solutions, combined with good guidance and advice from our advisers.

Advanced analysis

Artificial intelligence (AI), including through introducing machine learning (ML), is a new and important area of expertise when it comes to maintaining and strengthening our competitiveness. During the year, we further strengthened our expertise in the field of advanced analysis. We hope that introducing AI and ML solutions will provide us with greater insight, improve customer services and streamline our processes. Our model factory has started production and delivers relevant initiatives to our CRM platform and our advisers. In the model factory, we try to optimise how we develop, manufacture and monitor our analytical models.

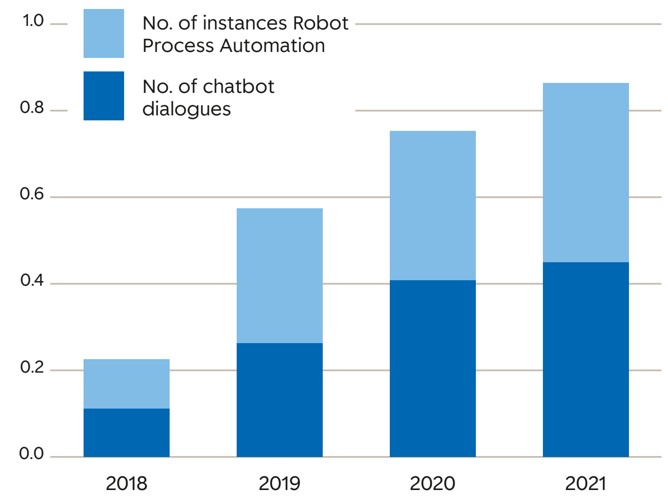
Data and insight will be important elements in the bank of the future, and we are believers in increased data-driven business operations and analysis. By using this responsibly, we want to enable improvements for the benefit of our customers, employees and the company.

Freed up time due to the use of digital assistants



The table shows the development in the number of FTEs of freed up time due to the use of digital assistants in the parent bank.

Number of enquiries to digital assistants (NOK mill.)



The table shows the development in the number of cases/enquiries handled by digital assistants in the parent bank.

How we spend our money

The Bank regularly analyses customers' card use so we can see consumption trends and developments. We spent more money than before in 2021. Holidays, travel and nightlife saw a long-awaited upturn, while house and home decrease somewhat.

Analysing customers' card usage is an important indicator of how consumption is changing. This was especially interesting during the pandemic because we could immediately track the effect of certain government measures. The figures have provided us with important knowledge about what spending and demand for goods and services were like during the pandemic.

Increased consumption

2021 was a year in which spent more money, while also saving more. Overall, we can see that average card use per customer increased by just over 6 per cent from 2020. If we compare it with 2019, average consumption rose by almost 9 per cent.

More on holidays and nightlife, less on house and home

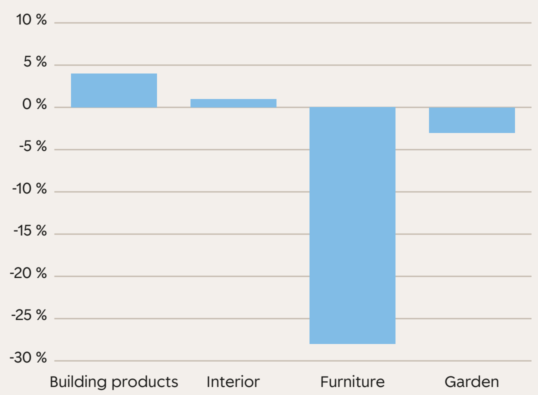
If we look at 2021 as a whole, we can see that each of us spent an average of 18 per cent more money on holidays, travel and accommodation than in 2020. However, consumption was far lower than in the year prior to the pandemic (2019); in fact no less than 46 per cent lower. We also spent more money on nightlife and restaurants in 2021, 14 and 49 per cent, respectively. However, we still have some way to go before we reach pre-pandemic levels. Public transport consumption also increased, although again we have a long way to go before we reach the level seen in 2019.

We spent a little less money on house and home than in 2020, although it was still far above the 2019 level (13 per cent). Spending on furniture in particular pulled the figure down. Seen in isolation, spending on construction products continued to grow in 2021 as well.

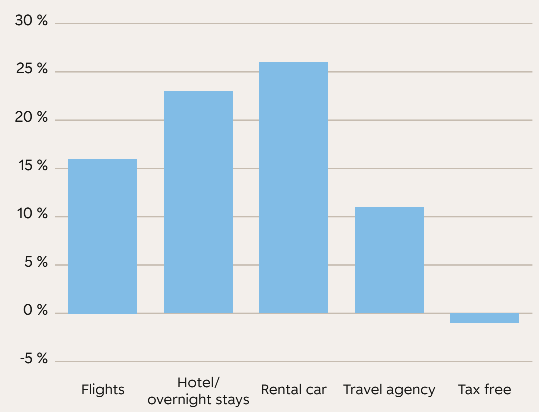
The freight category continued to rise sharply in 2021. This indicates that online shopping continued to grow throughout the year.

– Analysing customers' card usage is an important indicator of how consumption is changing. This was particularly interesting during the pandemic.

Card usage: House and home



Card usage: Holidays, travel and accommodation



Average card consumption per customer, percentage change from 2020.

Chapter 3.2.2

Our social role

Throughout its 176-year history, the Bank has always been conscious of the important social role it plays. At the core of its mission lie maintaining a long-term perspective and financing good projects for private individuals, businesses, public bodies and clubs and associations.

The Bank plays a key role in economic development and is a prerequisite for value creation in society. SpareBank 1 Østlandet contributes to economic and social development through extensive and active collaborations with business, research and education environments. In addition, we sponsor, and contribute to, a number of cultural, community and sports initiatives. This is how we help to make the region a good place to live, work and run a business in. The Bank thus has a mutually dependent relationship with the communities it serves. When these communities do well, the Bank does well, and vice versa.

We contribute to economic security for both individuals and different organisations by providing good banking services. Our customers' financial services needs must be met from a long-term and confidence building perspective. Payments must be fast, secure and efficient.

We also want to be a driving force behind the green shift, including by specifying requirements and expectations in the area of sustainability, especially for our corporate customers. In this way we are helping companies to restructure and develop when they are met with national and international climate obligations.

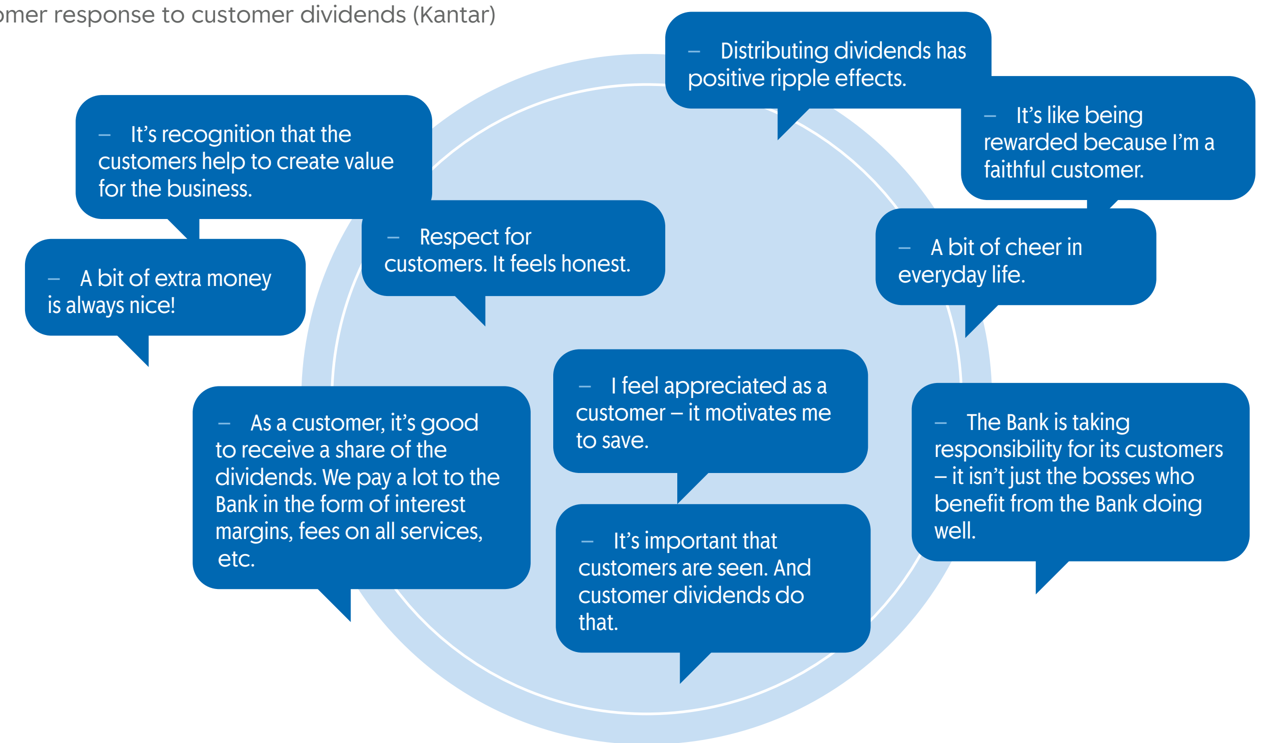
Our tax contributions

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

The Group's tax contributions

Income tax: 416
Wealth tax: 4
Employer's NI contributions: 124
Financial activity tax: 35

Customer response to customer dividends (Kantar)



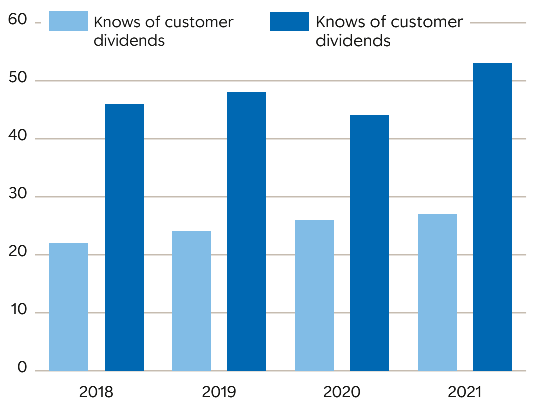
Customer dividends – we share our profits

In the spirit of good savings banks and sustainability, SpareBank 1 Østlandet has a long tradition of sharing our profits with our customers. In all we distributed a total of NOK 231 million in customer dividends in 2021. We also paid out NOK 352 million of our profits in dividends to our owners in 2020.

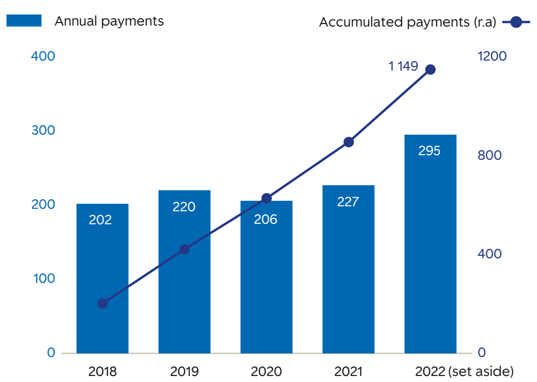
The public's awareness of customer dividends is growing. This is evident from a representative survey conducted by Kantar in 2021. 27 per cent of the public in our market area responded that they were aware that SpareBank 1 Østlandet offers customer dividends. More than half of those asked liked the fact that we distribute customer dividends, an increase of 9 percentage points from 2020. The 'like rate' among customers of SpareBank 1 Østlandet was 71 per cent, which is also a 9-percentage point improvement compared with the year before. As one of our customers said in the survey: "I feel appreciated as a customer – it motivates me to save."

– We have surpassed NOK 1 billion in customer dividends since the start in 2017.

Customer dividends - knowledge and liking



Customer dividends paid (NOK mill.)



Stakeholder map

Stakeholders (the overview is not exhaustive)

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

Stakeholder dialogue

Dialogue and collaboration with various stakeholders are essential if the Bank is to achieve its ambitions and maintain its credibility and good reputation in society. Our key stakeholders, who are customers, owners, employees, authorities, investors and organisations, are all interested in how the Bank is addressing its social responsibility and contributing to a more sustainable world. Maintaining a good dialogue with stakeholders is important with respect to anchoring our work locally, regionally and internationally.

SDG 17 concerning partnerships is central to the Bank's sustainability work and in 2021 we worked well with many stakeholders on many different topics in a variety of arenas. The dialogue with our main stakeholders is described in more detail in the table below. Information about our stakeholder dialogue is also provided in other parts of the annual report.

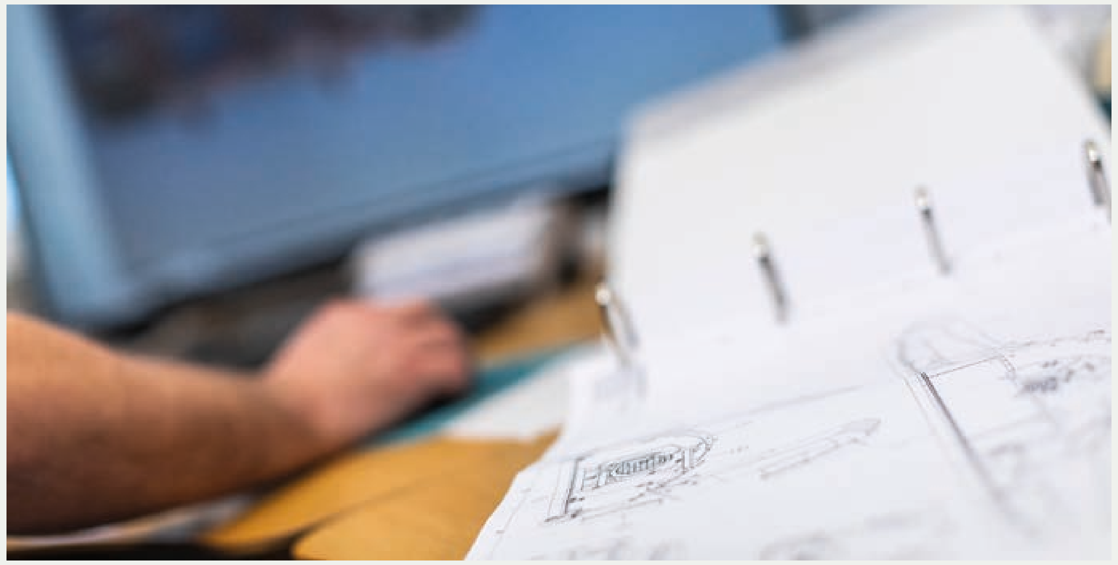
Excerpts from our dialogue with important stakeholders who can help us reinforce our positive and reduce our negative impacts on people, the environment and society:

Who	What	How
Customers and consumers	Steadily increasing understanding of the needs of customers and consumers. Get input on the Bank's products and services.	Customer and consumer surveys. Customer meetings. Talks, webinars, seminars and conferences. Social media, especially dialogue with retail customers. Dialogue on sustainability in loan applications. Sustainability assessments (due diligence assessments) in enterprises' loan applications.
Employees	The Bank's employees at all levels are heavily involved in the work related to the Bank's mission, including in the area of sustainability. For example, employee training is crucial for the dialogue with customers on various sustainability topics.	Training, courses and nano-learning. 'Arbeidslivets Klimauke'. All new employees take part in sustainability workshops. Different working groups. Talks and brainstorming in divisional meetings.
Special interest groups and civil society	The Bank relies on input from a wide range of organisations with varying expertise to quality assure our work. At the same time, the Bank wants to be open about our work. We have particularly focused on talking to young people.	Meetings, calls, emails, webinars and seminars. We continued an initiative from 2020 and had regular dialogue meetings with civil society organisations who work on sustainability in finance. Input meetings with young people in collaboration with the Young Sustainable Impact/Development Goals Forum.
Rating agencies and analysts	The Bank conducts deviation analyses on ratings we receive to identify where there are points for improvement. This is important input because it depends on an external and objective assessment.	Mainly written dialogue through assessments from agencies and the organisations and the Bank's feedback on them. We also provide additional input on methodological weaknesses.
Sponsorships	Sustainability is becoming increasingly important in sponsorship agreements. We want everyone who receives sponsorship funds from us to report on sustainability, although we expect more from the biggest clubs.	Meetings, dialogue, talks. In cooperation with SpareBank 1 SMN, SpareBank 1 SNN and SpareBank 1 Sørøst-Norge, we have, among other things, developed a framework that sponsorship managers can use in their dialogue with NGOs.
Industry organisations	Good sector collaboration is crucial to ensure that everyone is pulling in the same direction and learning from each other.	Participation in working groups. Telephone, email, talks at seminars. Bilateral meetings.
Partners	Good collaboration on sustainability and corporate social responsibility is crucial to ensure that everyone is pulling in the same direction, both in the financial services industry and across sectors.	The SpareBank 1 Alliance has established a Sustainability Forum in which various sustainability topics are collaborated on. We also work with local and regional stakeholders by participating in several business clusters in our market area.
Educational and research environments	The area of sustainability is developing rapidly, and the Bank is completely dependent on close contact with research and academia.	Meetings with various stakeholders. Participation in various reference groups, including for a new programme of study on sustainable finance at BI Norwegian Business School, and for the Centre for Collaborative Learning for Sustainable Development (CCL) at Inland Norway University of Applied Sciences. In the work on a new strategy, the Bank has collaborated with researchers from the SMART project at the University of Oslo to ensure that our sustainability work is more research-based.
International initiatives	International industry collaborations and cooperation across industries are also important. A great deal of development work is taking place in the UNEP FI initiatives.	Among other things, we are active participants in UN led working groups under the Principles for Responsible Banking (PRB) umbrella and in the Net Zero Banking Alliance (including Collective Commitment to Climate Action, CCCA).
Investors	Sustainability is increasingly becoming topic in meetings with investors.	Investor presentations. Presentation of quarterly reports and annual reports.
Media	It is important to promote sustainability topics in finance and contribute to media debates concerning sustainability topics. In 2021, we also had a lot to say in the media about consumers, society, interest rates and macroeconomics.	Opinion pieces and interviews.

Material sustainability topic

Combating economic crime

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



Why is this a material topic for the Bank?

The scale of crime impacting the financial services sector is increasing and becoming increasingly complicated and complex. The Bank's efforts to prevent and detect crime are therefore important from both a national and an international perspective. The Bank has the appropriate procedures and expert employees it needs to address our corporate social responsibility and compliance requirements in this area. This work is linked to SDG 16, target 16.4, which aims to significantly reduce illicit financial flows and combat all forms of organised crime.

Stricter requirements in the area of anti-money laundering, both nationally and internationally, make further requirements of the Bank's operations. The potential for non-compliance with the regulations has increased the Bank's risk and we have conducted analyses of the inherent risk so we can implement risk mitigation measures. These include updated guidelines and procedures, improved deliveries and products from system suppliers and projects for new and improved risk assessment models.

The Board of Directors has adopted a zero tolerance policy for compliance risk in the area of anti-money laundering. The Bank's Board has approved overarching guidelines for the Bank's anti-money laundering and anti-terrorist financing work.

What did we achieve in 2021?

In 2021, the Bank focused extensively on internal control, internal audits and risk assessments within the areas of money laundering and regulatory compliance. We have worked on and continue to work on improving systems support in partnership with other banks in the SpareBank 1 Alliance. The Bank has also expended a lot of resources on further developing risk analysis and improving the solutions for automated models.

This year's risk analysis was based on the work from the previous year's risk analysis and feedback from audits. A large number of working seminars were conducted in 2021 in order to identify risks, find suitable measures and calculate the probability of risks occurring, so-called scoring. This was done with wide-ranging involvement from the Bank, from business areas, managers and expert resources. Several stakeholders and responsible people from the organisation took part in relation to new products and services that had been activated since the previous risk analysis.

In 2021, a total of 26 941 transactions were identified by the Bank's transaction monitoring as requiring further checks. After the Bank's specialists investigated the area, 259 cases were reported to the financial intelligence unit (EFE) in the National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM).

What remains to be done in a longer perspective?

The Bank is actively working to introduce the next generation of anti-money laundering system solutions, which include the use of technologies such as machine learning and advanced data analysis.
A new platform will result in improvements to customer control, transaction monitoring and risk scoring, among other things.

Risks and opportunities

There will always be a risk that people will try and misuse the Bank's products and services for money laundering or terrorist financing. If the Bank is exposed to money laundering, this can have significant consequences from a financial, criminal and reputational perspective.

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

Strategic anchoring

Important guidelines: Governing document for compliance with regulations for anti-money laundering, anti-terrorist financing and sanctions, Security strategy.

Responsible for the area: Chief Operating Office, anti-money laundering manager.

Goal for the area: We focus on being a safe banking partner where all new customers undergo the correct procedures before a relationship is established. We are also interested in ensuring existing customers have been correctly documented and we know where the customers' funds come from to prevent money laundering and/or the financing of terrorism through our bank.

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

Training:

The Bank has worked on training and awareness among all managers and employees. In 2020-2021, all of the Bank's employees underwent mandatory training as required by the legislation. The training was adapted to the individual employee's role and function in the organisation. The training also included board members.

26 941 transactions flagged for further checks

259 cases reported to ØKOKRIM

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

Information security in SpareBank 1 Østlandet

Like other banks and financial institutions, SpareBank 1 Østlandet experienced a sharp increase in the number of cybercrime cases and web-based attacks on the Bank's customers or infrastructure throughout 2021.

The Norwegian Centre for Information Security (NORSIS) reported a 36 per cent increase in the number of reported fraud cases in its annual report on threats and trends in 2020 and thus confirms this trend. An ever increasing and more complex risk picture is also described in the annual report for 2020 from the Norwegian National Security Authority (NSM), which describes web attacks as a serious risk to Norwegian organisations and social functions.

What did we achieve in 2021?

Together with the SpareBank 1 Alliance, we assessed the risks that represent the greatest threats to our operations and what countermeasures should be implemented.

The threats we face largely coincide with the risks other sectors face and in 2021 we particularly worked on the following topics:

- Ransomware or 'encryption viruses' where information is made inaccessible or destroyed via an online attack.
- Social engineering, or so-called 'phishing', where someone attempts to trick customers or employees into disclosing log in information for the online bank or similar. This topic was particularly relevant in 2021 when SpareBank 1 Østlandet was a party to a legal case ('Olgasaken') where the Bank's liability in such cases was tested in the courts.
- Attempted espionage or attempts to penetrate the Bank's systems to extract information.

Together with the SpareBank 1 Alliance, we implemented a number of technical and organisational measures designed to reduce the risk of the Bank or our customers being affected by such attacks. Technical measures are important in this context, although corporate culture and our employees understanding the threat picture are probably just as important. Correct, up-to-date knowledge is important for ensuring that the employees are able to properly manage threats and prevent incidents.

Therefore, we continued the 'Passopp' programme in 2021 with web-based training for employees on information security, with a special emphasis on:

- Social engineering scams and the danger of clicking on links in emails.
- Secure interaction and information exchange
- Duty of confidentiality and protection of information
- Our corporate security culture

The training is mandatory for all employees and will be followed up throughout the year with a view to completion rate and comprehensiveness.

The feedback from both employees and managers has been positive with respect to both content and relevant topics for future courses. The 'Passopp' programme will be continued with the same weight in 2022, together with other described measures. Various tests and exercises will also be conducted to evaluate the effect of training measures and awareness work.

Risks and opportunities

Information security will also be an important topic for us going forward. The incidents that regularly receive coverage in the media show that the levels of activity and the capacity of known and unknown attackers are high, and there is every reason to assume that the Bank could also be the target of such attacks.

It takes time to build a good security culture and a continued focus on information security is important for ensuring that the Bank achieves our goals and can offer good secure products to both customers and employees.

Strategic anchoring

Important guidelines: Security Policy, Privacy Policy, Information Security Management Standard

Responsible for the area: Chief Operating Officer

Goal for the area: We aim to be good, reliable bankers that both customers and employees feel properly address the dependability of our products.

Strategic anchoring

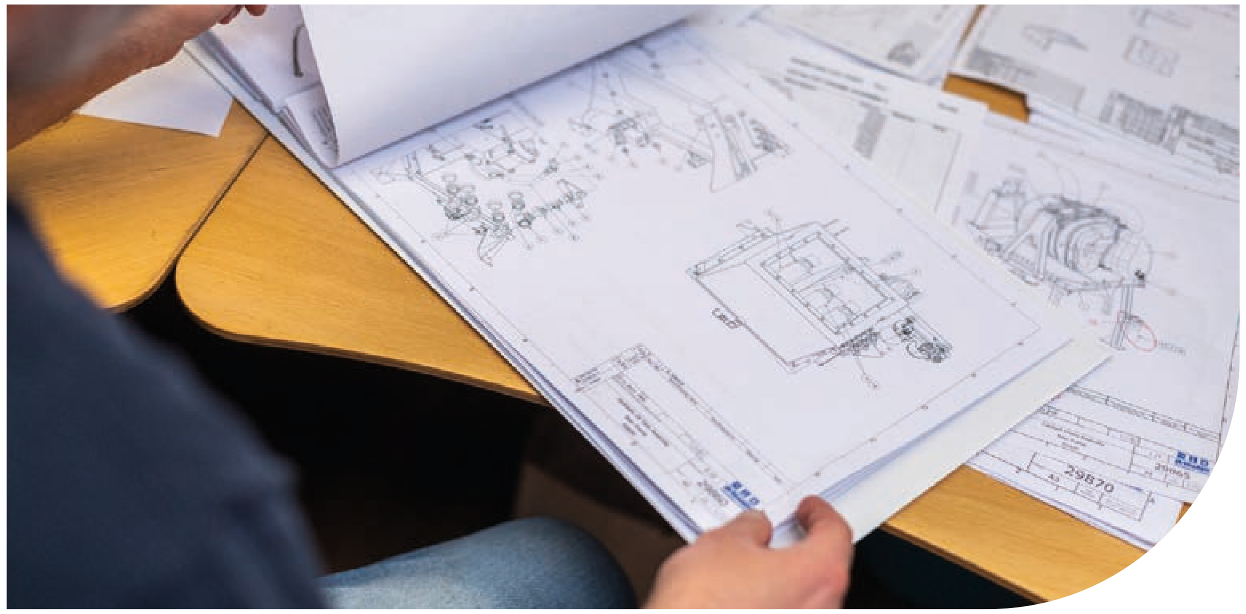
Important guidelines: Security Policy, Privacy Policy, Information Security Management Standard

Responsible for the area: Chief Operating Officer

Goal for the area: We aim to be good, reliable bankers that both customers and employees feel properly address the dependability of our products.

GRI indicators: 418-1. Training: 404-2
UNEP FI: 5.1 og 5.2

› Correct, up-to-date knowledge is important for ensuring that the employees can properly manage threats and prevent incidents.



Privacy

Our customers must be confident that their personal data is safe with us. SpareBank 1 Østlandet focuses heavily on complying with the requirements of the Personal Data Act and the General Data Protection Regulation (GDPR).

It is important that we process personal data in a proper and secure manner in order to earn the trust of customers and employees, and that at the same time we provide space for creating new business opportunities.

The goal is to be open about both what personal data we process and how we do it. The Bank's privacy statement and policy are readily available on our website.

What did we achieve in 2021?

In 2021, the most important tasks were to improve the privacy governing documents and document compliance with the GDPR. We also conducted a major deletion project in order to comply with the limitations on retaining personal data. Our privacy competence programme again increased employees' understanding and awareness of privacy requirements in 2021.

Staffing in the area of privacy was increased in 2021 with the appointment of a head of privacy. A number of expert resources are increasingly becoming involved in important privacy and change projects.

Management and control
Privacy governing documents were updated and made available on our website. Our information security and privacy requirements comply with international standards (ISO/IEC 27001) and statutory requirements such as the ICT Regulations and GDPR.

An evaluation of the area of privacy was conducted based on the internal audit plan for 2021 with a focus on roles and responsibilities, internal control of the processing of personal data and training. The result of the independent review was satisfactory.

The Data Protection Officer reports to the Board of Directors every quarter and every year. The Data Protection Officer has also provided advice and guidance on privacy in internal processes, as well as responded to enquiries about privacy from customers and other data subjects. The Compliance Function conducted 12 control activities related to the area of privacy in 2021.

Privacy for new and changed products and solutions
In order to address the principle of accountability in the GDPR, the Bank improved the documentation showing compliance with the statutory requirements. Documentation was produced during the period showing that all newly started projects and changes to existing solutions were complying with privacy requirements.

Retention limitations and deletion
One important principle in the GDPR is retention limitations. A major project was conducted in 2021 to address this principle. SpareBank 1 Østlandet has updated the deletion procedures for our ICT systems. As part of this, we followed up our suppliers to ensure that deletion procedures were being addressed.

Non-compliance
One important means of improving is to identify and deal with breaches of personal data security, so-called non-compliance. The Bank encourages all staff to report privacy non-compliance. The organisation's ability to identify non-compliance is increasing and this provides us with opportunities to improve.

The Bank was not issued with instructions or fines for violations by the Norwegian Data Protection Authority for any of the instances of non-compliance in 2021. This was because the instances of non-compliance were not considered serious breaches of personal data security and adequate measures were implemented to remedy the non-compliance and prevent future occurrences.

Non-conformance and breaches of personal data security	2021	2020	2019	2018
Number of deviations	45	38	29	7
Number of deviations reported to the Norwegian Data Protection Authority	8	9	7	4
Number of fines or penalties from the Norwegian Data Protection Authority	0	0	0	0

The cases were mainly to do with misaddressed communications, deficient access control and other non-compliance of a less serious nature. Adverse events and non-compliance linked to information security and privacy are registered, followed up and reported.

Plans for the work on privacy

The expert environments in the SpareBank 1 Alliance will continue the collaboration that is helping to improve assessments, support methods and tools for managers and experts.

Bank employees with special roles will get access to relevant training and up-to-date expertise in the area of privacy.

The Bank will continue to work on continuously improving the documentation showing the privacy work's compliance, while we will also follow up our suppliers and outsourced services in relation to the area of privacy.

Risks and opportunities

The personal data of customers and employees must be processed both as part of day-to-day operations and business development. The Bank's goals are to respect the privacy of the data subjects, ensure compliance with the GDPR and protect our reputation when we need, or are required, to process personal data.

Privacy is always an important factor when one is developing and managing services and ICT solutions. A dedicated compliance tool helps document compliance with privacy requirements. Privacy risk assessments and impact assessments are an important part of this documentation.

Training

All employees receive regular mandatory training in the area of privacy. In 2021, we particularly focused on training managers. Additionally, all employees took a number of general e-learning courses on privacy and completed an annual survey on our corporate security culture. When a new CRM system was introduced, all users took an e-learning course with a focus on privacy.

› The goal is to be open about both what personal data we process and how we do it. The Bank's privacy statement and policy are readily available on our website.

Strategic anchoring

Important guidelines: Privacy Policy, Privacy Standard, Standard for Deleting Personal Data

Responsible for the area: Executive Vice President HR and Legal, Data Protection Officer, head of privacy.

Goal for the area: The objective of our privacy work is to ensure that by taking a systematic and risk-based approach we:

- respect the data subjects' privacy and family life, their home and their correspondence, as well as their other human rights
- comply with the Norwegian Personal Data Act and the EU's General Data Protection Regulation (GDPR), other privacy legislation and recognised guidelines
- support the business operations such that SpareBank 1 Østlandet maintains constant control over how personal data is processed
- protect SB1Ø's reputation through the correct processing of personal data

GRI indicators: 2-25 og 418-1. Training 404-2
UNEP FI: 5.1 og 5-2

Corporate social responsibility

Our non-profit work is wide-ranging. In the tradition of good savings banks, we organised many local and regional initiatives designed to contribute to a healthy understanding of personal finances and increase well-being and positive development in rural and urban areas in our market area.

Below are some of our most important contributions in the area of social engagement in 2021:

Teaching children and young people about personal finances

Part of the Bank's corporate social responsibility involves helping to improve the understanding of personal finances among children, young people and groups of customers with special needs. The Bank therefore has a years-long tradition of helping to improve the public's understanding of personal finances. We do this through school savings and the annual 'Savings Bank Week' in connection with World Savings Day, which was established as early as 1924. The Bank has taken this initiative a step further and has for more than 10 years had a travelling teacher in personal finances in collaboration with 'Young Entrepreneurship'. The goal is to help reduce the number of debt collection cases among young people. The teacher has taught tens of thousands of pupils and thereby helped to develop the financial skills of children and young people. Like 2020, 2021 was also a different kind of teaching year with schools closed for periods and a lot of home schooling. Nonetheless, more activities were conducted in which around 3 500 pupils received tuition using the programmes 'Economics and Career Choices', 'Boss of Your Life', and other financial programmes via the Bank.

Services for everyone

Even though both younger and older customers are becoming increasingly digitally savvy, there are some who still need other solutions. Therefore, we offer several services for non-digital customers. Telephone banking, postal giros and staffed full-service customer services centres are just a few examples of these. We also have 36 branches where customers can meet our advisers in person. To help more people start using and benefiting from our digital services, several branches also arrange courses for the elderly on how to use the digital bank. However, there has been very little of this in the past 2 years because of infection control restrictions.

› Our private economist and chief economist were active in the public sphere in relation to various topics in 2021. They have helped spread insights into, and an understanding of, saving, consumption, debt, interest rates and macroeconomics.

Providing expert advice via the media and other channels

We have established experts and spokespeople in several areas, and we always strive to share knowledge and advice through both the media and the Bank's own channels. Our private economist and chief economist were particularly active in the public sphere regarding various topics in 2021. They have helped spread insights into, and an understanding of, saving, consumption, debt, interest rates and macroeconomics. We have established a good dialogue with several media outlets on this type of topic, which has resulted in a number of good media stories. This is both important and socially useful in normal circumstances, but it is especially important right now because the Covid-19 situation has created a lot of uncertainty about the socioeconomic consequences of the pandemic.

Support for good causes

Most of the donations from the Bank's profits are made via Sparebankstiftelsen Hedmark, see page 106. However, the Bank still makes individual donations to good causes. We support the TV Action fundraising campaign every year and in 2021 we donated NOK 150 000 to Plan International and their fight against child marriage. The Bank also hosted fundraising teams that called companies. The teams included people from business, organisations, politics and sport who were raising funds for TV Action. They raised a total of more than NOK 600 000. The Bank also volunteered its services as a counting bank for TV Action. Besides this, the Bank traditionally gives a Christmas gift to people in need rather than gifts to customers and employees. This year, we donated NOK 200 000 to children and families at risk of violence and who had to seek shelter at a crisis centre at Christmas.

Sparebanken Hedmark's Art Fund

In 2021, the Board of the Art Fund finalised and presented gifts of art to Åmot Municipality and Hamar Municipality. It also continued to work on previously approved works of art for the municipalities of Stange, Kongsvinger, Sør-Odal, Åsnes, Våler and Elverum. No funds were allocated to the Art Fund in 2021.

Expectations surveys provide valuable social insights

We conduct regular expectations surveys of people and businesses in the region. The results provide us with important insights into how they perceive the present economic situation and the future.

Over the course of the pandemic we have conducted expectations surveys on a semi-annual basis with a large and representative sample of respondents in our market area.

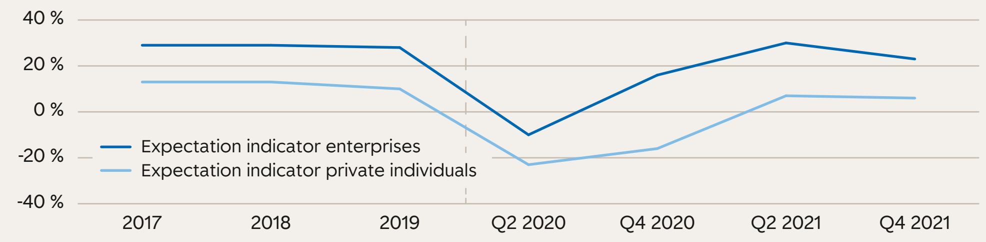
The surveys have provided indications of how the pandemic has impacted things like faith in one's own and the country's finances, plans for major investments and expectations for the future. It has also been helpful to hear people's thoughts on major acquisitions and corporate investment plans, as well as whether they plan to hold back or continue spending. Furthermore, the surveys have provided insights into how people, businesses and society have been affected by Covid-19 over time.

In general, the views of households and their faith in the country's finances have been strongly affected by the pandemic, while their faith in their own finances has been relatively stable and positive. The vast majority feel that they have good control over their finances, which is supported by the Bank's experiences during the pandemic. People's plans with respect to major investments have also remained relatively unaffected by the pandemic.

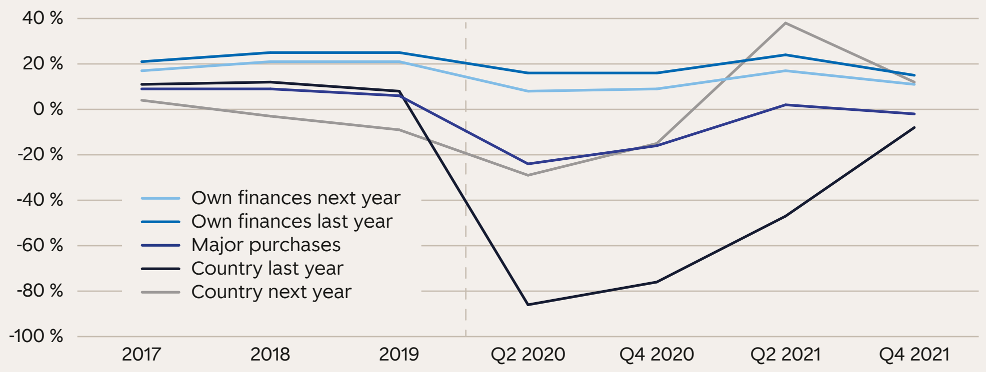
Businesses' expectations suffered a serious blow when Norway shut down in March 2020. However, they recovered quickly and have since been consistently on the positive side of the scale. Nonetheless, the emergence of the omicron variant in November/December 2021 resulted in a slight drop in optimism. The pandemic has also resulted in a persistent rise in businesses' view that restructuring is required. Additionally, many say that they have changed their business model or found new sources of income during the Covid-19 crisis.

The freight category continued to rise sharply in 2021. This indicates that online shopping continues to grow.

Overarching expectation indicator for private individuals and enterprises



Private individuals' expectations regarding their own and the country's finances



The bank of sport

SpareBank 1 Østlandet has a long tradition of supporting both elite and grassroots sports locally, regionally and nationally.

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

SpareBank 1 is the main sponsor of the Norwegian Ski Federation Cross Country and in 2020 also signed a long-term business and marketing agreement with the Norwegian Olympic and Paralympic Committee and Confederation of Sports (NIF). With this agreement we are delivering good, cost-effective solutions for sports, including sports clubs, special associations and NIF centrally. This supports and consolidates SpareBank 1's role as the bank of sport.

Money can be a barrier to taking part in organised sports. Together with NIF, we want to help lower this barrier with good measures within inclusion and circular economics. Combating exclusion in organised activities has been included in multiple sponsorship agreements. For example, we contribute to lower training dues for the youngest in Lillehammer Skiing Club, Lillehammer Cycling Club, Brumunddal Football Club and Elverum Football Club. In Oslo we have, together with Vålerenga Hockey, purchased goalkeeper equipment that can be borrowed for free.

Together with local clubs and the Norwegian Ski Federation, Cross Country, we arrange annual swap weekends for second-hand skiing equipment. We are working on expanding our swap weekends to also include equipment for all types of summer and winter sports. Many of the activities planned for 2021 were postponed until 2022 because of the pandemic.

We want more people to have the chance to go skiing. That is why we launched the 'Skibanken' together with our partners in the sport in 2021. Here, both private individuals and companies can deposit used and unused skis in the bank. The ski bank will then distribute the skis to organisations, schools and sports clubs who will make the equipment available to whoever needs it. We hope this will help let us share the joy of skiing with those who have not tried it before.

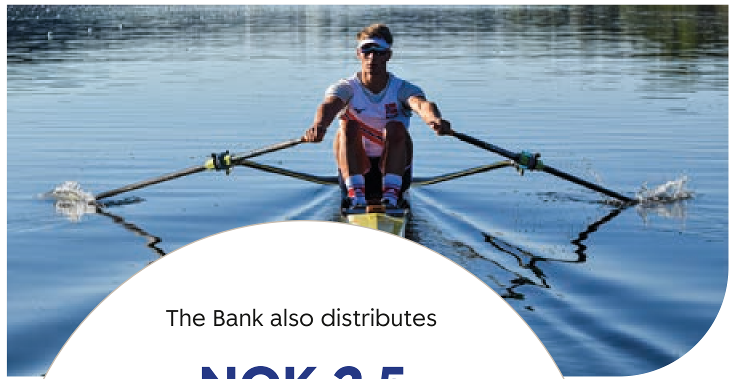
› Money can be a barrier to taking part in organised sports. Together with NIF, we want to help lower this barrier with good measures within inclusion and circular economics.

Gifts and sponsorship

In 2021, the Bank had around 200 sponsorship agreements, large and small, worth a total of NOK 32 million.

- The Bank distributed a total of NOK 10 million in extraordinary gifts to no fewer than 233 clubs and societies to ensure that activities for children and young people could keep going during the coronavirus crisis.
- SpareBank 1 Østlandet sponsors football, handball, cross-country skiing and ice hockey at both the top and grassroots levels.
- At the top level, we sponsor the football clubs Stabæk (men's and women's teams) and Kongsvinger (men's team), the ice hockey teams Frisk-Asker, Vålerenga and Storhamar, and the handball teams Storhamar (women's team) and Elverum (men's team).

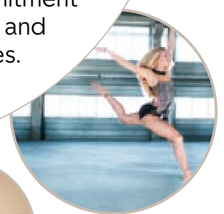
Sponsorship agreements	Donations
NOK 32 mill.	**NOK 12 mill.**



The Bank also distributes

NOK 2.5 million in talent scholarships

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



NOK 10 million in corona help to the voluntary sector

Covid-19 hit volunteering hard. In order to keep the provision and leisure activities going, the Bank announced a pot of NOK 10 million through the 'All Hands' initiative. The funds went to 233 clubs and associations.

Local clubs and associations are a mainstay in many local communities and the contribution volunteers make is important. Unfortunately, thanks to Covid-19 many clubs and associations lost both fundraising opportunities and vital hours of volunteering.

In order to mitigate this, the Bank distributed NOK 10 million to various good purposes in our market area before the summer. The initiative was called 'All Hands'. As a concept, 'All hands' was based on precisely how important it was for the volunteers to come back.

Spleis was used as an application platform. In addition to the NOK 10 million from the Bank, others could also donate via Spleis. This brought in even more funds for club and association coffers. The initiative received a lot of attention in the media and on social media.

– Clubs, associations and volunteers mean a great deal for local communities. As a local bank, we want to support these good forces and it was important for us to be there at what was a difficult time.

Roald Stene, Sponsorship Manager at SpareBank 1 Østlandet.

Sparebankstiftelsen Hedmark

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

Sparebankstiftelsen Hedmark owned 52.15 per cent of the Bank's listed equity as at 31.12.2021.

Ownership

Sparebankstiftelsen Hedmark's mission is to manage the equity capital certificates transferred to it upon its establishment and exercise significant, long-term and stable ownership of SpareBank 1 Østlandet. The goal of the ownership is to achieve a financial dividend and contribute to the Bank's future development. The foundation has prepared a 'Owner Expectations Document' to inform the financial markets about who the foundation is, how the foundation will act as an owner, and the foundation's expectations as the Bank's main equity capital certificate holder.
sparebankstiftelsenhedmark.no/kapital-eierskap/.

Asset management

Today, Sparebankstiftelsen Hedmark is one of Norway's largest charitable financial foundations. As at 31.12.2021, the foundation's total capital amounted to almost NOK 11.4 billion and in addition to the equity capital certificates in SpareBank 1 Østlandet consisted of low-risk, high-liquidity, fixed-income securities and bank deposits in banks with a minimum rating of A3 from Moody's, as well as international equity funds.

Donations for good causes – continuing the savings bank tradition

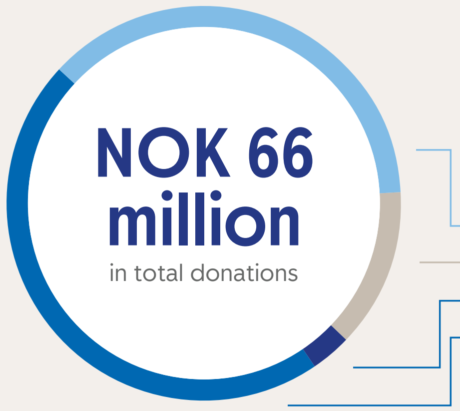
The foundation must use of part of the profit and distribute dividend funds to socially beneficial causes. As part of its distribution of dividend funds, the foundation should preferably take into account the region that built up the capital in Sparebanken Hedmark over 175 years, in other words the former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

Donations in 2021

Since its inception in 2017, Sparebankstiftelsen Hedmark has distributed donations worth a total of more than NOK 400 million to local communities in Hedmark, of which close to NOK 170 million has gone to research and higher education. The donations in 2021 totalled NOK 66 039 900 and went to 390 varied projects around Hedmark.

The joy of science
A donation of NOK 1 million was made for a Newton room in Sand in Nord-Odal in 2021. A Newton room is a technologically well-equipped teaching centre full of exciting equipment. Here, children and young people receive practical teaching in the natural sciences, mathematics and technology. The foundation also made donations to help establish Newton rooms in Eidskog, Ringsaker, Elverum and Koppang as part of a comprehensive effort to provide children and young people with good learning and problem-solving experiences.

Giving children and young people a stage
The Prøysen House Theatre is a free, socially equal arena for recruiting children and young people from Innlandet County into the performing arts with a focus on singing, dance and theatre. It received a donation of NOK 800 000 in order to increase its activities to four performances a year. Eventyrfestningen in Kongsvinger received a gift of NOK 400 000 for the family musical 'Oberst Krebs og jakten på festningssverdet' to which a large number of professionals together with children, young people and adult volunteers contributed, both on stage and behind the scenes. Eventyrfestningen also received a gift of NOK 800 000 for a movable stand for the public that can be used for performances around the region.



Below are some of the donations made during the year:

Category	Donations
Sports and outdoor activities	24 751 900
Culture and society	8 544 000
Humanitarian	2 244 000
Knowledge	30 500 000

'Good education' is one of Sparebankstiftelsen Hedmark's SDGs. Projects that promote good learning and problem-solving experiences for children and young people are priority targets for donations. Here they are calculating circumference in one of the Newton rooms supported by the foundation.

BUA – equipment lending for all
New equipment lending schemes organised by volunteers and municipalities are constantly popping up in Hedmark. Here you can borrow equipment for free – everything from a skateboard to a bike, skis or a canoe. Many also offer a large range of hiking equipment. Sparebankstiftelsen Hedmark has made donations to most of the lending schemes in its region with up to NOK 200 000 per new scheme. Common to them all is that they try to give children and young people an opportunity to try new and more varied activities, regardless of the individual's personal finances.

All of Hedmark is climbing
In spring 2021, Sparebankstiftelsen Hedmark decided to invite municipalities to build climbing facilities with the foundation's support. Climbing is fun and gets people exercising. With its 'All of Hedmark is climbing' initiative, the foundation is aiming to ensure many inviting climbing facilities are built around Hedmark for the benefit of young and old. The project's goal is to encourage exercise and create local social meetings places. The foundation can donate up to NOK 500 000 per facility.

eSports – the new sport
eSports are growing rapidly, and the foundation is receiving an increasing number of applications for support to buy equipment for newly established clubs around Hedmark. For example, Hamar E-sportklubb received NOK 650 000 in 2021 to buy new equipment that young people can use for free. The project was also part of consolidating Hamar's position as a national centre of gravity within gaming development and gaming education.

Innlandet Science Park
In addition to application-based donations, the foundation also initiates its own projects. For example, Sparebankstiftelsen Hedmark has taken the initiative to establish the Innlandet Science Park with campuses in Hamar, Kongsvinger and Elverum. The ambition is to establish new growth companies, strengthen the growing power of established businesses and contribute to a competitive and attractive university. Science parks bring together education, research, knowledge companies and entrepreneurs' capital under the same roof for one common purpose: to create regional growth. This will be done by building a landmark – a centre of knowledge – that will attract stakeholders and provide space and inspiration to drive forward innovation, entrepreneurship and growth. The plan is to start construction in Kongsvinger in 2023 and in Hamar in 2024.

Read more about Sparebankstiftelsen Hedmark at **www.sbsh.no**.

Our part of the global responsibility

The SDGs are the world's joint work plan for a sustainable future, and it has been decided that they must be achieved by 2030. This will require an immense effort on the part of many stakeholders, from nations and industries to the general public. SpareBank 1 Østlandet is actively working to achieve these goals in order to make a difference. We are doing this by reinforcing our positive impact and by reducing the potential negative impact we can have on people, the environment and society.

The EU's new growth strategy, the European Green Deal, together with the taxonomy for sustainability, provides the framework for a new development in Europe. The ambitions are to achieve net zero greenhouse gas emissions by 2050, for economic growth not to lead to the increased use of resources and to ensure that no people or places are left out in the transition. These are the new economic drivers that the Bank supports and they, together with the Paris Agreement, provide the framework for the Bank's global initiative. In cooperation with a unified national and international financial services industry, the Bank is expending a lot of time and resources on supporting and contributing to the following initiatives and frameworks:

- The UN Sustainable Development Goals (SDGs) – the Bank has identified seven SDGs that are especially relevant to our operations. They are in areas where the Bank has significant risk and an opportunity to have an impact in a positive or negative direction. See the detailed overview in 'Our approach to sustainability', page 36. The Bank also believes it is very important to work with external stakeholders such as customers, organisations, other industry actors and industry organisations, academia and the authorities. That is why SDG 17, which is about partnerships for the goals, guides the methods we employ.
- The UN Global Compact is the largest global initiative in the area of corporate social responsibility. We have been a member since 2017 and support the Global Compact's 10 principles. We use the GRI index to show how we are delivering on this.
- UN Environment Programme Finance Initiative: UNEP FI - Principles for Responsible Banking (PRB) – we were the first Norwegian bank to sign up and are actively working to realise the six principles. The Bank conducted an UNEP FI impact analysis in 2020. This indicates the sustainability related areas in which the Bank can have the greatest impact. This was updated in 2021. The reporting on PRB can be found in the appendices.
- The OECD's guidelines for multinational enterprises – these are recommendations from the OECD countries for business in all sectors of the economy. The Bank actively uses the guidelines in due diligence assessments for responsible business, especially in relation to the corporate market.
- Global Reporting Initiative (GRI) – This is the leading international standard for reporting sustainability, it is recommended by the Oslo Børs. One of the key principles is materiality. In its reporting for 2021, the Bank has updated to the new GRI standard.
- The Coalition for Responsible Business (KAN) – this is a coalition involving the business sector, trade unions and civil society that is lobbying for a human rights act for business. The Bank joined the coalition in 2020. The goal was achieved in 2021 with the Transparency Act.
- The 'Grønnvaskingsplakaten' greenwashing decree – greenwashing is a form of misleading marketing in which companies promote goods and services as green or sustainable but without an adequate basis for claiming this. We support the content of the greenwashing decree and do our utmost to comply with the principles in our marketing and communications.

Initiatives specifically aimed at the climate

- UNEP FI Collective Commitment to Climate Action (CCCA) – we are a signatory to the UNEP FI CCCA, which means that the Bank is taking clear steps towards adapting its operations to the international climate goals. Some of the work has been transferred to the initiative below:
- UNEP FI Net-Zero Banking Alliance (NZBA) – we are one of two Norwegian banks that have signed up to the new climate initiative for banks under the auspices of the UN. This is because we want to accelerate the work towards climate neutrality by 2050. We play an active part in several working groups tasked with developing methods and guides.
- PCAF – a global partnership between financial institutions that is working to gain access to data about, and report on, greenhouse gas emissions in their portfolios. The Bank signed up in 2020.
- Science Based Targets Initiative (SBTi) – the Bank has implemented science-based targets to reduce greenhouse gas emissions within Scopes 1, 2 and 3 (including in the loan portfolio).
- Eco-Lighthouse – the Bank has been environmentally certified based on this environmental management system since 2008. We also use it to report on our direct (Scope 1) and indirect (Scopes 2 and 3) greenhouse gas emissions. The reporting can be found in the appendices.
- CDP – in 2021, the Bank reported on the climate via the internationally recognised non-profit climate organisation CDP and achieved a rating of 'A' in 2020 and 'A-' in 2021.
- Task Force on Climate-related Financial Disclosures (TCFD) – used to assess climate risk and the Bank has reported in line with TCFD since 2018.
- Task Force on Nature-related Financial Disclosures (TNFD) – is used to assess natural risk. The Bank started reporting on natural risk in 2021.
- EU classification system (taxonomy) for sustainable activities – the Bank is working on classifying its portfolio in line with the EU classification system and the disclosure of sustainability information.
- European Climate Pact – in 2021, the Bank joined the European Climate Pact, which obliges us to taking concrete action on climate change and the environment. The Climate Pact is part of the EU's Green Deal.

Read more on:
www.sparebank1.no/en/ostlandet/about-us/sustainability/support-to-global-initiatives.html

› SpareBank 1 Østlandet is actively working to achieve the SDGs in order to make a difference. We are working to reinforce our positive impact while reducing our potential negative effect on people, the environment and society.

Chapter 4

Statement and results

– At SpareBank 1 Østlandet, we always get quick clarifications and decisions. We have good contact, and in my experience the bank is close and local. I really feel that they care about our business.

Ronny Engebretsen, general manager, Øie Eiendomsutvikling. Here together with Senior Corporate Adviser **Mona Andersson**.

Information about the Board of Directors

Siri J. Strømmevold

(born 1961) Chair, lives in Tynset.

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

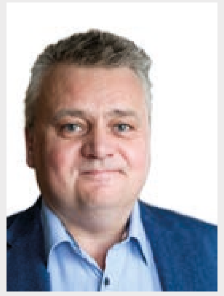
No. of board meetings: 18 out of 19 – No. of equity capital certificates: 3 845

Nina Cecilie Strøm Swensson

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

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

No. of board meetings: 18 out of 19 – No. of equity capital certificates: 4 132



Jørn-Henning Eggum

(born 1972) board member, lives in Bergen.

Eggum holds a goldsmith's craft certificate from Bergen Apprentice School and qualifications within management and organisation through AOF. He now heads the Norwegian United Federation of Trade Unions where he has also previously been a union secretary. Board member since March 2021.

No. of board meetings: 12 out of 19 – No. of equity capital certificates: 0

Tore Anstein Dobloug

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

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

No. of board meetings: 18 out of 19 – No. of equity capital certificates: 0

Alexander Sandberg Lund

(born 1969) board member, lives in Oslo.

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

No. of board meetings: 19 out of 19 – No. of equity capital certificates: 4 286

Espen Bjørklund Larsen

(born 1976) board member, lives in Elverum.

Larsen holds a university college candidate degree in economics and administration, took a 1-year advanced course in innovation, and also graduated as an Executive Master of Management from BI Norwegian Business School. He was the chief employee representative in the Finance Sector Union of Norway in SpareBank 1 Østlandet from 2007-2021 and has been the Bank's employee representative on the Board since 2008.

No. of board meetings: 18 out of 19 – No. of equity capital certificates: 186

Marit Jørgenrud

(born 1965) board member, lives in Oslo.

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

No. of board meetings: 19 out of 19 – No. of equity capital certificates: 1 282

Guro Nina Vestvik

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

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

No. of board meetings: 18 out of 19 – No. of equity capital certificates: 346

Chapter 4.1

Corporate Governance

Corporate governance in SpareBank 1 Østlandet encompasses the values, goals and general principles that provide the basis for its management, supervision and long-term value in the best interests of equity capital certificate holders, customers and other stakeholders.

The corporate governance principles, and the implementation of these, are reviewed annually. SpareBank 1 Østlandet provides a comprehensive report on the principles and practice for corporate governance in accordance with section 3-3b of the Accounting Act and the Norwegian Code of Practice for Corporate Governance.

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

Norwegian Code of Practice for Corporate Governance

The description below describes how the 15 topics in the Norwegian Code of Practice for Corporate Governance of 14 October 2021 have been followed up in SpareBank 1 Østlandet.

NUES Code of Practice	Deviations from recommendation	Changes in reporting from previous year
Implementation and reporting on corporate governance	None	Point about sustainability included, otherwise no significant changes.
Business	None	Company's strategy, policy and guidelines are further elaborated on. Otherwise, no significant changes.
Equity and dividends	None	Company's long-term CET-1 target corrected to reflect existing financial targets. Otherwise, no significant changes.
Equal treatment of shareholders and transactions with close associates	None	No significant changes.
Shares and negotiability	None	No changes.
General meetings	SpareBank 1 Østlandet complies with the laws and regulations that regulate the composition of governing bodies in financial institutions	No significant changes.
Nomination committee	All members of the nomination committee for the Supervisory Board are elected from the groups represented on the Supervisory Board, in accordance with the Articles of Association. At this time expanding the committee by one member from outside the Supervisory Board has not been considered	Changed to reflect revised Board instructions, which now asserts that members of the Board should not also be members of nomination committees. Otherwise, no significant changes.
Board of directors: composition and independence	None	Changed to reflect existing articles of association which states that the Board shall consist of at least 7 and maximum 9 regularly attending members as well as 5 substitute members. Otherwise no changes.
The work of the Board of Directors	None	Clarification that Board of Directors shall approve agreements where the Group CEO or related parties has particular interest. Otherwise, no significant changes.
Risk management and internal control	None	No changes.
Remuneration of the Board of Directors	None	No changes.
Remuneration of executive personnel	None	No changes.
Information and communication	None	No changes.
Take-overs	Statutory ownership restrictions	No changes.
Auditor	None	No changes.

1. Report on corporate governance

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

SpareBank 1 Østlandet has adopted its own corporate governance policy, and will further develop this policy within the framework of applicable laws and in keeping with recommendations emanating from influential sources.

Through its corporate governance policy the company aims to assure sound management of its assets and to give added assurance that its stated goals and strategies will be attained and realised. Good corporate governance in SpareBank 1 Østlandet encompasses the values, goals and overarching policies by which the company is governed and controlled with a view to securing the interests of owners, customers and other stakeholder groups. The company adheres to the Norwegian Code of Practice for Corporate Governance to the extent appropriate to savings banks with equity capital certificates. Any deviations from the code are accounted for in the below text.

The company has given special emphasis to:

- a structure that ensures targeted and independent management and control
- systems that ensure measurement and accountability
- effective risk management
- holistic information and effective communication
- equal treatment of equity capital certificate holders and balanced relationships with other stakeholders
- compliance with laws, rules and ethical standards
- a targeted effort to contribute to sustainable development in the market area

Employees in SpareBank 1 Østlandet shall have high ethical standards as a defining feature. To this end they must display a conduct that is perceived to be confidence inspiring, honest and trustworthy and in compliance with the norms, rules and statutes by which the society is governed. The ethical rules of SpareBank 1 Østlandet deal inter alia with legal (in)capacity; relationships to customers, suppliers and competitors, as well as relevant financial circumstances of the individual. This body of rules applies to members of the Board of Directors as well as all permanent and temporary employees. Securities trading and own trading in financial instruments are regulated by internal guidelines.

Deviations from point 1 of the Code of Practice: None

2. Business operations

SpareBank 1 Østlandet is an independent financial services group and part of the SpareBank 1 Alliance. The company's vision is "Creating together". According to the Articles of Association of SpareBank 1 Østlandet, the business objective includes promoting savings by accepting deposits from an unrestricted group of depositors, providing services to the public, business community and public sector, and managing the funds it controls in a prudent manner in accordance with the statutory rules that apply to savings banks at any given time. The company can perform regular banking operations and banking services in accordance with legislation in force at any and all times. The Articles of Association are available on the Bank's website.

SpareBank 1 Østlandet's business idea is to provide financial advice to personal customers, companies and the public sector in the primary market area, which includes the Inland county, Oslo and the former Akershus county, so that customers can realise their ambitions through investments, savings, payment and insurance of life and values. In addition, the company shall provide real estate brokerage, leasing and accountancy services. We intend to contribute to the growth and development of the community of which we are a part, based on good customer experiences and capable employees.

The Board of Directors of SpareBank 1 Østlandet is responsible for, and leads, the company's strategic planning. The Board will also make decisions that form the basis for the company's management to prepare and implement investments and structural measures. Goals, strategies and risk profiles are assessed at least annually.

The company's ethical rules are available on the company's web pages.

SpareBank 1 Østlandet wishes to contribute to using the combined knowledge and resources of the company to contribute to sustainable development both economically, socially and environmentally. SpareBank 1 Østlandet has therefore developed its own strategy for corporate social responsibility (CSR) and sustainability, and has guidelines and policies within all significant business areas and operations in the company.

CSR and sustainability is integrated in the company's operations, and responsibility is expressed through strategies, measures and activities that the company plans and implements. This is expressed through how the company manages resources at its disposal and through the dialogue with employees, owners, customers, local communities and other stakeholders.

To further operationalise the sustainability goal in the company's overall strategy, the company has decided upon an ambition to significantly strengthen the positive and reduce the negative impact on people, the environment, and society. Further, SpareBank 1 Østlandet has two main purposes. First, the company shall seek to drive sustainable development in its market area, for example through offering sustainable products and services. Second, the company shall consider sustainability in large and small decisions, so that it is an integrated part of the business. The company has identified five significant topics through a materiality analysis, and strengthened this through an impact analysis. Further, responsible lending – the core business of the company - is the main priority among these significant topics, although all of the company's business operations are included in the sustainability efforts.

The company has dedicated CSR and sustainability web pages. Moreover, the annual report includes extensive information about the company's work in the area. The materiality analysis, the impact analysis, and their relevance for the business model is presented in the report.

The company's ambitions and main strategies shall be set out in the annual report.

Deviations from point 2 of the Code of Practice: None

3. Company capital and dividends

The Board of Directors ("the Board") continuously assesses the capital situation in light of the company's goals, strategy and desired risk profile. SpareBank 1 Østlandet has a long-term target for the CET-1 capital ratio equivalent to regulatory requirements and a management buffer of 100 basis points.

For detailed information on capital adequacy, see the relevant note in the annual report. For a closer discussion of the rules governing capital adequacy and the principles on which SpareBank 1 Østlandet bases its assessment of its capital needs, see the company's Pillar 3 report, which is available on the company's web pages.

Dividends
At all times, the company shall have a clear and predictable dividend policy, determined by the Board. The dividend policy provides the basis for those dividend proposals that the Board puts forward to the Supervisory Board. The dividend policy is made publicly available on the company's web pages.

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

Deficits
If a loss occurs, it shall first be covered by a transfer of funds from the primary capital, including the endowment fund and then the equity share capital that exceeds the equity share capital stipulated in the Articles of Association, including the equalization fund. Losses not covered in this manner are covered by a transfer of funds from the share premium reserve, and then by a reduction in the equity share capital as stipulated in the Articles of Association.

Purchases of own equity capital certificates
The Board has been granted authorisation to purchase the company's own equity capital certificates for up to 5 per cent of the Bank's equity certificate capital. The Board of Directors is free to decide how the acquisition, pledging, or disposal of equity capital certificate takes place. The authorisation may among other things be used in connection to savings programs for employees of the company.

Capital increases
The Board is normally given authority by the Supervisory Board to increase the equity certificate capital pursuant to section 10-10 (2) of the Norwegian Financial Enterprises Act, see also the Norwegian Public Limited Liability Companies Act. section 10-14 (2). The authority is given in connection with regular supervisory board meetings and is normally valid until the next regular supervisory board meeting. The equity certificate capital can in one or more rounds be raised up to an amount equivalent to 10 per cent of the company's equity certificate capital. The nominal value is NOK 50 per equity capital certificate. The equity capital certificate holders' preferential rights can be waived. The authorisation can be used to strengthen the company's equity if necessary, issue equity capital certificates as remuneration when acquiring business consistent with the purpose of the company, or in connection with the sale of equity capital certificates to employees and/or employee representatives. The authorisation covers the increase of equity share capital in assets other than cash or the right for the company to assume certain obligations in accordance with § 10-2 of the Public Limited Liability Companies Act, but not decisions concerning mergers in accordance with § 13-5 of the Public Limited Liability Companies Act.

Deviations from point 3 of the Code of Practice: None

4. Non-discrimination of shareholders and transactions with related parties

SpareBank 1 Østlandet has one class of equity capital certificates. Through the Articles of Association, and in the work of the Board and the management team, emphasis is given to equal treatment of all equity capital certificate (ECCs) holders and equal opportunity for them to exercise influence. All ECCs confer an identical voting right. Owners who hold 10 per cent or more of issued equity capital certificates have the right to one representative and one deputy representative in the equity capital certificate holders' election committee. The company abides by provisions of the Financial Enterprises Act 2015 regulating holdings and voting rights insofar as these provisions apply to savings banks with equity capital certificates.

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

Transactions with related parties
There should be an independent valuation of non-material transactions between SpareBank 1 Østlandet and equity capital certificate holders. This does not apply when the Supervisory Board processes the transaction in accordance with the Public Limited Liability Companies Act's rules on agreements with related parties and intra-group transactions. According to the law, the Supervisory Board shall approve certain agreements between the company and equity capital certificate holders when the consideration amounts to more than one-twentieth of the share capital at the time of the acquisition. In this connection, the Board shall ensure that an independent expert, such as a state-authorised or registered auditor, prepares a statement of the agreement/assets, etc.

Deviations from point 4 of the Code of Practice: None

5. Free transferability

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

Deviations from point 5 of the Code of Practice: None

6. General meeting

At the outset, a savings bank is a 'self-owned' institution. Its governance structure and the composition of its governing bodies differ from those of public limited liability companies; see the Financial Institutions Act 2015 chapter 8 about which governing bodies a savings bank is required to have.

Supervisory Board (general meeting)
The company's highest body is the Supervisory Board. This comprises EC holders, depositors, employees and representatives of the public authorities. The EC holders have 12 members in the Supervisory Board. Depositors, employees and public sector representatives have 14, 10 and 4 members respectively.

The Supervisory Board shall see to it that the Bank operates in line with its mission and in conformity with law, its Articles of Association and decisions of the Supervisory Board.

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

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

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

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

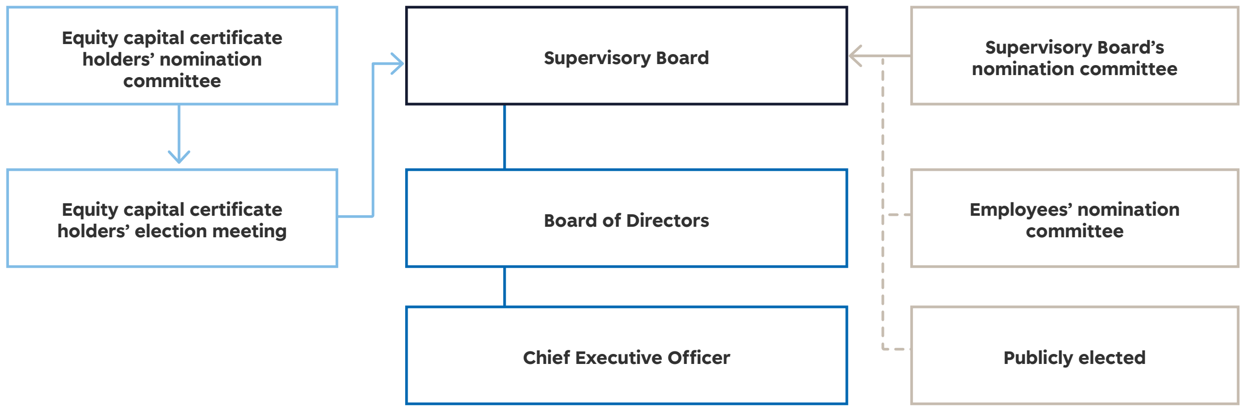
A list of Supervisory Board members can be found on the company's web pages.

Equity capital certificate holders' election meeting
Annually, an election meeting for equity capital certificate holders is held where representatives to the Supervisory Board are elected and information is provided about the company's financial situation. Equity capital certificate holders are invited to the election meeting at least 14 days prior to the meeting. The invitation includes the election committee's nomination for members to the Supervisory Board as well as other relevant material.

Those registered as owners of ECs in the VPS register is entitled to vote. Each EC gives the right to one vote. Whoever has a right to vote can be elected. All EC holders can participate in the meeting and voting by proxy is possible.

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

Governing bodies and election structure in SpareBank 1 Østlandet



Deviations from point 6 of the Code of Practice: Where the composition of the company's bodies is concerned, SpareBank 1 Østlandet abides by laws and provisions that regulate financial institutions. These deviations are not deemed to entail any real difference in relation to the Code of Practice.

7. Election Committee

In accordance with the Articles of Association of SpareBank 1 Østlandet, election committees for depositors and for equity capital certificate holders have been established. In addition, employees have an election board for their representatives.

According to the instructions of the election committees, the committees should follow recommendations by the Norwegian Code of Practice for Corporate Governance as far as they are relevant.

Election committee for the Supervisory Board
The Supervisory Board shall elect a nomination committee from among the members of the Supervisory Board. This election committee shall consist of 5 members and 5 substitute members. The election committee consists of one representative from each of the EC holders, publicly appointed representatives, and the employees as well as two representatives from the depositors, as well as substitute members from each group. The representative of the EC holders in the election committee shall be a member of the election committee for the EC holders. According to the board instructions, members of the Board of Directors should not also be members of the election committee.

In its proposals, the election committee emphasises a composition based on competence and gender. The task of the committee is to prepare elections for the chair and deputy chair of the Supervisory Board, the chair, deputy chair, other members and substitute members of the Board of Directors as well as members and substitute members of the election committee for the Supervisory Board. The committee is also tasked with reviewing and suggesting changes where relevant in the fees for members of the respective bodies.

The election committee prepares the depositors' election of members and substitute members to the Supervisory Board. The election itself happens digitally by depositors. The proposal of the election committee shall be presented at the latest two weeks before the depositors' election takes place.

Election committee for equity capital certificate holders
The election committee prepares the equity capital certificate holders' elections of members and substitute members to the Employees' Election Committee. Elections are held at the election meeting of the equity capital certificate holders.

In addition, the committee shall prepare elections of members and substitute members to the election committee for the equity capital certificate holders. Members to the committee are elected by and among the 12 members of the equity capital certificate holders that are represented in the Supervisory Board. The election committee shall have four to six members and the same number of substitute members. According to the board instructions, members of the Board of Directors should not also be members of the election committee.

Election board for the employees
Elections of employees as members of the supervisory board are done by and among the employees of the company.

The Board of Directors appoints the four members of the election board. The committee is composed of three members proposed by the employees and one member proposed by the management of the company. According to the board instructions, members of the Board of Directors should not also be members of the election board.

Deviations from point 7 of the Code of Practice:

All members of the election committee for the Supervisory Board are elected from the groups represented on the Supervisory Board, in accordance with the Articles of Association. At this time expanding the committee by one member from outside the supervisory board has not been considered.

8. The Board of Directors, composition and independence

The Board consists of at least seven and maximum nine regularly attending members and five substitute members, of which the substitute member of the Norwegian Confederation of Trade Unions (LO) attends regularly.

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

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

Board members are appointed for two years at a time. The Chair and Deputy Chair shall be elected by the Supervisory Board in special elections. Substitute members are appointed for one year at a time.

The composition of the Board is based on expertise, capacity and diversity. The individual Board member's background is also described in the annual report and on the company's website.

The election committee shall ensure that the composition of the Board is such that members' qualifications fulfil the criteria of the Financial Institutions Act 2015 on suitability.

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

Deviations from point 8 of the Code of Practice: None

9. Work of the Board of Directors

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

Under instructions in force for the Board, a Board member is barred from participating in the consideration of, or decision in, any matter whose significance to him/herself or to any related party is such that the member is to be regarded as having, directly or indirectly, a particular personal or financial interest in that matter. The same follows from the company's ethical guidelines. Each Board member is obliged to personally verify that he or she is not disqualified from participating in the treatment of a matter.

In the beginning of each of its meetings, the Board considers whether or not any member is disqualified from participating.

Any agreement between the company and a Board member or the company CEO must be approved by the Board. The Board must also approve any agreement between the company and a third party in which a Board member, the Group CEO, or related parties of a Board member or the Group CEO has a particular interest. Board members and the Group CEO are required to disclose on their own initiative any interest the individual or related party concerned may have in deciding an issue. Unless the Board member itself opts to stay out of the consideration of or decision in a matter, the Board directors shall decide whether or not the Board member shall stay out. In the assessment, all forms of personal, financial or other interests of the Board member shall be considered as well as the need for public trust in the Board's decisions and the company's operations. The Board's assessments of legal (in)capacity must be duly recorded.

The Board receives regular reports on profit performance, market developments, management, personnel and organisational developments, as well as developments regarding the company's risk exposure. The Board conducts an annual evaluation of its work with respects to how it functions, case proceedings, meeting structure, and the prioritisation of tasks, giving a basis for changes and measures to be implemented. In addition, the competence of the Board is evaluated.

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

The tasks of the Audit Committee are pursuant to the Financial Institutions Act (2015) section 8-19.

The Audit committee shall prepare the Board's follow-up of the financial reporting process, as well as expressing an opinion on the choice of auditor. The committee shall have continuous contact with the Bank's appointed auditor concerning the auditing of the annual accounts, and evaluate and monitor the independence of the auditor, including the extent to which services other than auditing provided by the auditor or firm of public accountants pose a threat to their independence and objectivity.

The Risk Committee's tasks are pursuant to the Financial Institutions Act (2015) section 13-6 (4).

The Risk Committee shall prepare for consideration matters relating to the Board's monitoring and management of overall risk, and assess the extent to which management and control arrangements have been adapted to the company's relative risk level. The committee shall monitor the internal control systems, including the company's internal auditing and ethical guidelines.

Remuneration Committee
The Board has established a Remuneration Committee which shall be a preparatory body to assist the Board in setting the terms and conditions of employment for the CEO of SpareBank 1 Østlandet as well as the main principles and strategy for compensation of the company's senior management.

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

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

The tasks of the Remuneration Committee are pursuant to the Financial Institutions Act (2015) section 15-4 (2).

Deviations from point 9 of the Code of Practice: None

10. Risk management and internal control

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

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

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

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

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

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

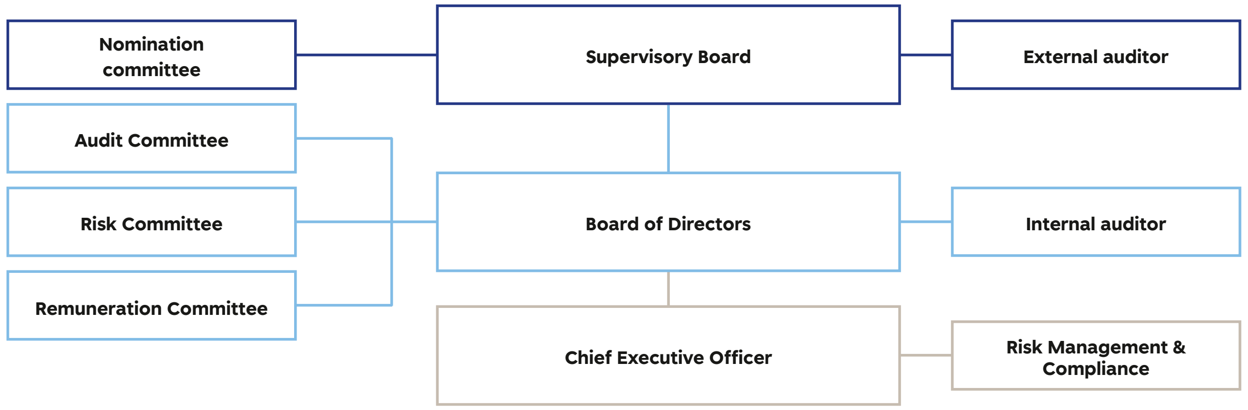
Each quarter the external auditor conducts a limited audit of the company's interim financial statements as well as a full audit of the company's annual financial statements.

Internal audit
The internal audit function is a tool used by the Board and the administration to oversee that the risk management process is targeted, effective and functions as intended. Internal audit services for the company are outsourced and these services cover the Parent Bank and subsidiaries subject to risk management and internal control regulations.

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

Ethics and whistleblowing
Ethical guidelines have been drawn up for the company, and ethics is a standard topic at seminars for all new staff members. In addition, the company organises a week of ethics, where all employees participate in discussions focussed on relevant ethics topics. This helps to ensure that the company's values and ethical guidelines are properly communicated and made known throughout the organisation. Clear guidelines have been established for internal communication should an employee learn about

Risk management and controlling bodies in SpareBank 1 Østlandet



Deviations from point 10 of the Code of Practice: None

matters that conflict with external or internal rules or other matters that could harm the company's reputation or financial situation. Ethical guidelines are available on the company's web pages.

11. Remuneration to the Board of Directors

The Board of Directors' fees recommended by the nomination committee of the Supervisory Board and imposed by the Supervisory Board are not result dependent and no options are issued to the directors. The Board's chair is remunerated separately, and members participating in Board committees receive remuneration for doing so. None of the Board members appointed by the Supervisory Board perform tasks for the company beyond serving on the Board of Directors.

Deviations from point 11 of the Code of Practice: None

12. Remuneration to senior employees

The company has established a remuneration policy that is in accordance with the company's overarching objectives, risk tolerance and long-term interests. The policy has been adopted by the Board and presented to the Supervisory Board. The policy is designed to promote and incentivise good management and control of the company's risks, to counter excessive or undesired risk-taking, to pre-empt conflicts of interest and to be in accordance with applicable law and regulations. The company's remuneration policy has special rules for senior management, for other staff and elected officers with tasks of particular relevance to the company's risk exposure and for staff and elected officers with control tasks, cf the requirements in the Regulation on remuneration schemes at financial institutions, investment firms and fund management companies.

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

A description of the remuneration scheme and the remuneration of the CEO and other senior management is provided in note 23 to the annual report.

Deviations from point 12 of the Code of Practice: None

13. Information and communication

The company's information policy is based on an active dialogue with various stakeholders with a focus on openness, predictability and transparency. The open information practices shall conform to ethical guidelines and the Financial Institutions Act (2015) section 9-6 and 9-7, limited by the current non-disclosure rules at any given time.

Correct, relevant and timely information about the company's development and results shall build trust towards investors. SpareBank 1 Østlandet has separate web pages for investor relations. The financial calendar, annual and interim reports, presentation material and company announcements are all made available on the investor relations pages. All price-sensitive information shall be published in both Norwegian and English.

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

Deviations from point 13 of the Code of Practice: None

14. Take-overs

SpareBank 1 Østlandet is a partly 'self-owned' institution which cannot be taken over by others through acquisition without consideration of the matter by the company's governing bodies. In addition, the Sparebankstiftelsen Hedmark (the Foundation) will at all times own at least 1/3 per cent of the equity capital certificates, as laid out in the Foundation's articles of association. A savings bank's ownership structure is regulated by law, and approval from the Norwegian Financial Supervisory Authority must be granted for ownership stakes higher than 10 per cent of the equity capital certificate capital. An overview of the largest ECC holders in SpareBank 1 Østlandet can be found on the company's web pages.

Deviations from point 14 of the Code of Practice: Statutory limit on equity holdings.

15. Auditor

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

The Board holds at least one meeting each year with the external auditor without the CEO or others from the company staff being present. Guidelines have been established for the day-to day management team's right to utilise the external auditor for non-audit services. Any such services from the external auditor must at all times be within the scope of the Auditors Act section 4-5. The Supervisory Board decides on the remuneration of the external auditor for the audit and any other services.

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

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

Equity investments and sustainability monitoring

The Bank owns stakes in 38 companies. Six of these companies are subsidiaries. Two of the subsidiaries are exclusively property companies without employees and whose operations are integrated into banking operations. Here, the Bank's guidelines for sustainability and corporate social responsibility apply in full.

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

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

In the other 20 companies, the Bank's ownership is less active. Given the Corporate Governance Policy, the Bank's goal is to contribute to ensuring that the individual company's core values and guidelines for corporate social responsibility and sustainability matches the owners' core values. Any exercise of ownership takes place through boards, general meetings and other meetings of owners. In 12 of these companies, the Bank owns a very small stake, all valued at less than NOK 2 million.

In the Bank's opinion, all 38 companies pass (negative) screening by a good margin.

Hotel manager Tina Nguyen Barkbu at Slobrua Gjestegård in Skarnes says that she has received a lot of good advice from the bank throughout the pandemic. The company has developed new concepts and had a record turnover in 2021.

Chapter 4.2

Report of the Board of Directors

SpareBank 1 Østlandet operates in one of the country's most interesting market areas, with good future prospects where it is growth in population numbers and company start-ups. The Group has competent employees who deliver a wide range of services and experience increasing customer satisfaction and strong customer growth. SpareBank 1 Østlandet achieved its highest result ever with a consolidated profit after tax of NOK 2 022 million in 2021, compared with NOK 1 608 million in 2020. The Board of Directors ('the Board') is very satisfied with the Group's deliveries and results in 2021.

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

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

SpareBank 1 Østlandet owns 12.40 per cent of SpareBank 1 Gruppen AS, 5.40 per cent of SpareBank 1 Forvaltning AS, 18.00 per cent of SpareBank 1 Utvikling DA, 19.09 per cent of SpareBank 1 Kreditt AS, 26.67 per cent of SpareBank 1 Kundepleie AS, 9.99 per cent of BN Bank ASA, 25.00 per cent of SpareBank 1 Bank og Regnskap AS, 18.20 per cent of SpareBank 1 Betaling AS, and 14.68 per cent of SpareBank 1 Gjeldsinformasjon AS. The Bank also owns 23.15 per cent of SpareBank 1 Boligkreditt AS and 10.18 per cent of SpareBank 1 Næringskreditt AS (the covered bond companies). The above companies' net profit or loss is recognised in the Bank's consolidated financial statements in proportion to the Bank's stake.

SpareBank 1 Østlandet's head office is in Hamar and our home market consists of the counties of Innlandet, Oslo and parts of Viken. SpareBank 1 Østlandet has a total of 36 branches: 23 in Innlandet, five in Oslo and nine in Viken. EiendomsMegler 1 Oslo/Akershus AS has 14 branch offices in addition to the branches that are co-located with the bank, of which 9 in Oslo and 5 in Viken. SpareBank 1 Østlandet VIT AS and its subsidiaries have 9 branch offices: 6 in Innlandet, 1 in Oslo and 2 in Viken.

The Group's mission is to be a full-service provider of financial products and services. Besides loans, deposits, leasing and money-transfer services, this also means most savings and investment services, as well as life and non-life insurance, credit cards and various debt recovery services through jointly owned companies in the SpareBank 1 Alliance. The Group also provides real estate brokering and accounting related services.

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

The Group's development
Sustainability, with a special focus on climate, is a strong social trend that presents challenges for the Group in many areas. SpareBank 1 Østlandet has integrated sustainability thinking throughout its business areas and has set ambitious goals for climate both in its own business and on behalf of the customers in the loan portfolio.

The Group's total lending to retail and corporate customers grew by 7.7 per cent in 2021. This includes loans transferred to the covered bond companies. Retail lending grew by 6.6 per cent, while corporate lending grew by 11.1 per cent.

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

Changes in customer behaviour and the increasing automation of work processes are creating both opportunities and an expectation that the Bank's products and services will be available in all channels. The Bank is therefore making considerable investments, through the SpareBank 1 Alliance and its own organisation, in the development of future-oriented system solutions for self-service and efficient customer advisory services. These efforts were further intensified in 2021, and the Bank offers industry-leading digital solutions.

Consolidated financial statements for 2021

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

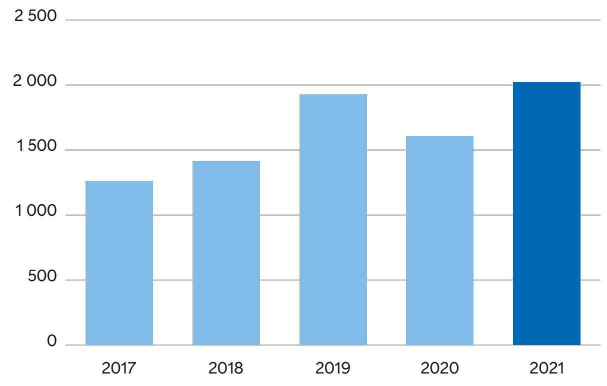
The following figures are consolidated figures. The figures in brackets concern 2020.

The consolidated profit after tax for 2021 was NOK 2 022 (1 608) million and the return on equity 11.6 (10.1) per cent.

Included in other group items for 2021 in the performance specification below, is the difference between a NOK 37 million gain in the Parent Bank and a NOK 24 million gain in the Group in connection with the rebalancing of stakes in SpareBank 1 Forvaltning AS.

Specification of the consolidated profit after tax, NOK millions:	2021	2020
Parent Bank's profit after tax	1 876	1 342
Dividends received from subsidiaries/associated companies	-420	-287
Share of profit from:		
SpareBank 1 Gruppen AS - consolidated figures	299	340
SpareBank 1 Boligkreditt AS	17	19
SpareBank 1 Næringskreditt AS	5	8
EiendomsMegler 1 Innlandet AS	3	10
EiendomsMegler 1 Oslo Akershus AS - consolidated figures	15	12
SpareBank 1 Finans Østlandet AS - consolidated figures	183	126
SpareBank 1 Østlandet VIT AS - consolidated figures	-2	0
SpareBank 1 Kreditt AS	13	3
SpareBank 1 Betaling AS	-13	-2
SpareBank 1 Forvaltning AS - consolidated figures	9	0
BN Bank ASA	47	34
Youngstorget 5 AS	5	4
Other group items	-14	0
Consolidated profit after tax	**2 022**	**1 608**

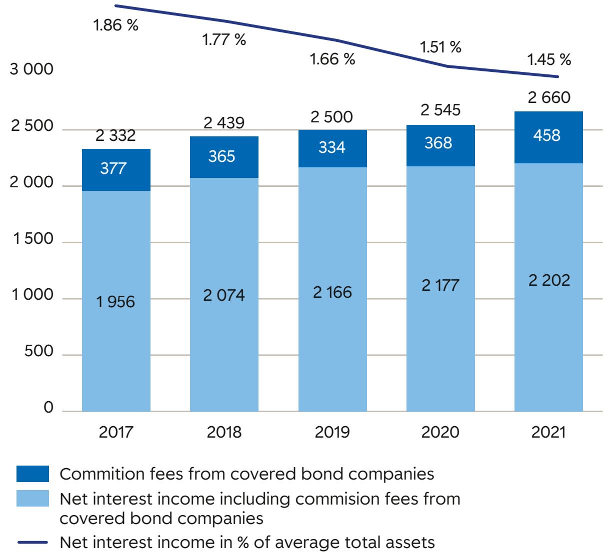
Profit after tax (NOK millions)



Net interest income
Net interest income amounted to NOK 2 202 (2 177) million. Net interest income ought to be viewed in conjunction with commission income from mortgages transferred to the part-owned covered bond companies totalling NOK 458 (368) million. The combined net interest income and commission income from the covered bond companies totalled NOK 2 660 (2 545) million. The increase in the combined net interest income and commission income from the covered bond companies was mainly due to higher commission rates from the covered bond companies, as well as growth in the lending and deposit volumes.

Net interest income as a percentage of average total assets was 1.45 (1.51) per cent.

Net interest income included commision fees from covered bond companies and Net interest income in per cent of average total assets (NOK millions)



Net commissions and other operating income
Net commissions and other operating income amounted to NOK 1 622 (1 441) million.

Figures in NOK millions	2021	2020
Net money transfer fees	158	118
Commissions from insurance and savings	273	233
Commissions from covered bonds companies	458	368
Commission from credit cards	57	58
Real estate brokerage commissions	344	334
Accounting services	182	183
Other operating income	150	148
Net commissions and other (non interest) operating income	**1 622**	**1 441**

In addition to solid increases in commissions from the covered bond companies, the growth in net commissions and other operating income was due to a sharp increase in insurance and fund commissions, as well as a significant increase in commissions for money transfer services. Commissions from real estate brokerage also increased, while commission income from credit cards and accounting services fell slightly.

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

Net profit from financial assets and liabilities
Net income from financial assets and liabilities was NOK 599 (545) million.

Figures in NOK millions	2021	2020
Dividends from shares and other equity instruments	21	41
Net income from associates and joint ventures	405	394
Net profit from other financial assets and liabilities	174	109
Net profit from financial assets and liabilities	**599**	**545**

Dividends of NOK 21 (41) million primarily consisted of dividends from Totens Sparebank of NOK 10 (11) million in the first quarter of 2021 and dividends from SpareBank 1 Markets AS of NOK 9 (0) million in the second quarter of 2021.

Net income from associates and joint ventures amounted to NOK 405 (394) million.

Contribution from associated companies and joint ventures in NOK millions	2021	2020
SpareBank 1 Gruppen AS- consolidated figures	299	340
SpareBank 1 Boligkreditt AS	17	19
SpareBank 1 Næringskreditt AS	5	8
SpareBank 1 Kreditt AS	13	3
SpareBank 1 Betaling AS	-13	-2
SpareBank 1 Forvaltning AS - consolidated figures	9	0
BN Bank ASA	47	34
Other associated companies/joint ventures	29	-7
Net income from associates and joint ventures	**405**	**394**

The increase of NOK 11 million from last year was mainly attributable to an increase in profit contributions from SpareBank 1 Kreditt, SpareBank 1 Forvaltning and BN Bank, while lower contributions from SpareBank 1 Gruppen and SpareBank 1 Betaling had the opposite effect.

Last year's amount included SpareBank 1 Østlandet's share of the NOK 217 million gain in SpareBank 1 Gruppen in 2020 from the transfer of the personal risk area from SpareBank 1 Forsikring AS to Fremtind Forsikring AS. This explains why the profit contribution from SpareBank 1 Gruppen was NOK 41 million lower than last year despite SpareBank 1 Gruppen delivering a record result for 2021.

The NOK 24 million gain in the Group in connection with the rebalancing of stakes in SpareBank 1 Forvaltning AS is included as other group items in net income from associates and joint ventures as at 31 December 2021.

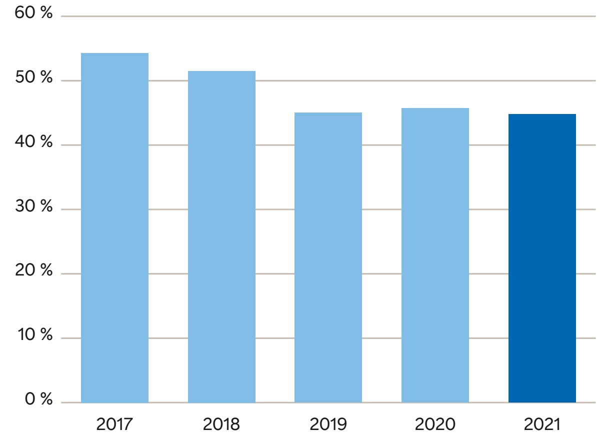
Net income from other financial assets and liabilities was NOK 174 (109) million. For more detailed information please see note 21 'Net income from financial assets and liabilities.

Operating expenses
Total operating expenses were NOK 1 980 (1 902) million and amounted to 44.8 (45.7) per cent of net income.

Specifications of the expenses in the period, NOK millions	2021	2020	Change
Personnel expenses excl. restructuring expenses	1 127	1 083	4.0 %
Depreciation/amortisation	122	132	-7.1 %
ICT expenses	318	303	5.1 %
Marketing expenses	86	77	11.3 %
Operating expenses from real estate	63	55	15.0 %
Other expenses	264	252	4.9 %
Total operating expenses excl. restructuring expenses	1 980	1 902	4.2 %
Restructuring expenses	0	1	
Total operating expenses	**1 980**	**1 902**	**4.1 %**

The NOK 78 million increase in operating expenses compared with last year was mainly due to higher personnel costs. ICT, marketing activities, real estate property operation and other operating expenses also pushed up costs, while reductions in depreciation charges pulled in the opposite direction.

Cost income ratio



As at 31 December 2021, the Group had 1 137 (1 149) FTEs. The net reduction in headcount of 12 FTEs was due to an increase of 3 FTE in subsidiaries and a decrease of 15 FTEs in the Parent Bank.

Impairment losses on loans and guarantees
In 2021, the Group saw Impairment losses on loans and guarantees of NOK 5 (330) million.

The losses consist of the following elements:

Isolated loss effects, NOK millions	Retail market	Corporate market	Parent bank	SpareBank1 Finans Østlandet	Group
Change ECL due to period growth and migration	4	47	50	-4	46
Change ECL due to adjusted key assumptions (PD / LGD)	-4	-38	-41	0	-41
Change ECL due to changed scenario weighting	0	0	0	0	0
Change in model-based loss provisions	**0**	**9**	**9**	**-4**	**5**
Post model adjustments	0	-20	-20	-5	-25
Change individual loss provisions	-8	-10	-17	-6	-23
Net write-offs	8	17	25	24	48
Total losses	**0**	**-4**	**-4**	**9**	**5**

Model-generated provisions for credit losses (Stage 1 and Stage 2) increased by NOK 5 (120) million, primarily due to a change in ECL due to the period's growth and migration, while adjustments to key assumptions pulled in the opposite direction.

Furthermore, the post model adjustments (PMAs) were reduced by NOK 25 (increase of 25) million, while individual provisions for credit losses (Stage 3) were reduced by NOK 23 (increase of 43) million. The model adjustments were completely discontinued at the end of the year and replaced with model-generated provisions. The period's net realised loss was NOK 48 (142) million.

Last year's figures were heavily impacted by the coronavirus pandemic when the situation was unclear following the introduction of strong government measures and the associated abrupt slowdown in the Norwegian economy. The situation has been clearer in 2021 and the macroeconomic situation is expected to improve going forward. This was reflected in the improvement of key assumptions in the loss models. For more detailed information about provisions for credit losses, see note 2 'Accounting policies', note 8 'Loans to and receivables from customers', and note 10 'Provisions for credit losses'.

Some 74 (75) 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 consisting of housing mortgages. The corporate portfolio's exposure to cyclical industries is low.

Credit risk
As at 31 December 2021, the Group's capitalised provisions for credit losses amounted to NOK 504 (548) million. The reduction from the same period last year was due to a combination of reduced post model adjustments (PMAs) and reduced individual provisions for credit losses.

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

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

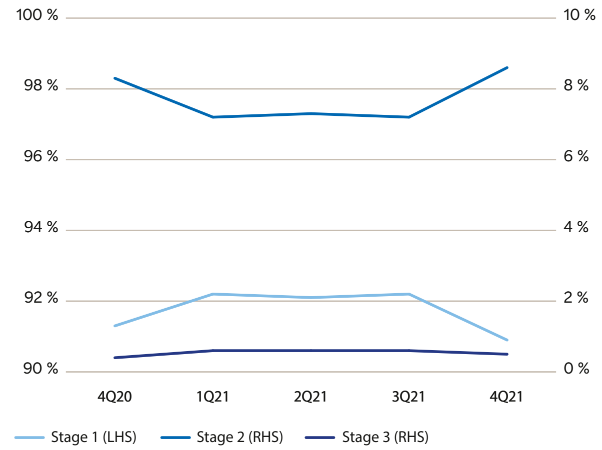
Stage 2 is used for lending that has a substantially higher credit risk than it did upon being granted, but where no credit loss has occurred on the balance sheet date. A provision is made for expected loss over the entire lifetime.

Stage 3 is used for lending that has a substantially higher credit risk than it did upon being granted and where there is, on the balance sheet date, deemed to exist a default that entails reduced future cash flows to service the commitment. Provisions are made for expected losses over their lifetime.

As at 31 December 2021, gross loans and liabilities defined as Stage 3 amounted to NOK 660 (488) million. This corresponded to 0.54 (0.43) per cent of gross loans as at 31 December 2021.

Of the gross loans and liabilities defined as Stage 3, NOK 107 (131) million was allocated as provisions for credit losses as at 31 December 2021. This gives a provisioning ratio of 16.2 (26.7) per cent as at 31 December 2021.

Gross exposure in the different stages was as follows:

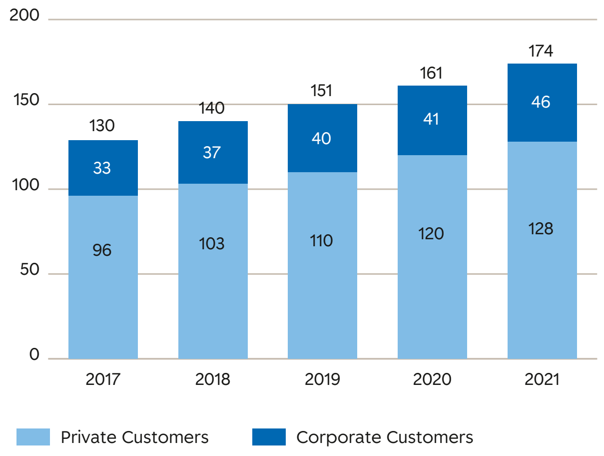


For further information about provisions for credit losses, see note 2 'Accounting policies', note 8 'Loans to and receivables from customers' and note 10 'Provisions for credit losses'

Total assets
As at 31 December 2021, total assets amounted to NOK 155.5 (146.1) billion. Adjusted total assets, defined as total assets inclusive of loans transferred to the covered bond companies, amounted to NOK 207.9 (194.0) billion.

Lending to customers
As at 31 December 2021, gross loans to customers, inclusive of mortgages transferred to the covered bond companies, totalled NOK 173.7 (161.3) billion. As at 31 December 2021, mortgages totalling NOK 51.6 (46.9) billion had been transferred to SpareBank 1 Boligkreditt AS and mortgages totalling NOK 0.9 (1.0) billion had been transferred to SpareBank 1 Næringskreditt AS.

Gross loans to customers including loans transferred to covered bonds companies (NOK billion)



Lending growth in the past 12 months, inclusive of mortgages transferred to the covered bond companies, was NOK 12.4 (10.6) billion, equivalent to 7.7 (7.0) per cent. The growth was distributed as follows: NOK 7.9 (10.0) billion, or 6.6 (9.1) per cent, in the retail market and NOK 4.5 (0.5) billion, or 11.1 (1.3) per cent, in the corporate market.

Deposits from customers
As at 31 December 2021, deposits from customers totalled NOK 92.2 (85.6) billion. Deposit growth in the past 12 months was NOK 6.6 (7.1) billion, equivalent to 7.7 (9.1) per cent. The growth was distributed as follows: NOK 2.6 (4.8) billion, or 5.3 (11.0) per cent, in the retail market and NOK 4.0 (2.3) billion, or 10.8 (6.7) per cent, in the corporate market.

The Group's deposit coverage ratio was 76.0 (75.5) per cent. The Group's deposit coverage ratio, inclusive of mortgages transferred to the covered bond companies, was 53.1 (53.1) per cent.

Liquidity
Borrowing from financial institutions and securities issued (senior preferred debt, senior non-preferred debt, subordinated loan capital and additional Tier 1 capital) totalled NOK 41.7 (39.8) billion, 45.7 (47.7) per cent of which was Euro-denominated. The average term to maturity for the Group's long-term funding was 3.9 (4.0) years, while the average term to maturity for all funding was 3.5 (3.4) years.

As at 31 December 2021, the liquidity coverage ratio (LCR) was 131.6 (140.6) per cent, whereas the average last year was 141.6 (143.4) per cent. The Group enjoyed strong liquidity prior to the coronavirus outbreak in Norway and this has remained strong during the corona pandemic. The Board's assessment is that the Group's liquidity situation is satisfactory.

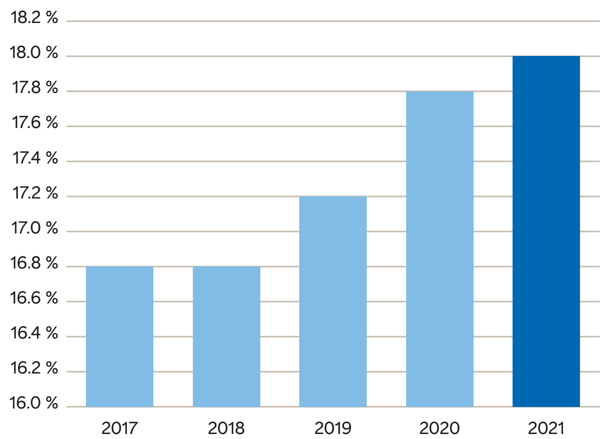
Equity capital certificates
As at 31 December 2021, the equity share capital comprised 115 829 789 (115 829 789) equity capital certificates and the book value per equity capital certificate was NOK 106.31 (98.76). Earnings per equity capital certificate for 2021 were NOK 11.96 (9.57).

As at 31 December 2021, the market price for the Bank's equity capital certificate (ticker 'SPOL') was NOK 145.60 (97.80).

On 7 April, the Bank paid out total dividends of NOK 203 million to the equity capital certificate holders, corresponding to NOK 1.75 per equity capital certificate. In accordance with the Supervisory Board's allocation of the profit for 2020, on 28 October 2021 the Board of SpareBank 1 Østlandet approved a further payout of NOK 352 million, corresponding to NOK 3.04 per equity capital certificate, which was paid out on 9 November 2021. The decision was based on Section 10-6, first subsection, of the Financial Institutions Act and new guidelines from national supervisory authorities. The Board judged that the circumstances were such that paying out the remaining dividends was prudent given its assessment of macroeconomic developments and the Bank's financial strength.

Solidity and capital adequacy
The Group's equity totalled NOK 18.7 (17.1) billion as at 31 December 2021 and represented 12.0 (11.7) per cent of total capital. The leverage ratio was 7.3 (7.2) per cent.

CET 1 capital ratio



The Group's Common Equity Tier 1 ratio was 18.0 (17.8) per cent as at 31 December 2021. The Tier 1 capital and Tier 2 capital ratios were 19.4 (18.8) per cent and 21.1 (20.8) per cent, respectively.

The Bank has permission to use internal methods (IRB) for determining the requirements for the majority of its loan portfolio. Therefore, the Bank sets its own risk weights and regulatory expected losses for these exposures.

The Bank has permission to use internal models (IRB method) to determine capital requirements for parts of the loan portfolio. This means that capital requirements can be calculated based on our estimates for probability of default (PD), loss given default (LGD), estimated utilisation of frame credits and loan fees (CFF) and maturity (M). Modelled estimates will always be subject to uncertainty. SpareBank 1 Østlandet has permission to use the advanced IRB approach for calculating capital requirements for credit risk for the exposure categories enterprise and retail.

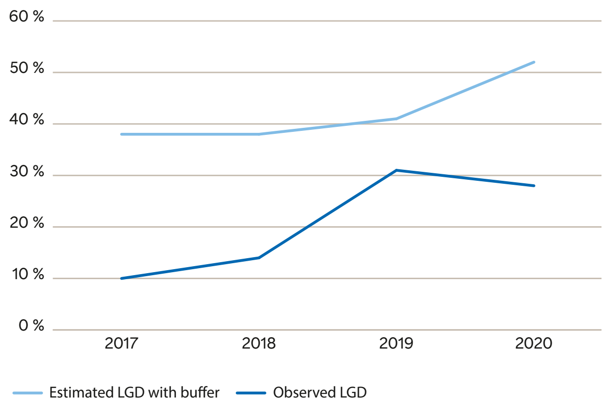
The Bank has exemptions to the IRB approach for certain exposures. The exemptions apply to states/municipalities and institutions, where permanent exemptions have been granted, as well as housing cooperatives and associations/clubs, where the Group uses the standard approach.

The use of internal models requires validation in order to assess the model's characteristics against those of the portfolio. In 2021, the Bank validated the models using data from 2020. The figures presented below are taken from the validation.

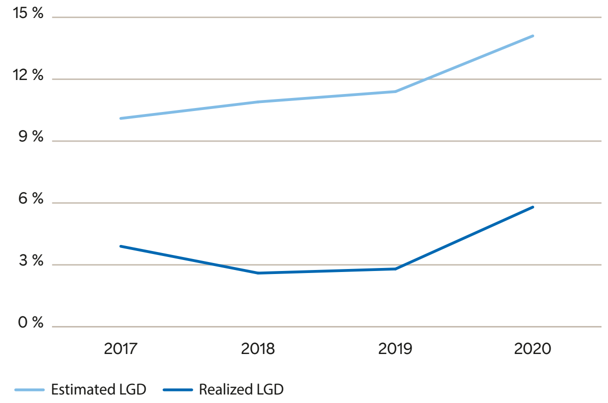
The validation showed stability in the PD model's key figures, good ranking and a calibration level far in excess of the DR level in the portfolio. In recent years, the Bank has experienced a low proportion of defaulted customers, which increases the volatility of the observed LGD. A small number of customers with small credit facilities account for the change in observed LGD for the IRB category 'corporate' in 2019 and 2020, as can be seen in the figure below.

Work was also done on revised models for calculating capital requirements in 2021. The new models follow EBA guidelines. These models are expected to be introduced in 2022, contingent on the Financial Supervisory Authority of Norway's final approval.

Corporates



Retail (mortgage)



Besides the ordinary subsidiaries consolidated into the Bank's accounting group, the following companies are also proportionately consolidated into the Group's capital adequacy:

- SpareBank 1 Boligkreditt AS
- SpareBank 1 Næringskreditt AS
- SpareBank 1 Kreditt AS
- BN Bank ASA

SpareBank 1 Gruppen AS is not consolidated proportionately. It is treated in line with the rules for material investments in the financial sector.

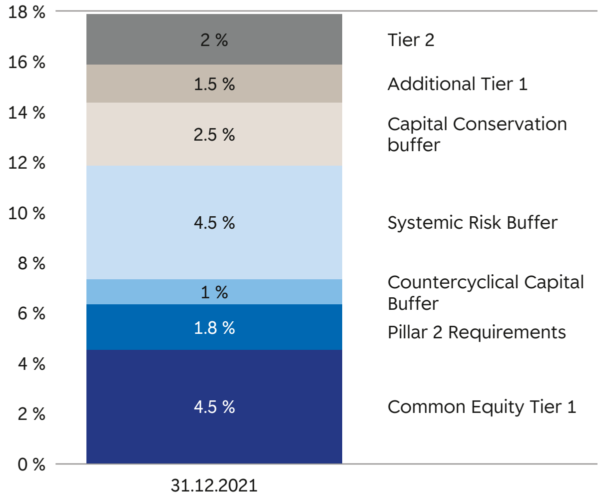
The current requirement for Common Equity Tier 1 capital consists of a minimum requirement of 4.5 per cent, as well as a buffer requirement totalling 8.0 per cent for the Group. In the total buffer requirement, the institution-specific buffer requirements, the countercyclical buffer and the systemic risk buffer, were calculated to be 1.0 per cent and 4.5 per cent, respectively, for the Group.

SpareBank 1 Østlandet was also subject to a Pillar 2 requirement of 1.8 per cent at a consolidated level as at 31 December 2021. The total capital requirements for Common Equity Tier 1 capital were, therefore, 12.5 per cent for the Parent Bank and 14.3 per cent for the Group. 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.

SpareBank 1 Østlandet received in December 2021 the NFSA's notice with update of the Bank's Pillar 2 requirement. The NFSA has assessed it to be 2.0 per cent. The Bank provided the NSFA with feedback on the notice 11 February 2022. The NSFA will consider the bank's feedback before a final requirement will become effective on 31 March 2022.

On 17 June 2021, the Ministry of Finance decided to increase the countercyclical buffer by 0.5 percentage points to 1.5 per cent from 30 June 2022. On 15 December 2021, Norges Bank decided to increase the countercyclical buffer by a further 0.5 percentage points to 2.0 per cent with effect from 31 December 2022. At the same time, Norges Bank indicated that a further increase to 2.5 per cent is expected to be announced during the first half of 2022.

The Groups Capital Requiements as at 31 December 2021



On 17 January, a special Regulation for calculating institution-specific capital buffers, including systemic risk buffers and countercyclical buffers, came into force with immediate effect. The Regulation has no significant effect on the Bank's overall capital requirement.

On 26 March 2021, the Ministry of Finance announced that the EU's banking package would not come into force in Norway in June 2021. 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 final date for the EU banking package entering into force in Norway has been set, although the Financial Supervisory Authority of Norway announced on 5 October that the regulatory changes will not take effect in 2021. The most important effect of the regulations for the Group is expected to be the implementation of an expanded SME discount, which is expected to contribute to an increase in its Common Equity Tier 1 capital ratio of approximately 0.4 percentage points, seen in isolation.

On 27 October 2021, the European Commission presented its plan for an upcoming package of regulatory changes. The package contains changes from the revised Basel III framework, as well as changed rules for supervisory authorities' follow-up of banks and rules linked to the banks' management and control of ESG risk. The European Commission is planning for an introduction date of 1 January 2025. The Group will continuously adapt to the requirements in an appropriate manner as they take effect.

The Board of Directors considers the Bank's financial situation to be solid and that it is well-equipped for future regulatory changes.

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

SpareBank 1 Østlandet has an ESG Risk Rating from Sustainalytics of 12.3 (Low Risk). The Bank's work on the area of the climate is rated A- by the Carbon Disclosure Project (CDP) and it is thus one of the best rated banks within sustainability in Norway.

Parent bank's annual financial statements for 2021

The Parent Bank's profit after tax for 2021 was NOK 1 876 (1 342) million. The increase from 2020 was due to an increase in net interest income and net commissions and other operating income, better net income from financial assets and liabilities, and reduced loss costs. Increased operating expenses and higher tax expenses pulled in the opposite direction.

Charges for impairment losses on loans and guarantees were reduced by NOK 249 million from a net charge of NOK 245 million for 2020 to net reversals of NOK 4 million for 2021.

Operating expenses
Total operating expenses in the Parent Bank amounted to NOK 1 398 (1 341) million for 2021 and represented 38.6 (41.9) per cent of total income.

The NOK 57 million increase in operating expenses compared with last year was mainly due to higher personnel costs. The average number of FTEs has increased by 9 since last year. As at 31 December 2021, the Parent Bank had 687 (702) FTEs.

Costs for ICT, marketing activities, real estate property operations and other operating expenses also increased compared with last year, while charges for the depreciation of fixed assets were reduced.

Restructuring costs related to downsizing in the Parent Bank amounted to NOK 0 (1) million.

Specifications of the expenses in the period, NOK millions	2021	2020	Change
Personnel expenses excl. restructuring expenses	706	677	4.2 %
Depreciation/amortisation	94	104	-9.7 %
ICT expenses	287	273	5.2 %
Marketing expenses	71	63	12.6 %
Operating expenses from real estate	51	45	12.2 %
Other expenses	190	177	6.9 %
Total operating expenses excl. restructuring expenses	1 398	1 340	4.3 %
Restructuring expenses	0	1	
Total operating expenses	**1 398**	**1 341**	**4.3 %**

The Parent Bank's operating expenses for 2021 before restructuring expenses amounted to NOK 1 398 (1 340) million, which represents an increase of 4.3 per cent.

Impairment losses on loans and guarantees
In 2021, the Parent Bank reported a net reversal of charges due to impairment losses on loans and guarantees of NOK 4 (net charge of 245) million.

Model-generated provisions for credit losses (Stage 1 and Stage 2) increased by NOK 9 (91) million due to a change in ECL due to the period's growth and migration increasing by NOK 50 (11) million and that the adjusted key assumptions reduced ECL by NOK 41 (increased by 39) million.

Furthermore, the post model adjustments (PMAs) were reduced by NOK 20 (increased by 20) million, changes in individual provisions for credit losses were reduced by NOK 17 (increased by 30) million and the period's net realised losses were NOK 25 (104) million. At the end of the year, PMAs were completely discontinued and replaced with model-generated provisions.

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

Solidity and capital adequacy
The Parent Bank's equity totalled NOK 17.3 (15.9) billion as at 31 December 2021 and represented 11.3 (11.0) per cent of total capital. The leverage ratio was 9.9 (10.0) per cent.

The Parent Bank's Common Equity Tier 1 ratio was 22.6 (22.1) per cent as at 31 December 2021. The Tier 1 capital and Tier 2 capital ratios were 24.1 (23.1) per cent and 25.9 (25.1) per cent, respectively.

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	2021	2020	Change
Net interest income	1 923	1 887	1.9 %
Net commission and other operating income	1 042	882	18.1 %
Total operating costs	-1 398	-1 341	4.3 %
Adjustments: Restructuring costs	0	1	
Operating profit underlying banking operations	**1 566**	**1 429**	**9.6 %**

The operating profit from underlying banking operations amounted to NOK 1 566 (1 429) million for 2021. Underlying banking operations increased by NOK 137 million compared with last year, or 9.6 per cent. The improvement in profit was due to a combination of an increase in net interest income and higher net commissions and other operating income, while higher operating expenses had the opposite effect.

Coronavirus measures
As at 31 December 2021, SpareBank 1 Østlandet had granted interest-only periods for 6 230 mortgages representing total lending of NOK 9.9 billion to retail customers. The number of applications for interest-only periods remained stable throughout 2021.

Similarly, corporate customers had been granted interest-only periods for 140 loans representing total lending of around NOK 1.1 billion as at 31 December 2021. A further 19 government guaranteed liquidity loans had been granted to corporate customers, representing total lending of NOK 25.4 million. No contingency loans were granted during the period.

Subsidiaries

SpareBank 1 Finans Østlandet AS – consolidated figures
The financing company SpareBank 1 Finans Østlandet AS (95 per cent stake) posted a consolidated profit after tax of NOK 183 (126) million for 2021. Net interest income was NOK 287 (297) million, net commissions and other operating income NOK 67 (55) million and total operating expenses NOK 103 (99) million, while impairment losses amounted to NOK 9 (84) million. The improvement in the profit compared with last year is mainly attributable to lower losses.

There has also been a net gain of NOK 19 million in connection with the sale of shares in SpareBank 1 Mobilitet AS to Fleks AS and the subsequent sale of shares in SpareBank 1 Mobilitet Holding AS to SpareBank 1 SR-Bank ASA. This was offset to some extent by a negative profit contribution of NOK 17 million from the associated company SpareBank 1 Mobilitet Holding AS, in which SpareBank 1 Finans Østlandet AS owns a stake of 30.66 per cent and which was consolidated into the accounts of SpareBank 1 Finans Østlandet AS with effect from 30 June 2021.

Subsidiaries (NOK millions)	STAKE	EQUITY CAPITAL	NET PROFIT OR LOSS 2021	NET PROFIT OR LOSS 2020	NET PROFIT OR LOSS 2019	NET PROFIT OR LOSS 2018	NET PROFIT OR LOSS 2017
SpareBank 1 Finans Østlandet Group	95.00 %	1 520	183	126	118	139	118
EiendomsMegler 1 Innlandet AS	100.00 %	20	3	10	5	8	10
SB1Ø VIT konsern	70.68 %	61	-2	0	-7	-11	-3
Bank1 Oslo AS *		-	-	-	-	-	119
EiendomsMegler 1 Oslo Akershus	100.00 %	60	15	12	7	-3	-12
Other		131	6	5	12	7	6
Total		**1 792**	**206**	**153**	**135**	**141**	**239**

* subsidiary company from Q2 2016 to April 2017

In 2021, SpareBank 1 Finans Østlandet AS entered Fleks AS on its ownership side with an indirect stake of 14.46 per cent, which is owned through its stake in SpareBank 1 Mobilitet Holding AS. Together with SpareBank 1 Finans Midt Norge AS, SpareBank 1 Nord-Norge and SpareBank 1 SR-Bank ASA, SpareBank 1 Mobilitet Holding AS owns a stake of 47.17 per cent in Fleks AS.

In 2021, SpareBank 1 Finans Østlandet AS granted corporate customers interest-only periods for 615 loans and leases, representing total lending of around NOK 491 million. Furthermore, in 2021, retail customers were granted interest-only periods for approximately 728 loans, representing total lending of approximately NOK 197 million.

As at 31 December 2021, gross loans to customers amounted to NOK 9.5 (9.1) billion and lending growth in the past 12 months was 4.3 (3.4) per cent.

EiendomsMegler 1 Innlandet AS
EiendomsMegler 1 Innlandet AS posted earnings for 2021 of NOK 130 (133) million and achieved a profit after tax of NOK 3 (10) million.

The company experienced capacity challenges due to having too few brokers in key market areas, which resulted in falling market shares in the existing housing market. The capacity challenges were caused by both greater churn and high absences in connection with taking leave. Parts of the total turnover were compensated for by the sale of new homes doubling in terms of units since last year. As at 31 December 2021, the company had a market share in its market area of 26.4 (29.8) per cent of sales of existing homes and holiday properties.

Activity in the housing market was generally solid throughout 2021, and volume picked up again after a larger fall in activity in the third quarter. The total volume of sales in the company's market area was 3 973 units by the end of 2021. This represents a fall of 7 per cent compared with last year. The average time to sell was 52 days in 2021 compared with 59 days in 2020.

EiendomsMegler 1 Oslo Akershus AS – consolidated figures
The EiendomsMegler 1 Oslo Akershus Group posted earnings for 2021 of NOK 219 (207) million and a profit after tax of NOK 15 (12) million.

The company had a market share in its market area of 9.0 (8.8) per cent of sales of existing homes in 2021. The company's market shares developed very strongly in parallel with the strong growth in market volume. Volumes in the company's market area were consistently high throughout the year and a record number of units were sold in the company's market area in 2021.

SpareBank 1 Østlandet VIT AS – consolidated figures
The SpareBank 1 Østlandet VIT Group posted earnings for 2021 of NOK 191 (186) million and a loss after tax of NOK -2 (0) million.

The company has incurred significant restructuring expenses. The restructuring has dragged on as a result of shutdowns and mandatory working from home, and this has impacted the company's profitability.

Associated companies and joint ventures

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

SpareBank 1 Gruppen posted a record consolidated profit before tax of NOK 4 153 (1 817) million for 2021. The consolidated profit after tax for 2021 was NOK 3 250 (1 393) million. The controlling interest's share of the consolidated profit after tax amounted to NOK 2 414 (988) million and SpareBank 1 Østlandet's share of this amounted to NOK 299 (123) million.

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

Fremtind Forsikring AS posted a consolidated profit before tax of NOK 3 085 (1 506) million, while SpareBank 1 Forsikring AS posted a profit before tax of NOK 894 (298) million. SpareBank 1 Factoring AS posted a consolidated profit before tax of NOK 72 (71) million, while Modhi Finance AS posted a consolidated profit before tax of NOK 180 (20) million.

SpareBank 1 Spleis AS posted a loss before tax of NOK -15 (-16) million. SpareBank 1 Spleis AS's operating income has increased due to an increase in volume. In 2021, the company saw 14 653 new active fundraising initiatives, and NOK 243 (232) million was raised.

Assosiated companies and joint ventures (NOK millions)	Stake	Share of equity capital	Share of profit or loss 2021	Share of profit or loss 2020	Share of profit or loss 2019	Share of profit or loss 2018	Share of profit or loss 2017
SpareBank 1 Boligkreditt AS	23.15 %	2 666	17	19	27	-8	-44
SpareBank 1 Næringskreditt AS	10.18 %	211	5	8	6	3	1
SpareBank 1 Kreditt AS	19.09 %	207	13	3	16	27	17
SpareBank 1 Gruppen (SB1G)	12.40 %	1 596	299	340	451	184	222
SpareBank 1 Betaling AS	18.20 %	141	-13	-2	3	-12	-7
Bank1 Oslo AS		-	-	-	-	-	-
BN BANK ASA	9.99 %	505	47	34	20	-	-
SB1 Forvaltning AS	5.40 %	40	9	-	-	-	-
Andre		275	-15	-7	-3	-2	0
Total		**5 642**	**361**	**395**	**520**	**191**	**189**

ODIN Forvaltning AS was included in SpareBank 1 Gruppen's consolidated accounts up to and including 30 April 2021. With effect from 1 May 2021, ODIN Forvaltning AS was demerged from SpareBank 1 Gruppen and merged into SpareBank 1 Forvaltning AS.

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 340 million for 2020, in spite of SpareBank 1 Østlandet's share of SpareBank 1 Gruppen's consolidated result amounting to NOK 123 million.

SpareBank 1 Forvalting AS
SpareBank 1 Forvaltning AS (5.40 per cent stake) was established by the SpareBank 1 Alliance banks to manage the ownership of ODIN Forvaltning AS.

SpareBank 1 Forvaltning AS posted a consolidated profit after tax of NOK 162 million for 2021. The profit contribution from the consolidated accounts of SpareBank 1 Forvaltning AS, which is included in the consolidated accounts of SpareBank 1 Østlandet, amounted to NOK 9 million for 2021.

The results from ODIN Forvaltning AS were included in the SpareBank 1 Forvaltning AS Group's consolidated accounts with effect from 1 May 2021, while the results from SpareBank 1 Kapitalforvaltning AS and SpareBank 1 Verdipapirservice AS were included in the consolidated accounts with effect from 1 July 2021.

SpareBank 1 Boligkreditt AS
SpareBank 1 Boligkreditt AS (23.15 per cent stake) was established by the banks in the SpareBank 1 Alliance to utilise the market for covered bonds. The banks sell prime housing mortgages to the company and thereby achieve lower funding expenses.

The company posted a profit after tax of NOK 107 (139) million for 2021. The decrease in profit was mainly due to higher commission expenses for the owner banks, while increased net interest income, a lower negative contribution from financial instruments, and reversals of provisions for credit losses had the opposite effect.

The profit contribution from SpareBank 1 Boligkreditt AS, which is included in the consolidated financial statements of SpareBank 1 Østlandet using the equity method, is adjusted for interest paid on the additional Tier 1 capital that is recognised directly in equity. The profit contribution for 2021 amounted to NOK 17 (19) million.

SpareBank 1 Næringskreditt AS
SpareBank 1 Næringskreditt AS (10.18 per cent stake) was established according to the same model, and with the same management, as SpareBank 1 Boligkreditt AS.

The company posted a profit after tax of NOK 44 (59) million for 2021. The decrease in profit was due to a combination of reduced net interest income, higher commission expenses for the owner banks and a higher negative contribution from financial instruments, while reduced operating expenses and reversals of provisions for credit losses had the opposite effect.

The profit contribution included in SpareBank 1 Østlandet's consolidated financial statements for 2021 amounted to NOK 5 (8) 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.

The company posted a profit after tax of NOK 67 (12) million for 2021. The improvement in profit was mainly due to loss costs being NOK 79 million lower in 2021 than last year.

The profit contribution included in SpareBank 1 Østlandet's consolidated financial statements amounted to NOK 13 (3) million for 2021.

SpareBank 1 Betaling AS
SpareBank 1 Betaling AS (18.20 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.

The company posted a loss after tax of NOK 69 (-9) million for 2021. The profit contribution included in SpareBank 1 Østlandet's consolidated financial statements amounted to NOK 13 (-2) million for 2021.

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 last year are consolidated figures inclusive of Bolig- og Næringskreditt AS. BN Bank ASA posted a profit after tax for 2021 of NOK 478 (354) million and a return on equity of 10.3 (8.3) per cent.

Net interest income increased by NOK 41 million compared with last year, while other income increased by NOK 24 million. Total operating expenses decreased by NOK 7 million and losses were reduced by NOK 93 million due to the Bank's net reversals of losses of NOK 18 million for 2021, compared with a charge of NOK 75 million in 2020.

The profit contribution from BN Bank ASA, which is included in the consolidated accounts for SpareBank 1 Østlandet using the equity method, is adjusted for interest paid on the additional Tier 1 capital that is recognised directly in equity. The profit contribution for 2021 amounted to NOK 47 (34) million.

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

Proposed distribution of profits

The Parent Bank's accounts provide the basis for the distribution of the profit for the year.

NOK millions	2020	2019
Profit after tax (Parent Bank)	1 876	1 342
Changes in fund for unrealised gains	-140	15
Profit available for distribution	**1 736**	**1 357**
Dividend	695	555
Dividend equalisation fund	516	396
Customer dividend/gifts	301	237
Primary capital	224	169
Total distribution profit available	**1 736**	**1 357**

The profit for the year available for distribution equals the profit after tax in the Parent Bank of NOK 1 876 (1 342) million corrected for changes in the fund for unrealised gains of NOK -140 (-15) million. The total amount available for distribution is NOK 1 736 (1 357) million.

The profit was split between primary capital and owners' equity capital certificates in proportion to their relative share of the total equity. Of the profit for disposal, 69.8 per cent was allocated to equity capital certificates, while 30.2 per cent was allocated to primary capital.

The Board of Directors is proposing to the Supervisory Board a dividend of NOK 695 (555) million. This results in a payout ratio of 50 (50) per cent of the controlling interest's share of the consolidated profit, which is in line with the Bank's long-term dividend policy. Of this, the cash dividend will be NOK 6.00 (4.79) per equity capital certificate, totalling NOK 695 (555) million. The Board of Directors is also proposing to the Supervisory Board a customer dividend of NOK 295 (231) million and provisions of NOK 6 (6) million for donations. The dividend equalisation fund and primary capital were thus allocated NOK 516 (396) million and NOK 224 (169) million, respectively.

The Board has assessed whether the dividend is prudent given the current situation involving Covid-19 and the pandemic's effects on the regional economy. The board has also assessed the consequences of paying dividend for the Bank's financial strength. Thorough assessments were also carried out regarding a potential deterioration of the situation and the possible consequences for the Bank's earnings and financial strength. It is a fundamental prerequisite that the Bank is able to deliver with respect to the region's need for financing among private individuals and companies within the approved credit policy.

Corporate governance

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

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

Risk management

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

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

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

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

Credit risk in the loan portfolio is the Bank's greatest risk. The risk is managed based on board-approved governing documents that define the Board's risk tolerance. The Bank has been authorised by the Financial Supervisory Authority of Norway to use the Advanced IRB method to calculate capital needs for credit risk and thus uses statistical models as a basis for classifying the portfolio into risk groups. For more information, please refer to the Pillar 3 document, which is available from the Bank's website.

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

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

The corporate market portfolio saw a marginal deterioration in measured risk, which is manifesting itself in the form of marginal increases for some risk parameters. The Bank has implemented a new definition of default, which has slightly increased defaults in the corporate market portfolio. However, the underlying credit risk has not changed as a result of this. Defaults and losses in the corporate market portfolio are low.

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

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

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

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

Interest rate risk arises because the Group's balance sheet items have different remaining interest rate commitment terms. The Board has adopted limits for the total interest rate risk with respect to parallel shifts in, and distortion of, the yield curve (yield curve risk), and the equivalent for various currency categories. Interest rate risk is steered towards the desired level by means of interest rate commitments for investments and funding loans and through the use of interest rate derivatives.

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

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

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

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

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

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

Liquidity risk is managed in line with the governing document for liquidity risk approved by the Board. Time horizon requirements have been set here. The Group should be independent of new external funding, the size and quality of the liquidity reserve, and the duration and diversification of funding. Risk exposure and development are continuously monitored and reported to the Bank's board and executive management team.

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

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

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

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

Operational risk
Operational risk is the risk of losses due to inadequate

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

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

Given the risk inherent in using information technology, this area is monitored constantly. Internal Audit conducts independent reviews and tests of the Bank's security in this area. Banks in the SpareBank 1 Alliance work together closely to ensure good, stable operations. No serious events occurred in 2021 and operational losses were low.

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

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

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

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

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

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

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

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

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

Other key means of ensuring good conduct include, among other things, a Code of Conduct, internal information and training initiatives, conducting risk analyses, a well-functioning procedure for handling customer complaints, including root cause analyses and improvement measures, and an appropriate whistleblowing channel. When products and services are established or changed, the necessary quality assurance must be carried out prior to launch. Payment and remuneration schemes must be designed to ensure and encourage appropriate conduct and good conduct.

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

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

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

a) Environmental risk (E) is the risk of loss due to the Group's exposure to counterparties being adversely impacted by environmental factors, including climate change and/or other environmental harm.

b) Social risk (S) is the risk of loss due to the Group's exposure to counterparties being adversely impacted by social conditions, labour rights, human rights, poverty, etc.

c) Governance risk (G) is the risk of loss due to the Group's exposure to counterparties being adversely impacted by poor corporate governance of the counterparty.

ESG risks have been integrated into governing documents, methods, procedures and policies within the aforementioned risk categories, and are managed as an integral part of these individual areas. The Bank has previously conducted overarching climate risk analyses and scenario analyses based on, among other things, the Network for Greening the Financial System (NGFS). This work will be continued. The provisional assessment is that the loan portfolio will not be significantly affected by climate risk in a medium-term perspective.

In the corporate market division, sustainability assessments are specifically conducted for customers in the real estate industry and the agricultural segment, and a collaboration has started in the SpareBank 1 Alliance to develop better tools for conducting such assessments.

In 2021, the Bank developed a green bond framework and issued its first bond under this framework. Furthermore, within liquidity management, guidelines have been established regarding which sectors the Bank can invest in based on ESG assessments. When investing in new issuers and/or sectors, these are assessed against the guidelines before transactions are conducted, and the investment portfolio is reviewed annually in relation to the assessment criteria in the guidelines.

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

Our employees

In the last year, employees have demonstrated a high degree of flexibility and an impressive capacity for adapting and learning, even though the year was again impacted by Covid-19. The Group's most important input factor is its employees. 'Employeeship' entails each employee having to actively relate to a strategy and business goals and understand how these impact the need for learning and development in order to achieve set goals.

The Bank systematically works to create correlations between the Bank's overarching strategy and the goals, activities and follow-up points that apply to employees in different roles. In 2021, all employees contributed to the work on a new strategy through SWOT analyses, workshops and future analyses. Reporting key target figures and measures within the area of HR is included in the ongoing corporate governance that is reported to the Board each year. The Bank has an HR strategy, as well as secondary strategies and governing documents such as its Code of Conduct, Anti-corruption Policy, Remuneration Policy and Recruitment Policy.

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

Because of Covid-19, many employees worked from home a lot in 2021 and the Bank has, therefore, conducted surveys and barometers that have taken this into account. This work situation has created new working environment risks and made other demands of both employees and managers. Nevertheless, the surveys show that on the whole there have been few problems associated with working from home, although there was some need for individual adaptation. In 2021, an agreement was signed for a new system that measures employee engagement on an ongoing basis.

HSE and sick leave
SpareBank 1 Østlandet takes a systematic approach to HSE and adopts annual action plans focusing on health problems and sick leave.

The total sick leave rate for 2021 was 3.7 per cent. The sick leave rate was therefore somewhat lower than in 2020 and within the targeted level of 4.5 per cent. The target rate was set based on an assessment of the nature of the business and the work, industry average and the age demographics of the organisation.

The Bank makes special adjustments for employees who, because of illness, experience reduced capacity for work or who, for some other reason, require adaptation of their workplace and work tasks. In collaboration with the Norwegian Labour and Welfare Service (NAV) and the local 'Muligheter med Mangfold' ['Opportunities from Diversity'] initiative in the Inland Region, the Bank also welcomes employees who need training.

Managers and safety representatives receive regular basic working environment training.

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

No accidents were reported to the Norwegian Labour Inspection Authority in 2021.

Recruitment and turnover
The bank has a goal of gender balance in all positions. In environments where a gender is underrepresented, we encourage them to apply in the job advertisements. In 2021, we recruited 36 women and 44 men in internal and external recruitment processes. The bank will continue its efforts to engage women through targeted measures, as described in the chapter on pay, diversity and gender equality.

There was a slight increase in turnover from 2020 to 2021. In 2021, it was 2.7 per cent among women and 2.4 per cent among men, compared with 1.6 per cent and 2.3 per cent, respectively, the year before. Some 32 employees changed jobs internally in the Group, either to assume new roles or due to promotions. Of the new external recruits in 2021, 44 per cent were women and 62 per cent men.

As a consequence of the increasing degree of digitalisation, not least because of Covid-19, the bank has converted most first interviews to Teams meetings. More than 200 Teams interviews were conducted in 2021.

Organisational development and competence
In 2021, SpareBank 1 Østlandet explored and adopted new guidelines for voluntary working from home.

The Bank follows an annual cycle in which employee performance and career development interviews are held in the first quarter of the year. These interviews are a strategic tool that is used to ensure every employee understands the Group's strategy and facilitate targeted competence development. Based on their employee performance and career development interview, development plans are tailored to meet the needs of the individual employee. These are followed up throughout the year in a dialogue between employees and their line manager.

The Bank's biggest skills boost took place on Teams in 2021. Around 500 employees and managers learned a new CRM system through group work and training on Teams, e-learning, facilitated videos and everyday training. This digital training was highly successful. The reason it went so well was thanks to the Bank's focus on digital skills in 2019-2020, plus the fact that the Covid-19 pandemic period has resulted in a steep learning curve.

The focus on digital skills was continued in 2021 through, among other things, the Digitalisation and Digital Transformation master's degree programme at the Norwegian University of Science and Technology (NTNU). Some 47 employees (26 women and 21 men) have completed the programme.

As a member of the Financial Industry Authorisation Schemes (FinAut), the bank is committed to ensuring our advisers are authorised. The schemes are intended to encourage and ensure that advisers have the necessary attitudes, skills and knowledge within the areas of savings and investment (AFR), credit (KRD), non-life insurance (SF) and personal insurance (PF). The numbers of authorised advisers as at 31 December 2021 were: AFR 204, KRD 212, SF 225 and PF 215. New in 2021 was an authorisation scheme for information providers where the bank has 24 employees who have been authorised during the year, plus two new authorisation schemes within the business sector (corporate market): non-life insurance business and personal insurance business.

Each year, around 10 employees and managers receive a stipend to take a master's degree in strategically important areas for the Bank. A special adviser academy has been established in the retail market division. This focuses on competence development and training for financial advisers and operations managers. The Bank has also established its own 'Management Academy', which provides basic training for all new managers, as well as various professional refresher and development courses. The Group is collaborating on various management development projects within the SpareBank 1 Alliance.

Pay, diversity and equal opportunities
Through its equal opportunities and diversity policy and its recruitment policy, SpareBank 1 Østlandet has committed to respecting human rights and avoiding discrimination of any kind. The bank works actively on diversity and equal opportunities, both in our own activities and with respect to customers and suppliers.

The Bank wants employees who reflect the community of which it is a part – irrespective of cultural background, ethnicity, religion and gender. The Bank strives to achieve gender balance at all levels of the organisation. The bank has set a target of increasing the proportion of female managers from 40 per cent to 45 per cent by the end of 2021. Equal pay for work of equal value is assessed and practised as far as possible based on objective criteria.

The bank has enacted life-phase policy measures where the intention is for employees to experience professional and personal development through different phases of their careers and ensure that they can enjoy a balanced relationship between their working life and personal life. The individual employee's opportunities for professional and personal development must be independent of gender, age, education, background and origin.

The bank has 702 permanent employees in the Bank, 51.6 per cent of whom are women and 48.4 per cent of whom are men. The bank has nine temporary employees, of whom five are women and four are men. In addition to this, the Bank employs temporary workers hired in from staffing agencies to replace employees who are on leave, away sick, etc.

The proportion of management positions with personnel responsibilities held by women has increased from 36 per cent in 2020 to 42.2 per cent in 2021. The bank is still slightly below the 45 per cent target for the strategy period. The CEO's management team has increased its proportion of women by 10 per cent and consists of four women and six men. The Bank's board has four women and four men. The increase in the proportion of women in management positions must be viewed in the context of the management development programme, 'Take Off', which is specifically targeted at women, as well as targeted efforts in recruitment processes. The management development programme has 12 participants. Three of these have taken up senior positions internally and one has applied for an external position with more responsibility.

Of the 702 permanent employees, 93 per cent work full time and 7 per cent part time. The part-time employees comprise seven men and 41 women. Of these, 28 people applied for a reduced-time position themselves due to care obligations, age or capacity for work. A project was started in 2021 to investigate the incidence of unwanted part-time work among those who have not applied for it themselves. The results of this work have not been finalised.

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

The Bank uses external position assessment systems to classify position categories and analyse salary data. In operational positions, which include advisers, case officers and so on, women's pay was 88.6 per cent of men's pay at the end of 2021, compared with 89.6 per cent in 2020. Among employees in management positions and more demanding technical positions, women's pay was 98.9 per cent of men's pay, compared with 104.3 per cent in 2020. The analyses are not adjusted for any structural factors related to age, different fields, seniority, level of education, etc.

To prevent wage disparities arising between women and men, the Bank has introduced an automatic collective wage agreement adjustment for employees who return to work after at least 5 months of maternity leave. In the 2021 calendar year, both women and men took an average of 14 weeks of parental leave. The figure does not reflect the total leave taken per employee because the leave can span two calendar years. All of them remained employees after the leave.

SpareBank 1 Østlandet has a statutory duty to work for gender equality and against discrimination. Our reporting in line with the activity and reporting obligation (ARP) is published on the Bank's website.

Ethics and whistleblowing
In their work, SpareBank 1 Østlandet's employees must be perceived as trustworthy, honest and fair. The necessary professional distance should be maintained in all interactions with others. An annual 'ethics week', which in 2021 focused on conflicts of interest, involves employees throughout the organisation and helps to ensure that employees focus on and are familiar with the Code of Conduct. All employees must review the Code of Conduct every year and sign to confirm that they have understood its contents.

The induction programme for new employees focuses on the Code of Conduct and thereby familiarises them with the Bank's systems and whistleblowing procedures. The whistleblowing channel is easily accessible via the Bank's intranet. The Board has adopted whistleblowing guidelines intended to protect any whistleblowers. Arrangements are also in place that enable anonymous whistleblowing in which whistleblower reports are sent to an external recipient.

The Bank has an ethics committee chaired by the Executive Vice President HR and Legal. The committee also consists of employees, managers and employee representatives in addition to an external member with competence in this area. The committee discusses matters of principle and general ethical issues. The committee can also make recommendations in individual cases of an ethical nature that could harm customers' confidence in the Bank or its reputation.

Liability insurance for board members and the CEO
SpareBank 1 Østlandet and its subsidiaries, together with the other companies in the SpareBank 1 Alliance, have taken out insurance for its board members and CEO to cover their potential liability in relation to the company and third parties. The insurance cover for board liability is NOK 800 million per claim and in total per year, while the cover for professional liability and criminality insurance is NOK 1 200 million per claim and in total per year.

Corporate social responsibility and sustainability

Corporate social responsibility and sustainability are becoming increasingly important in banking and financial services. While ever stricter statutory requirements are a strong driver, the Bank is also noticing that external stakeholders such as customers, organisations, the media, partners and society at large expect more.

The Bank is subject to the requirements of section 3-3c of the Accounting Act. The Act was amended in 2021. The Act requires us to disclose information to the extent necessary to understand the Group's development, performance and financial position, as well as the consequences of the Group's activities in relation to the environment, social conditions, working environment, compliance with human rights and combating corruption and bribery. The Bank provides an account of this in its annual report, which is an integrated report. In the overview provided in 'Framework for sustainability work' the reader will discover the Sustainable Development Goals the Bank is delivering on, the Bank's internal goals for the current strategy period, and the material topics the Bank has identified through its materiality analyses and impact analyses. The Bank also uses the Global Reporting Initiative (GRI) reporting standard and its accompanying index to show where significant sustainability information about the Bank can be found. All of the Bank's five main topics are discussed in separate sections that also report on our targets. More detailed facts about the Bank's sustainability work are contained in a separate appendix. These include, among other things, descriptions of our greenhouse gas emissions from activities and lending portfolios, responsible lending in liquidity management, detailed information on HR, etc. The reader will also find the targets and associated reporting on these for each area. In addition to the GRI, several indices are used to make it easy to find the information disclosed due to the reporting requirements of Eco-Lighthouse, UNEP FI, TCFD (Climate Risk) and TNFD (Natural Risk). The indices are at the back of the appendix. In the reporting on climate and natural risk, as well as in other sections, the reader will find information on the Bank's impact on the natural world, climate, environment, society, human rights and other sustainability topics, as well as on how this affects the Bank (double materiality).

The sustainability reporting is also relevant for delivering on the requirements of section 3.3a of the Accounting Act, which regulates the contents of annual reports for enterprises that are not small. The Bank also explains how due diligence is conducted in our supply chains, as required by the Transparency Act, which comes into force in June 2022. In particular, see the section called: Requirements for other suppliers – sustainable procurement. The Bank considers the status of this work to be good. The bank reports in line with the new requirements in the Accounting Act relating to gender equality that follow from the amendments to the Equality and Anti-Discrimination Act of 2019, and which provide an expanded duty of activity and accountability for gender equality and anti-discrimination. See the section on 'Our employees' and the appendix, as well as the information on our website. The Bank considers the status of this work also to be good.

Furthermore, the bank has taken steps towards reporting in line with the requirements of the Act relating to the disclosure of sustainability information in the financial services sector and a framework for sustainable investments. This is an Act that implements the EU's taxonomy regulation and disclosure regulation. It will not actually come into effect until the regulations have been incorporated into the EEA Agreement. However, the Ministry of Finance is nevertheless encouraging Norwegian enterprises that it is proposed should be subject to the new reporting obligations to include taxonomy related information in their annual reports for the 2021 fiscal year, even though the Act will not have come into effect on the date the annual report is published. The Bank believes it is on track to satisfy the legal requirements when they come into force.

Sustainability has been one of six strategic goals in the strategy period the Bank is now concluding. The Bank has had two main goals: one internal and the other customer-oriented. The internal goal was based on considering sustainability in both major and minor decisions, making it an integral part of our business. The bank has successfully integrated sustainability into relevant guidelines, policies and processes. All positions that naturally involve corporate social responsibility and sustainability as part of their area of work have also been assigned responsibilities. Sustainability is now an integral part of the Bank's normal scorecard and reporting procedures.

The customer-oriented goal has involved developing our products, process and measures for the customer. Our goal has been to be a driving force behind sustainable development in our market area. This work will be further strengthened in the future and result in the financial services industry being subject to more statutory requirements to facilitate the shift to sustainability. Reporting on specific goals from the current strategy period can be found under the relevant sections of the annual report, and target attainment was good in all significant areas.

The Bank also provides an account in the annual report of the principles on which the sustainability reporting is based. The Bank believes that reporting on sustainability is of value for resource allocation and control purposes. In order for the reporting to provide useful information for these purposes, the Bank emphasises that the quality requirements in the IASB's conceptual framework (IFRS) provide guidance for our reporting.

Research and business development

In 2021, the pandemic again resulted in somewhat reduced activity and adjusted investment budgets for research and business development, although SpareBank 1 Østlandet takes a long-term perspective as far as development work is concerned and systematically worked on customer-centric and open innovation throughout the year. The bank continues to believe that the best customer experiences are created by combining over 175 years of solid banking experience and a well-developed network of branches with well-functioning and user-friendly digital solutions. Our research and development work is not just about creating new products, services and business models, it is also about strengthening the delivery capacity of existing business through new technology and new partnerships.

In 2021, the bank tested a solution for verifying identity at in-person meetings at branches in which one compares a photo of the customer taken on the spot with the photo in the customer's passport. This solution will be implemented and put into service in 2022. The facial recognition technology was developed by Mobai, which is a spin off from NTNU offering facial biometrics solutions for verifying identity and authentication. Just before Christmas, Mobai, with its partners NTNU, KU Leuven, Vipps, and SpareBank 1 Østlandet, also received 'Innovation in Business' support from the Research Council of Norway to develop a solution for safe and secure facial recognition on mobile phones. The goal is to make authentication and identification easier and more secure for users and enterprises. The solution will also be socially useful since facial biometrics are important when it comes to solving challenges associated with ID theft and the better identification of customers, for example in the fight against money laundering.

For the past 3 years, the Bank has supported NTNU-Gjøvik in its establishment of a master's programme in industrial innovation and digital security. The programme started up in autumn 2021.

The Bank's new CRM system became available to the Bank's employees at the end of September. This project has been ongoing since spring 2019, in close cooperation with SpareBank 1 Midt-Norway and SpareBank 1 Nord-Norway, as well as its development partners SpareBank 1 Utvikling DA and Sopra Steria. The solution is designed to contribute to:

- Better customer experiences
- Better flow and work processes for employees and managers
- Improving the financial institution's results

Together with the other SpareBank 1 banks, NOK 200 million was invested in 2021 in the development of new solutions and the improvement of existing ones. The SpareBank 1 banks are also working closely with Tietoevry to develop the money transfer and core banking systems of the future. This is a long-term, demanding project that will continue until 2023/2024.

SpareBank 1 Østlandet received tax deductions totalling NOK 750 241 in 2021 for research and development activities that took place in 2020.

Outlook

The Bank has spent the past year chiselling out a new strategy for the period 2022 to 2025. This extensive process required the involvement of a wide range of internal forces and external resources, as well as Group Management and the Board of Directors. The work on realising that strategy starts now.

The new strategy is not revolutionary. The Bank will be recognisable. The business concept remains that the Bank exists to help people and enterprises succeed so that together we can contribute to sustainable growth and development in Eastern Norway. Our vision remains 'Creating together', and our values are still: proficient, near and engaged.

At the same time, the Bank's goals for the period up to 2025 are ambitious. We want to understand our customers and deliver the best customer experiences. We want to create the relationship bank of tomorrow in a generous and engaging working environment. We want to be a clear driving force behind sustainable restructuring. And we want to have one of the most attractive equity capital certificates on the Oslo Børs. The business concept, vision, values and goals can be summed up as an ambition for SpareBank 1 Østlandet to be Norway's best relationship bank.

Going forward, we will therefore work on a number of projects and measures within selected strategic priority areas as part of realising our goals and ambitions.

The Bank has also reviewed our financial targets. The targets for profitability, dividends and financial strength remain unchanged from the previous ones. The Bank's goal is to deliver a return on equity of 11 per cent over time, of which 50 per cent will be paid as dividends. At the same time, the Bank is aiming for regulatory capital adequacy of 1-percentage point above the regulatory requirement. For 2022, the target for the growth in costs in the Parent Bank is under 4 per cent. This is higher than the target for 2021 (2 per cent), which reflects both the high underlying inflation in society and the fact that the Bank will be implementing a new strategy.

The virus situation was an important backdrop for the past year. The Bank's customers were affected in different ways by the government's measures during the pandemic. In 2020, the Bank made substantial provisions for credit losses in light of the projected impact of the government's measures on the capacity of the Bank's borrowers to service their debt. However, actual losses were far lower than assumed and it was not necessary to make significant provisions for credit losses in 2021.

Most customers also coped well with the pandemic, which was also confirmed by the Bank's own company survey at the end of the year. According to the same survey, the companies in our market area are planning for increased investment and more jobs going forward.

Good economic growth and increasing pressure in the labour market contributed to Norges Bank raising the policy rate in December, despite the rise in infections. The Central Bank expects further rate hikes going forward.

Housing mortgages account for the largest share of the Bank's loan portfolio. Housing prices remained high in 2021, even after the sharp rise in prices over the year. At the same time, sales in the housing market were also high. Going forward, higher borrowing costs and higher prices for electricity and other goods and services may help to take some of the heat out of the housing market.

At the same time, a strong labour market is contributing positively to purchasing power. The combination of high inflation and a tight labour market may result in relatively strong wage growth going forward, which could have a negative impact on companies' profitability. Nevertheless, the Board of Directors emphasises that the economy is improving rapidly, which supports the Bank's development, including through a lower risk of losses and higher overall growth in credit.

The pandemic will probably remain a key factor in the general economic development and thus for the Bank's financial and strategic goal attainment in the coming period. In the last couple of years, society in general and the Bank in particular have gained important experience in a period that has been difficult, economically, socially and with respect to health.

Recent events will also highlight the Russian invasion of Ukraine, which in addition to leading to enormous human suffering also brings with it great uncertainty about the time ahead. The situation can be reflected in economic setbacks, depending on how the crisis unfolds. The market turmoil observed in the wake of the invasion has shown that Norwegian banks will also be affected. Stock market declines and increased financing costs have followed in the wake of the acts of war and increased international uncertainty. Larger elements of international funding with interest rates and currency hedging against international banks make the bank more exposed to international unrest than before. A strong national macroeconomics and currency combined with the bank's conscious choice of counterparties with high creditworthiness are nevertheless expected to limit contagion effects against the bank from the international market turmoil. The experiences from a difficult time in recent years combined with a strong capital situation and a solid lending portfolio make the board confident that both the region and the bank are well prepared for the challenges that may arise.

The Board of Directors of SpareBank 1 Østlandet
Hamar, 3 March 2022

Siri J. Strømmevold Chair of the Board	Nina Swensson	Alexander Sandberg Lund
Tore-Anstein Dobloug	Guro Nina Vestvik	Richard Heiberg CEO
Espen Bjørklund Larsen Employee representative	Vibeke Hanvold Larsen Employee Representative – deputy	Jørn-Henning Eggum

Chapter 4.3

Income statement

Parent bank				Group	
2020	**2021**	(Nok millions)	**Notes**	**2021**	**2020**
2 875	2 561	Interest income effective interest method	19	2 841	3 167
268	239	Other interest income	19	239	268
1 256	877	Interest expenses	19	879	1 258
1 887	**1 923**	**Net interest income**		**2 202**	**2 177**
947	1 108	Commission income	20	1 527	1 359
95	99	Commission expenses	20	138	144
30	33	Other operating income	20	233	226
882	**1 042**	**Net commission and other operating income**		**1 622**	**1 441**
41	21	Dividends from shares and other equity instruments	21	21	41
282	461	Net income from subsidiaries, associates and joint ventures	21		
		Share of profit or loss of associates and joint ventures	21,4	405	394
109	174	Net profit from other financial assets and liabilities	21	174	109
432	**656**	**Net profit from financial assets and liabilities**		**599**	**545**
3 201	**3 620**	**Total net income**		**4 423**	**4 164**
678	706	Personnel expenses	22,23	1 127	1 083
104	94	Depreciation	32,33,34	122	132
559	598	Other operating expenses	24	732	687
1 341	**1 398**	**Total operating expenses**		**1 980**	**1 902**
1 860	**2 222**	**Operating profit before losses on loans and guarantees**		**2 443**	**2 262**
245	-4	Impairment on loans and guarantees	10	5	330
1 615	**2 225**	**Pre-tax operating profit**		**2 438**	**1 932**
273	349	Tax expense	25	416	323
1 342	**1 876**	**Profit after tax**		**2 022**	**1 608**
		Hybrid Capital Owner's share of profit after tax (Interest on hybrid capital)		27	20
		Profit after tax for controlling ownership interest		1 985	1 583
		Profit after tax for non-controlling ownership interest		9	6
		Profit after tax		**2 022**	**1 608**
		Earnings/diluted earnings per equity certificate (in NOK)		11.96	9.57
		Earnings/diluted earnings per average equity certificate (in NOK)		11.96	9.57

Chapter 4.4

Statement of other comprehensive income

Parent bank 2020	Parent bank 2021	(Nok millions)	Group 2021	Group 2020
1 342	**1 876**	**Profit after tax**	**2 022**	**1 608**
-6	0	Actuarial gains/losses on pensions	0	-6
2	0	Tax effects related to the above	0	2
10	8	Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	8	10
-3	-2	Tax effects related to the above	-2	-3
		Share of other comprehensive income from associated companies and joint ventures	3	9
3	**6**	**Total items that will not be reclassified through profit or loss**	**8**	**12**
11	1	Net fair value adjustments on loans at fair value through other comprehensive income	1	11
-3	0	Tax effects related to the above	0	-3
13	9	Fair value changes on hedge derivatives due to changes in the currency basis spread	9	13
-3	-2	Tax effects related to the above	-2	-3
		Share of other comprehensive income from associates companies and joint ventures	22	13
18	**7**	**Total items that will be reclassified through profit or loss**	**29**	**30**
21	**13**	**Total profit and loss items recognised in equity**	**38**	**43**
1 363	**1 889**	**Total profit/loss for the period**	**2 060**	**1 651**
		Hybrid Capital Owner's share of total profit after tax (Interest on hybrid capital)	27	20
		Total profit after tax for controlling ownership interest	2 023	1 626
		Total profit after tax for non-controlling ownership interest	9	6
		Total profit/loss for the period	**2 060**	**1 651**

Chapter 4.5

Balance sheet

Parent bank 2020	Parent bank 2021	(Nok millions)	Notes	Group 2021	Group 2020
		ASSETS			
683	458	Cash and deposits with central banks		458	683
8 887	9 139	Loans to and receivables from credit institutions	7	1 435	1 576
103 911	111 469	Loans to and receivables from customers	8,10	120 841	112 885
20 999	23 825	Certificates, bonds and fixed-income funds	29	23 825	20 999
2 212	814	Financial derivatives	13,30,38	814	2 212
616	761	Shares and other equity interests	31	761	616
4 510	4 638	Investments in associates and joint ventures	41	5 642	5 325
1 758	1 758	Investments in subsidiaries	41	0	0
96	80	Goodwill and other intangible assets	32	390	410
463	435	Property, plant and equipment	33,34	603	620
505	450	Other assets	35	691	746
144 641	**153 829**	**Total assets**		**155 459**	**146 074**
		LIABILITIES			
5 129	3 780	Deposits from and liabilities to credit institutions	7	3 787	5 090
85 643	92 246	Deposits from and liabilities to customers	36	92 178	85 613
34 952	37 232	Liabilities arising from issuance of securities	37, 38	37 232	34 952
697	679	Financial derivatives	13, 30, 38	679	697
81	633	Current tax liabilities	25	709	128
288	7	Deferred tax liabilities	25	130	417
631	620	Other debt and liabilities recognised in the balance sheet	39	737	739
1 302	1 302	Subordinated loan capital	37	1 302	1 302
128 723	**136 499**	**Total liabilites**		**136 753**	**128 939**
		EQUITY CAPITAL			
5 791	5 791	Equity capital certificates	40	5 791	5 791
848	848	Premium fund		848	848
3 269	3 776	Dividend equalisation fund	40	3 776	3 269
555	695	Recommended dividend and other equity capital	40	695	555
4 053	4 272	Primary capital	40	4 272	4 053
166	166	Recommended dividend customer return		166	166
29	21	Provision for gifts		21	29
237	301	Fund for unrealised gains	40	301	237
320	460	Other paid-up eqyity		460	320
650	1 000	Hybrid capital		1 000	650
0	0	Other equity		1 260	1 104
		Non-controlling interests		116	113
15 918	**17 330**	**Total equity capital**		**18 706**	**17 135**
144 641	**153 829**	**Total equity capital and liabilities**		**155 459**	**146 074**

The Board of Directors of SpareBank 1 Østlandet
Hamar, 3 March 2022

Siri J. Strømmevold
Chair of the Board

Nina Swensson

Alexander Sandberg Lund

Tore-Anstein Dobloug

Guro Nina Vestvik

Richard Heiberg
CEO

Espen Bjørklund Larsen
Employee representative

Vibeke Hanvold Larsen
Employee Representative – deputy

Jørn-Henning Eggum

Chapter 4.6

Statement of change in equity

Parent bank (Nok millions)	Paid-up equity: Equity certicates	Paid-up equity: Premium fund	Paid-up equity: Other paid-up equity	Earned equity capital: Primary capital 1)	Earned equity capital: Dividend equalisation funds 2)	Earned equity capital: Provision for gifts	Earned equity capital: Fund for unrealised gains	Hybrid-capital	Total equity capital
Equity capital as of 01.01.2020	**5 791**	**848**	**166**	**4 117**	**3 403**	**12**	**334**	**300**	**14 972**
Profit after tax				406	951		-15		**1 342**
Other comprehensive income									
Actuarial gains after tax on pensions				-1	-3				**-5**
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				2	5				**8**
Net fair value adjustments on loans at fair value through other comprehensive income after tax				2	6				**8**
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				3	7				**9**
Profit after tax				**412**	**966**		**-15**		**1 363**
Other transactions									
Dividend paid				-208	-531				**-738**
Donations distributed from profit 2019				-6					**-6**
Grants from provision for gifts in 2020				-20		17			**-3**
Hybrid capital								350	**350**
Interest on hybrid capital				-6	-14				**-20**
Equity capital as of 31.12.2020	**5 791**	**848**	**166**	**4 289**	**3 824**	**29**	**320**	**650**	**15 918**
Equity capital as of 01.01.2021	**5 791**	**848**	**166**	**4 289**	**3 824**	**29**	**320**	**650**	**15 918**
Profit after tax				525	1 211		140		**1 876**
Other comprehensive income									
Actuarial gains after tax on pensions				0	0				**0**
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				2	4				**6**
Net fair value adjustments on loans at fair value through other comprehensive income after tax				0	0				**1**
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				2	5				**7**
Total profit after tax				**529**	**1 220**		**140**		**1 889**
Other transactions									
Dividend paid				-231	-555				**-785**
Donations distributed from profit 2020				-6					**-6**
Grants from provision for gifts in 2021						-8			**-8**
Hybrid capital								350	**350**
Interest on hybrid capital				-8	-19				**-27**
Equity capital as of 31.12.2021	**5 791**	**848**	**166**	**4 573**	**4 471**	**21**	**460**	**1 000**	**17 330**

Group (Nok millions)	Controlling interest – Paid-up equity: Equity certica-tes	Paid-up equity: Premium fund	Paid-up equity: Other paid-up equity	Earned equity capital: Primary capital 1)	Earned equity capital: Dividend equalisation funds 2)	Earned equity capital: Provision for gifts	Earned equity capital: Fund for unrealised gains	Earned equity capital: Other equity	Hybrid-capital	Non-controll-ing interests	Total equity capital
Equity capital as of 01.01.2020	**5 791**	**848**	**166**	**4 117**	**3 403**	**12**	**334**	**817**	**300**	**114**	**15 903**
OB Corr. Subsidiary								1			**1**
OB Corr. In Group companies								0			**0**
Adjusted equity capital at 01.01.2020	**5 791**	**848**	**166**	**4 117**	**3 403**	**12**	**334**	**817**	**300**	**114**	**15 903**
Profit after tax				406	951		-15	260		6	**1 608**
Other comprehensive income											
Actuarial gains/losses after tax on pensions				-1	-3						**-5**
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				2	5						**8**
Net fair value adjustments on loans at fair value through other comprehensive income after tax				2	6						**8**
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				3	7						**9**
Share of other comprehensive income from associa-ted companies and joint ventures								22			**22**
Total profit after tax				**412**	**965**		**-15**	**282**		**6**	**1 651**
Other transactions											
Dividend paid				-208	-531					-6	**-744**
Donations distributed from profit 2019				-6							**-6**
Grants from provision for gifts in 2020				-20		17					**-3**
Hybrid capital									350		**350**
Interest on hybrid capital				-6	-14						**-20**
Effects directly in equity from associated companies and joint ventures								4			**4**
Equity capital as of 31.12.2020	**5 791**	**848**	**166**	**4 289**	**3 823**	**29**	**320**	**1 104**	**650**	**114**	**17 135**
Equity capital as of 01.01.2021	**5 791**	**848**	**166**	**4 289**	**3 823**	**29**	**320**	**1 104**	**650**	**114**	**17 135**
OB Corr. Subsidiary								0			**0**
OB Corr. In Group companies								-4			**-4**
Adjusted equity capital at 01.01.2021	**5 791**	**848**	**166**	**4 289**	**3 823**	**29**	**320**	**1 100**	**650**	**114**	**17 131**
Profit after tax				525	1 211		140	137		9	**2 022**
Other comprehensive income											
Actuarial gains after tax on pensions				0	0						**0**
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk after tax				2	4						**6**
Net fair value adjustments on loans at fair value through other comprehensive income after tax				0	0						**1**
Fair value changes on hedge derivatives due to changes in the currency basis spread after tax				2	5						**7**
Share of other comprehensive income from associa-ted companies and joint ventures								25			**25**
Total profit after tax				**529**	**1 220**		**140**	**162**		**9**	**2 060**
Other transactions											
Dividend paid				-231	-555					-6	**-792**
Donations distributed from profit 2020				-6							**-6**
Grants from provision for gifts in 2021						-8					**-8**
Hybrid capital									350		**350**
Interest on hybrid capital				-8	-19						**-27**
Effects directly in equity from associated companies and joint ventures								-2			**-2**
Equity capital as of 31.12.2021	**5 791**	**848**	**166**	**4 573**	**4 470**	**21**	**460**	**1 260**	**1 000**	**116**	**18 706**

1) Amounts transferred to primary capital as of 31.12.2021 include dividend to customers return and proposed donations.
2) Amounts transferred to dividend equalization funds as of 31.12.2021 includes dividends payment to ECC holders.

Chapter 4.7

Cash flow statement

Parent bank			Group	
2020	2021	(Nok millions)	2021	2020
-5 990	-7 533	Change in gross lending to customers	-7 915	-6 333
2 911	2 622	Interest receipts from lending to customers	2 987	3 316
7 109	6 603	Change in deposits from customers	6 565	7 119
-618	-334	Interest payments on deposits from customers	-335	-621
855	-1 265	Change in receivables and debt from credit institutions	-825	1 049
99	80	Interest on receivables and debt to financial institutions	-4	-14
-3 731	-2 841	Change in certificates and bonds	-2 841	-3 731
81	69	Interest receipts from commercial papers and bonds	69	81
882	1 042	Net commission receipts	1 585	1 406
77	71	Capital gains from sale on trading	71	77
-1 231	-1 297	Payments for operations	-1 851	-1 764
-342	-90	Taxes paid	-128	-380
375	-379	Other accruals	-502	379
477	**-3 252**	**Net change in liquidity from operations (A)**	**-3 125**	**584**
-44	-78	Investments in tangible fixed assets	-90	-60
0	0	Receipts from sale of tangible fixed assets	37	36
-113	-155	Change in long-term investments in equities	-155	-113
329	441	Dividends from long-term investments in equities	293	204
172	**209**	**Net cash flow from investments (B)**	**85**	**66**
4 729	12 467	Debt raised by issuance of secutities	12 467	4 729
0	0	Debt raised by subordinated loan capital	0	0
350	350	Equity raised by hybrid capital	350	350
-4 992	-8 283	Repayments of issued securities	-8 283	-4 992
0	0	Repayments of issued subordinated loan capital	0	0
0	0	Repayments of hybrid capital	0	0
0	0	Payments arising from issuance of equity capital certificates	0	0
-575	-518	Interest payments on securities issued	-518	-575
-30	-24	Interest payments on subordinated loans	-24	-30
-41	-40	Lease payments	-37	-36
0	0	Payments arising from placements in subsidiaries	0	0
-531	-555	Payment of dividend	-561	-536
-206	-227	Payment of customer dividend	-227	-206
-10	-15	Donations	-15	-10
-1 305	**3 155**	**Net cash flow from financing (C)**	**3 152**	**-1 306**
-656	**112**	**CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)**	**112**	**-656**
1 507	851	Cash and cash equivalents at 1 January	851	1 507
851	**964**	**Cash and cash equivalents at the end of the period**	**964**	**851**
		Cash and cash equivalents at comprise:		
683	458	Cash and deposits with central banks	458	683
169	506	Deposits etc. at call with banks	506	169
851	**964**	**Cash and cash equivalents at the end of the period**	**964**	**851**

Chapter 4.8

Notes to the accounts

NOTE

Note 1 – General information

The SpareBank 1 Østlandet Group comprises the Parent Bank SpareBank 1 Østlandet (the Bank) and the following companies:

Subsidiaries	Ownership interest in % 31. Dec
SpareBank 1 Finans Østlandet AS	95.00
EiendomsMegler 1 Innlandet AS	100.00
EiendomsMegler 1 Oslo Akershus AS	100.00
Youngstorget 5 AS	100.00
AS Vato	100.00
SpareBank 1 Østlandet VIT AS (holding)	70.68

Investments in second tier subsidiaries	Ownership interest in % 31. Dec
EiendomsMegler 1 Oslo AS	100.00
TheVIT AS	100.00

Investments in associated companies	Ownership interest in % 31. Dec
SpareBank 1 Kreditt AS	19.09
SpareBank 1 Boligkreditt AS	23.15
SpareBank 1 Næringskreditt AS	10.18
SpareBank 1 Betaling AS	18.20
BN Bank ASA	9.99
SpareBank 1 Forvaltning AS	5.40
SpareBank 1 Bank og Regnskap AS	25.00
SpareBank 1 Gjeldsinformasjon AS	14.68
SpareBank 1 Kundepleie AS	26.67

Investments in associated companies in subsidiaries	Ownership interest in % 31. Dec
SpareBank 1 Mobilitet Holding AS*	30.66*

Investments in joint ventures	Ownership interest in % 31. Dec
SpareBank 1 Gruppen AS	12.40
SpareBank i Utvikling DA	18.00

Distribution of ownership interests in companies where the managment structure is regulated in agreement between the owners (percentage and ownership)	SpareBank 1 Gruppen AS	BN Bank ASA
SpareBank 1 Østlandet	12.40	9.99
SpareBank 1 SR-Bank	19.50	35.02
SpareBank 1 SMN	19.50	35.02
SpareBank 1 Nord-Norge	19.50	9.99
Samarbeidende Sparebanker	19.50	
SpareBank 1 BV		5.00
SpareBank 1 Østfold Akershus		2.52
SpareBank 1 Telemark		2.46
Landsorganisasjonen (LO)	9.60	

Some alliance companies are classified as associates in spite of the fact that the stake owned is less than 20 per cent. This is because the ownership structure and the strategic cooperation between the banks that own SpareBank1 Gruppen AS gives SpareBank 1 Østlandet significant influence over these companies. There are agreements that ensure influence through board positions, among other things.

SpareBank 1 Østlandet is domiciled in Norway and its head office is in Hamar. The Group has a total of 36 branches in three counties. The branch network covers Innlandet, Oslo and Viken. Youngstorget 5 AS, EiendomsMegler 1 Oslo Akershus AS and the second tier subsidiary EiendomsMegler 1 Oslo AS have head offices in Oslo. The other subsidiaries have head offices in Innlandet County.

The Group's core operations include deposits, lending, money transfer services, leasing, sale of other financial products and services, and real estate brokerage, accounting and advisory services.

The annual financial statements for 2021 were approved by the Board of Directors on 3 March 2022.

*SpareBank 1 Mobilitet Holding AS owns 47.17 per cent in the car subscription company Fleks AS. Indirect ownership in Fleks AS is 14.46 per cent.

Note 2 – Accounting policies

Regnskapsprinsipper		Note disclosures in the annual report	Applicable IFRS/IAS
1	Basis for preparation of the annual financial statement		
2	Changes to the accounting policies		
3	Presentation currency		
4	Consolidation procedures	41	IFRS 3, IFRS 10, IFRS 11, IAS 28
5	Financial assets and liabilities	13, 26, 27, 28, 29, 30, 31, 37	IFRS 9, IFRS 7, IFRS 13
6	Loan receivables	8, 10, 27, 28, 39	IFRS 9, IFRS 7, IAS 37
7	Assets held for sale	N/A	IFRS 5
8	Acquired assets	N/A	
9	Leases	34	IFRS 16
10	Goodwill and other intangible assets	32	IAS 38, IAS 36
11	Property, plant and equipment	33	IAS 16, IAS 36
12	Pensions	23	IAS 19
13	Issued hybrid tier 1 capital		
14	Interest revenue and interest costs	19	
15	Commission income and commission costs	20	IFRS 15, IFRS 9
16	Transactions and monetary items in foreign currency		
17	Taxes	25	IAS 12
18	Segment reporting	4	IFRS 8
19	Savings programme in own equity capital certificates for employees		
20	Events after the balance sheet date	43	IAS 10

1 Basis for preparation of the annual financial statement

The 2021 Parent Bank and consolidated financial statements for SpareBank 1 Østlandet were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. This also includes interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).

The basis for measurement in both the Parent Bank and consolidated financial statements is acquisition cost, with the exceptions described below. The financial statements were prepared in accordance with IFRS standards and interpretations that are obligatory for financial statements submitted as at 31 December 2021.

The preparation of accounts in accordance with IFRS requires the use of estimates. Furthermore, the application of the Group's accounting principles requires the Group Management to exercise discretion. Areas comprising a high degree of discretionary estimates and complexity, or areas where assumptions and estimates are material for the consolidated financial statements are described in note 3.

The consolidated financial statements were prepared on the assumption that the Group is a going concern.

2 Changes to the accounting policies

New standards and interpretations that have been adopted

Applied accounting principles are consistent with the principles applied in the preceding financial year, except for the changes in IFRS that were implemented by the Group during the current financial year. The changes in IFRS that affect the 2020 financial statements and that were relevant to and affected the consolidated financial statements are listed below.

New definition of default
On 01.01.2021, the Bank implemented a new definition of default for risk management and capital requirement calculations in line with the guidelines issued by the European Banking Authority (EBA). In the opinion of the Bank, this definition of default generally coincides with credit-impaired financial assets and default pursuant to IFRS 9.

We have chosen to use the same general criteria for default for accounting purposes, risk management and capital requirement calculations.

If an exposure is deemed to be in default, it will be treated as credit-impaired and placed in Stage 3 of the loss model. The volume of lending in Stage 3 increased by NOK 172 million in 2021, primarily as a result of the implementation of the new definition of what constitutes a default. However, the underlying credit risk did not significantly change in 2021. The change has been treated as an estimate adjustment and the comparable figures have therefore not been revised. For a further description of the new definition of default see chapter 6. Loans – default.

The IBOR reform, phase 2
Phase 2 of the IBOR reform was implemented from 01.01.2021. Phase 2 comprises issues when existing benchmark interest rates are actually replaced by alternative benchmark interest rates and entails amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The companies are also required to provide note information on the nature and extent of risks arising from the interest rate benchmark reform. how the risk is managed, how the transition is managed, including the progress made in completing the transition from interest rate calculations to alternative benchmark interest rates. Security conditions will continue unaffected by the IBOR reform.

New standards and interpretations that have not yet been adopted

IFRS 17 Insurance Contracts
IFRS 17 Insurance contracts will replace IFRS 4 Insurance contracts and set out principles for accounting, measuring, presentation and information on insurance contracts.
The purpose of the new standard is to ensure more uniform practices in the accounting treatment of insurance contracts, and the main features of the new model are as follows:

- An estimate of the present value of future cash flows for a group of insurance contracts. Future cash flows include future premium receipts and payments of insurance settlements, compensation and other payments to policyholders. The estimate must take account of an explicit adjustment for risk and the estimates must be based on conditions on the balance sheet date.
- A contractual service margin equal to the day one gain in the estimate of the present value of future cash flows from a group of insurance contracts. This corresponds to the profit element in the insurance contracts, which must be recognised over the service period, that is, over the insurance contracts' period of coverage.
- Certain changes to the estimate of the present value of future cash flows are adjusted against the contractual service margin and are thereby recognised through profit and loss over the remaining period covered by the relevant contracts.
- The effect of changes in the discount rate must, as an accounting

policy choice, be presented either through ordinary net profit or loss or in other income and expenses.

IFRS 17 must basically be applied retrospectively, but it provides scope for modified retrospective application or application based on fair value at the time of transition if retrospective application is impracticable. The effective date is 01.01.2023 with a requirement that comparable figures be provided. As at 31.12.2021, the Group has not fully quantified the accounting consequences of the new standard, although it is otherwise on schedule for implementation on 01.01.2023.

No standards or interpretations yet to enter into force are expected to have a significant impact on the Group's financial statements.

3 Presentation currency

The presentation currency is NOK (Norwegian kroner), which is also the functional currency of all the units in the Group. All amounts are presented in NOK million unless otherwise stated.

4 Consolidation procedures

The consolidated financial statements include the Bank and all its subsidiaries that are not planned to be divested in the near future and must therefore be classified as held for sale in accordance with IFRS 5. Subsidiaries are defined as all enterprises that the Bank controls, i.e. has the power to manage a company's financial and operational principles with the aim of profiting from that company's activities. Subsidiaries are consolidated as from the date on which the Bank assumes control and are no longer consolidated from the date the Bank relinquishes control. Mutual balance sheet items and all significant profit and loss elements are eliminated.

On achieving a controlling influence in an enterprise (business combination), all identifiable assets and liabilities are carried at fair value in accordance with IFRS 3. Any positive difference between the fair value of the purchase consideration and the fair value of identifiable assets and liabilities is recognised as goodwill, whereas any negative difference is recognised as income at the time of acquisition. The accounting of goodwill after the initial recognition is commented on under the section on intangible assets. The Bank has not applied IFRS 3 retrospectively on business combinations that were implemented before 1 January 2006.

All transactions between Group companies are eliminated in the consolidated financial statements. The minority's share of the Group's profit/loss is presented on a separate line under profit/loss after tax in the income statement. Their share of the minority's equity is shown as a separate item.

Subsidiaries

Assets in subsidiaries are valued in accordance with the cost method of accounting in the Parent Bank financial statements. The investment is valued at the acquisition cost of the shares unless a write-down of the shares has been necessary.

Dividends, group contributions and other distributions are recognised as income in the year that they are adopted by the General Meeting. The definition of subsidiary is dealt with in IFRS 10 - Consolidated Financial Statements. It is the degree of actual control that determines whether or not a company should be classified as a subsidiary. Control only exists when an investor has power over relevant activities in the investment object, the risk of variable returns, and also the ability to affect those returns through exercising its power. In cases where loan terms and conditions are breached, the Bank will assess whether it has achieved genuine power in relation to IFRS 10.

Associated companies

The definition of an associate is governed by IAS 28. Associates are companies in which the Bank has significant influence, but not control. Normally, significant influence exists when the Bank owns a stake of between 20 and 50 per cent of the voting capital, unless it can be clearly established that this is not the case. In some cases where the stake is less than 20 per cent, the enterprise is classified as an associate on the basis of influence via board representation. Associates are recognised in line with the cost method of accounting in the Parent Bank's financial statements and in line with the equity method in the consolidated financial statements. Associates are recognised at acquisition cost upon initial recognition in both the Parent Bank's financial statements and the consolidated financial statements. In subsequent measurements, the Group's share of the profit or loss is recognised through profit or loss in the consolidated financial statements and added to the carrying amount of the investment. The Group's share of other comprehensive income in the associate is recognised in other comprehensive income in the Group and also added to the carrying amount of the investment. The Group's share of changes in equity for non-controlling interests in associates is recognised through ordinary profit and loss in the Group. The corresponding entry in the associate is made directly against equity.

Investments in associates include goodwill identified at the time of acquisition less any subsequent write-downs.

Joint ventures

The definition of a joint venture is governed by IFRS 11. Investments in jointly controlled arrangements must be classified as either a joint operation or a joint venture depending on the contractual rights and liabilities of each individual investor. In a joint venture, the partners involved have joint control over operations based on contractual agreements. The agreements demand unanimity between the partners on strategic, financial and operations-related decisions. SpareBank 1 Østlandet has assessed its jointly controlled organisations and has concluded that they are joint ventures. Investments in joint ventures are recognised in line with the cost method of accounting in the Parent Bank's financial statements and in line with the equity method in the consolidated financial statements. Joint ventures are recognised at acquisition cost upon initial recognition in both the Parent Bank's financial statements and the consolidated financial statements. In subsequent measurements, the Group's share of the profit or loss is recognised through profit or loss in the consolidated financial statements and added to the carrying amount of the investment. The Group's share of other comprehensive income in the joint venture is recognised in other comprehensive income in the Group and also added to the carrying amount of the investment. The Group's share of changes in equity for non-controlling interests in joint ventures is recognised through ordinary profit and loss in the Group. In the joint venture, the change is recognised directly against equity.

Investments in joint ventures include goodwill identified at the time of acquisition less any subsequent write-downs.

5 Financial assets and liabilities

Financial assets and liabilities are recognised and deducted, classified and measured in accordance with IFRS 9 Financial instruments. Note information is prepared in accordance with IFRS 7 Financial Instruments – Information.

Recognition and derecognition

Financial assets and liabilities are recognised on the day of trading, that is, the date the Bank becomes a party to the contractual terms of the instruments. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset have expired, or when the rights to cash flows from the assets are transferred in a manner that means that the risk and returns associated with ownership have essentially been transferred. Financial liabilities are derecognised when the contractual terms have been met, are cancelled or have expired.

Measurement categories

The measurement category must be determined upon initial accounting for the asset or liability. According to IFRS 9, financial instruments can be conditionally classified in the following measurement categories:

- Amortised cost
- Fair value with value changes through profit or loss
- Fair value with value changes through other comprehensive income
- Fair value with value changes through net profit or loss and other comprehensive income

As a general rule, financial liabilities should be measured at amortised cost, with the exception of financial derivatives measured at fair value through profit or loss and financial liabilities determined to be recognised at fair value with value changes through profit or loss and other comprehensive income (OCI). Where it has been decided that financial liabilities will be recognised at fair value through profit or loss, changes in value that are due to changes in the company's own credit risk will be recognised in OCI, unless this creates or reinforces an 'accounting mismatch'.

In the case of financial assets, one differentiates between debt instruments, derivatives and equity instruments, where debt instruments are all financial assets that are not derivatives or equity instruments. Financial assets are classified on the basis of the contractual terms and conditions for the financial assets and the business model used to manage the portfolio of which the assets are a part.

Financial assets that are debt instruments
Debt instruments with contractual cash flows that are only payments of interest and the principal on given dates and that are held in a business model for the purpose of receiving contractual cash flows should initially be measured at amortised cost.

Instruments with contractual cash flows that are only payments of interest and the principal on given dates and that are held in a business model for the purpose of receiving contractual cash flows and sales, should initially be measured at fair value with value changes through OCI, with interest income, currency translation effects, and any impairments presented in the ordinary income statement. Value changes recognised through OCI must be reclassified to the income statement upon the sale or other disposal of the assets.

Other debt instruments must be measured at fair value with value changes through profit or loss. This applies to instruments with cash flows that are not only payments of normal interest and the principal, and instruments that are held in a business model in which the main purpose is not the reception of contractual cash flows. Instruments that should basically be measured at amortised cost or at fair value with changes through OCI can be designated to be measured at fair value with changes through profit or loss if this eliminates or significantly reduces an accounting mismatch.

Equity instruments
Investments in equity instruments must be measured on the balance sheet at fair value. As a general rule, value changes should be recognised in the ordinary profit or loss, but an equity instrument can be conditionally designated as measured at fair value with value changes through OCI. When equity instruments are designated at fair value with value changes through OCI, ordinary dividends must be recognised as income, while value changes should not be posted to the income statement on either an ongoing basis or in the event of disposal.

Derivatives
All derivatives must be measured at fair value with value changes through profit or loss. Derivatives designated as hedging instruments are recognised in accordance with the hedging accounting rules.

Financial instruments assessed at amortised cost

In the Bank's financial statements, the following main items are classified and measured at amortised cost:

- Loans to and receivables from credit institutions as well as cash and balances at central banks
- Lending to floating-rate customers who do not qualify for transfer to SpareBank 1 Boligkreditt
- Liabilities arising from issuance of securities that are not determined to be recognised at fair value
- Subordinated loan capital
- Deposits from and liabilities to financial institutions
- Deposits from and liabilities to customers

Financial assets and liabilities assessed at amortised cost are assessed at initial measurement at fair value adjusted for direct transaction expenses. During periods after initial measurement, the instruments are valued at amortised cost using the effective interest rate method.

Liabilities arising from the issuance of securities are presented including accrued interest. As a general rule, hedge accounting (hedging of fair value) is applied on the issue of securities debt at fixed interest rates. For hedging, there is a clear, direct and documented correlation between value changes for the hedged item (the borrowing) and the hedging instrument (fixed income derivative). For the hedged item, changes in fair value related to the hedged risk are carried as an addition to or deduction from the capitalised securities issued and recognised under 'Net result from financial assets and liabilities'. Hedging instruments are assessed at fair value and the changes in fair value are recognised on the same line of the income statement as the hedging objects. Net interest income from hedging instruments is recognised on the other interest income line in the income statement. See a further description of hedge accounting in note 38.

Issued subordinated loan capital has priority after all other liabilities and is measured in the same way as other securities issued at amortised cost.

Financial instruments assessed at fair value through profit or loss

In the Bank's financial statements, the following main items are classified and measured at fair value with value changes through profit or loss:

- Financial derivatives
- Certificates, bonds and fixed-income funds
- Shares, units and other equity interests
- Loans for customers with fixed interest rates

Derivative contracts with unrealised gains are presented in the balance sheet as an asset, and contracts with unrealised losses are presented as a liability. The balance sheet values include accrued interest. Interest income and expenses on all derivative contracts are entered net as other interest income. The changes in value are included in net income from financial assets and liabilities and in a corresponding note they are dispersed over derivatives that secure purchased fixed income securities, derivatives that secure issued securities and other derivatives.

The holdings of certificates, bonds and fixed income funds are part of the Bank's cash management and holdings. The assets are managed, measured and reported internally at fair value. Changes in fair value and realised gains and losses are recognised in the income statement under 'Net result from financial assets and liabilities' and are presented excluding and including the change of value securing in a corresponding note. Fixed-income securities are presented on the balance sheet including accrued interest.

Changes in value on equity instruments are included in the income-statement line 'Net income from financial assets and liabilities'. Unrealised changes in value on equity instruments are shown in a separate line in a corresponding note. The same specification shows dividends from equity instruments at fair value and gains or losses at the realisation from assets at fair value through profit or loss.

Fixed-rate loans for customers are determined to be recognised at fair value through the profit and loss to eliminate an accounting mismatch that would otherwise arise because associated hedging instruments are obliged to be measured at fair value through profit or loss. Changes in value are recognised in the income statement as net income from financial assets and liabilities and are shown on a separate line in a corresponding note. All loans for customers with fixed-interest are presented on the balance sheet including accrued interest.

Financial assets assessed at fair value with value changes through other comprehensive income

The Bank transfers a qualified proportion of residential mortgages to the jointly owned covered bonds company SpareBank 1 Boligkreditt. Consequently, variable rate residential mortgages are included in a business model that entails both the receipt of contractual cash flows and sales. Loans to floating rate customers who potentially qualify for transfer to SpareBank 1 Boligkreditt are consequently classified and measured at fair value with changes in value over other comprehensive income.

Financial liabilities assessed at fair value with change in value through profit and loss and other comprehensive income

A share of the securities debt is determined to be recognised at fair value through profit or loss. The part of the change in fair value that is attributable to changes in the liability's credit risk is recognised on a separate line under the comprehensive income statement. Other value adjustments are recognised in the income statement under 'Net profit from financial assets and liabilities'. The Group estimates the amount for change in the real value of the liability that is attributable to changes in the liability's credit risk with an approximately equal method described in the application of IFRS 9 Financial Instruments (B5.7.18).

See a further description of the determination of fair value in note 26 Determination of fair value of financial instruments.

6 Loan receivables

All loans to and receivables from customers are presented in the balance sheet, including the accrued interest.
The Bank has two accounting categories for loans: loans at amortised cost and loans at fair value. Loans to customers and financial institutions are classified at amortised cost, with the following exceptions:

- Customer mortgages for sale by the residential covered bond company. Mortgages that can be sold to the residential covered bond company in the next 12 months at fair value through other comprehensive income.
- Fixed-rate loans to customers are recognised at fair value through profit or loss.

Sale of loans

SpareBank 1 Østlandet has signed agreements for the legal sale of loans to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. In accordance with the management agreement between the Bank and the covered bond companies, the Bank is responsible for managing the loans and contact with the customers. The Bank receives consideration in the form of commissions for the liabilities associated with managing the loans. There is a remaining involvement associated with the transferred loans due to a limited settlement of losses against commissions. Please refer to the description in note 9.

Loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS are deducted from the Bank's balance sheet.

Loss provisions for loans, loan commitments, guarantees and unused credit facilities

Losses on loans are recognised on the basis of expected credit losses (ECL). The general model for loss provisions for financial assets in IFRS 9 applies to financial assets that are measured at amortised cost and to financial assets at fair value with value changes through OCI, and that were not purchased or issued with an explicit expectation of a realised credit loss. Loan pledges, financial guarantee contracts that are not measured at fair value through profit or loss, and unused credit facilities are also included.

For loans measured at amortised cost, the net carrying amount of the asset is reduced by a loss provision determined by the stage-based treatment described below. For loans classified at fair value through OCI, the loss provisions recognised in ordinary profit are reversed through OCI. However, the carrying amount of loans in this category is adjusted by a fair value adjustment due to the change in credit risk. For loans at fair value with a significant increase in credit risk, a correlation will be expected between the accumulated provision for credit losses according to the method described and the capitalised fair value adjustment. The net effect of reversing the provision for credit losses through ordinary profit or loss and changed fair value adjustments for loans classified at fair value through profit or loss is shown on the line 'Net fair value adjustment of loans recognised through other comprehensive income' in the statement of comprehensive income. In practice, the net effect will correspond to the period's change in provisions for credit losses for floating-rate mortgages in Stage 1 of the loss model, ref. the more detailed description of the Bank's loss model below.

The measurement of provisions for expected losses in the general model depends on whether or not the credit risk has increased significantly since initial capitalisation. Credit deterioration is measured by the development of financial PD. Financial PD is the Bank's best assessment of the customer's risk of default. Upon initial capitalisation and when the credit risk has not increased significantly after initial capitalisation, losses must be recognised amounting to 12 months' expected losses. 12 months' expected losses are the loss that is expected to occur over the lifetime of the instrument, but which can be linked to default events that occurred in the first 12 months. If the credit risk has increased substantially after initial recognition, the loss provisions will equal the expected loss over the entire lifetime. The expected credit loss is calculated based on the scenario-weighted present value of all cash flows over the remaining lifetime, i.e. the difference between the contractual cash flows and the cash flow that the Bank expects to receive, discounted by an effective interest rate on the instrument.

In addition to the general model, there are separate principles for issued, including renegotiated loans that are treated as new, and purchased loans where a credit loss has occurred upon initial capitalisation. For these, an effective interest rate will be calculated that takes account of the expected credit loss, and in the event of changes in expected cash flows the change will be discounted at the effective interest rate originally fixed, and recognised in the income statement. For these assets there is thus no need to monitor the extent to which there has been a significant increase in credit risk after initial capitalisation since the expected loss over the entire lifetime will be taken into account in any case.

Further information on the Bank's loss model

The model-generated calculations of losses in line based on IFRS 9 are produced quarterly. Loss calculations are based on data from the data warehouse, which contains a history of account and customer data for the entire credit portfolio. Loss estimates are calculated based on the 12-month and lifelong probability of default (PD), loss given default (LGD) and exposure at default (EAD). The data warehouse contains a history of observed PD and observed LGD. This provides a basis for producing estimates of future values for PD and LGD.

Probability of default (PD) is an expression of how probable it is that a customer will default. The development of a customer's PD is a key component in the Bank's monitoring of credit risk and is used to assess whether or not a significant increase in credit risk has occurred since initial recognition, and to calculate ECL. 12-month PD is the probability of default within the next 12 months. Lifetime PD is the annualised probability of default occurring during the remaining lifetime of the exposure.

Exposure at Default (EAD) is an estimate of the customer's exposure at the time of a future default. EAD is adjusted to reflect the contractual payment of the principal, interest and estimated early repayment. The proportion of unused credit facilities that are expected to have been drawn at the time of default is reflected in

EAD using different conversion factors.
Loss Given Default (LGD) expresses how large a proportion of the Bank's exposure to a customer (EAD) is expected to be lost if the customer defaults, taking into account collateral, future cash flows and other relevant factors.

In line with IFRS 9, the Bank groups its loans and commitments to customers into three stages.

Stage 1:
This is the starting point for all exposures covered by the general loss model. A provision equal to 12 months' expected losses is calculated for all exposures whose credit risk is not significantly higher than it was upon initial recognition. This category will contain all exposures that have not been transferred to Stages 2 or 3.

Stage 2:
Stage 2 of the loss model contains exposures that have seen a significant rise in credit risk since initial recognition but for which there is no objective evidence on the balance sheet date of a credit loss having occurred. A provision equivalent to the expected losses over their entire lifetime will be calculated for these exposures.

Quarterly assessments are made of whether a financial instrument's credit risk has increased significantly, based on the following:

- Quantitatively, the Bank uses a combination of the absolute and relative change in PD as a determining factor regarding transfer to Stage 2. Exposures that have seen a rise of 150 per cent or more in PD, measured from initial recognition to a level of more than 0.60 per cent are deemed to have experienced a significant increase in credit risk.
- Customers who have been in arrears for more than 30 days will always be reclassified to Stage 2.
- Furthermore, if an exposure is subject to special monitoring (watchlist) or payment relief has been granted (forbearance), a qualitative assessment is made of whether the exposure's credit risk has significantly increased. See below for more detailed explanations of watchlist and forbearance.

Watchlist
This is a qualitative assessment in which a specific exposure, based on a subjective review of individual customers or groups of customers, is flagged for special monitoring. Exposures on the watchlist, which based on other criteria would be classified as Stage 1, are overridden and transferred to Stage 2.

Forbearance
Customers who have been allowed to renegotiate loans where they have been granted relief regarding the terms and conditions due to the customer experiencing financial problems are assessed in relation to forbearance registration when the exposure exceeds a defined materiality limit. If measures such as a revised repayment plan or refinancing take place in combination with a weak market outlook or with indications that the customer could default without measures, the exposure will be forbearance flagged. Accounts with forbearance will be overridden and transferred to Stage 2 if the exposure is not already classified as Stages 2 or 3 for other reasons.

The criteria for migration between Stages 1 and 2 are symmetrical. If an exposure in Stage 2 is no longer regarded as having a significantly higher credit risk compared with initial recognition, it will migrate back to Stage 1.

Stage 3:
Stage 3 of the loss model contains exposures that have seen a significant increase in credit risk compared with when they were granted and where there is, on the balance sheet date, deemed to exist a default that entails reduced future cash flows to service the exposure. Such credit-impaired loans are operationalised via the default definition described in more detail below. For these exposures, the loss provision must cover expected losses over the useful life.

Default

On 01.01.2021, the Bank implemented a new definition of default for risk management and capital requirement calculations in line with the guidelines issued by the European Banking Authority (EBA). In the opinion of the Bank, this definition of default generally coincides with the criteria for credit-impaired financial assets and default pursuant to IFRS 9. We have chosen to use the same general criteria for default for accounting purposes, risk management and capital requirement calculations.

Defaults fall into one of two defined categories:

- Failures to pay with substantial overdrafts that are more than 90 days past due.
- Default due to manual default flagging based on credit rating. Events included in this category are provisions for credit losses for a customer, bankruptcy/debt settlement, forbearance measures with a present value loss of than 1 per cent, periods of grace of more than 180 days and indications that a customer will be unable to meet their obligations to the Bank (Unlikeliness to Pay (UTP)).

The new definition of what constitutes a default introduces quarantine periods, which require customers to be categorised as being in default for a period of time after an exposure is no longer in default (has been remedied). The quarantine period is 3 months or 12 months, depending on the underlying cause of the default.

Rules have also been introduced regarding default at a group level (contagion) where corporate customers with a defaulted exposure in a subsidiary will also be regarded as being in default in relation to the Parent Bank. Threshold values have been specified for retail customers that result in default contagion in the Group. If the defaulted exposure exceeds 20 per cent of the total exposure, it will be regarded as being in default at a group level.

If an exposure is deemed to be in default, it will be treated as credit-impaired and placed in Stage 3 of the loss model.

Establishment of losses and derecognition

Losses are established and carrying amounts derecognised when the Bank has no reasonable expectation of fully or partially recovering an exposure.
For limited companies, losses are recognised and waived, either earlier impairments or direct recognition, in bankruptcy cases when all the collateral has been realised and a final report has been received from the liquidator. In some cases where it is overwhelmingly likely that the estate will not pay out any more but where, for various reasons, winding up the estate is likely to drag on for some time, the loss can be recognised before a final report is received. For sole proprietorships/self-employed people, the general rule is that losses are recognised once all the collateral has been realised and the recovery process has the status 'nothing to distrain' at the debt collection company. The claim against the debtor remains and will be routinely followed up by the debt collection company (long-term monitoring). In exceptional cases, a waiver of debt agreement can be entered into with the customer. Losses are also recognised after a debt settlement has been completed for self-employed people and any guarantors.

7 Assets held for sale

In connection with legal recovery of claims under non-performing loans and guarantees, the Bank in some cases repossesses assets that have been pledged as security for such commitments. Upon takeover, the assets are valued at the estimated realisation value. Any deviation from the carrying value of non-performing or written-down commitment at takeover is classified as an impairment of loans. Acquired assets are recognised in the balance sheet by type. In the event of a final divestment, the deviation from the carrying amount is recognised in accordance with the type of asset in the financial statements.

8 Acquired assets

Assets that the Bank's Board of Directors has decided to sell are processed according to IFRS 5 if it is highly likely that the asset will be sold within 12 months. This type of assets mainly comprises acquired assets in connection with a loss-giving commitment as well as investments in subsidiaries held for sale. Fixed assets and groups of fixed assets and liabilities classified as held for sale are measured at the lowest value of previous carrying value and fair value less sales costs. The net profit or loss from such activities as well as associated assets and liabilities are presented on a separate line as held for sale.

9 Leases

IFRS 16 Leases sets the policies for recognition, measurement, presentation and information about leases for both parties in a lease, i.e. the customer (lessee) and the bidder (lessor). For the lessee, the recognition of assets and liabilities is required in the balance sheet for most leases. The lessor classify its leases as operational or financial leases and recognises these two types of leases differently.

The Group has chosen to make use of the following practical exceptions:

- Exceptions for capitalisation of low-value leases (USD 5 000) and exemptions for capitalisation of short-term leases (lease term of 12 months or less). Leases covered by these exemptions are recognised on a continuous basis as other operating expenses.
- Fixed non-lease components that are embedded in the lease are separated out and expensed continuously as other operating expenses.
- For leases classified as operating leases under IAS 17, the Group has chosen to make use of the practical opportunity to apply a common discount rate to a portfolio of leases with fairly similar characteristics.

Measuring the lease liability
At the time of implementation, the lease liability is measured at the present value of future payments for the lease for the right to use the underlying asset during the period of contract. The lease term represents the non-terminable period of a lease. In addition, options for extension and termination are considered in the lease term if it is reasonably certain that the option will be exercised.

In subsequent measurements, the lease liability is measured by increasing the carrying value to reflect the interest rates for the liability, reducing the carrying value to reflect the payments for the lease and re-measuring the carrying value to reflect any reassessments or lease modifications. The right of use is depreciated using the straight-line method, adjusted for any re-measurements of the lease liability and tested for impairment pursuant to IAS 36.

The lease payments included in the measurement consist of:
- Fixed payments for the lease
- Variable payments for the lease that depend on an index or interest rate
- Amounts expected to payable for the lessee in accordance with residual value guarantees
- The price of a call option, if it is reasonably certain that it will be exercised
- Payment of fine for terminating the lease, if the lease term reflects that the Group will exercise an option to terminate the lease

Discount rate
IFRS 16 refers to two different methods for determining the discount rate for lease payments:

- Implicit interest in the lease
- The lessee's incremental borrowing rate of interest, if the implicit rate cannot be easily determined.

If the lease's implicit rate of interest cannot easily be determined, SpareBank 1 Østlandet applies marginal loan rate to its leases on the balance sheet. The marginal loan rate is defined as the interest rate a lessee in a similar environment would have to pay for a loan, over an equivalent period and with equivalent collateral, for an amount necessary to acquire an asset with the equivalent value as the right-to-use asset. This interest rate is defined as follows:

Discount rate = Financing cost + supplement for capital cost

The premium in the financing cost reflects the average duration of our leases weighted between NOK and EUR on senior funding plus a weighted premium for capital cost. As at 31 December 2021, the discount rate was calculated at 1.58 per cent.

Presentation
The right-of-use asset is presented in the balance sheet under the accounting line 'Property, plant and equipment'. The associated lease liability is presented under the accounting line 'Other liabilities'. The income statement results in depreciation on the right-of-use asset while interest expense for the liability is included in net interest income. The payments for the lease are classified as a financing activity in the cash flow while the portion of the payment that is interest is presented as cash flow from operating activities.

Under IFRS 16 it is a lease, or contains a contract, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. For the SpareBank 1 Østlandet Group, it is primarily residential leases that are covered by the new standard. Reference is made to note 34 Leases in the Annual Report for further information.

Financial leases where the Group is the lessee are classified as loans on the balance sheet and recognised at amortised cost. All fixed income during the ordinary leasing period is included in the calculation of the agreement's effective rate of interest. Financial leases are written down in accordance with the rules in IFRS 9.

In 2020, IASB amended IFRS 16 Leases such that lessees have the option of not used the guidelines in IFRS 16 concerning modifications of leases that are a direct consequence of the Covid-19 pandemic. The Group has not used this amendment.

10 Goodwill and other intangible assets

Goodwill is defined as the difference between the purchase price and the value of the acquired business included on the balance sheet, after the acquisition cost has been allotted to identifiable tangible and intangible assets, liabilities and contingent liabilities. Goodwill is not amortised, but is subject to an annual impairment test with a view to ascertaining any impairment, in accordance with IAS 36. When assessing impairment, the assessment is carried out at the lowest level where it is possible to identify cash flows. Any write-down of goodwill cannot be reversed. Negative goodwill is recognised as income immediately. Negative goodwill relating to investments in associated companies and joint ventures is recognised as income immediately according to the equity method of accounting. Other immaterial assets are depreciated on a straight-line basis over their estimated useful life.

11 Property, plant and equipment

Fixed assets comprise buildings, plots of land and operating equipment. Buildings and operating equipment are recorded at acquisition cost less depreciation and write-downs. Plots of land are recorded at acquisition cost price less write-downs. The acquisition cost includes all direct costs related to getting the asset to function as intended. Non-current assets, less any residual value, are depreciated on a straight-line basis over their estimated useful life. When determining a depreciation schedule, the separate assets are split up into components with different useful lives to the extent that this is regarded as necessary, taking into account the estimated residual value. Property, plant and equipment that individually are regarded as insignificant, such as computers and other office equipment, are not assessed individually for residual value, useful life or impairment, but are assessed in groups. Useful lives of various classes of property, plant and equipment:

- Buildings, furniture and fittings: 10–100 years
- Operating equipment: 3–25 years

Property, plant and equipment that are depreciated are subject to an impairment test in accordance with IAS 36 whenever circumstances so indicate. Plots of land, buildings and sections of buildings owned by the Group for the purpose of earning rental income and/or capital gains are classified as investment properties. In buildings where the Group uses parts of the building for its own operations, that part that is leased to others is treated as an investment property if that part is divisible. The Group has chosen to recognise investment properties in accordance with the cost method of accounting. The fair value of investment properties is established through an appraisal or valuation by a government-authorised estate agent. Further information is available in note 33 Property, plant and equipment.

12 Pensions

The SpareBank 1 Østlandet Group has a pension scheme for its employees that satisfies the mandatory occupational pension requirements. The Group has gradually transitioned to a defined contribution scheme as the defined benefit schemes have been closed and discontinued. The Group still has unsecured pension liabilities related to additional pensions in excess of 12G.

Defined contribution scheme

A defined contribution pension scheme entails that the Group does not guarantee a future pension of a given size, the Group pays instead an annual contribution to the employees' collective pension savings plan. The future pension will depend on the size of the contribution and the annual return on the pension savings. The Group does not have any further liability related to work performed after the annual contribution has been paid. There are no provisions for accrued pension liabilities in such schemes. Defined contribution pension schemes are recognised directly as a cost. Any prepaid contributions are recognised as assets (pension assets) to the extent that the contribution can be refunded or reduce future payments.
The Group has offered a defined contribution pension scheme to its employees since 1 July 2008. Since 1 July 2017, contributions have amounted to 7 per cent on pay from 0–7.1G and 15 per cent from 7.1–12G. Salary includes fixed supplements, but does not include overtime, taxable benefits in kind and other allowances for expenses.

Early retirement pension scheme

The Act on state subsidies to employees who take out an early retirement pension in the private sector (Early Retirement Subsidy Act) entered into force on 19 February 2010. Employees who take early retirement under the AFP scheme with effect from 2011 or later, will be given benefits under the new scheme. The new early retirement (AFP) scheme is a lifelong addition to the National Insurance benefits and can be taken out from age 62. Employees earn an annual entitlement to early retirement at the rate of 0.314 per cent of their pensionable income up to 7.1 G up to and including the calendar year in which the employee turns 62. Accrual in the new scheme is calculated based on the employee's lifelong income, so that all earlier working years are included in the accrual basis. The new early retirement (AFP) scheme is regarded as a defined benefit multi-company scheme for accounting purposes. This means that each individual company shall account for its proportionate share of the scheme's pension liabilities, plan assets and pension expenses. In the absence of estimates of the individual components and a consistent and reliable basis for allocation recorded, the new pension scheme is recognised as a defined contribution scheme. At the current point in time no such basis exists, and the new early retirement (AFP) scheme will therefore be accounted for as a defined contribution scheme. Accounting for the new early retirement (AFP) scheme as a defined benefit scheme will not take place until reliable measurement and allocation can be made. The new scheme will be financed by the state covering one-third of the pension costs and employers covering two-thirds of the pension costs. The employers' premium is determined as a percentage of salary payments between 1G and 7.1G. The premium for 2021 is set at 2.5 per cent (2.5 per cent in 2020)

Unsecured defined benefit schemes

A defined benefit scheme will typically define an amount an employee will receive from the date of retirement. Accounting liabilities for defined benefit schemes are the present value of the liability on the balance sheet date. The gross liability is calculated by an independent actuary and discounted to its present value using the interest rate for high-quality corporate bonds and an approximately equal term as the payout horizon for the liability. Gains and losses arising from the recalculation of the liability as a result of experience deviations and changes in actual assumptions are recognised against equity via OCI in the period in which they arise. The impact of changes on the schemes' benefits are recognised immediately.

13 Issued hybrid tier 1 capital

Hybrid tier 1 capital is debt security with a nominal interest rate, but the Bank is not obliged to pay interest in periods when no dividend is paid, nor is the investor subsequently entitled to interest that is not disbursed, i.e. the interest is not accumulated. Hybrid tier 1 capital is approved as a constituent of core capital, up to a limit of 15 per cent of total core capital. The Financial Supervisory Authority of Norway can demand that hybrid tier 1 capital be written down proportionate to equity if the Bank's tier 1 capital ratio falls below 5 per cent or the combined capital adequacy falls below 6 per cent. The written down amount relating to the hybrid tier 1 capital should be written up before dividends can be disbursed to shareholders or the equity written up. From and including Q2 2016, hybrid tier 1 capital was reclassified from liabilities to equity since it does not satisfy the definition of a financial liability pursuant to IAS 32. The hybrid tier 1 capital is perpetual and the Bank has a unilateral right not to pay interest to the investors under certain conditions. Interest is not presented as an interest cost in the income statement, but as a reduction in other equity.

14 Interest revenue and interest costs

Interest revenue and expenses related to assets and liabilities measured at amortised cost and fair value over other income and expenses are recognised in the income statement on an ongoing basis based on an effective interest method. Fees related to interest-bearing payable and receivable loans are included in the calculation of effective interest rates and are thus amortised over the expected time to maturity. For debt instruments relating to assets recognised at amortised cost and which are written down as a result of objective evidence of loss, interest is recognised based on the net carrying amount.

For interest-bearing instruments at amortised cost not included in hedging relationships, the premium/discount is amortised as interest revenue during the contract's time to maturity.

15 Commission income and commission costs

Commissions and commission costs are generally accrued in line with the delivery/receipt of a service. Fees in conjunction with interest-bearing instruments are not recorded as commissions, but are included in calculating the effective interest rate and recognised through profit or loss accordingly. Advisory fees are accrued in accordance with the consultancy agreement, typically at the time the service is provided. Fees and charges related to the sale or brokerage of financial instruments, property or other investment objects that do not generate balance sheet items in the Bank's or the Group's financial statements are recognised when the transaction is completed.

Income from customer contracts is treated in accordance with IFRS 15. The amount of income recognised reflects the consideration the company expects in exchange for transferring an item or service to a customer. Income is recognised on the date a customer obtains control of an item or service and also has the opportunity to make direct use of it. The Group treats the following income streams in accordance with this principle:

- Transaction fees
- Product fees
- Annual fees
- Commission sales of insurance, savings, funds and credit cards
- Commission from mortgages transferred to partly-owned covered bond companies
- Brokerage commissions
- Fees earned via third parties (interbank, VISA etc.)
- Other fees according to the price list

16 Transactions and monetary items in foreign currency

Transactions in foreign currencies are converted into Norwegian kroner at the time of the transaction. Gains and losses related to completed transactions or to the conversion of monetary items in foreign currencies on the balance sheet date are recognised in profit and loss.

17 Taxes

Taxes consist of taxes payable and deferred taxes. Taxes payable are the estimated taxes on the year's taxable profit. Deferred taxes are accounted for by means of the liability method in accordance with IAS 12. Deferred tax assets or liabilities are calculated based on all the temporary differences, which are the differences between the book value of assets and liabilities for accounting purposes and the book value for taxation purposes. Deferred tax assets are calculated with respect to accumulated tax losses carried forward at the balance sheet date. Deferred tax assets are included only to the extent that future taxable profits make it possible to exploit the related tax benefit. Taxes and levies that are not based on the tax-related result are recognised according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 clarifies how a levy imposed by public authorities, which is not a tax according to IAS 12 Income Taxes, should be recognised. IFRIC can, in some circumstances, change the timing of when a liability is recognised, especially when such taxes are imposed due to a given condition on a specific date. For SpareBank 1 Østlandet this means that wealth tax is first recognised in full in Q4 and not in the earlier interim financial statements.

The Group presents for tax on all equity transactions (distributions) if the source of the dividends is past performance (accrued income), the tax consequences of the distribution are now presented as tax expenses in the income statement when dividends are decided on.

18 Segment reporting

SpareBank 1 Østlandet aims to be a full-service provider of financial products and services, partly through services provided by the Bank and partly by distributing products and services on behalf of joint venture partners. In addition, the Bank has a number of subsidiaries that provide different financial services. Different kinds of operations are therefore conducted within the Group. The Group's segment reporting is primarily divided into the following areas: retail banking, corporate banking, financing, real estate brokerage, accounting and other operations. SpareBank 1 Østlandet applies IFRS 8.

19 Savings programme in own equity capital certificates for employees

The Group sells equity capital certificates to employees and/or conducts private issues at a discount and with a lock-in period. For every other equity capital certificate the employee buys through the savings scheme, SpareBank 1 Østlandet gives the employee a further bonus equity capital certificate. The bonus equity capital certificates are awarded 2 years after saving starts and are contingent on the employee still owning the originally saved equity capital certificates and still being employed in the Group.

Bought back equity capital certificates are recognised as a reduction of the equity capital from the date they are bought back until they are distributed. The price of the bought back equity capital certificates must be split between their nominal value and the excess above their nominal value. The nominal value is recognised as a reduction of that part of the equity capital classified as 'equity capital certificates', while the difference between fair value and nominal value will be recognised as a reduction of the share premium fund or equity capital certificates. Transaction costs will be recognised as deductions in equity capital. Earned bonus equity capital certificates will be recognised as costs during the term of the programme and the allocated liability will be based on the equity capital certificate's price at the start of the programme.

20 Events after the balance sheet date

The financial statements are deemed to be approved for publication once the Board of Directors has approved the financial statements. The Supervisory Board and regulatory authorities may refuse to approve the published financial statements subsequent to this, but they cannot change them. Events occurring up to the time when the annual financial statements are approved for publication involving issues that were already known on the balance sheet date will form part of the information basis for determining accounting estimates and will thus be fully reflected in the financial statements. Events that were not known on the balance sheet date will be reported if they are significant. The financial statements have been prepared on the assumption that the Group will continue as a going concern. This assumption was valid in the Board of Directors' opinion at the time the financial statements were approved for publication.

Note 3 Critical estimates and assessments regarding the use of accounting principles

Executive management team's assessments in connection with the choice of accounting policies

In preparing the financial statements, management makes estimates, discretionary assessments and assumptions which influence the effect of applying the accounting policies. This will in turn affect the recognised amounts for assets, liabilities, income and costs.

A description of the most significant estimates and assessments used that may affect recognized values or key figures is provided below. The actual results will deviate from the accounting estimates.

The Covid-19 pandemic prompted the Group to launch a number of measures to help individuals and businesses cope with the financial consequences of the virus outbreak, primarily by easing payback on payment of debt for private and corporate customers. In addition to this, the Bank provided government guaranteed liquidity loans and other liquidity facilities to corporate customers. Forecasts of how the Covid-19 pandemic will affect both Norway and the world economy remain uncertain and the situation is in constant flux. This infuses critical estimates with considerable uncertainty.

Critical estimates

Loan losses
Please see note 2 'Accounting Policies' for a detailed description of the applied loan loss model in accordance with IFRS 9. The model contains several critical estimates. The most important are related to the definition of significantly increased credit risk and key assumptions in the general loss model.

Significantly increased credit risk
The measurement of impairments for expected credit losses in the general loss model depends on whether the credit risk has increased significantly since initial recognition. The credit deterioration is measured by the development of financial PD. Financial PD is the Bank's best assessment of the customer's default risk. The Bank defines that a significant degree of credit deterioration occurs when the customer's PD has increased by more than 150 per cent to a PD level above 0.60 per cent. In addition, the credit risk is considered to be significantly increased 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. Critical estimates of significantly increased credit risk have historically had good support in results from validation of the credit model in the SpareBank 1 alliance and have otherwise been on a par with what other banks use in similar loss models.

In 2020, a post model adjustment (PMA) was carried out to reflect that the effects of the Covid-19 pandemic would have an impact on credit models with some delay. It was assumed that a proportion of customers in vulnerable industries would migrate from Stage 1 to Stage 2 as a result of assumed, but not observed, significant increased credit risk. The model override was based on a discretionary assessment of the proportion of loans that could be expected to migrate and the associated increased expected credit loss on migration. This 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. As of the end of 2021, the need for model overriding 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 reversed in the first quarter of 2021, while the PMA in the subsidary SpareBank 1 Finans Østlandet of NOK 5 million was reversed in the third quarter of 2021.

Sensitivity related to significantly increased credit risk:
The effects of a more conservative definition of a significant degree of credit deterioration were simulated as of 31 December 2021, where this alternative occurs when the customer's PD has increased by more than 100 per cent (other conditions kept unchanged). The simulation increased expected loan losses by NOK 7 million (1.7 per cent) in the Parent Bank, and by NOK 11 million (2.1 per cent) in the Group.

Key assumptions in the general loss model: Scenario weighting and estimate of expected development on the default and loss level.

The general loss model calculates expected credit losses in Stage 1 and Stage 2 under three economic development scenarios: an expected scenario, a downside scenario, and an upside scenario. The scenarios use different estimated 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 for the 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 is expectation-oriented, and the levels of future PD and LGD are adjusted accordingly. 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 Reports from The Central Bank of Norway, Economic Trends for Norway from Statistics Norway and monthly analyzes from Moody's Investor Service, the assumptions were further adjusted at the end of the second quarter of 2020. Macro forecasts from the same sources as of the end of the third and fourth quarters of 2020, were considered to provide support for keeping the PD assumptions assumed in the second quarter of 2020 virtually unchanged. Macro forecasts in 2021 have pointed to a somewhat faster economic recovery than expected at the start of the pandemic, and then flattening out with a relatively low level of activity measured by expected GDP growth. Based on this, reason has been found to make a gradual and cautious improvement of estimated PD levels, especially in the short to medium term. The Bank has not found grounds 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. In 2021, the net effect of changed key assumptions was a moderately lower ECL of NOK 41 million.

The downside scenario reflects an economic outlook that is substantially worse than the expected development, and PD and LGD are 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 that are 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 are set lower than in the expected scenario. The starting point is the observed level of defaults and losses in an historical economic upturn. The Bank has assessed that DR over the past three years and actual LGD over the past five years reflect such a period of economic upturn. However, in the assessments as of 30 June 2020 it was taken account that it may take some time before the PD levels come down after the covid-19. The PD curves was consequently adjusted upwards in the short and medium term, especially in the corporate segment. These adjustments were somewhat moderated as of 30 September 2021 and then kept unchanged as of 31 December 2021. Overall, the assumptions in the upside scenario have not changed significantly in 2021.

The scenario weighting is subject to ongoing assessment based on available information. As of 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). As of 31 December 2019, the Bank increased the weighting of the downside scenario by five 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 Covid-19 pandemic, the Bank considered that the probability of the downside scenario was further increased and raised the scenario weighting by another five percentage points as of 31 March 2020. The increased downside risk posed by the Covid-19 pandemic is subject to ongoing assessment. However, the Bank concluded that as of the end of 2021 some uncertainty still remained and chose to maintain the scenario weighting from the first quarter of 2020. The ECL as of 31 December 2021 was consequently calculated as a combination of 70 per cent expected scenario, 20 per cent downside scenario and 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 expected credit loss 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 add up to the Parent Bank. The table also shows corresponding calculations of expected credit losses in the subsidiary SpareBank 1 Finans Østlandet. The ECLs of the Parent Bank and the subsidiary, adjusted for group eliminations, are totalled in the Group column. In addition to segmented ECL for applied scenario weighting, the table shows four alternative scenario weights. The first two alternatives reflect previously applied scenario weights. The last two alternatives show sensitivity to further deterioration in relation to applied scenario weighting, with a 60-65 per cent probability for the expected scenario, a 25-30 per cent probability for the downside scenario and a 10 per cent probability for the upside scenario (65/25/10 per cent and 60/30/10 per cent).

31.12.2021	Retail market	Corporate market	Parent Bank	SpareBank 1 Finans Østlandet	Group
ECL in expected scenario	68	139	207	82	285
ECL in downside scenario	404	851	1 255	169	1 420
ECL in upside scenario	53	101	154	58	208
ECL with used scenario weighting 70/20/10 per cent	134	278	412	97	505
ECL with alternative scenario weighting 80/10/10 per cent	100	207	307	88	391
ECL with alternative scenario weighting 75/15/10 per cent	117	242	359	93	448
ECL with alternative scenario weighting 65/25/10 per cent	151	313	464	101	561
ECL with alternative scenario weighting 60/30/10 per cent	167	349	516	106	618

The table reflects 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 group level, the ECL in the upside scenario is approximately 75 per cent of the ECL in the expected scenario, while the downside scenario has about five times higher ECL than in the expected scenario. Applied scenario weighting, with 20 per cent downside and 10 per cent upside, thus gives about 75 per cent higher ECL than in the expected scenario. A further ten percentage point increase in the probability of a downside scenario would increase the weighted ECL by about NOK 115 million (+23 per cent). A ten percentage point reduction in the probability of the downside scenario, equal to the probability weights at IFRS 9 implementation, would reduce the weighted ECL with a corresponding amount.

Reference is also made to note 10 'Provisions for credit losses', where isolated loss cost effects of various changes in the model assumptions are shown in tabular form per segment.

Valuation of collateral value
The Bank uses collateral to mitigate credit risk. Guidelines have been established for specification of the valuation criteria that must be used to estimate the value of the collateral. The bank estimates turnover value using different valuation methods. See note 11 "Credit exposure for each internal risk rating" for further details.
Risk classification of loans
Risk classification is based on observed PD in the bank's credit models and no change has been made as a result of model overruns for expected, but no significantly increased credit risk has been observed. See note 8-14 for risk classification of loans.

Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market is determined based on valuations that include the group's own estimates. In note 26 «Financial instruments at fair value», financial instruments at fair value are placed in a valuation hierarchy with detailed information on valuation methods and degree of discretion. The note includes sensitivity estimates for instruments at the lowest level in the valuation hierarchy.

Capital Adequacy
The Bank has permission to use internal models (IRB method) in order to calculate the capital requirement for parts of its lending portfolio. This entails calculating the capital requirment based on own estimates for the Probability of Default (PD), Loss Given Default (LGD), presumed utilisation of off-balance sheet exposures (CCF - Credit Conversion Factors) and Maturity (M). Modelled estimates will always entail some uncertainty. SpareBank 1 Østlandet has permission to use IRB Advanced method for calculating the capital requirements for the exposure classes Corporate and Retail. The Bank has exceptions for certain types of exposures. This includes states, municipalities and institutions where there is a permanent exception as well as housing associations and general associations where the bank applies the standardised method. See Pillar III for further information.

Note 4 – Segment information

This segment information is linked to the way the Group is governed through reporting on performance and capital, authorisations and routines. Reporting on segments is divided into following areas retail division (RD), corporate division (CD), real estate brokerage EM1I and EM1OA, leasing (SpareBank1 Finans Østlandet), accounting (TheVIT) and other operations.

The profit contribution associated with unallocated activities mainly consists of dividends and net income from financial assets and liabilities that are not distributed in the full distribution accounts.

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

2021	Retail division	Corporate division	SpareBank 1 Finans Østlandet Group	EiendomsMegler 1 Innlandet AS	EiendomsMegler 1 Oslo Akershus Group	SpareBank 1 Østlandet Vit Group	Other operations	Total
Income statement								
Net interest income	980	937	287	-1	0	-2	0	2 202
Net commission and other income	844	190	64	130	218	191	-17	1 622
Net income from financial assets and liabilities	47	58	3	0	0	0	492	599
Operating expenses	911	456	103	125	199	191	-5	1 980
Profit before losses by segment	**960**	**729**	**252**	**4**	**19**	**-2**	**481**	**2 443**
Impairment losses on loans and guarantees	0	-4	9	0	0	0	0	5
Profit / loss per segment before tax	**960**	**732**	**243**	**4**	**19**	**-2**	**481**	**2 438**
Tax	180	176	60	1	4	0	-5	416
Profit / loss per segment after tax	**780**	**557**	**183**	**3**	**15**	**-2**	**486**	**2 022**
Balance sheet								
Gross lending to customers	73 684	38 145	9 514	0	0	0	-58	121 284
Provisions for credit losses	-61	-285	-97	0	0	0	-1	-443
Other assets	2 944	422	207	69	151	136	30 690	34 619
Total assets per segment	**76 566**	**38 281**	**9 625**	**69**	**151**	**136**	**30 631**	**155 459**
Deposits from and liabilities to customers	52 238	39 907	0	0	0	0	32	92 178
Other liabilities and equity	24 328	-1 626	9 625	69	151	136	30 599	63 282
Total equity capital and liabilities per segment	**76 566**	**38 281**	**9 625**	**69**	**151**	**136**	**30 631**	**155 459**

2020	Retail division	Corporate division	SpareBank 1 Finans Østlandet Group	EiendomsMegler 1 Innlandet AS	EiendomsMegler 1 Oslo Akershus Group	SpareBank 1 Østlandet Vit Group	Other operations	Total
Income statement								
Net interest income	908	968	297	-1	-1	-2	8	2 177
Net commission and other income	679	185	55	133	207	185	-3	1 441
Net income from financial assets and liabilities	25	58	0	0	0	0	463	545
Operating expenses	882	432	99	120	190	183	-5	1 902
Profit before losses by segment	**730**	**779**	**253**	**12**	**16**	**0**	**472**	**2 262**
Impairment losses on loans and guarantees	29	216	84	0	0	0	0	330
Profit / loss per segment before tax	**700**	**563**	**169**	**12**	**16**	**0**	**472**	**1 932**
Tax	124	131	42	3	4	0	20	323
Profit / loss per segment after tax	**576**	**432**	**126**	**10**	**12**	**0**	**452**	**1 608**
Balance sheet								
Gross lending to customers	70 021	34 128	9 120	0	0	0	99	113 368
Provisions for credit losses	-74	-298	-112	0	0	0	0	-484
Other assets	2 904	553	151	70	149	131	29 231	33 189
Total assets per segment	**72 852**	**34 384**	**9 159**	**70**	**149**	**131**	**29 330**	**146 074**
Deposits from and liabilities to customers	49 520	36 043	0	0	0	0	50	85 613
Other liabilities and equity	23 332	-1 659	9 159	70	149	131	29 280	60 461
Total equity capital and liabilities per segment	**72 852**	**34 384**	**9 159**	**70**	**149**	**131**	**29 330**	**146 074**

Note 5 – Capital Adequacy

Regulatory Framework

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

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)

Capital Requirements

The Group has a combined buffer requirement of 8.0 per cent as at 31 December 2021. In the combined buffer, the institution-specific buffer requirements consisting of the countercyclical buffer and the systemic risk buffer were calculated to be 1.0 per cent and 4.5 per cent, respectively, for the Group. The capital conservation buffer is 2.5 per cent.

Therefore, as at 30 December 2021, the Group's Common Equity Tier 1 capital ratio requirement, inclusive of a Pillar 2 requirement of 1.8 percentage points, was 14.2 per cent. The Bank's Common Equity Tier 1 capital ratio was thus significantly higher than the current and expected capital requirements.

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

View from the spa and wellness facility at Savalen Fjellhotell. SpareBank 1 Østlandet has been an active partner in the development of the hotel since 1998.

Parent bank			Group	
2020	2021		2021	2020
15 918	**17 330**	**Total equity carried**	**18 706**	**17 135**
		Common equity tier 1 capital		
-791	-996	Results for the accounting year not included	-996	-791
-650	-1 000	Hybridcapital	-1 000	-650
0	0	Minority interests that is not eligible as CET1 capital	-75	-74
17	11	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	11	17
-78	-66	Goodwill and other intangible assets	-441	-461
-196	-235	Positive value of expected losses under the IRB approach	-345	-278
0	0	CET 1 instruments of financial sector entities where the institution does have a significant investement	-354	-395
-32	-33	Value adjustments due to the requirements for prudent valuation (AVA)	-39	-36
-156	-170	Other adjustments in CET1	-139	-132
14 031	**14 841**	**Common equity tier 1 capital**	**15 328**	**14 335**
		Additional Tier 1 capital		
650	1 000	Hybrid capital	1 000	650
	-31	AT1 instruments of financial sector entities where the institution does have a significant investement	-31	
0	0	Instruments issued by consolidated entities that are given recognition in AT1 Capital	178	162
650	**969**	**Tier 1 capital**	**1 147**	**812**
		Supplementary capital in excess of Tier 1 capital		
1 300	1 300	Subordinated loan capital	1 300	1 300
	-124	T2 instruments of financial sector entities where the institution does have a significant investement	-124	
	0	Instruments issued by consolidated entities that are given recognition in T2 Capital	281	257
1 300	**1 176**	**Total supplementary capital**	**1 457**	**1 557**
15 981	**16 986**	**Total eligible capital**	**17 933**	**16 704**
4 764	5 775	Corporates - SME	5 806	4 775
13 760	16 990	Corporates - Specialised Lending	17 699	14 428
1 953	752	Corporates - Other	800	1 986
1 314	1.279	Retail - SME	1 567	1 530
20 059	18 572	Retail - Mortgage exposures	29 450	28 485
873	576	Retail - Other	602	907
42 723	**43 943**	**Credit exposures calculated using IRB-approach**	**55 924**	**52 110**
15 289	15 973	Credit exposures calculated using the standardised approach	20 398	19 705
417	458	Counterparty credit risk	1 890	1 966
0	0	Market risk	0	0
5 133	5 316	Operational risk	6 904	6 664
63 562	**65 690**	**Risk-weighted assets**	**85 115**	**80 445**
5 085	**5 255**	**Capital requirements (8%)**	**6 809**	**6 436**
0	**0**	**Pillar 2 (1.8%)**	**1 532**	**1 448**
		Buffer requirements		
1 589	1 642	Capital conservation buffer (2.5%)	2 128	2 011
636	657	Countercyclical capital buffer (1.0%)	851	804
2 733	2 956	Systemic risk buffer	3 830	3 459
4.3 %	4.5 %	Systemic risk buffer rate	4.5 %	4.3 %
4 958	**5 255**	**Total buffer requirements**	**6 809**	**6 275**
12.3 %	12.5 %	CET1 requirement	14.3 %	14.1 %
6 213	**6 630**	**Available CET1 above requirement**	**3 157**	**2 992**
		Capital ratios		
22.1 %	22.6 %	CET 1 Capital ratio	18.0 %	17.8 %
23.1 %	24.1 %	Tier 1 Capital ratio	19.4 %	18.8 %
25.1 %	25.9 %	Capital adequacy ratio	21.1 %	20.8 %
10.0 %	9.9 %	Leverage Ratio	7.3 %	7.2 %

Note 6 – Financial risk management

Overall responsibility and supervision

SpareBank 1 Østlandet's risk management must support the Bank's strategic development and the attainment of its goals. Risk management should also ensure financial stability and satisfactory asset management. This shall be achieved by:

- A clear corporate culture characterised by a high awareness of risk management.
- A good understanding of the risks driving earnings.
- Striving for good use of capital
- Avoiding unexpected negative events that can seriously harm the Group's financial status

In order to ensure an effective and appropriate process for risk and capital management, the framework is based on the following elements, which reflect the way in which SpareBank 1 Østlandet is managed by the Board and executive management team:

- Strategic targets
- Organisation and corporate culture
- Risk review
- Risk analysis
- Stress tests
- Risk strategies
- Capital management (including returns and capital adequacy)
- Reporting
- Follow-up
- Contingency plans
- Compliance
- Recovery plans

Management and supervision comprise all the processes and control measures that have been introduced and implemented by the Bank's management to ensure efficient operations and the implementation of the Group's strategies. The Group attaches importance to having a supervisory and management structure that promotes targeted and independent management and control. See figure below.

The Board's Audit Committee and Risk Committee prepare matters concerning the economy, finance and risk management for consideration by the Board. The committees do not have the authority to make decisions.

SpareBank 1 Østlandet aims to have a moderate to low risk profile. The risk profile is defined by determining the Group's risk appetite and capacity in key risk areas.

The Board is responsible for making sure that SpareBank 1 Østlandet has an appropriate level of subordinated capital in relation to the desired risk profile and regulatory requirements stipulated by the authorities. The Board of Directors defines the overall objectives, including the overall limits, authorisations and guidelines for risk management. The chief executive is responsible for risk management. This means that the CEO is responsible for the introduction of effective risk management functions and systems and for the monitoring of the risk exposure.. The business areas and branches are responsible for the day-to-day risk management within their own areas of responsibility and must ensure that risk management and risk exposure are within the limits and authorisations provided by the Board of Directors or CEO.

The credit departments are responsible for ensuring that decision-making processes and the basis on which decisions are made in relation to applications for credit comply with the governing documents and routines. The departments must prepare proposals for revised targets and management principles within the area of credit. The Risk Management department is independent and reports directly to the CEO. The Risk Management function is responsible for the development of effective risk management systems, including the bank's risk models, while the Compliance function is responsible for maintaining an appropriate framework for the management and control of Compliance risk. The control functions are also responsible for monitoring risk and compliance, as well as periodic reporting to the Board and management. The functions can report directly to the Board where the Board does not receive the necessary information about significant risks through general reporting.

Internal Audit reports to the Board of Directors and is primarily the Board of Directors', but also the management's, tool for monitoring the effectiveness and appropriateness of the risk management process. Internal Audit's improvement recommendations are considered on an on-going basis.

A more detailed description of financial risk management relating to credit risk, liquidity risk and market risk is provided below.

Credit risk

The greatest financial risk exposure in SpareBank 1 Østlandet is credit risk in its lending portfolio. Credit risk is the risk of loss where customers or other counterparties are unable or unwilling to meet their obligations to SpareBank 1 Østlandet. Each year, the Board reviews the Bank's governing documents and credit regulations. The governing documents define the Bank's credit policy and overall targets for exposure relating to portfolios, sectors and individual customers. Together they provide the basis for determining the desired risk profile. The Bank's credit regulations authorise the CEO to grant credit and also allow the CEO to delegate such powers. The delegated powers are related to the size and risk of individual commitments.

In the above management documents, sustainability risk is defined as one of the risks where SpareBank 1 Østlandet sets special requirements for customers. For corporate market customers, sustainability is a theme for the bank, in granting credit in

accordance with more detailed guidelines. The analyzes shall reveal the customer's sustainability risk, including physical risk related to operating assets / properties the bank has a mortgage on, as well as the risk of loss of income or increased costs as a result of climate change or orders from the authorities. See a more detailed description of "Caution and credit assessments" under the chapter "Responsible Lending BM". To reduce transitional risk, the bank has set targets for improving energy efficiency for the corporate market portfolio and the private market portfolio, see «Subordinated lending BM / PM». The bank also uses scenario analyzes to simulate changes in the bank's credit risk as a result of transitional risk for individual industries. The simulations show little change in the credit risk for selected time horizons since the loan portfolio consists to a small extent of emission-intensive industry.

SpareBank 1 Østlandet uses statistical models in its calculation of risk and categorisation of the credit portfolio. Work is underway to assess how climate risk can be taken into account in the bank's credit models. The Bank makes every effort to price credit risk correctly and has established price matrices and price models based on the risk classification system.

The portfolio of interest-bearing securities also entails credit risk for the Bank. The Board reviews the Bank's governing documents every year for market and liquidity risk, and sets limits for exposure to interest-bearing securities.

Credit risk is presented in note 7-14.

Market risk

Market risk is the risk of loss due to changes in observable market variables such as interest rates, foreign exchange rates and shares/ equity certificates. The risk associated with falls in value in the real estate market is also included in market risk. So is the risk of changes in the market value of bonds, certificates and funds due to general changes in credit spreads. Market risk generally arises as a result of activities which underpin the Group's other operations, such as borrowing, liquidity management and interest rate and currency trading.

Market risk is managed by board-approved limits that are established in the annual revision of the market risk strategy and associated policies. Risk exposure and development are continuously monitored and reported to the Bank's board and executive management team.

Interest rate risk arises because interest bearing assets and liabilities have different remaining fixed rate terms.
The Board has set limits for the total interest rate risk, both with regard to parallell shifts and yield curve risk. The Bank steers interest rate risk towards the desired level on investments and funding by means of fixed interest rates and through the use of interest rate derivatives.

Currency risk is the risk of the Group incurring a loss as a result of changes in currency exchange rates. Currency risk arises when the Group has differences in assets and liabilities in an individual currency. A framework has been prepared for net positions in each individual currency, as well as a framework for total net currency exposure and total absolute sum of net positions per currency. Currency risk is quantified and monitored continuously. The group has a limited currency risk both throughout the year and at the end of the year.

Market risk is presented in note 15 and 16.

Concentration risk

Risk concentrations occur when financial instruments with corresponding characteristics are affected in the same way by changes in economic or other conditions. Identifying concentration risk involves exercising judgement. SpareBank 1 Østlandet seeks to manage the concentration of risk by setting limits for various areas. In the case of credit risk, larger risk concentrations are limited via restrictions on major commitments, high risk commitments and sector exposure. The actual exposure, classified by risk groups, sector, industry and geographic area, is presented in notes 8, 11, 12, 14 and 29. In the case of market risk, concentration risk is limited via restrictions on maximum interest rate risk, currency risk and equity exposure. The concentration of interest rate risk is presented in note 15. Currency exposure is specified in notes 7 and 16. The Group's largest investments in equity instruments are presented in note 31. The Group has not identified any significant risks other than those presented in the aforementioned notes.

Liquidity risk

Liquidity and refinancing risk is the risk of being unable to fulfil obligations when they fall due or finance assets, including undesired growth, without significant extra costs. The management of the Group's liquidity risk is based on risk-based governing documents for the area of liquidity. The governing documents set the framework for funding risk through limits for survival for various time horizons, the size and quality of the liquidity reserve, and the funding's duration and diversification. The governing documents are adopted by the Board and revised as required and at least once a year. In connection with the governing documents, a separate contingency plan has been established for managing the funding situation during periods of turbulence in the financial markets, and the funding situation is also a key theme in the Group's recovery plan.

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. In addition to liquidity forecasts, stress tests are used that analyse the Group's liquidity-related vulnerability during periods without access to external funding.

Risk exposure and development are monitored on an ongoing basis and reported periodically to the bank's board and management.

Liquidity risk is presented in note 17 and 18.

Note 7 – Credit institutions – assets and liabilities

Parent bank			Group	
2020	**2021**	**Loans to and receivables from credit institutions**	**2021**	**2020**
169	506	Loans and receivables at call	506	168
8 718	8 634	Loans and receivables with agreed maturities or notice	930	1 407
8 887	**9 139**	**Total**	**1 436**	**1 576**
132	**400**	**Cash collateral given**	**400**	**132**
		Loans and receivables specified by major currencies		
8 784	8 634	NOK	931	1 473
18	318	EUR	318	18
9	70	USD	70	9
65	95	GBP	95	65
2	5	CHF	5	2
4	0	JPY	0	4
5	18	Other	18	5
8 887	**9 139**	**Total**	**1 436**	**1 576**

Parent bank			Group	
2020	**2021**	**Deposits from and liabilities to credit institutions**	**2021**	**2020**
1 704	854	Loans and deposits at call	863	1 667
3 425	2 926	Loans and deposits with agreed maturities or notice	2 924	3 423
5 129	**3 780**	**Total**	**3 787**	**5 090**
1 557	**459**	Cash collateral given	**459**	**1 557**
		Liabilities specified by major currencies		
5 100	3 476	NOK	3 483	5 061
17	303	EUR	303	17
11	0	SEK	0	11
0	0	USD	0	0
1	1	Other	1	1
5 129	**3 780**	**Total**	**3 787**	**5 090**
1.0 %	0.7 %	Average interest rate	0.8 %	1.0 %

Deposits with and loans from / to credit institutions tend to have floating interest rates. Receivables from and liabilities to credit institutions are classified as loans and receivables pursuant to IFRS 9 are stated at amortised cost.

Average interest rate is calculated on the actual interest expense during the year as a percentage of the average outstanding debt to credit institutions.

Note 8 – Loans to and recieveables from customers

Parent Bank

	Loan and advances to customers at amortised cost 2021	Loan and advances to customers at fair value over OCI 2021	Provisions for credit losses Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value over results 2021	Net loans to and receivables from customers 2021
Public sector	13	0	-0	0	0	0	13
Primary industries	3 529	1 856	-3	-9	-7	365	5 731
Paper and pulp industries	1 022	372	-1	-1	-0	30	1 422
Other industry	1 071	55	-8	-12	-1	2	1 106
Building and constructions	4 264	301	-14	-27	-11	12	4 525
Power and water supply	743	2	-1	-2	0	0	742
Wholesale and retail trade	850	163	-4	-2	-2	5	1 009
Hotel and restaurants	465	34	-1	-13	-3	8	490
Real estate	18 856	375	-44	-70	-14	33	19 134
Commercial services	3 706	721	-12	-5	-9	72	4 474
Transport and communication	253	204	-1	-2	-5	19	469
Post model adjustments	0	0	0	0	0	0	0
Gross corporate loans by sector and industry	**34 771**	**4 084**	**-88**	**-144**	**-53**	**547**	**39 115**
Retail market	**719**	**66 120**	**-33**	**-37**	**-28**	**5 612**	**72 354**
Post model adjustments	0	0	0	0	0	0	0
Total loans to private customers	**719**	**66 120**	**-33**	**-37**	**-28**	**5 612**	**72 354**
Adjustment fair value		-33	33				0
Total loans to customers	**35 490**	**70 171**	**-88**	**-181**	**-81**	**6 159**	**111 469**
Loans transferred to SpareBank 1 Boligkreditt AS							51 552
Loans transferred to SpareBank 1 Næringskreditt AS							864
Total loans including loans transferred to covered bond companies							**163 885**
Other liabilities [1]							16 979
Total commitments including loans transferred to covered bond companies							**180 864**

	Loan and advances to customers at amortised cost 2020	Loan and advances to customers at fair value over OCI 2020	Provisions for credit losses Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value over results 2020	Net loans to and receivables from customers 2020
Public sector	18	0	-0	0	0	0	18
Primary industries	3 089	1 690	-3	-9	-8	330	5 090
Paper and pulp industries	1 539	299	-2	-2	-1	43	1 877
Other industry	1 203	39	-5	-10	-1	8	1 234
Building and constructions	3 454	285	-25	-10	-20	15	3 699
Power and water supply	436	1	-1	-1	-1	0	433
Wholesale and retail trade	833	136	-5	-3	-8	5	957
Hotel and restaurants	471	46	-1	-3	-4	11	519
Real estate	15 433	400	-37	-72	-8	59	15 775
Commercial services	4 132	567	-17	-5	-11	70	4 737
Transport and communication	257	194	-1	-3	-1	16	462
Post model adjustments	0	0	0	-20	0	0	-20
Gross corporate loans by sector and industry	**30 866**	**3 658**	**-96**	**-138**	**-63**	**556**	**34 782**
Retail market	**708**	**62 756**	**-31**	**-40**	**-39**	**5 775**	**69 129**
Post model adjustments	0	0	0	0	0	0	0
Total loans to private customers	**708**	**62 756**	**-31**	**-40**	**-39**	**68 454**	**69 129**
Adjustment fair value		-32	32				0
Total loans to customers	**31 574**	**66 381**	**-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**

Group

	Loan and advances to customers at amortised cost 2021	Loan and advances to customers at fair value over OCI 2021	Provisions for credit losses Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value over results 2021	Net loans to and receiv-ables from customers 2021
Public sector	304	0	-1	-1	0	0	303
Primary industries	3965	1856	-3	-10	-7	365	6 167
Paper and pulp industries	1022	372	-1	-1	0	30	1 422
Other industry	1317	55	-10	-14	-1	2	1 349
Building and constructions	5309	301	-24	-33	-14	12	5 552
Power and water supply	764	2	-1	-2	0	0	764
Wholesale and retail trade	1290	163	-6	-4	-5	5	1 444
Hotel and restaurants	487	34	-1	-14	-3	8	512
Real estate	19281	375	-51	-78	-21	33	19 537
Commercial services	4741	721	-16	-8	-10	72	5 500
Transport and communication	1572	204	-2	-3	-5	19	1 786
Post model adjustments	0	0	0	0	0	0	0
Gross corporate loans by sector and industry	**40 054**	**4 084**	**-116**	**-165**	**-64**	**547**	**44 336**
Retail market	**4 901**	**66 120**	**-41**	**-51**	**-40**	**5 612**	**76 505**
Post model adjustments	0	0	0	0	0	0	0
Total loans to private customers	**4 901**	**66 120**	**-41**	**-51**	**-40**	**5 612**	**76 505**
Adjustment fair value		-33	33				0
Total loans to customers	**44 954**	**70 170**	**-124**	**-215**	**-104**	**6 159**	**120 841**
Loans transferred to SpareBank 1 Boligkreditt AS							51 552
Loans transferred to SpareBank 1 Næringskreditt AS							864
Total loans including loans transferred to covered bond companies							**173 257**
Other liabilities [1]							16 929
Total commitments including loans transferred to covered bond companies							**190 186**

	Loan and advances to customers at amortised cost 2020	Loan and advances to customers at fair value over OCI 2020	Provisions for credit losses Stage 1	Stage 2	Stage 3	Loan and advances to customers at fair value over results 2020	Net loans to and receiv-ables from customers 2020
Public sector	327	0	-1	-0	-0	0	326
Primary industries	3 469	1 690	-3	-9	-8	330	5 468
Paper and pulp industries	1 539	299	-2	-2	-1	43	1 877
Other industry	1 439	39	-6	-12	-1	8	1 467
Building and constructions	4 520	285	-29	-17	-23	15	4 751
Power and water supply	458	1	-1	-1	-1	0	456
Wholesale and retail trade	1 089	136	-9	-6	-8	5	1 207
Hotel and restaurants	492	46	-2	-3	-4	11	540
Real estate	15 838	400	-41	-99	-15	59	16 141
Commercial services	4 975	567	-20	-9	-11	70	5 572
Transport and communication	1 633	194	-1	-5	-2	16	1 835
Post model adjustments	0	0	0	-20	0	0	-20
Gross corporate loans by sector and industry	**35 779**	**3 658**	**-114**	**-182**	**-76**	**556**	**39 620**
Retail market	**4 877**	**62 756**	**-37**	**-52**	**-54**	**5 775**	**73 265**
Post model adjustments	0	0	0	0	0	0	0
Total loans to private customers	**4 877**	**62 756**	**-37**	**-52**	**-54**	**5 775**	**73 265**
Adjustment fair value		-32	32				0
Total loans to customers	**40 656**	**66 381**	**-119**	**-234**	**-130**	**6 331**	**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] Provisions for loans, guarantees and unused credit facilities

Parent Bank

	2021				2020			
Gross loans	**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**
Transfers in (out) to Stage 1	1 695	-1 694	-1	0	1 547	-1 541	-6	0
Transfers in (out) to Stage 2	-2 501	2 503	-3	0	-4 555	4 563	-8	0
Transfers in (out) to Stage 3	-52	-144	196	0	-60	-131	191	0
Net increase/decrease excisting loans	-467	349	-25	-144	1 439	-1 011	-40	388
Purchases and originations	26 226	2 054	38	28 318	23 443	645	28	24 116
Derecognitions and maturities	-18 869	-1 634	-113	-20 615	-17 212	-1 225	-66	-18 503
Write-offs	0	0	-26	-26	0	0	-12	-12
Ending balance	**101 749**	**9 593**	**477**	**111 819**	**95 716**	**8 159**	**411**	**104 286**
Loan and advances to customers at amortised cost				35 490				31 574
Loan and advances to customers at fair value				76 329				72 712

	2021				2020			
Gross loans to private customers	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	**66 062**	**2 945**	**208**	**69 214**	**60 148**	**3 214**	**209**	**63 571**
Transfers in (out) to Stage 1	681	-680	-1	0	781	-778	-3	0
Transfers in (out) to Stage 2	-1 628	1 631	-3	0	-1 079	1 084	-5	0
Transfers in (out) to Stage 3	-10	-59	69	0	-27	-45	72	0
Net increase/decrease excisting loans	214	-174	-14	26	1 753	-325	-22	1 406
Purchases and originations	19 365	519	16	19 901	19 055	450	33	19 539
Derecognitions and maturities	-16 022	-625	-68	-16 715	-14 569	-656	-66	-15 291
Write-offs	0	0	-8	-8	0	0	-9	-9
Ending balance	**68 662**	**3 557**	**199**	**72 418**	**66 062**	**2 945**	**208**	**69 214**
Loan and advances to customers at amortised cost				719				708
Loan and advances to customers at fair value				71 699				68 506

	2021				2020			
Gross corporate loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	**29 654**	**5 214**	**204**	**35 072**	**30 967**	**3 645**	**114**	**34 726**
Transfers in (out) to Stage 1	1 014	-1 014	0	0	766	-763	-3	0
Transfers in (out) to Stage 2	-872	872	0	0	-3 476	3 479	-3	0
Transfers in (out) to Stage 3	-42	-85	128	0	-33	-86	119	0
Net increase/decrease excisting loans	-681	523	-12	-169	-314	-686	-18	-1 017
Purchases and originations	6 861	1 534	21	8 417	4 388	194	-5	4 578
Derecognitions and maturities	-2 847	-1 009	-44	-3 900	-2 644	-569	1	-3 211
Write-offs	0	0	-18	-18	0	0	-2	-2
Ending balance	**33 087**	**6 036**	**279**	**39 402**	**29 654**	**5 214**	**204**	**35 072**
Loan and advances to customers at amortised cost				34 771				30 866
Loan and advances to customers at fair value				4 631				4 206

Group

	2021				2020			
Gross loans	**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**
Transfers in (out) to Stage 1	2 140	-2 136	-4	0	1 874	-1 867	-7	0
Transfers in (out) to Stage 2	-2 947	2 954	-8	0	-5 217	5 238	-21	0
Transfers in (out) to Stage 3	-89	-245	334	0	-97	-183	280	0
Net increase/decrease excisting loans	-1 695	127	-14	-1 582	309	-1 224	-53	-968
Purchases and originations	29 808	2 238	59	32 105	26 620	921	45	27 586
Derecognitions and maturities	-20 487	-1 926	-169	-22 582	-18 686	-1 388	-200	-20 273
Write-offs	0	0	-26	-26	0	0	-12	-12
Ending balance	**110 189**	**10 435**	**660**	**121 284**	**103 458**	**9 422**	**488**	**113 368**
Loan and advances to customers at amortised cost				44 954				40 656
Loan and advances to customers at fair value				76 329				72 712

	2021				2020			
Gross loans to private customers	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	**69 840**	**3 297**	**245**	**73 383**	**63 656**	**3 675**	**261**	**67 591**
Transfers in (out) to Stage 1	786	-785	-1	0	932	-929	-4	0
Transfers in (out) to Stage 2	-1 729	1 732	-4	0	-1 213	1 222	-9	0
Transfers in (out) to Stage 3	-16	-78	94	0	-32	-61	93	0
Net increase/decrease excisting loans	-250	-216	-18	-484	1 292	-379	-24	889
Purchases and originations	20 970	598	17	21 585	20 659	538	36	21 233
Derecognitions and maturities	-17 068	-719	-89	-17 876	-15 454	-768	-98	-16 320
Write-offs	0	0	-8	-8	0	0	-9	-9
Ending balance	**72 534**	**3 830**	**236**	**76 600**	**69 840**	**3 297**	**245**	**73 383**
Loan and advances to customers at amortised cost				4 901				4 877
Loan and advances to customers at fair value				71 699				68 506

	2021				2020			
Gross corporate loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	**33 618**	**6 125**	**243**	**39 986**	**34 998**	**4 250**	**195**	**39 443**
Transfers in (out) to Stage 1	1 354	-1 351	-3	0	942	-938	-4	0
Transfers in (out) to Stage 2	-1 218	1 222	-4	0	-4 004	4 016	-12	0
Transfers in (out) to Stage 3	-74	-166	240	0	-65	-122	187	0
Net increase/decrease excisting loans	-1 445	343	4	-1 098	-983	-846	-28	-1 857
Purchases and originations	8 838	1 640	42	10 520	5 960	385	9	6 354
Derecognitions and maturities	-3 419	-1 206	-80	-4 706	-3 232	-620	-101	-3 953
Write-offs	0	0	-18	-18	0	0	-2	-2
Ending balance	**37 655**	**6 606**	**424**	**44 684**	**33 618**	**6 125**	**243**	**39 986**
Loan and advances to customers at amortised cost				40 054				35 779
Loan and advances to customers at fair value				4 631				4 206

Parent bank

Credit exposure to financial assets subject to ECL	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Credit risk								
Low risk	97 789	1 369	0	99 158	91 678	1 967	0	93 645
Medium risk	18 798	5 617	0	24 415	17 279	4 497	0	21 775
High risk	1 582	3 148	0	4 730	1 880	2 270	0	4 150
Defaults	0	0	495	495	0	0	476	476
Total gross commitments at 31.12.	**118 170**	**10 133**	**495**	**128 798**	**110 837**	**8 734**	**476**	**120 046**
Loan loss allowance	-141	-186	-85	-412	-149	-189	-103	-441
Total net commitments at 31.12.	**118 029**	**9 947**	**410**	**128 386**	**110 688**	**8 545**	**373**	**119 605**

Credit exposure to financial assets subject to ECL - private customers	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Credit risk								
Low risk	71 957	1 040	0	72 997	67 365	566	0	67 931
Medium risk	3 974	1 815	0	5 789	4 435	1 606	0	6 040
High risk	105	721	0	826	159	841	0	1 001
Defaults	0	0	199	199	0	0	226	226
Total gross commitments at 31.12.	**76 036**	**3 576**	**199**	**79 811**	**71 959**	**3 013**	**226**	**75 198**
Loan loss allowance	-41	-37	-28	-106	115	128	63	306
Total net commitments at 31.12.	**75 995**	**3 538**	**171**	**79 705**	**72 074**	**3 141**	**289**	**75 504**

Credit exposure to financial assets subject to ECL - corporate customers	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Credit risk								
Low risk	25 832	329	0	26 161	24 313	1 401	0	25 714
Medium risk	14 825	3 802	0	18 626	12 844	2 891	0	15 735
High risk	1 477	2 427	0	3 904	1 721	1 428	0	3 149
Defaults	0	0	296	296	0	0	250	250
Total gross commitments at 31.12.	**42 134**	**6 558**	**296**	**48 987**	**38 878**	**5 721**	**250**	**44 848**
Loan loss allowance	-100	-149	-56	-306	-115	-128	-63	-306
Total net commitments at 31.12.	**42 034**	**6 409**	**239**	**48 682**	**38 763**	**5 593**	**187**	**44 542**

Group

Credit exposure to financial assets subject to ECL	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Credit risk								
Low risk	99 260	1 382	0	100 642	93 752	1 971	0	95 722
Medium risk	25 408	6 047	0	31 455	21 686	5 015	0	26 701
High risk	2 009	3 586	0	5 594	2 345	2 964	0	5 309
Defaults	0	0	677	677	0	0	599	599
Total gross commitments at 31.12.	**126 677**	**11 015**	**677**	**138 368**	**117 783**	**9 950**	**599**	**128 332**
Loan loss allowance	-176	-221	-107	-505	-173	-244	-131	-548
Total net commitments at 31.12.	**126 500**	**10 794**	**570**	**137 864**	**117 610**	**9 706**	**468**	**127 784**

Credit exposure to financial assets subject to ECL - private customers	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Credit risk								
Low risk	72 883	1 042	0	73 925	69 003	566	0	69 569
Medium risk	6 916	1 949	0	8 865	6 557	1 759	0	8 316
High risk	113	853	0	966	182	1 036	0	1 218
Defaults	0	0	236	236	0	0	263	263
Total gross commitments at 31.12.	**79 913**	**3 844**	**236**	**83 993**	**75 742**	**3 361**	**263**	**79 367**
Loan loss allowance	-49	-51	-40	-140	-41	-57	-57	-155
Total net commitments at 31.12.	**79 864**	**3 794**	**196**	**83 854**	**75 701**	**3 304**	**206**	**79 212**

Credit exposure to financial assets subject to ECL - corporate customers	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Credit risk								
Low risk	26 377	340	0	26 717	24 748	1 405	0	26 153
Medium risk	18 492	4 098	0	22 590	15 130	3 256	0	18 386
High risk	1 895	2 733	0	4 628	2 163	1 928	0	4 091
Defaults	0	0	441	441	0	0	336	336
Total gross commitments at 31.12.	**46 764**	**7 170**	**441**	**54 375**	**42 041**	**6 589**	**336**	**48 966**
Loan loss allowance	-127	-170	-67	-365	-132	-187	-74	-393
Total net commitments at 31.12.	**46 637**	**7 000**	**373**	**54 010**	**41 909**	**6 402**	**262**	**48 573**

Credit quailty	Risk class	PD
Low risk	A, B, C, D	0 - 0.75 %
Medium risk	E, F, G	0.75-5.00 %
High risk	H, I	5.00-99.99 %
Defaulted	J	Defaulted
Written down	K	Impaired

The Bank uses its own classification system for monitoring credit risk in the portfolio. Risk categorisation is based on each customer's probability of default (PD).
The risk groups are categorised according to the Bank's 11 risk classes (A–K).

Parent Stage 2	Parent Stage 3	Parent Total	2021	Group Total	Group Stage 2	Group Stage 3
			Gross loans subject to forberance			
879	19	899	Retail market	920	900	20
684	152	837	Corporate market	875	716	158
1 564	**172**	**1 735**	**Gross loans forberance**	**1 794**	**1 616**	**178**

Parent Stage 2	Parent Stage 3	Parent Total	2020	Group Total	Group Stage 2	Group Stage 3
			Gross loans subject to forberance			
314	5	319	Retail market	366	360	5
880	63	943	Corporate market	1 101	1 038	63
1194	**68**	**1262**	**Gross loans forberance**	**1 467**	**1 399**	**68**

Commitments with easing of payback on debt payment include commitments that are offered more favourable terms (renegotiation) or refinancing because the debtor is experiencing financial difficulties.

Note 9 – Transfer of financial instruments

SpareBank 1 Østlandet has signed agreements for the legal sale of loans with security and high collateral in real estate to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS. Under the management agreements signed with these two companies in the Alliance, the Bank manages the loans and is responsible for the contact with the customers. The Bank receives compensation in the form of commissions for the obligations associated with managing the loans. The Bank has judged the accounting implications of this as meaning that the risk and benefits of ownership associated with the sold loans has been transferred. This entails full derecognition. The remuneration received for the loans that have been transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS matches the book value and is judged to match the loans fair value at the time of transfer. The Bank recognises all rights and obligations that were generated or retained upon transfer separately as assets or liabilities.

If the covered bond companies experience a loss on transferred loans, they are entitled to offset these against commissions from all Banks that have transferred loans. There is thus a residual involvement associated with sold loans with possible limited offsetting of losses against commissions in the current year. However, the nature of this right to offset considered to alter the conclusion that the majority of the risks and benefits associated with ownership have been transferred. The Bank's maximum exposure to losses is represented by the highest amount for which cover could be claimed under the agreements.

The covered bond companies can resell loans purchased by the Bank, and the Bank's right to manage the customers and receive commission goes along with this. If the Bank is unable to serve its customers, the right to servicing and commission could be lost. The Bank also has an option to buy back loans under certain conditions.

SpareBank 1 Boligkreditt AS

SpareBank 1 Boligkreditt AS is owned by the banks that make up the SpareBank 1 Alliance. The SpareBank 1 Østlandet Group had an ownership interest of 23.15 per cent as at 31 December 2021 (22.45 per cent as at 31 December 2020). The purpose of the covered bond company is to ensure banks in the Alliance stable and long-term financing for residential mortgages at competitive prices. SpareBank 1 Boligkreditt's bonds are rated Aaa by Moody's. SpareBank 1 Boligkreditt AS acquires loans with collateral in housing and issues covered bonds in accordance with the regulations established for this in 2007. As part of the Alliance, the Bank can transfer loans to the company and this has been done as part of the Bank's funding strategy. Loans transferred to SpareBank 1 Boligkreditt AS are secured by collateral in housing up to a ceiling of 75 per cent of their valuation. The transferred loans are legally owned by SpareBank 1 Boligkreditt AS and, apart from the right to administer them and the right to take over, fully or in part, impaired loans at their impaired value, SpareBank 1 Østlandet has no right to use the loans. SpareBank 1 Østlandet manages the sold loans and receives commissions based on the net returns on the loans the Bank has sold and the costs in the company.

At the end of December 2021, the book value of the transferred loans was NOK 51.6 billion (NOK 46.9 billion at end of December 2020).

The remuneration received for the loans transferred from the Bank to SpareBank 1 Boligkreditt AS matches the nominal value of the transferred loans and was assessed as being almost equal to the loans' fair value at the end of 2021 and 2020. The loans transferred to SpareBank 1 Boligkreditt AS are very well secured and have a small probability of loss.

The remaining involvement is as follows:

Boligkreditt	Remaining involvement
Book value asset	0
Fair value asset	0
Book value liability	0
Fair value liability	0
Maximum exposure to losses	**NOK 447 million**

The Bank has also entered into a shareholder agreement with the shareholders of SpareBank 1 Boligkreditt AS. This involves, among other things, the Bank contributing to ensuring that SpareBank 1 Boligkreditt AS always has a core equity tier 1 ratio that matches the requirements set by the authorities (incl. the requirements for buffer capital and Pillar 2 calculations), and if required to do so supplying core capital if it falls to a lower level. SpareBank 1 Boligkreditt AS has internal guidelines for its core capital adequacy ratio that exceed the authorities' requirements, as well as a management buffer of 0.4 per cent. Based on a concrete assessment, the Bank has chosen not to hold capital for this obligation because the risk of the Bank being forced to contribute is considered very small. In connection with this, it also appears that there are a number of options with respect to measures that may also be appropriate should such a situation occur.

Together with the other owners of SpareBank 1 Boligkreditt AS, the Bank has signed an agreement on the establishment of liquidity facilities (SNPA) for SpareBank 1 Boligkreditt AS. This means that the banks have committed to purchase covered bonds in the event that SpareBank 1 Boligkreditt AS is unable to refinance its activities in the market. The purchase of the bonds is contingent on the company's collateral not having stopped payments, so that it is actually able to issue such bonds. There is, therefore, no credit guarantee that can be invoked in the event of the company or collateral becoming insolvent. The purchase is limited to the total value of the amount due in the company for the next 12 months at any given time. Previous purchases under this agreement are deducted from future obligations to purchase. In principle, each owner is liable for its share of the need, secondarily for twice the primary liability under the same agreement. The bonds can be deposited with Norges Bank and thus entail no material increase in risk for the Bank. In accordance with its internal policy, SpareBank 1 Boligkreditt AS retains liquidity for the amount due in the next 6 months. This is deducted when valuing the banks' liabilities. Therefore, it is only in the event that SpareBank 1 Boligkreditt AS does not have liquidity for the amount due in the next 12 months that the Bank will report any commitment here in relation to capital adequacy or large commitments.

SpareBank 1 Næringskreditt AS

The loans transferred to SpareBank 1 Næringskreditt AS are very well secured and have a very small probability of loss.

SpareBank 1 Næringskreditt was established in 2009 and has a licence from the Financial Supervisory Authority of Norway to operate as a covered bond company. The SpareBank 1 Østlandet Group had an ownership interest of 10.07 per cent as at 31 December 2021 (15.15 per cent as at 31 December 2020). SpareBank 1 Næringskreditt's bonds are rated Aaa by Moody's. The company is owned by the savings banks that are part of the SpareBank 1 Alliance and is co-located with SpareBank 1 Boligkreditt in Stavanger. The purpose of the covered bond company is to ensure banks in the Alliance stable and long-term financing for commercial property at competitive prices. SpareBank 1 Næringskreditt acquires loans with security in commercial real estate and issues covered bonds under the regulations for this established in 2007. As part of the Bank's financing strategy, loans have been transferred to the company. Loans transferred to SpareBank 1 Næringskreditt are secured by security in commercial real estate within 60 per cent of its valuation. The transferred loans are legally owned by SpareBank 1 Næringskreditt AS and, apart from the right to administer them and the right to take over, fully or in part, impaired loans (at their impaired value), the Bank has no right to use the loans. At the end of December 2021, the book value of the transferred loans was NOK 0.9 billion (NOK 1.0 billion at end of December 2020). The Bank manages the transferred loans and receives commissions based on the net returns on the loans the Bank has transferred and the costs in the company.

The remuneration received for the loans transferred from the Bank to SpareBank 1 Næringskreditt AS matches the nominal value of the transferred loans and was assessed as being almost equal to the loans' fair value at the end of 2021 and 2020.

The loans transferred to SpareBank 1 Næringskreditt AS are very well secured and have a very small probability of loss.

The remaining involvement is as follows:

Næringskreditt	Remaining involvement
Book value asset	0
Fair value asset	0
Book value liability	0
Fair value liability	0
Maximum exposure to losses	**NOK 11 million**

The Bank has also entered into a shareholder agreement with the shareholders of SpareBank 1 Næringskreditt AS. This involves, among other things, the Bank contributing to ensuring that SpareBank 1 Næringskreditt's core capital adequacy ratio is always at least 11.0 per cent, and if required to do so supplying core capital if it falls to a lower level. SpareBank 1 Næringskreditt AS has internal guidelines for its core capital adequacy ratio that exceed the authorities' requirements, as well as a management buffer of 0.4 per cent. Based on a concrete assessment, the Bank has chosen not to hold capital for this obligation because the risk of the Bank being forced to contribute is considered very small. In connection with this, it also appears that there are a number of options with respect to measures that may also be appropriate should such a situation occur.

Together with the other owners of SpareBank 1 Næringskreditt AS, the Bank has signed agreements on the establishment of liquidity facilities (SNPA) for SpareBank 1 Næringskreditt AS. This means that the banks have committed to purchase covered bonds in the event that SpareBank 1 Næringskreditt AS is unable to refinance its activities in the market. The purchase of the bonds is contingent on the company's collateral not having stopped payments, so that it is actually able to issue such bonds. There is, therefore, no credit guarantee that can be invoked in the event of the company or collateral becoming insolvent. The purchase is limited to the total value of the amount due in the company for the next 12 months at any given time. Previous purchases under this agreement are deducted from future obligations to purchase. In principle, each owner is liable for its share of the need, secondarily for twice the primary liability under the same agreement. The bonds can be deposited with Norges Bank and thus entail no material increase in risk for the Bank. In accordance with its internal policy, SpareBank 1 Næringskreditt AS retains liquidity for the amount due in the next 6 months. This is deducted when valuing the banks' liabilities. Therefore, it is only in the event that SpareBank 1 Næringskreditt AS not has liquidity for the amount due in the next 12 months that the Bank will report any commitment here in relation to capital adequacy or large commitments.

SpareBank 1 Kreditt AS

SpareBank 1 Kreditt AS is owned by savings banks that are part of the SpareBank 1 alliance, and aims to be a joint credit card company for the banks' customers. SpareBank 1 Østlandet has entered into a shareholder agreement with the shareholders in SpareBank 1 Kreditt AS. The agreement entails, among other things, that the bank is obliged to contribute equity so that SpareBank 1 Kreditt AS has a prudent subordinated capital, and at all times meets the minimum requirements for subordinated capital that follow from legislation and / or recommendations from Finanstilsynet and which are necessary for a prudent operation of SpareBank 1 Kreditt. The bank is also obliged to contribute funding own portfolio (total balance sheet). The bank receives a commission from SpareBank 1 Kreditt AS corresponding to the bank's share of interest income less funding costs and established losses, the bank's share of transaction income and new sales commission.

Corporate Adviser Aase Bergersen often visits her customers. Here at Slobrua Gjestegård in Skarnes.

Note 10 – Provisions for credit losses

The table shows isolated loss effects

2021

Isolated loss effects	PM	BM	Parent bank	SpareBank1 Finans Østlandet	Group
Change ECL due to period growth and migration	4	47	50	-4	46
Change ECL due to adjusted key assumptions (PD/LGD)	-4	-38	-41	0	-41
Change ECL due to changed scenario weighting	0	0	0	0	0
Change in model-based loss provisions	**0**	**9**	**9**	**-4**	**5**
Post model adjustments	0	-20	-20	-5	-25
Change individual loss provisions	-8	-10	-17	-6	-23
Net write-offs	8	17	25	24	48
Total losses	**0**	**-4**	**-4**	**9**	**5**

2020

Isolated loss effects	Retail market	Corporate market	Parent bank	SpareBank1 Finans Østlandet	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

2021

(MNOK)	2020	Provision for credit losses	Net write-offs	2021
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	356	3	-26	334
Provisions for loan losses at fair value over OCI	84	-5	-1	78
Total provisions for losses	**440**	**-2**	**-26**	**412**
Presented as:				
Assets: Provisions for loan losses - decrease of assets	375	1	-26	350
Liabilities: Provisions for loan losses - increase of liabilities	32	-4	0	29
Equity: Fair value adjustment of losses	32	1	0	33

2020

(MNOK)	2019	Provision for credit losses	Net write-offs	2020
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	232	135	-11	356
Provisions for loan losses at fair value over OCI	67	18	-1	84
Total provisions for losses	**299**	**153**	**-12**	**440**
Presented as:				
Assets: Provisions for loan losses - decrease of assets	255	132	-12	375
Liabilities: Provisions for loan losses - increase of liabilities	22	10	0	32
Equity: Fair value adjustment of losses	21	11	0	32

Group

2021

(MNOK)	2020	Provision for credit losses	Net write-offs	2021
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	464	-12	-26	427
Provisions for loan losses at fair value over OCI	84	-5	-1	78
Total provisions for losses	**548**	**-17**	**-26**	**505**
Presented as:				
Assets: Provisions for loan losses - decrease of assets	484	-14	-26	444
Liabilities: Provisions for loan losses - increase of liabilities	32	-4	0	29
Equity: Fair value adjustment of losses	32	1	0	33

2020

(MNOK)	2019	Provision for credit losses	Net write-offs	2020
Provisions for loss on loans at amortised cost, guarantees and unused credit facilities	294	182	-11	464
Provisions for loan losses at fair value over OCI	67	18	-1	84
Total provisions for losses	**360**	**200**	**-12**	**548**
Presented as:				
Assets: Provisions for loan losses - decrease of assets	317	179	-12	484
Liabilities: Provisions for loan losses - increase of liabilities	22	10	0	32
Equity: Fair value adjustment of losses	21	11	0	32

Parent Bank

	2021				2020			
Provisions for credit losses *	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	**149**	**189**	**103**	**440**	**115**	**115**	**69**	**299**
Provision for credit losses								
Transfers in (out) to Stage 1	3	-3	0	0	5	-5	0	0
Transfers in (out) to Stage 2	-53	53	0	0	-85	85	0	0
Transfers in (out) to Stage 3	-8	-7	15	0	-12	-26	38	0
Net remeasurement of loss provisions	14	-24	21	10	112	6	5	124
Purchases and originations	58	40	1	99	29	13	4	46
Derecognitions and maturities	-22	-42	-28	-92	-15	-19	-2	-36
Write-offs	0	0	-26	-26	0	0	-12	-12
Post model adjustment	0	-20	0	-20	0	20	0	20
Ending balance	**141**	**186**	**85**	**412**	**149**	**189**	**103**	**440**
Of which loss provisions on guarantees, unused credits and loan facilities	**20**	**6**	**4**	**29**	**22**	**10**	**0**	**32**

	2021				2020			
Provisions for credit losses - personal customers *	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	**34**	**41**	**39**	**113**	**23**	**37**	**30**	**90**
Provision for credit losses								
Transfers in (out) to Stage 1	1	-1	0	0	1	-1	0	0
Transfers in (out) to Stage 2	-14	14	0	0	-14	14	0	0
Transfers in (out) to Stage 3	0	-1	1	0	-4	-2	6	0
Net remeasurement of loss provisions	12	-11	9	9	21	-4	17	34
Purchases and originations	16	5	0	21	11	5	4	19
Derecognitions and maturities	-7	-9	-12	-29	-4	-8	-8	-21
Write-offs	0	0	-8	-8	0	0	-10	-10
Post model adjustment	0	0	0	0	0	0	0	0
Ending balance	**41**	**37**	**28**	**106**	**34**	**41**	**39**	**113**
Of which loss provisions on guarantees, unused credits and loan facilities	**8**	**0**	**0**	**8**	**3**	**0**	**0**	**4**

	2021				2020			
Provisions for credit losses - corporate customers *	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	**115**	**148**	**63**	**327**	**91**	**78**	**39**	**208**
Provision for credit losses								
Transfers in (out) to Stage 1	2	-2	0	0	4	-4	0	0
Transfers in (out) to Stage 2	-39	39	0	0	-71	71	0	0
Transfers in (out) to Stage 3	-8	-5	14	0	-8	-24	32	0
Net remeasurement of loss provisions	2	-13	13	2	92	9	-12	90
Purchases and originations	42	36	0	79	19	8	1	27
Derecognitions and maturities	-15	-33	-16	-63	-11	-11	6	-16
Write-offs	0	0	-18	-18	0	0	-2	-2
Post model adjustment	0	-20	0	-20	0	20	0	20
Ending balance	**100**	**149**	**56**	**306**	**115**	**148**	**63**	**327**
Of which loss provisions on guarantees, unused credits and loan facilities	**12**	**5**	**4**	**21**	**19**	**10**	**0**	**29**

* Including loss provisions on guarantees, unused credits and loan facilities

The Parent Bank has outstanding claims for loans ascertained during 2020 as totalling 248 thousand Norwegian kroner (NOK 2.8 million), which are still subject to enforcement activities.

The Parent Bank has NOK 411 million in its stage 3 loan volume, NOK 151 mill. of which has no provision for loss due to the collateral.

Group

	2021				2020			
Provisions for credit losses *	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	**173**	**244**	**131**	**548**	**131**	**142**	**87**	**360**
Provision for credit losses								
Transfers in (out) to Stage 1	16	-16	0	0	12	-12	0	0
Transfers in (out) to Stage 2	-55	56	0	0	-88	89	-1	0
Transfers in (out) to Stage 3	-9	-15	24	0	-12	-29	41	0
Net remeasurement of loss provisions	4	-13	17	8	109	33	16	158
Purchases and originations	73	45	2	120	40	20	10	71
Derecognitions and maturities	-26	-55	-39	-121	-18	-24	-11	-54
Write-offs	0	0	-26	-26	0	0	-12	-12
Post model adjustment	0	-25	0	-25	0	25	0	25
Ending balance	**176**	**221**	**107**	**505**	**173**	**244**	**131**	**548**
Of which loss provisions on guarantees, unused credits and loan facilities	**20**	**6**	**4**	**29**	**22**	**10**	**0**	**32**

	2021				2020			
Provisions for credit losses - personal customers *	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	**41**	**57**	**57**	**155**	**28**	**49**	**46**	**123**
Provision for credit losses								
Transfers in (out) to Stage 1	2	-2	0	0	4	-4	0	0
Transfers in (out) to Stage 2	-15	15	0	0	-14	14	0	0
Transfers in (out) to Stage 3	0	-2	3	0	-4	-3	7	0
Net remeasurement of loss provisions	11	-6	7	12	20	0	24	44
Purchases and originations	18	6	1	25	13	7	5	26
Derecognitions and maturities	-9	-13	-19	-40	-6	-11	-15	-32
Write-offs	0	0	-8	-8	0	0	-10	-10
Post model adjustment	0	-4	0	-4	0	4	0	4
Ending balance	**49**	**51**	**40**	**140**	**41**	**57**	**57**	**155**
Of which loss provisions on guarantees, unused credits and loan facilities	**8**	**0**	**0**	**8**	**3**	**0**	**0**	**4**

	2021				2020			
Provisions for credit losses - corporate customers *	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	**132**	**187**	**74**	**393**	**103**	**93**	**42**	**238**
Provision for credit losses								
Transfers in (out) to Stage 1	14	-14	0	0	8	-8	0	0
Transfers in (out) to Stage 2	-41	41	0	0	-74	74	0	0
Transfers in (out) to Stage 3	-9	-13	22	0	-8	-26	34	0
Net remeasurement of loss provisions	-7	-7	10	-4	89	33	-8	114
Purchases and originations	55	39	1	95	26	13	6	45
Derecognitions and maturities	-17	-42	-21	-80	-13	-13	4	-22
Write-offs	0	0	-18	-18	0	0	-2	-2
Post model adjustment	0	-21	0	-21	0	21	0	21
Ending balance	**127**	**170**	**67**	**365**	**132**	**187**	**74**	**393**
Of which loss provisions on guarantees, unused credits and loan facilities	**12**	**5**	**4**	**21**	**19**	**10**	**0**	**29**

* Including loss provisions on guarantees, unused credits and loan facilities

The Group has outstanding claims for loans ascertained during 2020 as totalling 248 thousand Norwegian kroner (NOK 2.8 million), which are still subject to enforcement activities.

The Group has NOK 488 million in its stage 3 loan volume, NOK 362 mill. of which has no provision for loss due to the collateral.

Note 11 – Credit risk exposure for each internal risk rating

The Bank uses its own classification system for monitoring credit risk in the portfolio. Risk is classified according to a calculation of probability of default for all customers in the loan portfolio based on objective data. Risk is categorised into low, medium and high risk, with a separate category for non-performing and impaired loans. Customers are scored in the Bank's portfolio system on a monthly basis.

Unsecured exposure is the total commitment less the market value of the collateral for the respective commitments. Collateral is used to mitigate the Bank's credit risk. The most common type of collateral comprises real property mortgages, but other types of collateral are also used. Guidelines have been established for specific valuation criteria that must applied to the respective types of collateral. The starting point for valuating collateral is the market value of the respective collateral types. The turnover value for collateral other than real estate is normally set equal to the book value in the last submitted annual accounts.

Parent bank	Average unsecured exposure (%) 2021	Total commitment 2021	Average unsecured exposure (%) 2020	Total commitment 2020
Low risk	3.5 %	99 158	3.0 %	93 645
Medium risk	2.8 %	24 415	2.8 %	21 775
High risk	1.4 %	4 730	2.5 %	4 150
Defaulted and written down	15.2 %	495	24.8 %	476
Total	**3.3 %**	**128 798**	**3.1 %**	**120 046**

Group	Average unsecured exposure (%) 2021	Total commitment 2021	Average unsecured exposure (%) 2020	Total commitment 2020
Low risk	3.4 %	100 642	3.0 %	95 723
Medium risk	2.2 %	31 455	2.4 %	26 701
High risk	1.2 %	5 594	2.4 %	5 309
Defaulted and written down	11.1 %	677	20.3 %	599
Total	**3.1 %**	**138 368**	**2.9 %**	**128 333**

Note 12 – Maximum credit risk exposure, not taking into account assets pledged as security

The table below shows maximum exposure to credit risk.
Exposure is shown gross before any assets pledged as security or permitted off-sets.

Parent bank 2020	Parent bank 2021		Group 2021	Group 2020
		Assets		
588	385	Deposits with central banks	385	588
8 887	9 139	Loans to and receivables from credit institutions	1 435	1 576
0	0		0	0
104 286	111 819	Gross loans to and receivables from customers	121 284	113 368
-375	-350	Provisions for credit losses	-443	-484
103 911	111 469	Net loans to and receivables from customers	120 841	112 885
20 999	23 825	Certificates and bonds	23 825	20 999
2 212	814	Financial derivatives	814	2 212
136 597	**145 633**	**Credit risk exposure, balance sheet**	**147 300**	**138 260**
		Liabilities		
1 186	1 233	Contingent liabilities (guarantees provided)	1 092	1 047
10 267	10 760	Unutilised credit lines	10 670	9 132
0	4 611	SNPA Boligkreditt	4 611	0
0	0	SNPA Næringskreditt	0	0
4 306	4 985	Loans approved not disbursed	5 323	4 607
15 760	**21 590**	**Total financial guarantees, off balance sheet items**	**21 696**	**14 787**
152 357	**167 223**	**Total credit risk exposure**	**168 996**	**153 047**

Credit risk exposure on financial assets distributed by geographic area

Parent bank 2020	Parent bank 2021		Group 2021	Group 2020
		Banking activities		
60 931	63 225	Innlandet	58 211	55 647
31 102	32 821	Viken	36 906	34 722
32 793	36 694	Oslo	37 810	33 627
4 144	9 256	Rest of Norway	10 935	5 773
550	938	Abroad	938	550
-375	-350	Provisions for losses, undistributed	-443	-484
129 145	**142 584**	**Total banking activities**	**144 357**	**129 836**
		Financial market activities		
14 470	15 452	Norway	15 452	14 470
7 507	7 606	Europe	7 606	7 507
524	698	USA	698	524
710	883	Other	883	710
23 211	**24 639**	**Total financial market activities**	**24 639**	**23 211**
152 357	**167 223**	**Total distributed by geographic area**	**168 996**	**153 047**

SNPA (Shareholder Note Purchase Agreement)
For the commitment to the covered bond companies (SNPA), see Note 9 Transfer of financial assets.

SpareBank 1 Boligkreditt AS
SpareBank 1 Østlandet has signed an agreement with the other owners of SpareBank 1 Boligkreditt AS to establish liquidity facilities in SpareBank 1 Boligkreditt AS. For further details, see Note 9 Transfer of financial assets.

SpareBank 1 Næringskreditt AS
SpareBank 1 Østlandet has signed an agreement with the other owners of SpareBank 1 Boligkreditt AS to establish liquidity facilities in SpareBank 1 Næringskreditt AS. For further details, see Note 9 Transfer of financial assets.

Note 13 – Financial derivatives and offsetting

In accordance with IFRS 7 it should be disclosed which financial instruments the Bank considers to fulfill the requirements for offsetting and which financial instruments have enterd into a settlement agreement.

In the balance sheet, the Bank has no derivatives presented net.

SpareBank 1 Østlandet has three sets of agreements which regulate counterparty risk and netting of derivatives. For retail and corporate customers, use is made of limit agreements requiring provision of collateral. For customers engaged in trading activity, only cash deposits are accepted as collateral. The agreements are unilateral, i.e it is only the customers that provide collateral. As regards financial institutions, the Bank enters into standardised and mainly bilateral ISDA agreements. Additionally the Bank has entered into supplementary agreements on provision of collateral (CSA) with eighteen institutional counterparties.The Bank has also entered into agreements on clearing derivatives where the counterparty risk is moved to a central counterparty (clearing house) that calculates the need for collateral. Reverse repurchase agreements are governed by GMRA agreements with counterparty. The Bank has five GMRA agreements.

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

The assets and liabilities below may be offset.

Parent bank and Group

2021	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/(liabilities) on the balance sheet	Amounts not presented on the balance sheet on a net basis: Financial instruments	Cash collateral given/(received)	Net amount
Derivatives as assets	814	0	814	-344	-398	**72**
Derivatives as liabilities	-679	0	-679	344	269	**-65**

2020	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/(liabilities) on the balance sheet	Amounts not presented on the balance sheet on a net basis: Financial instruments	Cash collateral given/(received)	Net amount
Derivatives as assets	2 212	0	2 212	-612	-1 450	**150**
Derivatives as liabilities	-697	0	-697	612	61	**-25**

Note 14 – Credit quality per class of financial assets

Parent bank

2021		Notes	Low risk	Medium risk	High risk	Defaulted or with individual loan loss impairments	Total
Loans to and receivables from credit institutions		7	9 139	0	0	0	**9 139**
Gross loans to and receivables from customers measured to amortised cost	Retail market	8	547	30	12	129	**719**
	Corporate market	8	15 833	15 305	3 396	237	**34 771**
Gross loans to and receivables from customers classified as financial assets at fair value through profit or loss initial recognition	Retail market	8	5 187	364	58	3	**5 613**
	Corporate market	8	482	57	7	0	**546**
Gross loans to and receivables from customers classified as financial assets at fair value OCI on initial recognition	Retail market	8	61 425	3 876	728	67	**66 095**
	Corporate market	8	3 618	277	139	41	**4 075**
Total gross lending			**96 232**	**19 909**	**4 340**	**477**	**120 959**
Financial investments							
Certificates, bonds and fixed-income funds		29	23 825	0	0	0	**23 825**
Total financial investments			**23 825**	**0**	**0**	**0**	**23 825**
Total lending-related assets			**120 057**	**19 909**	**4 341**	**477**	**144 784**

2020		Notes	Low risk	Medium risk	High risk	Defaulted or with individual loan loss impairments	Total
Loans to and receivables from credit institutions		7	8 887	0	0	0	8 887
Gross loans to and receivables from customers measured to amortised cost	Retail market	8	482	56	22	148	708
	Corporate market	8	15 723	12 602	2 349	192	30 866
Gross loans to and receivables from customers classified as financial assets at fair value through profit or loss on initial recognition	Retail market	8	5 379	350	47	0	5 775
	Corporate market	8	482	66	6	2	556
Gross loans to and receivables from customers classified as financial assets at fair value through OCI on initial recognition	Retail market	8	57 944	3 875	852	60	62 731
	Corporate market	8	3 187	334	120	10	3 650
Total gross lending			**92 083**	**17 282**	**3 397**	**411**	**113 173**
Financial investments							
Certificates and bonds		29	20 999	0	0	0	20 999
Total financial investments			**20 999**	**0**	**0**	**0**	**20 999**
Total lending-related assets			**113 082**	**17 282**	**3 397**	**411**	**134 172**

Group

2021		Notes	Low risk	Medium risk	High risk	Defaulted or with individual loan loss impairments	Total
Loans to and receivables from credit institutions		7	1 435 433	0	0	0	**1 435**
Gross loans to and receivables from customers measured to amortised cost	Retail market	8	1 475	3 107	152	166	**4 901**
	Corporate market	8	17 268	18 284	4 120	382	**40 054**
Gross loans to and receivables from customers classified as financial assets at fair value through profit or loss on initial recognition	Retail market	8	5 187	364	58	3	**5 613**
	Corporate market	8	482	57	7	0	**546**
Gross loans to and receivables from customers classified as financial assets at fair value through OCI on initial recognition	Retail market	8	61 425	3 876	728	67	**66 095**
	Corporate market	8	3 618	277	139	41	**4 075**
Total gross lending			**90 890**	**25 965**	**5 204**	**659**	**122 719**
Financial investments							
Certificates, bonds and fixed-income funds		29	23 825				**23 825**
Total financial investments			**23 825**	**0**	**0**	**0**	**23 825**
Total lending-related assets			**114 715**	**25 965**	**5 204**	**659**	**146 544**

2020		Notes	Low risk	Medium risk	High risk	Defaulted or with individual loan loss impairments	Total
Loans to and receivables from credit institutions		7	1 576				1 576
Gross loans to and receivables from customers measured to amortised cost	Retail market	8	2 120	2 332	240	185	4 877
	Corporate market	8	16 962	15 248	3 291	278	35 779
Gross loans to and receivables from customers classified as financial assets at fair value through profit or loss on initial recognition	Retail market	8	5 379	350	47	0	5 775
	Corporate market	8	482	66	6	2	556
Gross loans to and receivables from customers classified as financial assets at fair value through OCI on initial recognition	Retail market	8	57 944	3 875	852	60	62 731
	Corporate market	8	3 187	334	120	10	3 650
Total gross lending			**87 650**	**22 203**	**4 556**	**535**	**114 944**
Financial investments							
Certificates and bonds		29	20 999	0	0	0	20 999
Total financial investments			**20 999**	**0**	**0**	**0**	**20 999**
Total lending-related assets			**108 649**	**22 203**	**4 557**	**535**	**135 944**

For details on risk classification of loans, see note 8 Loans to and receivables from customers.

Classification of financial investments into different risk groups is based on ratings from Standard Poor's, Moody's, Fitch, Scope or Japan Credit Rating Agency (or a combination of these) according to the conversion table presented below. No official ratings are available for some issues/issuers. For the Group, these amount to NOK 3 696 million in 2021 and primarily includes certificates and bonds in Norwegian municipalities (NOK 3 194 million), other certificates and bonds from Norwegian issuers with risk weights equal or below 20 % (NOK 430 million) and fixed income funds with low risk profiles (NOK 103 million). After individual assessments, based on market pricing and alternative risk analyses from recognised brokerage houses, are issues without official rating assigned to low risk.

Credit quality	Rating (using S&P's system)			
Low risk	AAA	AA	A	BBB
Medium risk	BB			
High risk	B	CCC	CC	C

Note 15 – Market risk related to interest rate risk

Interest rate risk arises because interest bearing assets and liabilities have different remaining fixed rate terms.

The Board has set limits for the total interest rate risk, both with regard to parallell shifts and yield curve risk. The Bank steers interest rate risk towards the desired level on investments and funding by means of fixed interest rates and through the use of interest rate derivatives.

Basis risk is the change in the value of the Group's assets and liabilities that arises when there is a parallel shift in the entire yield curve. This risk is shown in the table below by calculating the interest rate risk as the effect on the financial instruments' fair value of a change in interest rates assuming a parallel shift in the entire yield curve of one percentage point. Administrative interest rate risk has not been taken into account, i.e. the effect of the fact that in practice there will be a lapse between a change in markets interest rates and the bank having adjusted the terms and conditions for deposits and loans at floating rates of interest. Positive figures indicates that the Bank gains on an increase in interest rates.

The Group's interest rate risk is related primarily to shifts in the yield curve for Norwegian kroner (NOK) and euro (EUR).

Parent bank			Group	
Interest rate risk, 1 per cent change			Interest rate risk, 1 per cent change	
2020	**2021**	**Basis risk**	**2021**	**2020**
-139	-215	Certificates and bonds	-215	-139
-118	-140	Fixed-rate loans to customers	-140	-118
9	6	Fixed-rate deposits to customers	6	9
3	2	Loan and receivables from credit institutions	2	3
745	872	Bond loans	872	745
-12	-13	Other	-13	-12
-483	-489	Derivatives	-489	-483
6	**23**	**Total interest rate risk, effect on profit after tax**	**23**	**6**

Although the calculations above show that the Bank will incur a loss from an increase in interest rates, the way in which the increase in interest rates happens is not insignificant. The table below shows yield curve risk, i.e. the risk of the yield curve shifting differently within the different time periods when there is a change in interest rates, by measuring the Bank's net interest rate exposure within the different periods.

Parent bank			Group	
Interest rate risk, 1 per cent change			Interest rate risk, 1 per cent change	
2020	**2021**	**Yield curve risk**	**2021**	**2020**
1	1	0–1 month	1	1
7	2	1–3 months	2	7
2	0	3–6 months	0	2
4	5	6–12 months	5	4
-10	-7	1–3 years	-7	-10
-7	6	3–5 years	6	-7
11	16	5–10 years	16	11
0	0	More than 10 years	0	0
6	**23**	**Total interest rate risk, effect on profit after tax**	**23**	**6**

Note 16 – Market risk related to currency exposure

Currency risk is the risk of the Group incurring a loss as a result of changes in currency exchange rates. Currency risk arises when the Group has differences in assets and liabilities in an individual currency.

Foreign exchange trading shall always comply with adopted guidelines, limits and authorisations. The Group's limits define quantitative goals for maximum currency exposure, measured in NOK. The Group has set limits for the net exposure in each individual currency and limits for aggregate net currency exposure and total absolute sum of net positions per currency:

- The net position in a single currency must not exceed NOK 25 million overnight.
- The absolute total of each net position in any single currency must not exceed NOK 75 million overnight.
- The net position in a single currency must not exceed NOK 100 million intraday.
- The absolute total of each net position in any single currency must not exceed NOK 150 million intraday.

Currency risk is quantified and monitored at all times. The Group's currency risk throughout the year and at year-end is limited.

At 31 December, the net positions in the most important currencies, based on fair value of the underlying assets, was as follows:

Parent bank			Group	
2020	**2021**	**Net Currency exposure NOK**	**2021**	**2020**
-2	-1	GBP	-1	-2
3	-3	USD	-3	3
-4	1	JPY	1	-4
-1	0	PLN	0	-1
-2	0	SEK	0	-2
3	-2	EUR	-2	3
3	1	CHF	1	3
0	2	Other	2	0
-2	**0**	**Total**	**0**	**-2**
0	0	Effect on after-tax profit/loss and equity of a 3 per cent change in FX-rates	0	0
0	0	Effect on after-tax profit/loss and equity of a 10 per cent change in FX-rates	0	0

Details from the interior design shop Rom for Rom in Brumunddal. SpareBank 1 Østlandet has been by the company's side right from the planning and start-up phase.

Note 17 – Liquidity risk

Cash flows relating to liabilities with agreed maturity based on notional contract sizes including estimated interest payments until maturity.

Parent bank

2021	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Cash flows related to liabilities						
Deposits from and liabilities to credit institutions	-854	-757	-21	-2 204	0	-3 835
Deposits from and liabilities to customers	-84 945	-2 769	-2 404	-2 127	0	-92 246
Liabilities arising from issuance of securities	0	-421	-4 352	-22 956	-10 882	-38 612
Subordinated loan capital [1]	0	-6	-18	-1 337	0	-1 361
Derivatives related to liabilities	0	-14	-47	-149	65	-144
Other liabilities	0	-4 985	0	0	0	-4 985
Total cash flows related to liabilities	**-85 799**	**-8 953**	**-6 841**	**-28 773**	**-10 817**	**-141 183**

2020	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Cash flows related to liabilities						
Deposits from and liabilities to credit institutions	-1 704	-507	-618	-1 807	-552	-5 189
Deposits from and liabilities to customers	-77 162	-2 374	-2 586	-3 521	0	-85 643
Liabilities arising from issuance of securities	0	-947	-4 903	-24 249	-4 216	-34 315
Subordinated loan capital [1]	0	-6	-18	-1 337	0	-1 361
Derivatives related to liabilities	0	15	43	219	199	476
Other liabilities	0	-4 306	0	0	0	-4 306
Total cash flows related to liabilities	**-78 866**	**-8 125**	**-8 082**	**-30 695**	**-4 569**	**-130 337**

Group

2021	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Cash flows related to liabilities						
Deposits from and liabilities to credit institutions	-863	-757	-21	-2 204	0	-3 845
Deposits from and liabilities to customers	-84 877	-2 769	-2 404	-2 127	0	-92 178
Liabilities arising from issuance of securities	0	-421	-4 352	-22 956	-10 882	-38 612
Subordinated loan capital [1]	0	-6	-18	-1 337	0	-1 361
Derivatives related to liabilities	0	-14	-47	-149	65	-144
Other liabilities	0	-5 323	0	0	0	-5 323
Total cash flows related to liabilities	**-85 740**	**-9 291**	**-6 841**	**-28 773**	**-10 817**	**-141 462**

2020	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Cash flows related to liabilities						
Deposits from and liabilities to credit institutions	-1 667	-507	-618	-1 807	-552	-5 152
Deposits from and liabilities to customers	-77 162	-2 343	-2 586	-3 521	0	-85 613
Liabilities arising from issuance of securities	0	-947	-4 903	-24 249	-4 216	-34 315
Subordinated loan capital [1]	0	-6	-18	-1 337	0	-1 361
Derivatives related to liabilities	0	15	43	219	199	476
Other liabilities	0	-4 607	0	0	0	-4 607
Total cash flows related to liabilities	**-78 829**	**-8 396**	**-8 082**	**-30 695**	**-4 569**	**-130 571**

[1] For subordinated loan capital the maturity date is set at first call date.

Note 18 – Maturity analysis of assets and liabilities

Specification of the balance sheet

Parent bank

2021	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	458	0	0	0	0	458
Loans to and receivables from credit institutions	2 499	0	0	1 113	5 527	9 139
Gross loans to and receivables from customers	10 744	388	2 510	12 923	85 254	111 819
-Loan loss allowance for loans at amortised cost	0	0	0	-305	0	-305
-Fair value adjustments for loans at fair value through OCI	0	0	0	-45	0	-45
Net loans to and receivables from customers	10 744	388	2 510	12 573	85 254	111 469
Certificates and bonds	0	1 188	5 816	15 996	825	23 825
Financial derivatives	0	24	20	399	372	814
Shares, units and other equity interests	0	0	0	0	761	761
Investments in associates and joint ventures	4 638	0	0	0	0	4 638
Investments in subsidiaries	1 758	0	0	0	0	1 758
Property, plant and equipment	80	0	0	0	0	80
Goodwill and other intangible assets	435	0	0	0	0	435
Other assets	0	80	20	0	0	451
Total assets	**20 613**	**1 680**	**8 365**	**30 081**	**93 089**	**153 829**
Liabilities						
Deposits from and liabilities to credit institutions	848	777	0	2 154	0	3 780
Deposits from and liabilities to customers	84 475	3 240	2 404	2 127	0	92 246
Liabilities arising from issuance of securities	0	279	4 022	22 331	10 599	37 232
Financial derivatives	0	76	64	188	350	679
Current tax liabilities	0	317	317	0	0	633
Deferred tax liabilities	0	0	0	7	0	7
Other debt and liabilities recognised in the balance sheet	0	110	405	25	80	620
Subordinated loan capital	0	0	501	801	0	1 302
Total liabilities	**85 323**	**4 799**	**7 714**	**27 634**	**11 029**	**136 499**

2020	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	683	0	0	0	0	683
Loans to and receivables from credit institutions	7 676	205	992	15	0	8 887
Gross loans to and receivables from customers	12 503	456	2 059	9 483	79 786	104 286
-Loan loss allowance for loans at amortised cost	0	0	0	-324	0	-324
-Fair value adjustments for loans at fair value through OCI	0	0	0	-52	0	-52
Net loans to and receivables from customers	12 503	456	2 059	9 107	79 786	103 911
Certificates and bonds	0	2 320	1 230	16 628	822	20 999
Financial derivatives	0	36	372	1 079	726	2 213
Shares, units and other equity interests	0	0	0	0	616	616
Investments in associates and joint ventures	4 510	0	0	0	0	4 510
Investments in subsidiaries	1 758	0	0	0	0	1 758
Property, plant and equipment	96	0	0	0	0	96
Goodwill and other intangible assets	463	0	0	0	0	463
Other assets	0	74	44	23	364	505
Total assets	**27 689**	**3 090**	**4 697**	**26 851**	**82 314**	**144 641**
Liabilities						
Deposits from and liabilities to credit institutions	0	2 225	602	1 753	550	5 129
Deposits from and liabilities to customers	77 162	2 374	2 586	3 521	0	85 643
Liabilities arising from issuance of securities	0	893	4 982	24 470	4 607	34 952
Financial derivatives	0	130	32	341	195	697
Current tax liabilities	0	32	49	0	0	81
Deferred tax liabilities	0	0	0	288	0	288
Other debt and liabilities recognised in the balance sheet	0	38	477	33	83	631
Subordinated loan capital	0	0	0	1 302	0	1 302
Total liabilities	**77 162**	**5 692**	**8 728**	**31 707**	**5 434**	**128 723**

Group

2021	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	458	0	0	0	0	458
Loans to and receivables from credit institutions	322	0	1 113	0	0	1 435
Gross loans to and receivables from customers	10 243	736	3 049	18 265	88 997	121 289
-Loan loss allowance for loans at amortised cost	0	-4	-5	-356	-38	-403
-Fair value adjustments for loans at fair value through OCI	0	0	0	-45	0	-45
Net loans to and receivables from customers	10 243	732	3 044	17 864	88 959	120 841
Certificates and bonds	0	1 188	5 816	15 996	825	23 825
Financial derivatives	0	24	20	399	372	814
Shares, units and other equity interests	0	0	0	0	761	761
Investments in associates and joint ventures	5 642	0	0	0	0	5 642
Property, plant and equipment	390	0	0	0	0	390
Goodwill and other intangible assets	603	0	0	0	0	603
Other assets	15	193	20	8	454	691
Total assets	**17 673**	**2 137**	**10 012**	**34 267**	**91 370**	**155 459**
Liabilities						
Deposits from and liabilities to credit institutions	858	775	0	2 154	0	3 787
Deposits from and liabilities to customers	84 407	3 240	2 404	2 127	0	92 178
Liabilities arising from issuance of securities	0	279	4 022	22 331	10 599	37 232
Financial derivaties	0	76	64	188	350	679
Current tax liabilities	0	354	356	0	0	709
Deferred tax liabilities	123	0	0	7	0	130
Other debt and liabilities recognised in the balance sheet	0	183	431	34	89	737
Subordinated loan capital	0	0	501	801	0	1 302
Total liabilities	**85 388**	**4 907**	**7 778**	**27 643**	**11 038**	**136 754**

2020	At call	Less than 3 months	3–12 months	1–5 years	More than 5 years	Total
Assets						
Cash and deposits with central banks	683	0	0	0	0	683
Loans to and receivables from credit institutions	364	206	992	15	0	1 576
Gross loans to and receivables from customers	12 503	468	2 068	12 895	85 434	113 368
-Loan loss allowance for loans at amortised cost	0	0	0	-362	-69	-432
-Fair value adjustments for loans at fair value through OCI	0	0	0	-52	0	-52
Net loans to and receivables from customers	12 503	468	2 068	12 481	85 365	112 884
Certificates and bonds	0	2 320	1 230	16 628	822	20 999
Financial derivatives	0	36	372	1 079	726	2 213
Shares, units and other equity interests	0	0	0	0	616	616
Investments in associates and joint ventures	5 325	0	0	0	0	5 325
Property, plant and equipment	410	0	0	0	0	410
Goodwill and other intangible assets	620	0	0	0	0	620
Other assets	18	287	44	33	364	746
Total assets	**19 925**	**3 316**	**4 706**	**30 235**	**87 893**	**146 075**
Liabilities						
Deposits from and liabilities to credit institutions	0	2 186	602	1 753	550	5 090
Deposits from and liabilities to customers	77 162	2 343	2 586	3 521	0	85 613
Liabilities arising from issuance of securities	0	893	4 982	24 470	4 607	34 952
Financial derivaties	0	130	32	341	195	697
Current tax liabilities	0	79	49	0	0	128
Deferred tax liabilities	129	0	0	288	0	417
Other debt and liabilities recognised in the balance sheet	0	137	477	43	83	740
Subordinated loan capital	0	0	0	1 302	0	1 302
Total liabilities	**77 292**	**5 768**	**8 728**	**31 717**	**5 434**	**128 939**

Note 19 – Net interest income

Parent bank

	2021				2020			
	Measured at fair value through profit or loss	Measured at fair value through OCI	Measured at amortised cost	Total	Measured at fair value through profit or loss	Measured at fair value through OCI	Measured at amortised cost	Total
Interest income								
Interest income from loans to and claims on central banks and credit institutions	0	0	109	**109**	0	0	151	**151**
Interest income from loans to and claims on customers	0	1 303	1 148	**2 451**	0	1 471	1 253	**2 724**
Total interest income, effective rate method	0	**1 303**	**1 257**	**2 560**	0	1 471	1 404	**2 875**
Interest income from loans to and claims on customers	170	0	0	**170**	187	0	0	**187**
Interest on certificates and bonds	178	0	0	**178**	221	0	0	**221**
Other interest income	-110	0	0	**-110**	-141	0	0	**-141**
Total other interest income	238	0	0	**238**	268	0	0	**268**
Total interest income	**238**	**1 303**	**1 257**	**2 798**	**268**	**1 471**	**1 404**	**3 143**
Interest expenses	0	0	0	**0**	0	0	0	**0**
Interest on debt to credit institutions	0	0	29	**29**	0	0	53	**53**
Interest on deposits from and liabilities to customers	0	0	334	**334**	0	0	618	**618**
Interest on securities issued	58	0	377	**435**	76	0	425	**501**
Interest on subordinated loan capital	0	0	24	**24**	0	0	30	**30**
Fees to the Banks' Guarantee Fund	0	0	52	**52**	0	0	49	**49**
Other interest expenses	0	0	4	**4**	0	0	5	**5**
Total interest expenses	**58**	**0**	**820**	**878**	**76**	**0**	**1 180**	**1 256**
Total net interest income	**180**	**1 303**	**437**	**1 920**	**192**	**1 471**	**225**	**1 887**

Group

	2021				2020			
	Measured at fair value through profit or loss	Measured at fair value through OCI	Measured at amortised cost	Total	Measured at fair value through profit or loss	Measured at fair value through OCI	Measured at amortised cost	Total
Interest income								
Interest income from loans to and claims on central banks and credit institutions	0	0	25	**25**	0	0	38	**38**
Interest income from loans to and claims on customers	0	1 296	1 520	**2 816**	0	1 465	1 664	**3 129**
Total interest income, effective rate method	0	**1 296**	**1 545**	**2 841**	0	1 465	1 702	**3 167**
Interest income from loans to and claims on customers	170	0	0	**170**	187	0	0	**187**
Interest on certificates and bonds	178	0	0	**178**	221	0	0	**221**
Other interest income	-110	0	0	**-110**	-141	0	0	**-141**
Total other interest income	238	0	0	**238**	268	0	0	**268**
Total interest income	**238**	**1 296**	**1 545**	**3 079**	**268**	**1 465**	**1 702**	**3 436**
Interest expenses	0	0	0	**0**	0	0	0	**0**
Interest on debt to credit institutions	0	0	29	**29**	0	0	53	**53**
Interest on deposits from and liabilities to customers	0	0	335	**335**	0	0	621	**621**
Interest on securities issued	58	0	377	**435**	76	0	425	**501**
Interest on subordinated loan capital	0	0	24	**24**	0	0	30	**30**
Fees to the Banks' Guarantee Fund	0	0	52	**52**	0	0	49	**49**
Other interest expenses	0	0	4	**4**	0	0	4	**4**
Total interest expenses	**58**	**0**	**821**	**879**	**76**	**0**	**1 182**	**1 258**
Total net interest income	**180**	**1 296**	**724**	**2 200**	**192**	**1 465**	**521**	**2 177**

Note 20 – Net commission income and other operating income

Parent bank 2020	Parent bank 2021		Group 2021	Group 2020
		Commission income		
19	18	Guarantee commissions	18	18
29	32	Securities trading	32	29
263	298	Payment transmission	296	262
204	241	Insurance services	241	204
368	458	Commission from loans transferred to cover bond companies	458	368
0	0	Commission from real estate brokerage	344	334
64	61	Other commission income	138	145
947	**1 108**	**Total commission income**	**1 527**	**1 359**
		Commission expenses		
95	99	Payment transmission	138	144
0	0	Other commission expenses	0	0
95	**99**	**Total commission expenses**	**138**	**144**
		Other operating income		
11	11	Operating income from real estate	5	3
0	0	Income from accounting	182	183
18	22	Other operating income	46	40
30	**33**	**Total other operating income**	**233**	**226**
882	**1 042**	**Total net commission income and other operating income**	**1 622**	**1 441**

Note 21 – Net profit from financial assets and liabilities

Parent bank 2020	Parent bank 2021		Group 2021	Group 2020
41	21	Dividends from equity investments at fair value through profit and loss	21	41
41	**21**	**Dividends from shares and other equity instruments**	**21**	**41**
287	420	Dividends from subsidiaries, associates and joint ventures		
-6	40	Gains or losses on realisation of subsidiaries, associates and joint ventures		
0	0	Impairment on subsidiaries, associates and joint ventures		
282	**461**	**Net income from subsidiaries, associates and joint ventures (Parent bank)**		
		Share of profit or loss of associates and joint ventures	361	400
		Gains or losses on realisation of associates and joint ventures	43	-6
		Net income from associates and joint ventures (Group)	**405**	**394**
135	-183	Net change in value on certificates, bonds and fixed-income funds, excl. FX effects	-183	135
-118	161	Net change in value of derivatives that hedge securities above, excl. FX effects	161	-118
16	-21	Net change in value on certificates, bonds and fixed-income funds including hedge derivatives	-21	16
-514	641	Net change in value of securities issued, excl. FX effects	641	-514
520	-655	Net change in value in derivatives that hedge securities issued, excl. FX effects	-655	520
6	-14	Net change in value of securities issued including hedge derivatives	-14	6
-6	118	Net change in value on equity intruments at fair value through profit and loss	118	-6
150	-150	Net change in value on fixed-rate loans to customers at fair value through profit and loss	-150	150
-135	170	Net change in value of other derivatives	170	-135
27	12	Gains or losses on realisation of assets at fair value through profit or loss	12	27
50	59	Net income from FX trading and -hedging	59	50
109	**174**	**Net profit from other financial assets and liabilities**	**174**	**109**
432	**656**	**Net profit from financial assets and liabilities**	**599**	**545**

Note 22 – Payroll expenses and payments to senior employees and elected officers

Parent bank 2020	Parent bank 2021		Group 2021	Group 2020
495	515	Payroll	855	821
106	110	Employers' National Insurance contribution	153	124
54	55	Pension costs (note 23)	76	74
24	27	Social security expenses	42	64
678	**706**	**Total personnel expenses**	**1 127**	**1 083**
707	704	Average no. of employees	1 172	1 196
702	687	No. of fulltime equivalents at 31 December	1 137	1 149
722	705	No. of employees at 31 December	1 160	1 201

Salaries and other personel expenses 2021	Ordinary salary	Other benefits	Pension	Board fees in subsidiaries	Loans	Number og EC's
Group Management	26 384	690	1 718	2 517	56 042	193 544
Board	2 365	2 002	186	0	42 905	15 271

Salaries and other personel expenses 2020	Ordinary salary	Other benefits	Pension	Board fees in subsidiaries	Loans	Number og EC's
Group Management	24 870	2 440	1 738	2 532	57 745	180 516
Board	4 804	523	0	0	34 120	16 132

See Report on remuneration to senior executives on the bank's website for further information.

Savings programme for employees
In 2021, the Group started a 1-year savings programme for its employees. For every other equity capital certificate the employee buys through the savings scheme, the SpareBank 1 Østlandet Group gives the employee a bonus equity capital certificate. The bonus equity capital certificates are awarded 2 years after the purchase of equity capital certificates in the savings programme and are contingent on the employee still owning the originally saved equity capital certificates and still being employed in the Group. Of the Group's employees, 484 chose to participate at the start of the savings programme in January 2021. At the end of the year, 14 employees had left the scheme because they no longer work for the Group. The Group's recognised liability relating to the purchase of future bonus equity capital certificates was NOK 2.5 million as at 31.12.2021.

Note 23 – Pensions

The SpareBank 1 Østlandet Group offers a defined contribution based pension scheme to its employees, as well as a contractual early retirement pension (AFP) that can be taken out from the age of 62. The Group also has some unsecured pension liabilities in relation to pensioners and some employees with salaries in excess of 12 G. For further information about the Group's pension schemes, see note 2 – Accounting policies and note 22 – Payroll expenses and payments to senior employees and elected officers.

Contribution based pension rates from 1 July 2017:	
Salary from 0-7.1 G*	7.00 %
Salary from 7.1-12 G*	15.00 %

*Salary includes fixed supplements, but does not include overtime, taxable benefits in kind and other allowances for expenses.

Calculations of costs and liabilities for unsecured pension schemes are based on the following assumptions:

Financial assumptions	01.01.2022	01.01.2021	01.01.2020
Discount rate	1.80 %	1.50 %	2.30 %
Expected future development of pay	2.50 %	2.00 %	2.00 %
Expected future adjustment of G	2.25 %	1.75 %	2.00 %
Expected future adjustment of pension[1]	0.00 %/2.25 %	0.00 %/1.75 %	0.50 %/2.00 %
Employer's NI contributions	19.10 %	19.10 %	19.10 %
Expected voluntary turnover	0.00 %	0.00 %	0.00 %
Anticipated AFP payout from 62 years	0.00 %	0.00 %	0.00 %
Disability table used	IR02	IR02	IR02
Mortality table used	K2013 BE	K2013 BE	K2013 BE

[1] There are different regulations to the remaining agreements.

The above-mentioned times indicate the time from which the liability is calculated using the changed assumptions. This means, for example, that the pension liability as at December 31, 2021 has been discounted by the assumptions that applied as at January 1 2022, while the annual cost for 2021 is based on the assumptions that applied at the start of the year.

Pension expenses

Parent bank 2020	Parent bank 2021		Group 2021	Group 2020
0	0	Present value of pension accruals for the year	0	0
2	1	Interest cost of pension liability	1	2
43	45	Defined-contribution pension charged to profit or loss	65	61
8	8	AFP scheme charged to profit and loss	9	10
0	0	Other pension expenses	1	1
0	0	Accrued employer contributions *	0	0
54	**55**	**Net pension expenses**	**76**	**74**

*) Employer's National Insurance contribution on the pensjon cost are entered as social costs in the income statement.

Pension liability

Parent bank 2020	Parent bank 2021		Group 2021	Group 2020
66	69	Gross liabilities at 1 January	71	71
0	0	Pension accruals for the year	0	0
2	1	Interest on pension liability	1	2
-5	-5	Benefits paid	-7	-8
6	0	Actuarial differences included in other comprehensive income	0	6
69	**66**	**Gross liability at 31 December**	**66**	**71**
13	13	Employers' National Insurance contribution liability at 1 January	13	10
-1	-1	Employers' National Insurance contribution on paid benefits	-1	1
1	0	Employers' National Insurance contribution on actuarial differences	0	1
0	0	Employers' National Insurance contribution on the pension cost for the year*)	0	0
13	**13**	**Employers' National Insurance contribution liability at 31 December**	**13**	**13**

*) Employer's National Insurance contribution on the pensjon cost are entered as social costs in the income statement.

Parent bank 2020	Parent bank 2021		Group 2021	Group 2020
79	83	Net pension liability unsecured scheme at 1 January	83	82
83	79	Net pension liability unsecured scheme at 31 December	79	83

Actuarial gains and losses (changes in estimates)

Parent bank 2020	Parent bank 2021		Group 2020	Group 0
6	0	Actuarial gains and losses pre-tax recognized through other comprehensive income	0	6
200	200	Cumulative actuarial gains and losses pre-tax recognized through other comprehensive income	199	199

Parent bank	2021	2020	2019	2018	2017
Present value of pension liability	79	83	79	86	117
Fair value of pension assets	0	0	0	0	32
Deficit / surplus	**79**	**83**	**79**	**86**	**84**
Experience adjustments to pension liabilities	0	5	-3	2	20
Experience adjustments to pension assets	0	0	0	0	14

Group	2021	2020	2019	2018	2017
Present value of pension liability	79	83	82	88	120
Fair value of pension assets	0	0	0	0	32
Deficit / surplus	**79**	**83**	**82**	**88**	**87**
Experienced adjustments to pension liabilities	0	5	-3	2	20
Experienced adjustments to pension assets	0	0	0	0	14

Note 24 – Other operating expenses

Parent bank 2020	Parent bank 2021		Group 2021	Group 2020
273	287	IT-expenses	318	303
63	71	Marketing	86	77
71	87	External fees	108	97
45	51	Operating expenses property	63	55
6	4	Wealth tax	4	6
101	98	Other operating expenses	153	149
559	**598**	**Total other operating expenses**	**732**	**687**
		Auditor's fee (NOK thousands)		
1 992	1 798	Statutory audit *	3 064	3 179
82	0	Tax consulting	0	156
376	837	Other attestation services	950	525
0	0	Other services	0	304
2 450	**2 635**	**Total, including VAT**	**4 014**	**4 164**

* Deloitte was elected as new auditor in April 2020. Statutory audit for the group incl. VAT from Deloitte was 1 659 and PWC was 1 520.

Note 25 – Taxes

Parent bank 2020	Parent bank 2021		Group 2021	Group 2020
1 615	2 225	Profit before tax	2 438	1 932
-524	-834	+/- permanent differences *	-838	-629
-761	1 142	+/- changes in temporary differences	1 191	-781
-6	0	+/- tax effect recorded directly against equity	0	-6
324	**2 533**	**Tax base/taxable income for the year**	**2 791**	**516**
81	633	Of which is tax payable 25% / 22%	709	128
200	-280	Change in deferred tax 25% / 22%	-289	203
0	0	Foreign witholding tax	0	0
-1	0	Excess/insufficient tax allocation in previous years	0	-1
0	0	Excess/insufficient deferred tax allocation in previous years	0	0
-7	-4	+/- of which change not recorded in income statement	-4	-7
273	**349**	**Total tax expense**	**416**	**323**
		Explanation of why the tax charge for the year is not 25% / 22% of the year's profit before tax		
404	556	25% / 22% tax on profit before tax	628	454
-130	-207	25% / 22% of permanent differences*	-212	-130
0	0	Foreign witholding tax	0	0
-1	0	Excess/insufficient tax allocation in previous years	0	-1
0	0	Excess/insufficient deferred tax allocation in previous years	0	0
273	**349**	**Total tax expense**	**416**	**323**
17 %	**16 %**	**Effective tax rate (%)**	**17 %**	**17 %**
		Composition of deferred tax assets recognized in the balance sheet		
-22	-61	Total deferred tax assets	-83	-45
310	68	Total deferred tax	213	462
288	**7**	**Net deferred tax/deferred tax asset**	**130**	**417**
		Specification of temporary differences		
8	6	Gains and loss account	8	10
-83	-80	Pension liabilities	-80	-83
38	37	Operating equipment	582	608
-6	-7	Leases	-8	-7
1 059	-70	Differences in finacial items	-71	1 057
137	143	Other temporary differences	112	106
0	0	Carry forward tax loss	-20	-20
1 152	**29**	**Total temporary differences**	**524**	**1 672**
25 %	25 %	Tax rate applied	25 % / 22 %	25 % / 22 %

*) Includes tax-exempted dividends, customer dividends, non-tax-deductible expenses, net tax-exempt gains on realisation of shares in the European Economic Area (EEA), and tax allowances for profit attributable to associated companies (the percentage of the profit is extracted as it has already been taxed in the individual company).

Pursuant to IFRS, wealth tax is classified as a levy and not as a tax charge. Wealth tax of NOK 4 million was recognised as a cost in 2021 (NOK 6 million in 2020) and classified as other operating costs.

Note 26 – Financial instruments at fair value

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

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

Group

2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value				
- Derivatives	0	814	0	**814**
- Certificates, bonds and fixed-income funds	0	23 825	0	**23 825**
- Fixed-rate loans to customers	0	0	6 159	**6 159**
- Equity instruments	465	31	266	**761**
- Mortgages (FVOCI)	0	0	70 126	**70 126**
Total assets	**465**	**24 670**	**76 550**	**101 685**
Liabilities				
Financial assets at fair value				
- Derivatives	0	679	0	**679**
- Securities issued	0	1 796	0	**1 796**
Total liabilities	**0**	**2 475**	**0**	**2 475**

2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value				
- Derivatives	0	2 212	0	2 212
- Certificates, bonds and fixed-income funds	0	20 999	0	20 999
- Fixed-rate loans to customers	0	0	6 331	6 331
- Equity instruments	349	267	0	616
- Mortgages (FVOCI)	0	0	66 330	66 330
Total assets	**349**	**23 211**	**72 928**	**96 488**
Liabilities				
Financial assets at fair value				
- Derivatives	0	697	0	697
- Securities issued	0	3 050	0	3 050
Total liabilities	**0**	**3 747**	**0**	**3 747**

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

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

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

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

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

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

31.12.2020-31.12.2021	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Total
Opening balance	6 331	267	66 330	**72 928**
Investments in the period	1 723	1	17 607	**19 331**
Sales/redemption in the period	-1 745	-5	-13 818	**-15 569**
Gains/losses recognised through profit and loss	-150	3	6	**-141**
Gains/losses recognised directly against comprehensive income	0	0	1	**1**
Closing balance	**6 159**	**266**	**70 126**	**76 550**
Gains/losses for the period included in the profit for assets owned on the balance sheet day	-150	3	6	**-141**

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 directly against 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:

2021	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Total
Nominal value including accrued interest (fixed income instruments)/cost (shares)	6 176	196	70 170	76 542
Fair value adjustment	-17	69	-45	8
Closing balance	**6 159**	**266**	**70 126**	**76 550**

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 NOK 18 million.

Equity instruments in Level 3 consists of the significant shareholdings in Oslo Kongressenter Folkets Hus BA (NOK 56 million), Eksportfinans ASA (NOK 71 million), SpareBank 1 Markets AS (NOK 40 million) and VN Norge AS (NOK 27 million). The valuation of the two former is based on the book value of their equity adjusted for surplus and deficit values. Based on valuation from 2010 and later broker reviews, it is considered to be significant added value in the property mass belonging to Oslo Kongressenter Folkets Hus BA (P/B 4.0). Based on an external valuation in connection with a demerger in 2012 and subsequent equity transactions, the value of Eksportfinans ASA is conicered to be less than book value (P/B 0.85). The value of the shareholding in SpareBank 1 Markets are based on current issue pricing. The value of the shareholding in VN Norge (former Visa Norge FLI, transformed into a limited company medio 2018) are based on valuation of underlying assets, of witch preference shares in Visa Inc are most significant.

Preference shares in Visa Inc will be converted into tradable shares no later than 2028. The valuation of this underlying asset is based on the share price of tradable Visa Inc stocks and the closing exchange rate (USDNOK) as well as agreed conversion factor for the preference shares. Net value is less deferred tax and a liquidity discount. The preference shares are priced by an external party.

Floating rate mortgages classified at fair value through other comprehensive income (OCI) are valued bases on carrying amounts and expected credit losses. Mortgages that do not have a significantly higher credit risk than they did upon initial recognition, are valued at nominal amount. For loans with a significant increase in credit risk since initial recognition, expected credit loss will be calculated as for assets at amortised cost. Estimated fair value on these mortgages are the carrying amount less lifetime expected credit losses. With the current assumptions on expected credit loss, the fair value adjustment amounts to NOK -45 million. Change in fair value will mainly relate to estimates on probability of default (PD) and loss given default (LGD), both at portfolio level and for individual loans.

Note 27 – Classification of financial instruments

Parent bank

	Financial investments at fair value					
2021	Mantadory at fair value through profit and loss	Designated at fair value through profit and loss	Mantadory at fair value through other comprehensive income	Designated at fair value through profit and loss and OCI	Financial instruments assessed at amortised cost [1]	Total
Assets						
Cash and deposits with central banks	0	0	0	0	458	458
Loans to and receivables from credit institutions	0	0	0	0	9 139	9 139
Net loans to and receivables from customers	0	6 159	70 126	0	35 185	111 469
Certificates, bonds and fixed income funds	23 825	0	0	0	0	23 825
Financial derivatives	814	0	0	0	0	814
Shares and other equity interests	761	0	0	0	0	761
Total assets	**25 400**	**6 159**	**70 126**	**0**	**44 782**	**146 467**
Liabilities						
Deposits from and liabilities to credit institutions	0	0	0	0	3 780	3 780
Deposits from and liabilities to customers	0	0	0	0	92 246	92 246
Liabilities arising from issuance of securities	0	0	0	1 796	35 436	37 232
Financial derivatives	679	0	0	0	0	679
Subordinated loan capital	0	0	0	0	1 302	1 302
Total liabilities	**679**	**0**	**0**	**1 796**	**132 764**	**135 239**

	Financial investments at fair value					
2020	Mantadory at fair value through profit and loss	Designated at fair value through profit and loss	Mantadory at fair value through other comprehensive income	Designated at fair value through profit and loss and OCI	Financial instruments assessed at amortised cost [1]	Total
Assets						
Cash and deposits with central banks	0	0	0	0	683	683
Loans to and receivables from credit institutions	0	0	0	0	8 887	8 887
Net loans to and receivables from customers	0	6 331	66 330	0	31 250	103 911
Certificates, bonds and fixed income funds	20 999	0	0	0	0	20 999
Financial derivatives	2 212	0	0	0	0	2 212
Shares and other equity interests	616	0	0	0	0	616
Total assets	**23 828**	**6 331**	**66 330**	**0**	**40 820**	**137 308**
Liabilities						
Deposits from and liabilities to credit institutions	0	0	0	0	5 129	5 129
Deposits from and liabilities to customers	0	0	0	0	85 643	85 643
Liabilities arising from issuance of securities	0	0	0	3 050	31 902	34 952
Financial derivatives	697	0	0	0	0	697
Subordinated loan capital	0	0	0	0	1 302	1 302
Total liabilities	**697**	**0**	**0**	**3 050**	**123 976**	**127 723**

Group	Financial investments at fair value					
2021	Mantadory at fair value through profit and loss	Designated at fair value through profit and loss	Mantadory at fair value through other comprehensive income	Designated at fair value through profit and loss and OCI	Financial instruments assessed at amortised cost [1]	Total
Assets						
Cash and deposits with central banks	0	0	0	0	458	458
Loans to and receivables from credit institutions	0	0	0	0	1 435	1 435
Net loans to and receivables from customers	0	6 159	70 126	0	44 556	120 841
Certificates, bonds and fixed income funds	23 825	0	0	0	0	23 825
Financial derivatives	814	0	0	0	0	814
Shares and other equity interests	761	0	0	0	0	761
Total assets	**25 400**	**6 159**	**70 126**	**0**	**46 449**	**148 134**
Liabilities						
Deposits from and liabilities to credit institutions	0	0	0	0	3 787	3 787
Deposits from and liabilities to customers	0	0	0	0	92 178	92 178
Liabilities arising from issuance of securities	0	0	0	1 796	35 436	37 232
Financial derivatives	679	0	0	0	0	679
Subordinated loan capital	0	0	0	0	1 302	1 302
Total liabilities	**679**	**0**	**0**	**1 796**	**132 703**	**135 178**

	Financial investments at fair value					
2020	Mantadory at fair value through profit and loss	Designated at fair value through profit and loss	Mantadory at fair value through other comprehensive income	Designated at fair value through profit and loss and OCI	Financial instruments assessed at amortised cost [1]	Total
Assets						
Cash and deposits with central banks	0	0	0	0	683	683
Loans to and receivables from credit institutions	0	0	0	0	1 576	1 576
Net loans to and receivables from customers	0	6 331	66 330	0	40 224	112 885
Certificates, bonds and fixed income funds	20 999	0	0	0	0	20 999
Financial derivatives	2 212	0	0	0	0	2 212
Shares and other equity interests	616	0	0	0	0	616
Total assets	**23 828**	**6 331**	**66 330**	**0**	**42 483**	**138 971**
Liabilities						
Deposits from and liabilities to credit institutions	0	0	0	0	5 090	5 090
Deposits from and liabilities to customers	0	0	0	0	85 613	85 613
Liabilities arising from issuance of securities	0	0	0	3 050	31 902	34 952
Financial derivatives	697	0	0	0	0	697
Subordinated loan capital	0	0	0	0	1 302	1 302
Total liabilities	**697**	**0**	**0**	**3 050**	**123 907**	**127 654**

[1] Liabilities arising from issuance of securities includes liabilities subject to hedge accounting.

Note 28 – Information about fair value

Parent bank	Book value 2021	Fair value 2021	Level in the valuation hierarchy	Book value 2020	Fair value 2020	Level in the valuation hierarchy
ASSETS						
Loans to and receivables from credit institutions	9 139	9 139	2	8 887	8 887	2,3
Net loans to and receivables from customers						
-Retail banking	72 354	72 354	2,3	69 129	69 129	2,3
-Corporate banking	39 115	39 115	2,3	34 782	34 782	2,3
Securities	24 586	24 586	1,2,3	21 616	21 616	1,2,3
Derivatives	814	814	2	2 212	2 212	2
Total financial assets	**146 008**	**146 008**		**136 626**	**136 626**	
LIABILITIES						
Liabilities to credit institutions	3 780	3 780	2	5 129	5 129	2
Deposits from and liabilities to customers	92 246	92 246	2,3	85 643	85 643	2,3
Liabilities arising from issuance of securities	37 232	37 550	2	34 952	35 152	2
Derivatives	679	679	2	697	697	2
Subordinated loan capital	1 302	1 315	2	1 302	1 319	2
Total financial liabilities	**135 239**	**135 569**		**127 723**	**127 940**	

Group	Book value 2021	Fair value 2021	Level in the valuation hierarchy	Book value 2020	Fair value 2020	Level in the valuation hierarchy
ASSETS						
Loans to and receivables from credit institutions	1 435	1 435	2	1 576	1 576	2,3
Net loans to and receivables from customers						
-Retail banking	76 505	76 505	2,3	73 265	73 265	2,3
-Corporate banking	44 336	44 336	2,3	39 620	39 620	2,3
Securities	24 586	24 586	1,2,3	21 616	21 616	1,2,3
Derivatives	814	814	2	2 212	2 212	2
Total financial assets	**147 676**	**147 676**		**138 289**	**138 289**	
LIABILITIES						
Liabilities to credit institutions	3 787	3 787	2	5 090	5 090	2
Deposits from and liabilities to customers	92 178	92 178	2,3	85 613	85 613	2,3
Liabilities arising from issuance of securities	37 232	37 550	2	34 952	35 152	2
Derivatives	679	679	2	697	697	2
Subordinated loan capital	1 302	1 315	2	1 302	1 319	2
Total financial liabilities	**135 178**	**135 508**		**127 654**	**127 871**	

Financial instruments assessed at fair value
Financial instruments that is not measured to fair value is accounted for at amortised cost. See note 26 for an overview of finacial intruments to fair value, and note 2 for a more detailed description of accounting principles.

Financial instruments assessed at amortised cost
Financial instruments that are not assessed at fair value are recognised at amortised cost. See note 2 for a more detailed description. Amortised costs entails assessing balance sheet items after originally agreed cash flows and, as applicable, adjusted for write-downs.

Assessment at fair value will always be subject to uncertainty.

Assessment at fair value of assets and liabilities recognised at amortised cost
Differing pricing methods are used for loans to customers and loans to credit institutions. Below is a summary of the various pricing models for the different categories:

- Loans to and receivables from credit institutions are priced using NIBOR.
- Loans to customers are priced using floating and fixed customer interest rates, and a number of loans are priced using NIBOR.

It is the Bank's view that loans in the retail and corporate market with floating interest rates always have a fair market price. The justification for this is that floating interest is subject to continuous assessment and adjustment to the interest rates in the capital market and changes in the competition situation, and that changes in credit risk are adjusted by provisions for expected credit losses. This portfolio has in the bank opinion a correct price in the market. The other NIBOR loans can be renegotiated continuously. The bank endeavors that these loans have the right market value at any time.

For deposits to customers and liabilities to credit institutions, fair value is estimated to be equal to book value, since they generally have floating rates of interest.

For liabilities arising from issuance of securities and subordinated loan capital at amortised cost, fair value is assesed with the same method as for bonds and certificates described in note 26.

In the light of these assessments, there is no material difference between book value and real value in the table above.

Note 29 – Certificates, bonds and fixed-income funds

Parent Bank and Group

Certificates and bonds by sector og issuers	2021	2020
Government		
Nominal value	1 000	350
Fair value	1 008	359
Other public sector issuers		
Nominal value	4 545	2 492
Fair value	4 581	2 500
Financial institutions		
Nominal value	17 607	14 199
Fair value	17 803	14 326
Non-financial institutions		
Nominal value	432	66
Fair value	433	67
Total fixed-income securities, nominal value	**23 584**	**17 107**
Total fixed-income securities at fair value through profit	**23 825**	**17 252**

Fair value is presented including accrued interest (dirty price). Accrued interest in the Parent bank and Group amounts to NOK 69 million in 2021 and NOK 53 million in 2020.

Note 30 - Financial derivatives

Parent bank and Group

	2021		
	Contract amount	Fair value	
At fair value through profit and loss		Assets	Liabilities
Currency instruments			
Currency forward contracts	2 035	24	19
Currency swaps	560	0	7
Total currency instruments	**2 595**	**24**	**25**
Interest rate instruments			
Interest rate swaps (including cross-currency)	58 601	790	653
Other interest rate contracts	499	0	0
Total interest rate instruments	**59 100**	**790**	**653**
Total currency instruments	**2 595**	**24**	**25**
Total interest rate instruments	**59 100**	**790**	**653**
Total financial derivatives	**61 695**	**814**	**679**

	2020		
	Contract amount	Fair value	
At fair value through profit and loss		Assets	Liabilities
Currency instruments			
Currency forward contracts	1 872	26	21
Currency swaps	2 257	14	84
Total currency instruments	**4 129**	**40**	**104**
Interest rate instruments			
Interest rate swaps (including cross-currency)	49 293	2 171	593
Other interest rate contracts	3 985	1	0
Total interest rate instruments	**53 279**	**2 172**	**593**
Total currency instruments	**4 129**	**40**	**104**
Total interest rate instruments	**53 279**	**2 172**	**593**
Total financial derivatives	**57 408**	**2 212**	**697**

Note 31 – Shares and other equity interests

Parent bank			Group	
2020	2021		2021	2020
616	**761**	**At fair value through profit or loss (FV)**	**761**	**616**
349	*465*	*-Of this listed*	*465*	*349*
267	*296*	*-Of this unlisted*	*296*	*267*

Specification

Listed companies	Classification	Ownership (%)	No. of shares	Cost of acquisition	Market value/ book value
Totens Sparebank (equity capital certificates, OSE)	VV	24.6 %	1 503 661	101	325
Visa Inc. (shares, NYSE)	VV	0.0 %	73 400	8	140
Total listed shares and equity certificates				**109**	**465**

Unlisted companies	Classification	Ownership (%)	No. of shares	Cost of acquisition	Market value/ book value
Eksportfinans ASA	VV	1.3 %	3 499	46	71
Oslo Kongressenter Folkets Hus BA	VV	13.9 %	70 638	7	56
SpareBank 1 Markets AS	VV	6.0 %	191 562	58	40
NorgesInvestor Proto AS	VV	17.0 %	150 000	15	27
VN Norge AS (number of shares in billion)	VV	2.8 %	28 071 986	40	27
Visa Inc. preferred shares (series C)	VV	0.1 %	1 913	9	22
Additional Tier 1 Capital in SpareBank 1 Gruppen AS	VV			31	31
Other shares and equity interests	VV			21	22
Total unlisted shares and other equity interests				**227**	**296**
Total shares and other equity interests				**336**	**761**

The store Bus Stop in Hamar had to close its doors for a long time during the pandemic. As society reopened trade has picked up, and 2021 was a good year for the company. Here, the employee Orinta is keeping the shelves in order.

Note 32 – Goodwill and other intangible assets

Parent bank 2021 Intangible assets	Goodwill	Total		Group 2021 Total	Goodwill	Intangible assets
184	22	206	Acquisition cost at 1 January	557	331	226
25	0	25	Acquisitions	31	0	31
30	0	30	Disposals at cost price	30	0	30
179	22	201	Acquisition cost at 31 December	558	331	227
110	0	110	Accumulated depreciation at 1 January	147	24	123
10	0	10	Accumulated write-downs on current year's disposals	13	0	13
21	0	21	Current year's depreciation	34	0	34
121	0	121	Accumulated depreciation at 31 December	168	24	144
58	**22**	**80**	**Closing balance at 31 December**	**390**	**307**	**83**
			Distribution of closing balance			
0	0	0	Acquisition of finance function and accounting company TheVit AS, 2018	42	40	1
22	22	44	Acquisition of portfolio from Bank 1 Oslo Akershus AS, Hamar branch in 2006	44	22	22
0	0	0	Acquisition of SpareBank 1 Regnskapshuset AS, 2011	0	0	0
0	0	0	Acquisition of shares in Bank 1 Oslo Akershus AS, 2016	151	151	0
7	0	7	Acquisition of portfolio from SpareBank 1 Ringerike Hadeland, 2011	7	0	7
8	0	8	Acquisition of portfolio from Bank 1 Oslo Akershus AS Årnes, 2012	8	0	8
0	0	0	Acquisition of companies EiendomsMegler 1 Innlandet AS	12	12	0
0	0	0	Acquisition of accounting offices in SpareBank 1 Regnskapshuset AS	78	78	0
0	0	0	Goodwill and intangible assets from subsidiaries	27	4	24
21	0	21	Proprietary software	21	0	21
58	**22**	**80**	**Closing balance at 31 December**	**390**	**307**	**83**

2020 Intangible assets	Goodwill	Total		2020 Total	Goodwill	Intangible assets
163	22	185	Acquisition cost at 1 January	527	329	198
-3	0	-3	Correction between acquisition cost and accumulated depreciation as of 1 January	-3	0	-3
0	0	0	Reclassification between goodwill and intangible assets	0	3	-3
24	0	24	Acquisitions	33	0	33
0	0	0	Disposals at cost price	0	0	0
184	22	206	Acquisition cost at 31 December	557	331	226
96	0	96	Accumulated depreciation at 1 January	121	24	97
-3	0	-3	Correction between acquisition cost and accumulated write-downs as of 1 January	-3	0	-3
0	0	0	Accumulated write-downs on current year's disposals	0	0	0
16	0	16	Current year's depreciation	29	0	29
110	0	110	Accumulated depreciation at 31 December	147	24	123
74	**22**	**96**	**Closing balance at 31 December**	**410**	**306**	**104**
			Distribution of closing balance			
0	0	0	Acquisition of finance function and accounting company TheVit AS, 2018	43	40	2
25	22	47	Acquisition of portfolio from Bank 1 Oslo Akershus AS, Hamar branch in 2006	47	22	25
0	0	0	Acquisition of SpareBank 1 Regnskapshuset AS, 2011	0	0	0
0	0	0	Acquisition of shares in Bank 1 Oslo Akershus AS, 2016	151	151	0
9	0	9	Acquisition of portfolio from SpareBank 1 Ringerike Hadeland, 2011	9	0	9
9	0	9	Acquisition of portfolio from Bank 1 Oslo Akershus AS Årnes, 2012	9	0	9
0	0	0	Acquisition of companies EiendomsMegler 1 Innlandet AS	12	12	0
0	0	0	Acquisition of accounting offices in SpareBank 1 Regnskapshuset AS	78	78	0
0	0	0	Intangible assets from subsidiaries	30	4	27
31	0	31	Proprietary software	31	0	31
74	**22**	**96**	**Closing balance at 31 December**	**410**	**306**	**104**

Goodwill is defined as the difference between the purchase price and the value of the acquired business included on the balance sheet, after the acquisition cost has been allotted to identifiable tangible and intangible assets, liabilities and contingent liabilities. Goodwill is not amortised, but is subject to an annual impairment test with a view to ascertaining any impairment, in accordance with IAS 36. When assessing impairment, the assessment is carried out at the lowest level where it is possible to identify cash flows. Any write-down of goodwill cannot be reversed. Negative goodwill is recognised as income immediately. Negative goodwill relating to investments in associated companies and joint ventures is recognised as income immediately according to the equity method of accounting. Other immaterial assets are depreciated on a straight-line basis over their estimated useful life.

Note 33 – Property, plant and equipment

Parent bank Buildings, land and other property	Fixtures, fittings and vehicles	Total		Group Buildings, land and other property	Fixtures, fittings and vehicles	Total
439	392	831	Acquisition cost at 1 January 2020	781	393	1 174
-22	-8	-30	Correction between acquisition cost and accumulated depreciation as of 1 January	-22	-8	-30
8	12	21	Acquisitions	9	26	35
2	45	48	Disposals at cost price	2	45	48
423	**351**	**774**	**Acquisition cost at 31 December 2020**	**765**	**366**	**1 132**
195	335	530	Accumulated depreciation and impairments at 1 January 2020	321	350	671
5	-34	-29	Correction between acquisition cost and accumulated depreciation as of 1 January	5	-34	-29
13	35	48	Current year's depreciation	21	50	72
0	0	0	Current year's impairment provisions	0	0	0
2	45	47	Accumulated deprecion on current year's disposals	2	45	47
212	**292**	**503**	**Accumulated depreciation and impairments at 31 December 2020**	**346**	**322**	**668**
192	**0**	**192**	**Right-of use assets (buildings) at 31 December 2020**	**156**	**0**	**156**
404	**59**	**463**	**Book value at 31 December 2020**	**575**	**45**	**620**
423	351	774	Acquisition cost at 1 January 2021	765	366	1 132
17	18	35	Acquisitions	18	25	43
0	12	12	Disposals at cost price	0	12	12
440	**357**	**796**	**Acquisition cost at 31 December 2021**	**783**	**380**	**1 162**
212	292	503	Accumulated depreciation and impairments at 1 January 2021	346	322	668
13	22	35	Current year's depreciation	21	32	53
0	0	0	Current year's impairment provisions	0	0	0
0	10	11	Accumulated deprecion on current year's disposals	0	10	10
224	**303**	**527**	**Accumulated depreciation and impairments at 31 December 2021**	**367**	**344**	**711**
166	**0**	**166**	**Right-of use assets (buildings) at 31. December 2021**	**152**	**0**	**152**
382	**54**	**435**	**Book value at 31 December 2021**	**567**	**36**	**603**

Collateral security
The Bank has not pledged or accepted any other limitations on its right to dispose of the fixed assets.

Acquisition cost of depreciated assets.
The acquisition cost of fully depreciated assets still in use in the Bank in 2021 was NOK 160 million. The corresponding figure for 2020 was NOK 159 million.

Gross value of fixed assets temporarily not in operation.
The Group did not have any fixed assets temporarily out off operation at 31 December 2021.

Investment properties (NOK thousands)

Parent bank Value 01/01/2021	Acqu./ depr.	Value 31/12/2021	Rent	Rented as of 31/12/2021		Group Value 01/01/2021	Acqu./ depr.	Value 31/12/2021	Rent	Rented as of 31/12/2021
5 447	-303	5 144	390	53 %	Brugata 7 - Brumunddal	5 447	-303	5 144	390	53 %
5 447	**-303**	**5 144**	**390**		**Total**	**5 447**	**-303**	**5 144**	**390**	
		8 391			Fair value			8 391		

Parent bank Value 01/01/2020	Acqu./ depr.	Value 31/12/2020	Rent	Rented as of 31/12/2020		Group Value 01/01/2020	Acqu./ depr.	Value 31/12/2020	Rent	Rented as of 31/12/2020
5 357	90	5 447	385	93 %	Brugata 7 - Brumunddal	5 357	90	5 447	385	93 %
5 357	**90**	**5 447**	**385**		**Total**	**5 357**	**90**	**5 447**	**385**	
		8 391			Fair value			8 391		

Fair value of investment properties is based on an appraisal by an independent appraiser.

Note 34 – Leases

Right of use

Parent Bank 2020	2021	Right-of use assets (buildings)	Group 2021	2020
214	192	Right-of use asset at 01.01	156	169
4	2	Indexation of the right of use asset	2	4
5	5	Additions	22	9
9	4	Adjustments of discount rates and options	7	10
39	38	Depreciation	35	37
192	**166**	**Total right-of use asset at 31 December**	**152**	**156**

Liability

Parent Bank 2020	2021	Undiscounted rental obligations and payment maturity	Group 2021	2020
-40	-40	Less than 1 year	-40	-35
-36	-37	1-2 years	-32	-29
-34	-35	2-3 years	-28	-24
-31	-25	3-4 years	-22	-20
-23	-13	4-5 years	-16	-17
-51	-43	Less than 5 years	-47	-54
-215	**-193**	**Total undiscounted rental obligation as at 31 December**	**-184**	**-179**

2020	2021	Lease liability (buildings)	2021	2020
216	199	Lease liability at 01.01	161	170
4	2	Indexation of the lease obligation	2	4
5	5	Additions	22	9
9	4	Adjustments of discount rates and options	7	10
41	40	Lease payments in the period	37	36
5	4	Interest	4	4
198	**173**	**Total lease liability at 31 December**	**157**	**161**
39	38	Current lease liabilities	36	35
159	136	Non-current lease liabilities	121	126
41	40	Total cash outflowes for leases	37	36

Over Profit/Loss

Parent Bank 2020	2021	Effects on earnings	Group 2021	2020
5	4	Interest expense	4	4
39	38	Depreciation	35	37
0	-1	Reversed depreciation previous period	-1	0
44	**41**	**Total cost from lease liablilities**	**38**	**41**

2020	2021	Other lease expenses recognised in profit or loss	2021	2020
0	0	Operating expenses in the period related to short-term leasas (including short-term low value assets)	1	1
1	1	Operating expenses in the period related to low value assets (exluding short-term leases included above)	2	2
1	**1**	**Total lease expenses included in operating expenses**	**2**	**2**

The leases do not contain restrictions on the Group's dividend policy or financing opportunities. The Group has no residual value guarantees linked to its leases. The Group has no leases that start after 31 December 2021.The Group has no purchase options for any of its leases. The Group has not taken advantage of the changes made in IFRS 16 due to the COVID-19 pandemic.

Note 35 – Other assets

Parent bank 2020	2021		Group 2021	2020
273	273	Capital payments into pension fund	273	273
35	41	Accrued income, not yet received	43	36
91	77	Prepaid costs, not yet incurred	150	158
24	0	Unsettled trades	0	24
82	59	Other assets	225	255
505	**450**	**Other assets**	**691**	**746**

Note 36 – Deposits from and liabilities to customers

Parent bank 2020	2021	Deposits from and liabilities to customers	Group 2021	2020
77 162	84 475	Deposits from and liabilities to customers at call	84 407	77 132
8 481	7 771	Deposits from and liabilities to customers with agreed maturity dates	7 771	8 481
85 643	**92 246**	**Total deposits from and liabilities to customers**	**92 178**	**85 613**
		Of total deposits:		
3 523	*2 130*	*Fixed-rate deposits, book value*	*2 130*	*3 523*
10	*11*	*Term deposits, book value*	*11*	*10*

2020	2021	Deposits by sector and industry	2021	2020
48 689	51 281	Private customers	51 281	48 689
6 798	7 564	Public sector	7 564	6 798
1 140	1 443	Primary industries	1 443	1 140
454	435	Paper and pulp industries	435	454
1 153	1 283	Other industry	1 283	1 153
2 186	2 236	Building and construction	2 236	2 186
105	118	Power and water supply	118	105
2 199	2 334	Wholesale and retail trade	2 334	2 199
369	448	Hotel and restaurants	448	369
3 958	4 933	Real estate	4 933	3 958
17 244	18 222	Commercial services	18 154	17 214
1 348	1 950	Transport and communications	1 950	1 348
85 643	**92 246**	**Total deposits by sector and industry**	**92 178**	**85 613**

2020	2021	Deposits by geographic area	2021	2020
40 110	42 401	Innlandet	42 334	40 080
15 355	16 708	Viken	16 708	15 355
25 328	27 500	Oslo	27 500	25 328
3 428	4 032	Rest of Norway	4 032	3 428
1 423	1 604	Abroad	1 604	1 423
85 643	**92 246**	**Total deposits by geographic area**	**92 178**	**85 613**

Note 37 – Debt secutities issued

Parent Bank and Group

	2021	2020
Certificate debt		
- nominal value	500	0
- book value	500	0
Bond debt		
- nominal value*	30 884	30 199
- book value	31 234	32 450
Senior non-preferred		
- nominal value	5 500	2 500
- book value	5 498	2 502
Subordinated loan capital		
- nominal value	1 300	1 300
- book value	1 302	1 302
Total liabilities arising from issuance of securities, nominal value	**36 884**	**32 699**
Total subordinated loan capital, nominal value	**1 300**	**1 300**
Total liabilities arising from issuance of securities, book value	**37 232**	**34 952**
Total subordinated loan capital, book value	**1 302**	**1 302**
* Nominal value is converted to NOK by using the exhange rate at first recognition		
Average interest rate on certificate debt	1.0 %	
Average interest rate on bond debt (including related interest rate derivatives)	1.1 %	1.6 %
Average interest rate on senior non-preferred	1.4 %	1.4 %
Average interest rate on subordinated loan capital	1.8 %	2.3 %

Liabilities from issuance of securities by maturity date*	2021	2020
2021	0	5 471
2022	4 829	4 851
2023	7 422	7 422
2024	9 077	7 089
2025	5 297	5 297
2026	1 020	520
2027	2 261	761
2028	5 580	141
2029	142	142
2030	146	146
2031	250	0
2032	715	715
2033	1 055	1 055
2034	390	390
Total liabilities from issuance of securities, nominal value	**38 184**	**34 000**

* Maturity date is set at the first call date.

Parent Bank and Group

Changes in liabilities from issuance of securities	2021	Issued	Due / redeemed	Other changes	2020
Certificate debt, nominal value	500	500	0	0	0
Bond debt, nominal value	30 884	6 677	-8 283	2 290	30 199
Senior non-preferred , nominal value	5 500	3 000	0	0	2 500
Subordinated loan capital, nominal value	1 300	0	0	0	1 300
Accrued interest	196	0	0	12	184
Adjustments *	154	0	0	-1 916	2 070
Total debt raised through issuance of securities and subordinated loan capital, book value	**38 534**	**10 177**	**-8 283**	**386**	**36 254**

*) Of which unrealised exchange rate effects with MNOK - 1 310 in the period and MNOK 33 accumulated

Changes in liabilities from issuance of securities	2020	Issued	Due / redeemed	Other changes	2019
Bond debt, nominal value	30 199	3 081	-4 992	-853	32 964
Senior non-preferred , nominal value	2 500	2 500	0	0	0
Subordinated loan capital, nominal value	1 300	0	0	0	1 300
Accrued interest	184	0	0	-51	235
Adjustments	2 070	0	0	1 533	537
Total debt raised through issuance of securities and subordinated loan capital, book value	**36 254**	**5 581**	**-4 992**	**629**	**35 036**

			Other effects			
Change in liabilities from financing	**2020**	**Cash flow**	**Accrued interest**	**Currency effects**	**Value adjustments**	**2021**
Liabilities arising from issuance of securities	34 952	3 685	12	-1 310	-106	37 232
Subordinated loan capital	1 302	0	0	0	0	1 302
Total	**36 254**	**3 685**	**12**	**-1 310**	**-106**	**38 534**

			Other effects			
Change in liabilities from financing	**2019**	**Cash flow**	**Accrued interest**	**Currency effects**	**Value adjustments**	**2020**
Liabilities arising from issuance of securities	33 732	-264	-49	1 067	467	34 952
Subordinated loan capital	1 303	0	-1	0	0	1 302
Total	**35 037**	**-264**	**-51**	**1 067**	**467**	**36 254**

The issued securities are presented net of own holdings and book value including accrued interest.

Part of the debt securities issued, NOK 1 796 million as of 31.12.2021, was designated at fair value through profit and loss and other comprehensive income (OCI). The part of the fair value that is attributable to the securities own credit risk is recognised in OCI. The accumulated effect from changes to the security specific credit risk at the end of 2021 was an unrealized loss of NOK 15 million kroner. At the end of 2020 there was a corresponding unrealized loss of NOK 23 million kroner. Changes in fair value that was caused by changes in own credit risk, NOK 8 million, was recognised in OCI for 2021. The difference between book value, NOK 1 796 million, and nominal value, NOK 1 750 million, was NOK 46 million. Of wich NOK 15 million was accumulated interest rates.

The Group estimate the amount for changes in fair value that can be attributable to changes in the securities own credit risk with approximate the method described in IFRS 9 B5.7.18.

Note 38 – Hedge accounting

Market risk is the risk of loss due to changes in observable market variables. Market risk related to interest rate risk arises as a consequence of interest-bearing assets and liabilities having different remaining fixed-rate periods. Market risk is managed through Board-approved limits that are established in the annual revision of the market risk strategy with associated policies. Risk exposure and development are continuously monitored and reported to the bank's Board and executive management team. The bank's Board has approved limits for the total interest risk with respect to parallel shifts in the yield curve and distortion in the yield curve (yield curve risk). The interest rate risk is kept satisfactorily low by matching the binding interest rate for the bank's liabilities with the binding interest rate for the bank's assets.

The coupon for issued securities consists of a market interest rate component and an issuer specific credit risk premium. For securities borrowing at fixed interest rates, the bank hedges itself against value changes due to changes in market interest rates (IBOR). Both IBOR and the credit risk premium are material components on calculating the fair value of fixed interest-rate borrowing, but the IBOR component dominates.

The bank uses fair value hedging, whereby the securities issues are part of a hedging structure with individually adapted hedging derivatives. In all of Bank's the hedging structure as of 31.12.2021, the hedged item and the hedging instrument have the same principal and equivalent maturity, and coupon for the fixed leg (1:1 hedging). The fixed interest rate is swapped to a floating interest rate on a three-month basis. As a consequence, net cash flows for securities issues at fixed interest rates in hedging structures are equivalent to the cash flow for an equivalent securities issue at a variable 3-month IBOR interest rate.

Parent Bank and Group

All amounts in MNOK

Information concerning hedging instruments

2021	Nominal amount of the hedging instruments	Carrying amount of the hedging instruments: Assets	Carrying amount of the hedging instruments: Liabilities	Line of the balance sheet	Changes in fair value used to calculate inefficiency
Issued securities in NOK	8 381	88	14	Financial derivatives	-248
Issued securities in EUR	17 535	512	305	Financial derivatives	-902
Total	**25 916**	**601**	**319**		**-1 150**

2020	Nominal amount of the hedging instruments	Carrying amount of the hedging instruments: Assets	Carrying amount of the hedging instruments: Liabilities	Line of the balance sheet	Changes in fair value used to calculate inefficiency
Issued securities in NOK	6 831	323	0	Financial derivatives	275
Issued securities in EUR	13 073	1 146	0	Financial derivatives	656
Total	**19 904**	**1 469**	**0**		**931**

Information concerning hedged items

2021	Nominal amount of the hedged items	Carrying amount of the hedged items	Accumulated value change in the hedged item as a consequence of the hedging of fair value	Line of the balance sheet	Changes in fair value used to calculate inefficiency
Issued securities in NOK	8 381	8 474	-11	Issued securities	245
Issued securities in EUR	17 535	17 788	224	Issued securities	889
Total	**25 916**	**26 262**	**213**		**1 133**

2020	Nominal amount of the hedged item	Carrying amount of the hedged item	Accumulated value change in the hedged item as a consequence of the hedging of fair value	Line of the balance sheet	Changes in fair value used to calculate inefficiency
Issued securities in NOK	6 831	7 156	234	Issued securities	-271
Issued securities in EUR	13 073	14 594	1 112	Issued securities	-649
Total	**19 904**	**21 750**	**1 346**		**-920**

Details of hedging inefficiency

2021	Inefficiency recognised in profit or loss	Line of the income statement
Fair value hedging		
Issued securities in NOK	-3	Net income from financial assets and liabilities
Issued securities in EUR	-13	Net income from financial assets and liabilities
Total	**-17**	

2020	Inefficiency recognised in profit or loss	Line of the income statement
Fair value hedging		
Issued securities in NOK	4	Net income from financial assets and liabilities
Issued securities in EUR	6	Net income from financial assets and liabilities
Total	**11**	

Maturity profile and interest rates on the hedging instruments

2021	Under 3 months	3-12 months	1-5 years	Over 5 years	Total
Issued securities in NOK , nominal amount	0.0 %	350	4 920	3 111	**8 381**
Issued securities in NOK, average interest rate on fixed leg	0	4.1 %	2.3 %	2.4 %	**2.4 %**
Issued securities in EUR, nominal amount	0	0	10 108	7 428	**17 535**
Issued securities in EUR, average interest rate on fixed leg	0.0 %	0.0 %	0.6 %	0.6 %	**0.6 %**

2020	Under 3 months	3-12 months	1-5 years	Over 5 years	Total
Issued securities in NOK , nominal amount	0	1 000	4 250	1 581	**6 831**
Issued securities in NOK, average interest rate on fixed leg	0.0 %	2.4 %	2.4 %	2.8 %	**2.5 %**
Issued securities in EUR, nominal amount	481	195	10 108	2 289	**13 073**
Issued securities in EUR, average interest rate on fixed leg	0.0 %	0.3 %	0.6 %	1.6 %	**0.7 %**

Inefficiency in the Bank's hedging structure mainly arises due to fair value adjustments of the variable leg of the hedging instrument, as well as the use of different interest rate curves for discounting hedging instruments and hedging objects based on the credit spread component. After recognition, the interest rates curves for the hedging instrument and hedging object are changed to be the same.

In the hedging of issued securities in EUR, hedging instruments (cross currency swaps) are used that include a currency basis spread. The basis spread is held outside the hedging structure in accordance with 6.15.16 of IFRS 9, and value changes due to changes in the basis pread are recognised on separate lines in other comprehensive income. In 2021, basis spread changes for NOK 9 million led to a tax-adjusted reduction of the comprehensive result and equity of NOK 7 million.

The most significant benchmark interest rates that are part of the Bank's secured risk are NIBOR and EURIBOR. The exposure is shown above, distributed by NIBOR (related to issued securities in NOK) and EURIBOR (related to issued securities in EUR). As yet, whether or not agreements entered into with IBOR rates will transition to alternative benchmarks rates is unknown. The amendments IASB has implemented through "IBOR reform – Phase 2" makes sure that established hedge relationships can continue unaffected by the IBOR-reform, cf. more detailed description under accounting principles.

Note 39 – Other debt and liabilities

Parent bank			Group	
2020	2021	Other debt and liabilities recognised in the balance sheet	2021	2020
73	84	Accrued costs and prepaid income	114	107
33	29	Provisions	28	33
83	80	Pension liabilities (note 23)	80	83
69	80	Accounts payable	86	74
0	0	Unsettled trades	0	0
199	173	Lease liability (note 34)	157	161
174	175	Other debt and liabilities recognised in the balance sheet	272	281
631	**620**	**Total other debt and liabilities recognised in the balance sheet**	**737**	**739**
		Guarantee commitments etc. (amounts guaranteed)		
462	528	Payment guarantees	479	415
421	441	Contract guarantees	349	329
88	83	Loan guarantees	83	88
215	181	Other guarantees	181	215
1 186	**1 233**	**Total guarantees**	**1 092**	**1 047**
		Other liabilities - not on the balance sheet		
10 267	10 760	Unutilized credit lines	10 670	9 132
0	4 611	SNPA Boligkreditt	4 611	0
0	0	SNPA Næringskreditt	0	0
4 306	4 985	Loans approved (not discounted)	5 323	4 607
14 574	**20 357**	**Total other liabilities**	**20 604**	**13 740**
16 390	**22 210**	**Total liabilities**	**22 432**	**15 526**

Buildings	Securities	Total	Assets pledged as security	Total	Securities	Buildings
			Assets pledged as security in 2021			
0	12 735	12 735	Related liabilities 2021	12 735	12 735	0
			Assets pledged as security in 2020			
0	13 679	13 679	Related liabilities 2020	13 679	13 679	0

SNPA (Shareholder Note Purchase Agreement)
For the commitment to the covered bond companies (SNPA), see note 9 Transfer of financial assets.

SpareBank 1 Boligkreditt AS
SpareBank 1 Østlandet has signed an agreement with the other owners of SpareBank 1 Boligkreditt AS to establish liquidity facilities in SpareBank 1 Boligkreditt AS. For further details, see note 9 Transfer of financial assets.

SpareBank 1 Næringskreditt AS
SpareBank 1 Østlandet has signed an agreement with the other owners of SpareBank 1 Boligkreditt AS to establish liquidity facilities in SpareBank 1 Næringskreditt AS. For further details, see note 9 Transfer of financial assets.

Secured debt
Debt secured against financial instruments is made up entirely of securities lodged as collateral for access to overnight loans with Norges Bank.

Ongoing lawsuits
The Group is involved in some legal disputes whose financial implications are deemed not to have significant impact on its financial position.

Note 40 – Equity capital certificates and ownership structure

The Bank´s ECC capital totals NOK 5 791 489 493 distributed on 115 829 789 equity capital certificates (ECCs), each witha a face value of NOK 50. As at 31 December 2021 there was 5 658 ECC holders (5 122 at 31 December 2020)

Change in the Bank's ECC-capital and total certificates:

Year	Change	Change in ECC capital	Change in ECC capital	Total number of ECC
2015	Conversion of 60 per cent of the Bank´s primary capital into equity certificates capital		3 987 000 000	79 740 000
2016	Private placing	1 323 126 999	5 310 126 999	106 202 540
2017	Listing the Banks´s equity certificates and employee placing	48 745 351	5 358 872 350	107 179 987
2018	Private placing	407 103 743	5 765 976 093	115 319 521
2019	Private placing and employee placing	25 513 400	5 791 489 493	115 829 789
2020			5 791 489 493	115 829 789
2021			5 791 489 493	115 829 789

	2021		2020		
Equity Certificate holders	**No. Of ECC's**	**Share in %**	**No. Of ECC's**	**Change in number**	**Account type**
Sparebankstiftelsen Hedmark	60 404 892	52.15 %	60 404 892		Ordinary
Landsorganisasjonen i Norge	11 121 637	9.60 %	11 121 637		Ordinary
Pareto Invest AS	3 300 861	2.85 %	2 762 610	538 251	Ordinary
Fellesforbundet	2 391 954	2.07 %	2 101 322	290 632	Ordinary
Eika Egenkapitalbevis	1 996 144	1.72 %	1 854 512	141 632	Ordinary
Geveran Trading Co LTD	1 952 005	1.69 %	1 952 005		Ordinary
Odin Norge	1 621 218	1.40 %	1 621 218		Ordinary
Danske Invest Norske Institusjoner II	1 455 776	1.26 %	1 710 467	(254 691)	Ordinary
Norsk Nærings- og Nytelsesmiddelarbeiderforbund	1 313 555	1.13 %	1 313 555		Ordinary
Landkreditt Utbytte	1 000 000	0.86 %	1 000 000		Ordinary
The Bank of New York Mellon SA/NV	888 454	0.77 %	896 545	(8 091)	Nominee
Brown Brothers Harriman & Co.	875 000	0.76 %	1 000 000	(125 000)	Nominee
Tredje AP-fonden	804 750	0.69 %	804 750		Ordinary
State Street Bank and Trust Comp	735 862	0.64 %	785 311	(49 449)	Nominee
Danske Invest Norske Aksjer Institusjon	663 717	0.57 %	750 607	(86 890)	Ordinary
Fagforbundet	622 246	0.54 %	351 456	270 790	Ordinary
Spesialfondet Borea Utbytte	616 021	0.53 %	144 865	471 156	Ordinary
Brown Brothers Harriman & Co.	568 688	0.49 %	568 688		Nominee
JPMorgan Chase Bank, London	544 401	0.47 %	545 030	(629)	Nominee
Pareto AS	522 681	0.45 %	322 176	200 505	Ordinary
20 largest ECC-holders	**93 399 862**	**80.64 %**	**92 011 646**	**1 388 216**	
Other ECC-holders	22 429 927	19.36 %	23 818 143	(1 388 216)	
ECCs issued	**115 829 789**	**100.00 %**	**115 829 789**		

Equity capital certificate ratio Parent Bank	2021	2020
Equity capital certificates	5 791	5 791
Dividend equalisation fund	3 776	3 269
Recommended dividends and other equity capital	695	555
Premium fund	848	848
A. Equity capital certificate owners' capital	**11 110**	**10 463**
Primary capital	4 272	4 053
Recommended dividends on customers return	301	237
Provision for gifts	21	29
Other paid-up equity	166	166
B. Total primary capital	**4 760**	**4 485**
Fund for unrealised gains	460	320
Hybrid capital	1 000	650
Total equity	**17 330**	**15 918**
Total equity for distribution:		
Equity capital certificate ratio (A/(A+B)) after distribution	**70.0 %**	**70.0 %**
Equity capital certificates issued 31.12.	**115 829 789**	**115 829 789**
Equity capital certificates with the richt to dividend	**115 829 789**	**115 829 789**
Average Equity capital certificates	**115 829 789**	**115 829 789**

Earnings per equity capital certificate	2021	2020
Net Profit for the Group	**2 022**	**1 608**
- adjusted for Tier 1 capital holders share of net profit	27	20
- adjusted for non-controlling interests share of net profit	9	6
Adjusted Net Profit	**1 985**	**1 583**
Adjusted Net Profit allocated to ECC Owners (70.00 %)	1 385	1 108
Average Equity capital certificates	115 829 789	115 829 789
Result per Equity capital certificate (NOK)	**11.96**	**9.57**

Note 41 – Investments in subsidiaries, associates and joint ventures

Company	Type of business	Date of acquisition	Business office, headquarters[2]	Percentage ownership[1]
Investments in subsidiaries				
Shares owned by the Parent Bank				
Vato AS	Rental of real estate	1981	Hamar, Norge	100.00 %
EiendomsMegler 1 Innlandet AS	Real estate	1988	Hamar, Norge	100.00 %
SpareBank 1 Finans Østlandet AS	Financing	1995	Hamar, Norge	95.00 %
EiendomsMegler 1 Oslo Akershus konsern	Real estate	2016	Oslo, Norge	100.00 %
Youngstorget 5 AS	Rental of real estate	2017	Oslo, Norge	100.00 %
TheVit AS	Accounting	2018	Hamar, Norge	70.68 %
Investments in associated companies				
SpareBank 1 Boligkreditt AS	Coverd bond company	2007	Stavanger, Norge	23.15 %
SpareBank 1 Næringskreditt AS	Coverd bond company	2012	Stavanger, Norge	10.18 %
SpareBank 1 Kreditt AS	Credit card	2012	Trondheim, Norge	19.09 %
SpareBank 1 Betaling AS	Payment services.	2015	Oslo, Norge	18.20 %
SpareBank 1 Bank og Regnskap AS	Consulting	2017	Trondheim, Norge	25.00 %
BN Bank ASA	Banking	2019	Trondheim, Norge	9.99 %
SpareBank 1 Gjeldsinformasjon AS	Debt colection activities	2020	Oslo, Norge	14.68 %
SpareBank 1 Forvaltning AS	Trading and investing in real estate property, securities and other assets.	2020	Oslo, Norge	5.40 %
SpareBank 1 Kundepleie AS	CRM system development and licensing	2021	Trondheim, Norge	26.67 %
Investments in joint ventures				
SpareBank 1 Gruppen AS	Financial holding company	2006	Tromsø, Norge	12.40 %
SpareBank 1 Utvikling DA	Develop and coordinate cooperation in SpareBank 1 Alliansen	2006	Oslo, Norge	18.00 %
Shares owned by subsidiaries				
Investments in associates in SpareBank 1 Finans Østlandet AS				
SpareBank 1 Mobilitet Holding AS*	Invests in companies involved in mobility	2021	Hamar, Norge	30.66 %

* SpareBank 1 Mobilitet Holding AS owns 47.17 per cent of the shares in the car subscription company Fleks AS. The Group's indirect ownershio stake in Fleks AS is 14.46 per cent.

1) The voting share corresponds to the ownership interest in all the companies.

2) Registered office and head quarters are the same for all companies exept SpareBank 1 Gruppen AS whose headquarters is placed in Oslo.

Shares in subsidiaries parent bank

Investments are recognised at cost in the parent bank. The figures are fully consolidated in the consolidated financial statements.

2021	The company's share capital	No. of shares	Assets	Short-term debt	Long-term debt	Total income	Total expenses	Company profit	Book value
SpareBank 1 Finans Østlandet Group	1 520	1 444 000	9 625	108	7 817	355	103	183	1 444
Total investments in credit institutions	**1 520**	**1 444 000**	**9 645**	**108**	**7 817**	**371**	**103**	**200**	**1 444**
EiendomsMegler 1 Innlandet AS	12	12 400	69	48	5	130	125	3	20
EiendomsMegler 1 Oslo Akerhus AS Group	1	1	152	67	39	219	200	15	58
TheVit AS	30	212 040	139	48	23	191	192	-2	80
Vato AS	1	352	12	6	2	5	3	1	9
Youngstorget 5 AS	23	231 948	135	2	9	17	11	5	148
Total investments in other subsidiaries									**314**
Total investments in Group companies Parent Bank									**1 758**

2020	The company's share capital	No. of shares	Assets	Short-term debt	Long-term debt	Total income	Total expenses	Company profit	Book value
SpareBank 1 Finans Østlandet AS	1 520	1 444 000	9 160	85	7 429	357	104	126	1 444
Total investments in credit institutions	**1 520**	**1 444 000**	**9 160**	**85**	**7 429**	**357**	**104**	**126**	**1 444**
EiendomsMegler 1 Innlandet AS	12	12 400	70	48	5	133	120	10	20
EiendomsMegler 1 Oslo Akerhus AS Group	1	1	150	45	48	207	190	12	58
SpareBank 1 Østlandet VIT AS Group	30	212 040	134	57	14	186	192	0	80
Vato AS	1	352	13	3	2	4	1	2	9
Youngstorget 5 AS	23	231 948	133	0	9	17	11	4	148
Total investments in other subsidiaries									**314**
Total investments in Group companies Parent Bank									**1 758**

Investments in associates and joint ventures

Investments in associates and joint ventures are recognised at cost in the parent bank. Consolidated figures are presented according to the equity method of accounting.

Parent bank			Group	
2020	2021		2021	2020
4 323	4 510	Book value at 1 January	5 325	4 870
187	128	Acquisitions/disposals	205	192
0	0	Impairment provisions	0	0
0	0	Changes in equity	24	25
0	0	Share of the profit	361	400
0	0	Dividend paid	-272	-163
4 510	**4 638**	**Book value at 31 December**	**5 642**	**5 325**

Income from investments in subsidiaries, associates and joint ventures

Parent bank			Group	
2020	2021		2021	2020
124	233	Dividend SpareBank 1 Gruppen AS	0	0
20	19	Dividend SpareBank 1 Boligkreditt AS	0	0
0	7	Dividend SpareBank 1 Næringskreditt AS	0	0
5	9	Dividend EiendomsMegler 1 Innlandet AS	0	0
0	12	Dividend EiendomsMegler 1 Oslo Akershus AS	0	0
112	120	Dividend SpareBank 1 Finans Østlandet AS	0	0
7	2	Dividend AS Vato	0	0
10	0	Dividend BNBank ASA	0	0
0	14	Dividend SpareBank 1 Kreditt AS	0	0
0	4	Dividend from others	0	0
0	0	Share of the profit SpareBank 1 Gruppen AS	299	340
0	0	Share of the profit SpareBank 1 Boligkreditt AS	17	19
0	0	Share of the profit SpareBank 1 Næringskreditt AS	5	8
8	0	Share of the profit SpareBank 1 Kreditt AS	13	3
0	0	Share of the profit SpareBank 1 Betaling AS	-13	-2
0	0	Share of the profit BN Bank ASA	47	34
0	0	Share of the profin SpareBank 1 Forvaltning AS	9	0
0	0	Share of the profit from others	-15	-2
-6	40	Gains/losses on realisation of ownership investments	43	-6
282	**461**	**Net income from subsidiaries, associates and joint ventures**	**405**	**394**

The Group's stake in joint ventures and associates companies

	Joint ventures		Associates companies						
2021	**SpareBank 1 Gruppen konsern[1)]**	**SpareBank 1 Utviklig DA**	**SpareBank 1 Boligkreditt AS[2)]**	**SpareBank 1 Næringskreditt AS[2)]**	**SpareBank 1 Kredittkort AS**	**SpareBank 1 Betaling AS**	**BN Bank ASA[2)]**	**SpareBank 1 Forvaltning AS**	**Other joint and associated companies[4)]**
Ownership in percent	12.40 %	18.00 %	23.15 %	10.18 %	19.09 %	18.20 %	9.99 %	5.40 %	
No.of shares	267 394		18 048 408	1 652 122	551 334	3 747 414	1 410 221	152 240	
Current assets	12 083	60	57 977	1 168	1 081	1	3 998	48	12
Fixed assets	3 320	120	1 805	0	37	140	185	16	145
Total assets	**15 403**	**180**	**59 782**	**1 168**	**1 118**	**142**	**4 183**	**63**	**157**
Short-term liabilities	1 247	40	48	3	43	1	2 227	22	3
Long-term liabilities	12 279	0	56 859	954	878	0	1 455	1	0
Equity capital	1 877	140	2875	211	196	141	501	40	153
Total equity capital and liabilities	**15 403**	**180**	**59 782**	**1 168**	**1 118**	**142**	**4 183**	**63**	**157**
Non-controlling interests' share of equity	468								

Continues on the next page

	Joint ventures		Associates companies						
2021	SpareBank 1 Gruppen konsern1)	SpareBank 1 Utviklig DA	SpareBank 1 Boligkreditt AS2)	SpareBank 1 Næringskreditt AS2)	SpareBank 1 Kredittkort AS	SpareBank 1 Betaling AS	BN Bank ASA2)	SpareBank 1 Forvaltning AS	Other joint and associated companies4)
Profit/loss before tax	4 765	289	36	7	84	0	90	28	6
Operating expenses (including loss)	4 252	287	6	1	67	0	27	16	3
Profit/loss before tax	513	2	30	6	17	0	63	11	2
Shares from companies accounted for using the equity method	2	0	0	0	0	12	0	0	-6
Tax	112	0	6	1	4	0	15	3	1
Result for the accounting year	**403**	**2**	**25**	**4**	**13**	**-13**	**48**	**9**	**-5**
Other comprehensive income	**3**	**0**	**15**	**0**	**2**	**0**	**0**	**0**	**0**
Non-controlling interests' share of the result	51								
Book value Parent Bank	**753**	**129**	**2 709**	**208**	**175**	**170**	**414**		**62**
Book value Group	**1 596**	**129**	**2 666**	**211**	**207**	**141**	**505**		**146**

[1)] The ownership share of 12.40 % is in SpareBank 1 Gruppen AS

[2)] The banks share of profit shown in the table above deviates from the banks profit share in the consolidated result. This i due to changes in owneship interests throughout the year and the Group's earnings ratio has been adjusted for interest on hybrid capital. The share of profit included in the Group may also be adjusted for changes in previous years.

[3)] Other joint and associated companies includes SpareBank 1 Gjeldsinformasjon AS, SpareBank 1 Bank og Regnskap AS, SpareBank 1 Kundepleie AS and SpareBank 1 Mobilitet Holding AS.

Total book value in joint venture in the Parent Bank	**882**
Total book value in joint venture in the Group	**1 725**
Total book value in associated companies in the Parent Bank	**3 756**
Total book value in associated companies in the Group	**3 917**

	Joint ventures		Associates companies					
2020	**SpareBank 1 Gruppen konsern[1)]**	**SpareBank 1 Utviklig DA**	**SpareBank 1 Boligkreditt AS[2)]**	**SpareBank 1 Næringskreditt AS[2)]**	**SpareBank 1 Kredittkort AS**	**SpareBank 1 Betaling AS**	**BN Bank ASA[2)]**	**Other joint and associated companies[4)]**
Ownership in percent	12.40 %	18.00 %	22.45 %	15.15 %	20.87 %	18.74 %	9.99 %	
No.of shares	267 394		17 506 879	2 458 952	602 643	3 498 298	1 410 221	
Current assets	10 411	61	56 036	1 818	1 173	1	3 442	6
Fixed assets	3 038	134	4 868	0	44	143	99	1
Total assets	**13 449**	**195**	**60 904**	**1 818**	**1 217**	**145**	**3 541**	**6**
Short-term liabilities	1 179	56	75	4	50	1	1 786	1
Long-term liabilities	10 464	110	58 053	1 497	960	0	1 305	0
Equity capital	1 806	29	2777	316	207	144	450	5
Total equity capital and liabilities	**13 449**	**195**	**60 904**	**1 818**	**1 217**	**145**	**3 541**	**6**
Non-controlling interests' share of equity	403							
Income	3 046	279	51	15	91	0	82	0
Operating expenses	2 823	276	9	3	88	0	36	0
Profit/loss before tax	224	3	42	12	3	0	46	0
Shares from companies accounted for using the equity method	2	0	0	0	0	1	0	0
Tax	51	0	7	3	1	0	11	0
Result for the accounting year	**174**	**2**	**35**	**9**	**3**	**1**	**35**	**0**
Other comprehensive income	**11**	**0**	**21**	**0**	**9**	**0**	**1**	**0**
Non-controlling interests' share of the result	51							
Book value Parent Bank	**787**	**19**	**2 628**	**312**	**191**	**156**	**414**	**8**
Book value Group	**1 589**	**19**	**2 574**	**316**	**218**	**144**	**458**	**6**

[1)] The ownership share of 12.40 % is in SpareBank 1 Gruppen AS

[2)] The banks share of profit shown in the table above deviates from the banks profit share in the consolidated result. This i due to changes in owneship interests throughout the year and the Group's earnings ratio has been adjusted for interest on hybrid captial. The share of profit included in the Group may also be adjusted for changes in previous years.

[4)] Other joint and associated companies includes SpareBank 1 Gjeldsinformasjon AS and SMB LAB AS.

Total book value in joint venture in the Parent Bank	**807**
Total book value in joint venture in the Group	**1 609**
Total book value in associated companies in the Parent Bank	**3 703**
Total book value in associated companies in the Group	**3 717**

Betingede forpliktelser knyttet til investeringer i felleskontrollert virksomhet og tilknyttede foretak er oppgitt i note 39.

Note 42 – Material transactions with related parties

Related parties are here considered to be associated companies, joint ventures, subsidiaries and companies held for sale and in which the Bank has a significant influence. These companies are specified in note 41. In this context, associated companies also include our largest owners (see note 40) and SpareBank 1 Gruppen AS with associated companies because they are subject to the same joint control pursuant to the assessment rules in IAS 24, point 9.b ii-iv.

Subsidiaries

2021	Loans	Bonds and subordinated loans	Deposits	Interest income	Interest expences	Commission income	Other operating income	Operating expences	Guarantees
SpareBank 1 Finans Østlandet AS	7 709	0	2	84	0	13	4	0	1
EiendomsMegler 1 Innlandet AS	21	0	4	1	0	0	5	2	45
EiendsomsMegler 1 Oslo Akershus Group	0	0	22	0	0	1	7	4	92
SpareBank 1 Østlandet VIT AS	27	0	6	2	0	0	2	4	4
Other subsidiaries	2	0	36	0	0	0	0	18	0
Total subsidiaries	**7 758**	**0**	**70**	**86**	**0**	**14**	**18**	**28**	**142**

2020	Loans	Bonds and subordinated loans	Deposits	Interest income	Interest expences	Commission income	Other operating income	Operating expences	Guarantees
SpareBank 1 Finans Østlandet AS	7 311	0	2	113	0	12	4	0	0
EiendomsMegler 1 Innlandet AS	13	0	4	1	0	0	3	2	45
EiendsomsMegler 1 Oslo Akershus Group	0	0	28	1	0	1	7	5	91
SpareBank 1 Østlandet VIT AS	28	0	7	2	0	0	2	1	3
Other subsidiaries	2	0	29	0	0	0	0	18	0
Total subsidiaries	**7 353**	**0**	**70**	**116**	**0**	**13**	**16**	**25**	**139**

Associated companies and joint ventures

2021	Loans	Bonds and subordinated loans	Deposits	Interest income	Interest expences	Commission income	Other operating income	Operating expences	Guarantees
SpareBank 1 Boligkreditt AS	0	609	0	4	0	447	0	0	0
SpareBank 1 Næringskreditt AS	0	0	0	0	0	11	0	0	0
SpareBank 1 Gruppen AS	660	155	426	15	5	265	0	0	0
SpareBank 1 Kreditt AS	920	0	0	20	0	57	0	0	0
SpareBank 1 Utvikling DA	0	0	18	7	0	0	4	227	0
SpareBank 1 Betaling AS	7	0	0	0	0	4	0	17	0
Other related parties	420	0	7 634	3	43	1	0	0	29
Total associated companies and joint ventures	**2 008**	**764**	**8 077**	**50**	**47**	**785**	**4**	**244**	**29**

2020	Loans	Bonds and subordinated loans	Deposits	Interest income	Interest expences	Commission income	Other operating income	Operating expences	Guarantees
SpareBank 1 Boligkreditt AS	0	609	0	9	0	357	0	0	0
SpareBank 1 Næringskreditt AS	0	0	0	0	0	11	0	0	0
SpareBank 1 Gruppen AS	578	0	0	13	0	224	0	0	0
SpareBank 1 Kreditt AS	1 000	17	0	28	0	58	0	0	0
SpareBank 1 Utvikling DA	653	0	21	18	0	0	4	186	0
SpareBank 1 Betaling AS	0	0	0	0	0	4	0	23	0
Other related parties	0	0	6 562	0	64	1	0	0	29
Total associated companies and joint ventures	**2 232**	**627**	**6 583**	**68**	**64**	**655**	**4**	**209**	**29**

All loans to related parties are recognised in the Parent bank.

In addition, loans have been transferred to SpareBank 1 Boligkreditt AS for NOK 51 552 million and SpareBank 1 Næringskreditt AS for NOK 864 million per 31.12.2021. The corresponding figures for 2020 was NOK 46 874 million to SpareBank 1 Boligkreditt AS and NOK 1 018 million to SpareBank 1 Næringskreditt AS.

Note 43 – Events occurring after the balance sheet day

No events have occurred since the balance sheet date that are material to the annual financial statements

Details from the new fully automatic notched timber factory at Innlandet Treindustri. The Bank played a crucial part in completing the factory in 2020.

Chapter 4.9

Statement from the Board of Directors and Chief Executive Officer

We confirm that according to our firm belief the annual accounts for the period from 1 January to 31 December 2021 have been prepared in accordance with international standards for financial reporting (IFRS) and that the information in the annual report gives a true picture of the Parent Bank's and Group's assets, liabilities, financial position and result as a whole, and a correct overview of the information mentioned in the Securities Trading Act, § 5-5.

In our opinion, the Annual Report for the financial year 1 January to 31 December 2021 identified as sparebank1ostlandet-2021-12-31.zip has been prepared in compliance with the ESEF Regulation.

The Board of Directors of SpareBank 1 Østlandet
Hamar, 3 March 2022

Siri J. Strømmevold Chair of the Board	Nina Swensson	Alexander Sandberg Lund
Tore-Anstein Dobloug	Guro Nina Vestvik	Richard Heiberg CEO
Espen Bjørklund Larsen Employee representative	Vibeke Hanvold Larsen Employee Representative – deputy	Jørn-Henning Eggum

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To the Supervisory Board of SpareBank 1 Østlandet

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SpareBank 1 Østlandet, which comprise:

- The financial statements of the parent company SpareBank 1 Østlandet (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of SpareBank 1 Østlandet and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 2 years from the election by the Supervisory Board on 26 March2020 for the accounting year 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IT Systems and Internal Controls relevant for Financial Reporting

Key audit matter	How the matter was addressed in the audit
The IT systems within Sparebank 1 Østlandet are key in the accounting and reporting of completed transactions, in obtaining the basis for key estimates and calculations, and in obtaining relevant information to be disclosed. The IT systems are standardized, and the management and operation of the systems are to a great extent outsourced to external service providers. Proper management and control of these IT systems both at Sparebank 1 Østlandet and their service providers are of high importance in order to ensure precise, complete and reliable financial reporting, and this area is therefore a key audit matter.	Sparebank 1 Østlandet has established a general governance model and control activities on its IT systems. We have obtained an understanding of Sparebank 1 Østlandet's IT governance model relevant for financial reporting. We assessed and tested the design of selected control activities in the banking IT system relevant for financial reporting related to access controls. For a sample of these control activities, we tested their operating effectiveness in the reporting period. We reviewed the third party attestation report (ISAE 3402 Report) from Sparebank 1 Østlandet's service provider of the banking IT system focusing on whether they had adequate internal controls on areas that are of importance for the financial reporting of Sparebank 1 Østlandet. In addition, we considered a third party confirmation (ISRS 4400 Agreed-upon procedures) related to the service provider with regards to whether selected automated control activities in the banking IT system, including among others the calculation of interests and fees, as well as system generated reports were satisfactorily designed and if they had operated effectively in the period. We engaged our internal IT experts in the work related to understanding the governance model on IT systems and in assessing and testing the internal control activities related to IT systems.

Corporate loan loss provisions

Key audit matter	How the matter was addressed in the audit
Sparebank 1 Østlandet has loans in the corporate segment, and reference is made to note 3, 8 and 10 for disclosures on credit risk and loss provisions on loans and guarantees. Sparebank 1 Østlandet has considered the need for loan and guarantees loss provisions. There is considerable judgement in the bank's assessment of the size of the loan loss provisions in the corporate market segment. The judgement is related to forward-looking assessments in order to estimate the expected loss, including judgements as to how expected loss is affected by uncertainties regarding the economic development after the Covid-19 outbreak. SpareBank 1 Østlandet uses models and information provided by a service provider in calculating expected loss. The assumptions and estimates used in these assessments are crucial for the size of these provisions, and loan loss provisions in the corporate market segment are therefore a key audit matter in the audit.	Sparebank 1 Østlandet has established control activities related to the calculation of loan loss provisions in the corporate market segment. We assessed and tested the design of selected control activities concerning individual loss provisions on credit impaired loans. The control activities we assessed and tested the design of, were related to identification of credit impaired loans and the assessment of the expected future cash flows from these loans. For a sample of these control activities, we tested if they operated effectively during the period. For a sample of credit impaired loans, we tested if these were timely identified, and assessed the expected future cash flows that the bank estimated on these loans. For remaining loan loss provisions calculated by use of models and information provided by SpareBank 1 Østlandet`s service provider, we reviewed the third-party attestation report relating to parts of the model and selected data used to calculate expected loss. We considered a sample of forward-looking assessments used in order to estimate expected loss. We considered whether the disclosures on loan loss provisions in the corporate market segment is in accordance with requirements set forth in IFRS 7.

Other Information
The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
Report on compliance with Regulation on European Single Electronic Format (ESEF)
Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name sparebank1ostlandet-2021-12-31.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities
Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 3 March 2022
Deloitte AS

Henrik Woxholt
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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To the Board of Directors of SpareBank 1 Østlandet

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON SPAREBANK 1 ØSTLANDET'S SUSTAINABILITY REPORTING FOR 2021

We have been engaged by the Board of Directors of SpareBank 1 Østlandet to provide limited assurance in respect of the sustainability information in SpareBank 1 Østlandet - Annual Report 2021, limited to the information about the bank's most material sustainability topics, presented in Chapter 2 and Chapter 3 of the report, and in Appendices – Further facts about SpareBank 1 Østlandet's sustainability work. (hereinafter referred to as "the Report"). The assurance does not include control procedures on supporting documentation for information based on analyses and reports from external parties, nor of the bank's assessments and calculations related to the EU Taxonomy regulation. Our responsibility is to provide a limited level of assurance on the subject matters concluded on below.

Responsibilities of the Board of Directors
The Board of Directors are responsible for the preparation and presentation of the Report prepared in accordance with GRI Standards and other reporting criteria described in the Report. They are also responsible for establishing such internal controls that they determine are necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities
Our responsibility is to express a limited assurance conclusion on the information in the Report. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.
Deloitte AS is subject to International Standard on Quality Control 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.
The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Considering the risk of material misstatement, our work included analytical procedures and meetings with management and individuals responsible for sustainability management, as well as a review on a sample basis of evidence supporting the information in the Report.
We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters.

Registrert i Foretaksregisteret
Medlemmer av Den norske Revisorforening
Organisasjonsnummer: 980 211 282

Conclusions
Based on our work, nothing has come to our attention causing us not to believe that:

- SpareBank 1 Østlandet has applied procedures to identify, collect, compile and validate information about the bank's most material sustainability topics for 2021 to be included in the Report, as described in the Report.
- Information presented for 2021 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- SpareBank 1 Østlandet applies a reporting practice for its sustainability reporting aligned with the Global Reporting Initiative (GRI) Standards reporting principles. Further, the GRI Index presented in the Report appropriately reflects where information on each of the reported disclosures of the GRI Standards is to be found within SpareBank 1 Østlandet – Annual Report 2021.

Oslo, 3 March 2022
Deloitte AS

Henrik Woxholt
State Authorised Public Accountant (Norway)

Frank Dahl
Sustainability expert

Note: This translation from Norwegian has been prepared for information purposes only.

Chapter 4.10

Subsidiaries

The figures from subsidiaries are not directly comparable with the figures in the Board of Directors' Report, note 4 and note 41, as figures from subsidiaries are consolidated into the Group unaudited. Any changes are included as changes in equity or in the income statement in the first quarter of 2022.

EiendomsMegler 1 Innlandet AS

Turnover fell by a total of 2.3 per cent from NOK 133.4 million in 2020 to NOK 130.3 million in 2021. The operating profit amounted to NOK 5.1 million. This is a reduction of around NOK 8 million compared with 2020.

The results were affected by the company's diminished broker capacity in 2021 due to higher turnover and abnormally high overall leave (sick leave plus parental leave), as well as investments in new market segments. The operating margin was thus 4 per cent.

The company sold 2 112 properties in 2021. This is 126 fewer units than in 2020, which means the number of residential properties sold fell by 5.7 per cent. The company lost some of its market share, from 29.8 per cent to 26.4 per cent. This concerned used homes and holiday homes in its market area. The company has experienced a strong correlation between broker capacity and results in this area. That is why we are making a significant effort to recruit new brokers. There is a shortage of labour in the sector and the competition for employees is therefore fierce.

The total sales value of the properties was around NOK 5.9 (5.4) billion.

The property market in 2021 was, like many other sectors, impacted by the uncertainty due to the coronavirus crisis. Nevertheless, the market in Innlandet County has not been adversely affected by this. 2021 was a good year for the housing market with levels almost on a par with 2020.

Despite the fewer sales in the used home market, the company almost doubled sales of new homes from 177 in 2020 to 322 in 2021. This was the result of larger and longer investment in a dedicated special unit for new builds, where we have brought in expertise in projects, communication, design and digital marketing. This enables the company to offer developers a more complete range of services. As a consequence, we have strengthened our position in this market segment in Innlandet County. In the last 3 years, we have been a market leader with a market share of around 40 per cent of the new build units sold by brokers.

In recent years, the company has also established separate units for business and agriculture. Both are in an establishment phase where it takes time to build up a satisfactory portfolio and market position. Two brokers have been hired in each unit and we see significant growth potential for both units through interaction with the Bank's Corporate Division, which has a strong market position in both segments.

In 2021, EiendomsMegler 1 Innlandet made the top 10 on the 'Great Place to Work' list of the best workplaces in the country for the sixth time. The company has very high measured customer satisfaction and a high recommendation rate among its customers.

The company is staffed for growth and has ambitions to achieve the same market share as the parent company in the respective regions.

The company has adopted its own guidelines for corporate social responsibility and sustainability, and sustainability has been incorporated into the company's strategy. The ambition is to be viewed as a real estate broker with a clear sustainability profile.

About EiendomsMegler 1 Innlandet AS

EiendomsMegler 1 Innlandet AS is a wholly owned subsidiary of SpareBank 1 Østlandet. The company provides real estate brokerage for all types of properties. Our market area is the former Hedmark County, as well as Nes Municipality in Akershus, the Gjøvik region and the Lillehammer region in the former Oppland County. The company now has a total of 10 branches in Hamar, Stange, Brumunddal, Moelv, Elverum, Trysil, Tynset, Kongsvinger, Gjøvik and Lillehammer. In recent years, the company has also developed its share of the corporate market business and as a result of this has its own departments for commercial, new build and agricultural brokerage based in Hamar.
For more information, see: **www.eiendomsmegler1.no/innlandet/**

EiendomsMegler 1 Oslo Akershus Group

The EiendomsMegler 1 Oslo Akershus Group's operating income for 2021 was NOK 219.1 (206.9) million, an increase of NOK 12.1 million for 2020. Operating expenses in 2021 amounted to NOK 199.5 (189.8) million, up NOK 9.8 million from the year before. The operating profit came to NOK 19.5 million, which is NOK 2.4 million higher than in 2020.

The company operates in the real estate sector, which is traditionally subject to significant cyclical fluctuations. Its income comes from transactions that customers carry out relatively infrequently. Even moderate market corrections will result in significant income fluctuations for the brokerage company. Psychology and timing are factors that influence large groups of buyers and sellers.

In 2021, the company's market share totalled 9.0 per cent for both Oslo and Akershus, compared with 8.8 per cent in 2020. The market shares developed very strongly in parallel with the strong growth in market volume. Volumes in the company's market area remained stable throughout the year. Never before have as many units been sold in our market area than were sold in 2021. The company saw very strong growth in the third and fourth quarters and achieved a market share of more than 10 per cent overall in the fourth quarter.

In total, the volume of used home sold in 2021 was slightly up on 2020 (just over 200 units). A very strong 2020 was followed by an even stronger 2021. The company achieved solid growth in a growing market, and it ended up at 4.4 per cent for total sales compared with 2020. Over time, we have been actively working to reduce employee turnover and recruit and train new brokers. Our goal is further moderate growth in 2021. The company has safely transitioned to a new core system and new CRM system and are noting a positive improvement in sales efficiency. The gains due to the new core system and CRM system are expected to increase further during 2022.

In 2021, the company sold 9.5 per cent more new homes than in 2020. Few new projects were launched in the second half of 2021, although the portfolio is good and there could be several major launches in 2022. An expectation of continued low interest rates and the 'normalisation' of unemployment at around 3.5-4 per cent mean that we expect the housing market in Oslo and Akershus to remain good throughout 2022, with continued weak growth in prices. For us, the volume in a market is a crucial success factor, and the biggest challenge in Oslo. There is always a lot of uncertainty about future market conditions. The underlying trends, with a rapid upturn after the coronavirus pandemic, good access to loans and an active relocation pattern, will continue to result in good housing sales in our market area.

The competitive situation in Oslo and Akershus is demanding. The trend in recent years has been for the brokerage chains owned by banks to grow at the expense of the smaller brokerage chains. We expect this trend to slow somewhat in the coming period. This is because many franchise concepts are taking a very aggressive approach and attracting experienced brokers.

Our main focus in 2022 will be on aggressively taking on the fiercer competition. The plan is to grow organically by recruiting and developing good heads of department and brokers in the current department structure. The company is investing significant resources in strengthening its market position and consolidating its foothold as a leading real estate brokerage in the region. At the same time, strengthening our cooperation with SpareBank 1 Østlandet is an important goal. The new core system and CRM system have made us more attractive, and by taking the right approach to the work going forward we expect weak growth in 2022 and beyond the strategy period towards 2023. It is also vital that the company continues to invest in new tools that contribute to streamlining, digitalisation, automation and simplifying the lives of our real estate brokers.

How EiendomsMegler 1 Oslo Akershus is working to improve its sustainability:

- We have significantly reduced the production of printed prospectuses and almost 90 per cent of all prospectuses are now only available digitally.
- We conduct fully-digital customer meetings. The brokers use iPads to present all of their materials and no longer have printed materials such as sales brochures, marketing pack menus, product sheets, etc.
- We have almost completely stopped printing out sales contracts on 11 A4sider pages. This is now done digitally at customer meetings.
- We have stopped using contract folders and only print out the most necessary documents.
- We try to use more reusable shopping nets rather than single use disposable paper bags.
- Information about green mortgages is on display in all of our sales branches.
- We have chosen eco-friendly products for merchandising items, competitions on stands and similar.
- We set requirements for our suppliers, and sustainability is part of the selection criteria when we make purchases.

About EiendomsMegler 1 Oslo Akershus

EiendomsMegler 1 Oslo Akershus is a wholly owned subsidiary of SpareBank 1 Østlandet and part of the EiendomsMegler 1 Alliance. The company has 10 branches in Akershus and 10 in Oslo, as well as one of the region's largest new build departments with 11 FTEs. In 2021, the company had an average of 144 FTEs. The aim is to grow by 10 new brokerage FTEs (net) in 2022.
For more information, see: **www.eiendomsmegler1.no/oslo-akershus**

SpareBank 1 Finans Østlandet AS

The company posted a profit after tax for 2021 of NOK 199.7 (126.3) million. This represents a return on equity after tax of 12.2 (7.9) per cent. The result was characterised by good margins due to lower borrowing costs and good portfolio interest in the company, as well as a clear focus on costs and low losses.

SpareBank 1 Finans Østlandet AS is a financing company that offers leasing and loans through distributors and collaborating banks, as well as directly to customers. In 2021, the company saw new sales of unsecured loans worth NOK 2 532 (2 426) million. New leasing sales amounted to NOK 1 753 (1 659) million.

The company's book equity as at 31.12.2021 was NOK 1 720 (1 646) million. Its total assets at the end of the year were NOK 9 645 (9 160) million. This represents growth in total assets of 5.3 (2.7) per cent. The company's net loans and receivables from customers amounted to NOK 9 406 (8 997) million.

Losses amounted to 0.09 (0.93) per cent of gross loans. Losses were lower than normal. The low losses particularly relate to reversals of previous provisions for credit losses and a reduction in model-generated IFRS 9 provisions.

2021 was also impacted by Covid-19, albeit to a clearly lesser degree than the preceding year. During the year, the company continued to work on the structured follow-up of the largest corporate customers and partners, which has also provided important insights into the market situation and reinforced cooperative relationships. For periods, the employees largely worked from home, and their duties were performed well even given the flexible working day. The coronavirus is expected to affect us in 2022 as well, and we feel that the company is well-equipped to deal with this.

SpareBank 1 Finans Østlandet has worked on various mobility related solutions since 2018. We are doing this to ensure the competitiveness of future-based products and solutions, especially in the car market. Over time, we realised the particular potential inherent in car subscriptions. As an owner of SpareBank 1 Mobility AS, together with SpareBank 1 Finans Midt-Norway and SpareBank 1 Nord-Norway, we worked to create a national, sustainable car subscription initiative in 2021.

In July 2021, SpareBank 1 invested a total of NOK 255 million in the market leading car subscription company Flex AS, equally divided between SpareBank 1 Finans Østlandet, SpareBank 1 Finans Midt-Norge and SpareBank 1 Nord Norge. SpareBank 1 Mobility AS was also transferred to Fleks at a value of NOK 74 million to strengthen the investment under a single common brand.

Towards the end of 2021, SR-Bank also entered on the ownership side of Fleks through a stake in SpareBank 1 Mobility Holding AS. Following that transaction, the four SpareBank 1 companies own a total of 47.2 per cent of the shares in Fleks through SpareBank 1 Mobility Holding AS. For SpareBank 1 Finans Østlandet AS, this resulted in income of NOK 19.2 million in 2021. Meanwhile, this joint investment with solid partners is primarily strategic and designed to provide a key position in an important segment of the future car market.

SpareBank 1 Finans Østlandet is interested in how our business impacts the people, environment and local communities around us. Sustainability is also central to the company's general strategy. Our work on sustainability is coordinated by an internal resource group in which all of the company's departments, including our executive management team, are represented. We also have a good dialogue with the controlling interest, SpareBank 1 Østlandet, in this area.

Our sustainability work is based on the SDGs, and we have particularly chosen to focus on the following two main areas:

SDG 9 – Industry, innovation and infrastructure

In 2021, we initiated and implemented several measures within sustainability and will continue this work in 2022. In 2021, the company participated in SpareBank 1 Østlandet's work on establishing a green framework for issuing bonds. This culminated in the issuance of a NOK 5 billion bond where SpareBank 1 Finans Østlandet contributed a qualifying portfolio of more than NOK 750 million. As at 31.12.2021, the company's lending for electric vehicles had passed the NOK 1 billion mark.

In 2022, the company will strengthen its focus on creating greener portfolios within both the corporate market and the retail market. During the course of 2021, we were Eco-Lighthouse certified and will continue and develop the work associated with this going forward.

There is some uncertainty about how Covid-19 will impact society, the business sector and individuals in 2022. This includes when it comes to how it will impact growth and losses for SpareBank 1 Finans Østlandet. Based on good financial strength, a well-functioning organisation with a focus on profitability and market work, we are well-equipped for the future.

About SpareBank 1 Finans Østlandet AS

SpareBank 1 Finans Østlandet has 54 employees and is owned by SpareBank 1 Østlandet (95 per cent) and SpareBank 1 Ringerike Hadeland (5 per cent). The company's head office is in Hamar, and it also has regional branches in Lillestrøm, Lillehammer, Gjøvik, and Fredrikstad.

SpareBank 1 Østlandet VIT Group

TheVIT AS posted turnover of NOK 191 million in 2021. The company recorded a loss before tax of NOK 2.2 million compared with a profit before tax of NOK 0.3 million in 2020. In 2021, almost NOK 10 million in restructuring costs linked to the accounting unit was charged to the results.

The restructuring into a team and branch organisation carried on throughout the year and was more demanding than expected. We have established a number of new processes, moved a substantial portion of the customer base to cloud-based accounting systems and hired a number of new team leaders. Progress was also hindered by the extensive use of working from home. At the start of 2022, we have established a completely new organisation that will contribute to greater competitiveness and more career opportunities for our employees.

Our other service areas, Economy, HR and Business Intelligence services, experienced growing demand throughout the year, and we are seeing a strong influx of customers. The market has thus confirmed that our multidisciplinary solutions, which combine expertise and technology, fill an urgent need. One important factor for further growth will be our ability to recruit significantly more capacity in these service areas.

During the year, we continued to systematically work on building TheVIT's brand, and we are still experiencing greater visibility and recognition and familiarity with the brand. This work will be continued in 2022.

SpareBank 1 Østlandet owns approximately 70 per cent of the shares through the company SpareBank 1 Østlandet VIT. The remaining shares are owned by managing director Stein-Ragnar Noreng and Christian Martinsen. The owners' shared ambition is to create a profitable and powerful business in accounting/payroll, finance, HR and consulting, with Eastern Norway as their primary market area.

The company is striving to support the SDGs in the period prior to 2030 and has chosen to work on five of the 17 SDGs:

SDG 5 – Gender equality

TheVIT is focused on gender balance and has equal terms and conditions irrespective of gender. Salary is exclusively determined on the basis of experience, performance and qualifications. TheVIT facilitates both genders taking parental leave and sharing the leave if they wish. We facilitate flexibility around working hours as well as working from home.

- TheVIT has a high proportion of female managers:
- Board of Directors (50%)
- Management Group (44%)
- Service managers (57%)

SDG 8 – Decent work and economic growth

TheVIT is a responsible employer that focuses on growth and profitability for the benefit of its employees.

The company has a performance-based corporate culture with a sense of camaraderie that safeguards employees and the company's interests in a good way. During the year, we involved all of the employees and maintained a good dialogue through the working environment committee and general meetings about the problems Covid-19 was causing.

Our industry is constantly evolving, and we are committed to preserving jobs by continuing each individual's education through our internal concept, TheVIT Academy, which arranges professional days, courses and other competence-enhancing initiatives.

SDG 9 – Industry, innovation and infrastructure

To meet future streamlining requirements, TheVIT has adopted:

- Robot technology
- Automated processes and procedures
- Cloud-based platforms
- New business intelligence technology

All of this is done to secure jobs in the future as well. TheVIT's branch structure covers large parts of Eastern Norway and helps to secure good safe jobs in the districts as well. Our strategy involving a team structure and the efficient use of technology allows us to offer very attractive jobs at all our locations.

SDG 13 – Climate action

TheVIT is seeking to enable the company to carry out its activities in line with the government's recommendations. The increased use of technology means, for example, that we will reduce travel activities going forward, both through more digital communication with customers, but also by offering flexible work arrangements for our employees, which will reduce the need for daily commutes.

Other measures we have implemented include:

- Source separating waste
- Reducing the use of paper/packaging
- Reducing travel through the use of videoconferencing, Teams and telephone meetings. We encourage all employees to use public transport when in-person meetings are required.

Measures that we will look at going forward include measures to cut power consumption. TheVIT wants to further develop its governance information concepts for those businesses where the customer's sustainability goals are included in their ordinary corporate governance.

SDG 17 – Partnerships for the goals

Strong new partnerships are needed to succeed with the SDGs. TheVIT believes that engaging fairly, and good partnerships, with customers, suppliers, authorities and other stakeholders will help to achieve the SDGs.

About TheVIT

TheVIT provides services to companies in all industries and has expertise within business development, management, finance, accounting/payroll, HR and business intelligence. The company is 70 per cent owned by SpareBank 1 Østlandet and has nine branches. These are located in Lillehammer, Moelv, Hamar, Tynset, Elverum, Kongsvinger, Lillestrøm, Oslo and Fredrikstad. The company had around 180 employees at the end of the year.

Alternative performance measures

SpareBank 1 Østlandet's alternative performance measures (APMs) have been prepared in accordance with the ESMA guidelines on APMs and are indicators aimed at providing useful additional information to the financial statements. These performance measures are either adjusted indicators or measures that are not defined under IFRS or any other legislation and may not be directly comparable with the corresponding measures from other companies. The APMs are not intended to be a substitute for accounting figures drawn up according to IFRS and should not be given more emphasis than these accounting figures, but they have been included in financial reporting to give a fuller description of the Bank's performance. The APMs also represent important metrics for how the management is running the business.

Non-financial indicators and financial ratios defined by IFRS or other legislation are not defined as APMs. SpareBank 1 Østlandet's APMs are used both in the overview of main figures and in the directors' report, and in results presentations and prospectuses. All APMs are shown with corresponding comparative figures for previous periods.

Lending and deposit margins for the Parent Bank are calculated in relation to the daily average of loans to and deposits from customers. For all other main figures and APMs that are calculated using average balances, the average balance is calculated as the average of the opening balance for the current period and the closing balance for each of the quarters in the period.

Alternative performance measures	Definition and rationale
Profit after tax incl. interest hybrid capital	**Profit after tax - Interest expenses on hybrid capital** The key figure shows Result after tax adjusted for interest on hybrid capital. Hybrid capital is according to IFRS classified as equity and interest expences are booked as an equity transaction. Hybrid capital has many similarities with debt items and differs from other equity in that it is interest-bearing and is not entitled to dividend payments. The key figure shows what profit after tax would have been if the interest expenses related to the hybrid capital had been recognized in the income statement.
Return on equity capital	$\dfrac{\textbf{Profit after tax–Interest expenses on hybrid capital) x (}\frac{\textbf{Act}}{\textbf{Act}}\textbf{)}}{\textbf{Average equity–Average hybrid capital}}$ The return on equity after tax is one of SpareBank 1 Østlandet's most important financial measures and provides relevant information about the company's profitability in that it measures the company's profitability in relation to the capital invested in the business. The result is corrected for interest on hybrid capital, which is classified as equity under IFRS, but which it is more natural in this context to treat as debt, as hybrid capital is interest-bearing and is not entitled to dividend payments.
Underlying banking operations	**Operating profit before losses on loans and guarantees -Net income from financial assets and liabilities-Notable items** The result from underlying banking operations provides relevant information about the profitability of the Bank's core business.
Cost-income-ratio	$\dfrac{\textbf{Total operating costs}}{\textbf{Total net income}}$ This indicator provides information about the relationship between revenue and costs, and is a useful measure to assess the cost-effectiveness of the enterprise. It is calculated as total operating costs divided by total revenue.
Lending margin	**Weighted average interest rate on lending to customers and loans transferred to covered bond companies - Average NIBOR 3 MND** The loan margin is calculated for the retail and corporate market divisions and provides information on the profitability of the divisions' lending activities. Loans transferred to covered bond companies are included in the selection as they are included in the total lending activity.
Deposit margin	**Average NIBOR 3 MND-Weighted average interest rate on deposits from customers** The deposit margin is calculated for the retail and corporate market divisions and provides information on the profitability of the divisions' deposit activities.

Alternative performance measures	Definition and rationale
Net interest margin	**Lending margin+Deposit margin** The net interest margin is calculated for the retail and corporate market divisions and provides information on the profitability of the divisions' overall lending and deposit activities. Loans transferred to covered bond companies are included in the selection as they are included in the total lending activity.
Net interest income inclusive of commissions from covered bond companies	**Net interest income+Commissions from loans and credit transferred to covered bond companies** Loans transferred to covered bond companies are part of total lending, but the income and expenses associated with these loans are recognised as commission income. The indicator is presented because it gives a good impression of net income from the overall lending and deposit activities.
Adjusted total assets	**Total assets+Loans transferred to covered bond companies** Total assets is an established industry-specific name for all assets plus loans transferred to covered bond companies included in the lending business.
Gross loans to customers including loans transferred to covered bond companies	**Loans to and receivables from customers+Loans transferred to covered bond companies** Loans transferred to covered bond companies are subtracted from the balance sheet, but are included in the total lending business.
Deposit to loan ratio	$\dfrac{\textbf{Deposit from and liabilities to customers}}{\textbf{Gross loans to customers}}$ 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	$\dfrac{\textbf{Deposit from and liabilities to customers}}{\textbf{Gross loans to customers + Loans transferred to covered bond companies}}$ The deposit coverage ratio provides information about the financing mix in the overall lending business. Deposits from customers are an important means of financing the Bank's lending business and the indicator provides important information about the dependence of the overall lending business on market financing.
Growth in loans during the last 12 months	$\dfrac{\textbf{Gross loans to customers}}{\textbf{Gross loans to customers 12 months ago}}\ \textbf{- 1}$ 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	$\dfrac{\textbf{Gross loans to customers + Loans transferred to CB}}{\textbf{Gross loans to customers 12 months ago + Loans transferred to CB 12 months ago}}\ \textbf{- 1}$ 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.
Growth in deposits in the last 12 months	$\dfrac{\textbf{Deposits from and liabilities to customers}}{\textbf{Deposits from and liabilities to customers 12 months ago}}\ \textbf{- 1}$ This indicator provides information about the activity and growth of the depositing business which is an important part of financing the Bank's lending activity.

Alternative performance measures	Definition and rationale
Impairment on loans as a percentage of gross loans	$\frac{\textbf{(Losses on loans and guarantees)} \times \left(\frac{\textbf{Act}}{\textbf{Act}}\right)}{\textbf{Gross loans to customers}}$ The indicator shows the impairment loss in relation to gross lending and provides relevant information about the company's impairment losses in relation to lending volume. This provides useful additional information to the recognised impairment losses as the cost is also viewed in the context of lending volume and is thus better suited for comparison with other banks.
Loans to and receivables from customers in stage 2, percentage of gross loans	$\frac{\textbf{(Loans to and receivables from customers in stage 2)}}{\textbf{Gross loans to customers}}$ The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Loans to and receivables from customers in stage 3, percentage of gross loans	$\frac{\textbf{(Loans to and receivables from customers in stage 3)}}{\textbf{Brutto utlån til kunder}}$ The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Commitments in default as percentage of gross loans	$\frac{\textbf{Gross defaulted commitments for more than 90 days}}{\textbf{Gross loans to customers}}$ The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Other doubtful commitments as percentage of gross loans	$\frac{\textbf{Gross doubtful commitments not in default}}{\textbf{Gross loans to customers}}$ The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Net commitments in default and other doubtful commitments in percentage of gross loans	$\frac{\textbf{Net defaulted commitments + Net doubtful commitments}}{\textbf{Gross loans to customers}}$ The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Loan loss impairment ratio for defaulted commitments	$\frac{\textbf{Individual write downs on defaulted commitments}}{\textbf{Gross defaulted commitments for more than 90 days}}$ The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Loan loss impairment ratio for doubtful commitments	$\frac{\textbf{Individual write downs on defaulted commitments}}{\textbf{Gross doubtful commitments not in default}}$ The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.
Equity ratio	$\frac{\textbf{Total equity capital}}{\textbf{Total assets}}$ The indicator provides information about the company's unweighted solvency ratio.
Book equity per EC	$\frac{\textbf{(Total EC – Minority interest – Hybrid capital)} \times \textbf{EC certificate ratio}}{\textbf{Number of Equity certificates issued}}$ The indicator provides information about the value of the book equity per equity certificate. This allows the reader to assess the reasonableness of the quoted price for the equity certificate. It is calculated as the equity certificate holders' share of the equity at the end of the period divided by the number of equity certificates.

Alternative performance measures	Definition and rationale
Price/Earnings per EC	$\frac{\textbf{Listed price of EC}}{\textbf{Earnings per EC} \times \left(\frac{\textbf{Act}}{\textbf{Act}}\right)}$ The indicator provides information on earnings per equity certificate against the exchange price on the relevant date, helping to assess the reasonableness of the price for the equity certificate. It is calculated as the price per equity certificate divided by annualised earnings per equity certificate.
Price/book equity	$\frac{\textbf{Listed price of EC}}{\textbf{Book equity per EC}}$ The indicator provides information about the book value of the equity per equity certificate against the price at any given time. This allows the reader to assess the reasonableness of the quoted price for the equity certificate. It is calculated as the price per equity certificate divided by book equity per equity certificate (see definition of this measure above).
Average LTV (Loan to value)	$\frac{\textbf{Average amount on loans to customers}}{\textbf{Average market value of asset encumbrance}}$ The indicator provides information about the loan-to-value ratio in the lending portfolio and is relevant for assessing risk of loss in the lending portfolio.
Loans transferred to covered bond (CB) companies	**Loans transferred to SpareBank 1 Boligkreditt AS og SpareBank 1 Næringskreditt AS and thus derecognised from the balance sheet** Loans transferred to covered bond companies are subtracted from the balance sheet, but are included in the total lending business. The indicator is used in calculating other APMs.
Act/Act	$\frac{\textbf{Total number of days in the year (365 or 366)}}{\textbf{Number of days so far this year}}$ Act/Act is used to annualise the results figures included in the indicators. Results figures are annualised in the indicators to make them comparable with figures for other periods.
Notable items	**Identified costs considered to be non recurring** The indicator is used to calculate the underlying banking activity, which is shown as a separate APM.
Earnings per average equity certificate	$\frac{\textbf{Majority interest of the Group's profit after tax} \times \textbf{Average ECC ratio}}{\textbf{Average number of ECC i the accounting period}}$ The indicator shows the equity capital certificate holders' share of profit after tax distributed by average number of equity capital certificates during the accounting period.
Diluted earnings per average equity certificate	$\frac{\textbf{Majority interest of the Group's profit after tax} \times \textbf{Average ECC ratio}}{\textbf{Average number of ECC in the accounting period+Number of ECC issued after the accounting period}}$ The indicator shows the equity capital certificate holders' share of profit after tax distributed by the sum of average number of equity capital certificates during the accounting period and the number of equity capital certificates issued after the accounting period.
Total operating expenses before restructuring costs	**Total operating expenses–Restructuring costs** Restructuring costs in connection with reorganization of the business are included in total operating expenses, but these costs are excluded when the business sets targets for growth in operating expenses. These costs are kept out of line for growth figures to be comparable over time. The key figure is presented as it provides a good basis for calculating underlying growth in expenses.

Appendices

Further facts about SpareBank 1 Østlandet's sustainability work

Introduction

In these appendices, we present further facts about SpareBank 1 Østlandet's sustainability work. Together with the sustainability data in the main part of the annual report, this constitutes our sustainability reporting in line with the GRI standard.

The appendices are divided into themes in the same way as the main part of the annual report. At the start of each appendix, you will find a reference to which part of the annual report the appendix belongs to. The contents of the sustainability appendices have been audited by the external auditor on an equal basis with the main report.

At the back of the appendices you will find indices that will help you find the information about sustainability that you are looking for.

Content

The Bank's internal goals relating to the UN Sustainable Development Goals

17 PARTNERSHIPS FOR THE GOALS

Our ambition is to significantly enhance our positive impact while reducing our negative impact on people, the environment and society.

Group Management has drawn up the main goals and targets for the sustainability work in the Bank. The model shows on which UN Sustainable Development Goals (SDGs) we positive and negative impacts. We also link the SDGs at the target level with internal targets in the Bank's Action Plan for Sustainability.

+	Reinforce positive impacts	4 Quality education	8 Decent work and economic growth	9 Industry, innovation and infrastructure	12 Responsible consumption and production		15 Life on land	16 Peace, justice and strong institutions
÷	Reduce negative impacts				12 Responsible consumption and production	13 Climate action	15 Life on land	16 Peace, justice and strong institutions
The Bank's goals:								
1) We are a driving force behind sustainable development in our market area								
1.1	We actively support customers' sustainability efforts and promote sustainable innovation externally.			9.4	12.2 12.8	13.3		
1.2	We offer sustainable products and services and promote sustainable innovation internally.		8.10	9.4	12.8	13.3	15a 15b	
1.3	We initiate and support good sustainability activities.				12.8			16.6
2) We consider sustainability in both major and minor decisions, making it an integral part of our business.								
2.1	All employees are aware of our commitment to sustainability.	4.7			12.8	13.3		16.4
2.2	Sustainability is a part of our work processes.		8.5 8.8	9.3 9.4	12.2 12.6 12.8	13.3	15a	16.4 16.5 16.6 16.7
2.3	We strive for openness and transparency in our work.	4.7			12.6			16.6

Appendix to chapter 2.1 Our operations in 2021:

Energy and Climate in our business operations, as well as the Science Based Targets (SBT)

SpareBank 1 Østlandet has been Eco-Lighthouse certified since 2008 and we are always exploring ways to cut our greenhouse gas emissions and climate impact. The Bank's total greenhouse gas emissions amounted to 691.31 tonnes of CO2e (tCO2e) in 2021.

Greenhouse gas emissions from our operations

Eco-Lighthouse is a recognised and effective environmental management system. Eco-Lighthouse added more types of indicators that must be reported on, for example mileage allowance, in 2021. New and updated conversion factors were also added, and the historic figures have been correspondingly recalculated and updated. The Bank has significantly reduced its emissions from 2013-2020. From 2020-2021 emissions increased slightly due to the greater activity in the branches following the Covid-19 pandemic, and the higher number of indicator types to report on.

SpareBank 1 Østlandet's total greenhouse gas emissions for Scopes 1, 2 and 3 amounted to 691.31 tCO2e in 2021. In 2021, the Bank bought EUA climate quotas and guarantees of origin to compensate for our emissions.

Science-based plan for reductions

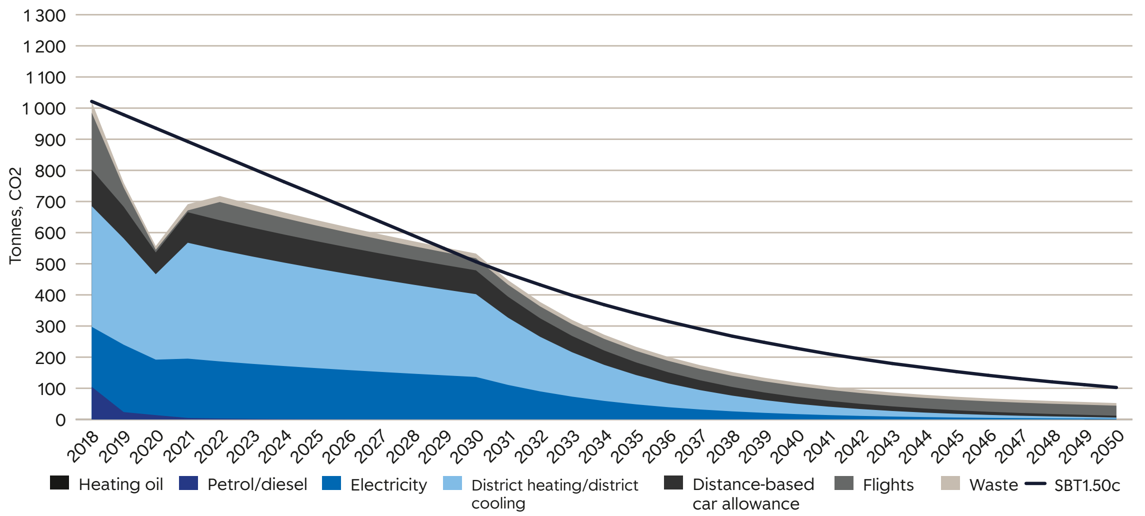
We have set a target for how we will cut our emissions in line with the Paris Agreement, a so-called Science Based Target (SBT). In line with SBT, we have adopted both short-term and long-term goals for the period up to 2050, as well as associated measures. The Bank's plans for cutting emissions in the period up to 2050 can be seen in the graph below. The full report on our Science Based Targets is available on our website.

Energy and climate accounts 2021

The accounts cover all of the Bank's registered emissions. The analysis is based on the international standard, 'A Corporate Accounting and Reporting Standard', which was developed by the Greenhouse Gas Protocol Initiative - the GHG protocol.

Eco-Lighthouse changed several of its emissions factors in 2021. The most significant changes were made in relation to energy consumption. The factor for district heating was increased from 0.116 to 0.187 kg of CO2e/kWh, while the factor for electricity was reduced from 0.119 to 0.04 kg of CO2e/kWh. The previous factor for electricity related to the Nordic production mix while the new factor relates to the Norwegian production mix. Mileage allowance is a new activity from 2021 that has not previously been included in climate accounts.

Projections Business Operations and HR



The figures and projections in this graph are based on Miljøfyrtårn's conversion factors before they were changed on 1.1.2022. The numbers in the bar graph on page 235 have been recalculated with the new factors, also historical figures, but for technical reasons it has not yet been done in this graph. We will in 2022 convert also these projections with the new factors from Miljøfyrtårn.

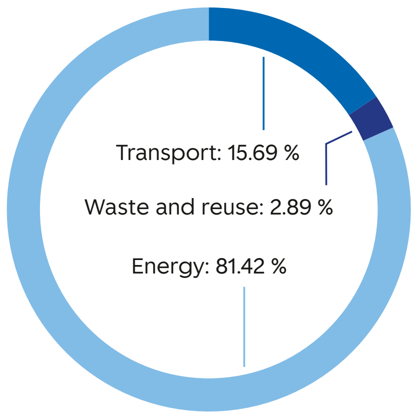
Emission source	Consumption	Emission factor	Emissions in CO2 equivalents
Scope 1			
Petrol (company cars)	1 601 litres	2.89 kgCO2e/litre	4.63 tCO2e
Total Scope 1:			**4.63 tCO2e**
Scope 2			
Remote cooling	27 404 kWh	0.026 kg of CO2e/kWh	0.71 tCO2e
District heating	1 987 251 kWh	0.187 kg of CO2e/kWh	371.62 tCO2e
Electricity	4 763 127 kWh	0.04 kg of CO2e/kWh	190.53 tCO2e
Total Scope 2:			**562.86 tCO2e**
Scope 3			
Residual waste	48 562 kg	0.38 kg of CO2e/kg	18.45 tCO2e
Residual waste, source separated	30 198 kg	0.36 kg of CO2e/kg	1.49 tCO2e
Air travel Nordic countries	57 journeys (one way)	104 kg of CO2e/journey	5.93 tCO2e
Mileage allowance [1]	362 761 km	0.27 kg of CO2e/kg	97.95 tCO2e
Total scope 3:			**123.83 tCO2e**
TOTAL CO2 EMISSIONS			**691.31 TCO2E**

1) 10 183 km were driven by electric car

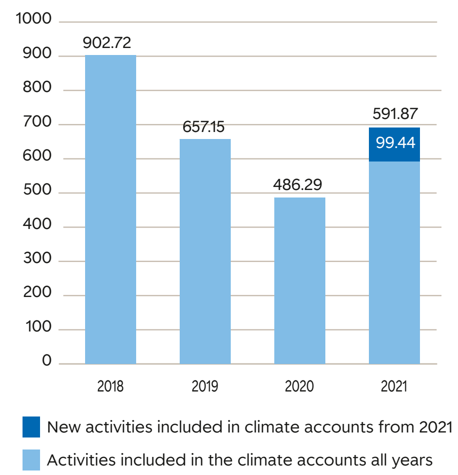
Overview of goals and goal attainment for 2021

Scope 1: Company cars, fuel	The Bank's company vehicles will be replaced with electric vehicles by 2030. Emissions from company cars will therefore be 0 tCO2e from 2030 onwards. In 2021, the Bank's employees had one electric car and two leased petrol-driven cars at their disposal.
Scope 2: Electricity and district heating	The Bank has cut its electricity consumption significantly over the past 13 years. Our goal is to reduce consumption continuously in the period up to 2030 and thereafter up to 2050. In 2022, the interior of the Bank's office building in Kongsvinger will be totally refurbished. The old panel radiators will be replaced modern radiators heated by waterborne district heating. A central operations monitoring system will be installed with water and sewage management in order to monitor the temperature and air flow in each individual room in the building. The building's energy rating is expected to improve following completion of the refurbishment. From 2020 to 2021, energy consumption increased by 831 800 kWh (+12.2 per cent) due to increased occupancy in the Bank's branches after most branches were partially closed throughout 2020.
Scope 3: Flights	The Bank sets clear restrictions in its travel regulations meaning that all travel must be justified by a clear need and that other options such as telephone, Skype or video meetings must be considered as alternatives to travel. Both 2020 and 2021 were special years because of the Covid-19 situation. We took 57 flights in 2021 and 23 in 2020. In 2019, a 'normal' year, we took 227 flights. In 2022, we will revise our travel policy and assess further measures and new targets for cutting our emissions.
Scope 3: Distance-based car allowance	The Bank encourages employees to reduce travel using their own car wherever possible. At the same time, they are encouraged to use alternative public transport, such as trains and buses. The Bank offers green car loans to customers and employees who purchase electric cars. In 2021, we drove a total of 362 761 km. The corresponding figure for 2020 was 408 897 km. From 2021, emissions from mileage allowances are also included in climate accounts, which considerably increases our total CO2 emissions.
Scope 3: Waste	The Bank aims to reduce emissions from waste by 50 per cent in the period 2018-2050. We have been a member of Grønt Punkt Norge ('Green Dot Norway') since 2011 and comply with its reporting and rules. All of the Bank's branches source separate waste and focus on residual waste, which is also in line with our Eco-Lighthouse certification. Further measures that are taken to reduce waste quantities include setting requirements for suppliers with respect to their use of packaging to limit the amount of waste collected from our branches. In line with Eco-Lighthouse's guidelines, disposable packaging must also be eliminated in the future. In 2021, we reduced our total waste quantity by 2 196 kg (-2.7 per cent) in spite of the increased activity at the branches after the shutdown in 2020.

Percentage distribution of CO2 emissions



Total tCO2e emissions 2018-2021



Appendix to chapter 2.2 Our employees:

Further facts about Organisation and HR

We describe how the Bank approaches various topics within organisation and HR in the chapter 'Our employees' and in the Board of Directors' report. We explain the strategy and how the various areas are managed; we also specify the status of the work on themes like working conditions, HSE and sick leave, organisational development, training and competence, diversity and equal opportunities. Information about ethics and whistleblowing can be found in the chapter 'Ethics and anti-corruption'. In this appendix you will find more detailed reporting on various topics within organisation and HR.

We also have a statutory duty to work on gender equality and against discrimination. Our reporting in line with the activity and reporting obligation (ARP) is published on the Bank's website (in Norwegian): **www.sparebank1.no/content/dam/SB1/bank/ostlandet/omoss/samfunn/Generelle-retningslinjer-samfunnsansvar-barekraft-likestilling-mangfold-2020.pdf**.

Goals and goal attainment

Goal for the area	**Sick leave should be less than 4.5% (national figure across industries is around 6%)**				
Measurement parameter	Sick leave in %, total short-term and long-term sick leave				
Goal attainment	2021	2020	2019	2018	2017
	✓ 3.7 %	✓ 4.0 %	✓ 4.5 %	✓ 4.0 %	✓ 4.0 %

Goal for the area	**90% of permanent employees should have completed employee performance and career development interviews**				
Measurement parameter	Implementation rate in %				
Goal attainment	2021	2020	2019	2018	2017
	✓ 97 %	✓ 93 %	✓ 97 %	✓ 100 %	✓ 100 %

Goal for the area	**100% of employees subject to FinAut's authorisation requirements should have completed mandatory competence updating.**				
Measurement parameter	Implementation rate in %				
Goal attainment	2021	2020	2019	2018	2017
	✓ 100 %	✓ 100 %	Not available	Not available	Not available

Goal for the area	**Equal pay for equal work.**				
Measurement parameter	Women's pay as a % of men's pay in comparable positions (reported data has not been corrected for structural factors)				
	2021	2020	2019	2018	2017
Line functions	88.6 %	89.6 %	90.6 %	Not available	Not available
Managers and more demanding professional positions	98.9 %	104.3 %	93.3 %	Not available	Not available
Total	82.1 %	81.2 %	82.0 %	81.9 %	79.5 %

Goal for the area	**45% of management positions filled by women**				
Measurement parameter	Proportion of female managers				
Goal attainment	2021	2020	2019	2018	2017
	42.1 %	36.1 %	35.8 %	39.0 %	39.0 %

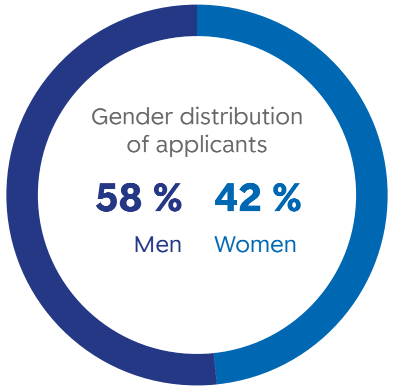
Employees

Permanent employees, by gender, employee category and age

	No. of employees 2021					**No. of FTEs 2021**				
Age	Part-time Women	Part-time Men	Full-time Women	Full-time Men	Total	Part-time Women	Part-time Men	Full-time Women	Full-time Men	Total
Under 30	2	.	30	20	52	0.3	.	30	20	50.3
30-39	5	.	66	74	145	4.21	.	66	74	144.21
40-49	8	1	74	74	157	6.1	0.5	74	74	154.6
50-59	15	2	98	97	212	10.4	0.9	98	97	206.3
60+	11	4	53	68	136	8.2	3	53	68	132.2
Total	**41**	**7**	**321**	**333**	**702**	**29.21**	**4.4**	**321**	**333**	**687.61**

Temporary employees, by gender and age

Age	**No. in 2021**			**FTEs 2021**		
	Women	Men	Total	Women	Men	Total
Under 30	4	3	7	4	3	7
30-39	.	1	1	.	1	1
40-49	1	.	1	1	.	1
Total	**5**	**4**	**9**	**5**	**4**	**9**



Recruitment

Recruitment	**2021**	**2020**	**2019**	**2018**	**2017**
Number recruited, parent bank, internally	32	38	21	12	15
Number recruited, parent bank, externally	48	44	35	35	15

GRI 401-1 New employee hires and employee turnover

	No. of employees 2021					**No. of FTEs 2021**				
Age	Part-time Women	Part-time Men	Full-time Women	Full-time Men	Total	Part-time Women	Part-time Men	Full-time Women	Full-time Men	Total
Under 30	2	.	11	5	18	0.3	.	11	5	16.3
30-39	.	.	5	12	17	.	.	5	12	17
40-49	1	.	.	6	7	0.8	.	.	6	6.8
50-59	.	.	1	4	5	.	.	1	4	5
60+	1	.	.	.	1	0.8	.	.	.	0.8
Total	**4**	**.**	**17**	**27**	**48**	**1.9**	**.**	**17**	**27**	**45.9**

Age composition

Age composition	2021	2020	2019	2018	2017
Average age	47.8 years	47.6 years	47.5	48 years	47.61
Average time of service	15.75 years	15.3 years	15.7 years	16 years	16.72

Turnover

Number of departures - churn	2021	2020	2019	2018	2017
Turnover by gender (2020 and 2021 only)	W: 2.7 %	W: 1.55 %	4.60 %	2 %	2 %

32
Internal job changes in 2021

Training

Training	2021	2020	2019	2018	2017
Hours per employee*	56.4	11.2	Not available	Not available	Not available

* Previously, we have only reported on training carried out via our e-learning portal. In 2021, we have also included subject days, product and system training, webinars, various courses and educational conferences, master's programmes, introduction programmes and management development programmes.

Some underreporting of competence still exists because time spent on completing authorisations and requirements for refresher courses in connection with authorisation schemes are not included.

Parental leave

GRI 401-3

GRI 401-3: Parental leave		2021	2020	2019	2018	2017
Number of employees who took parental leave – by gender	Women	21	22	17	17	23
	Men	10	12	16	14	11
Number of employees who returned to work after parental leave.		31	34	33	31	34
Average no. of weeks	Women	14.01	19.78	17.72	17.46	13.5
	Men	14.08	13.22	11.43	7.82	6.13
Average number of weeks' parental leave		14.03	17.47	14.67	13.11	11.12
Proportion of employees still employed after 12 months		100%	100%	100%	100%	100%

Insurance Adviser Trond Buhaug (left) and Corporate Adviser Trond Fjell at SpareBank 1 Østlandet visiting the agricultural company Toten Bær og Grønt.

Appendix to chapter 3.1 Business areas:

Proportion of green loans and greenhouse gas emissions in the loan portfolio

The Bank's long-term ambition is to be climate neutral by 2050, including in relation to its loan portfolios.

The Bank is, therefore working, to cut greenhouse gas emissions in both the retail market and the corporate market portfolios. This entails steadily increasing the proportion of the portfolio that is viewed as having low greenhouse gas emissions and that can, therefore, be considered more 'green'. In 2021, the Bank developed a green bond framework in which parts of the loan portfolio is defined as light, medium or dark green based on various criteria. The framework was subject to third-party verification by Cicero Shades of Green, which rated the general framework 'medium green'.

› A total of NOK 27.66 billion of the Bank's portfolio qualified as green under this framework at the end of 2021. This includes SpareBank 1 Finans Østlandet and Boligkreditt. This is out of a total of NOK 168.58 billion and thus represents 16.3 per cent.

See more information in the chapter 'Framework on issuing green bonds' page 28. Even more supplementary information can be found on: www.sparebank1.no/en/ostlandet/about-us/sustainability/green-bond-framework.html

Methods for calculating emissions
Cemasys and Multiconsult helped the Bank calculate loan portfolio emissions, especially in relation to the mortgage portfolio. We are a member of Partnership for Carbon Accounting Financials (PCAF) and use its method for calculations for loans in the corporate market.

Method for setting science-based targets concerning zero emissions
We have used the method developed by the Science Based Targets Initiative (SBTi) to set science-based targets for reducing greenhouse gas emissions to zero by 2050. The Bank was assisted by Cemasys. The calculations were not submitted to SBT for approval because the Corporate Division's loan portfolio almost only contains small and medium-sized enterprises. SBTi's method has still not been properly adapted for such enterprises. Much of SBTi's method is about getting the Bank's customers to prepare and submit their own calculations of their emissions and produce science-based targets. This is currently difficult for small and medium-sized enterprises, although it is something we are working on through the sustainability assessments in the Corporate Division (see more information in the chapter 'Responsible lending to the corporate market').

Mortgage portfolio

Proportion of green loans in the housing portfolio

The Bank is working to increase the green proportion of the mortgage portfolio, including to reduce greenhouse gas emissions in our lending. Cicero Shades of Green defines parts of our mortgage portfolio as 'light green'. The presentation of our green bond framework in the annual report also shows whether the requirements are in line with the technical requirements for reducing greenhouse gases in the EU's classification scheme (taxonomy). These had not been finalised when the Bank's framework was prepared.

The following requirements must be met to be considered 'green' in our mortgage portfolio:

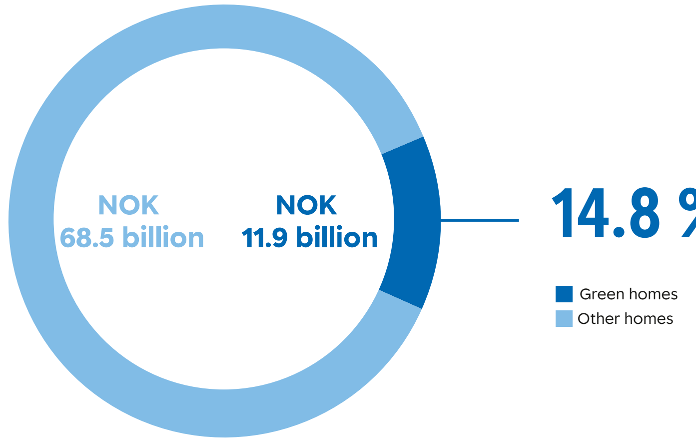
Existing homes

- Homes built prior to 2012 and that therefore comply with building codes older than TEK10 must have an energy rating of 'A' or 'B'.
- Homes built between 2012 and 2021 must be TEK10 and TEK17, which also entails an energy rating of 'A' or 'B'.
- Homes that have seen a 30 per cent gain in energy efficiency and that have risen by at least two energy classes.

New homes

- Homes built after 2021 must be at least 20 per cent more energy efficient than the regulatory figure at the time of construction.

Based on these assumptions, NOK 11.9 billion of the total of NOK 80.4 billion in mortgages for homes in both the retail market and corporate market is 'green'. This amounts to 14.8 per cent. Figures for the proportion of green homes are not comparable with figures reported for the previous year since loans transferred to SpareBank 1 Boligkreditt are not included in this presentation. Houses are distributed as shown in the diagram.



14.8 % of the total of NOK 80.4 billion in mortgages in both the retail market and corporate market.

Greenhouse gas emissions in the mortgage portfolio and science-based reduction targets

Total emissions in the mortgage portfolio are estimated at 253 000 tCO2e by Multiconsult and Cemasys. The calculations of greenhouse gas emissions linked to the mortgage portfolio are based on total m2, Multiconsult's estimated emissions linked to 'green' and 'not green' portfolios and the actual distribution between 'green' and 'not green' buildings in 2020 and 2021.

› Total emissions in the mortgage portfolio are estimated at 253 000 tCO2e, and carbon intensity at 50.69 kgCO2e per m².

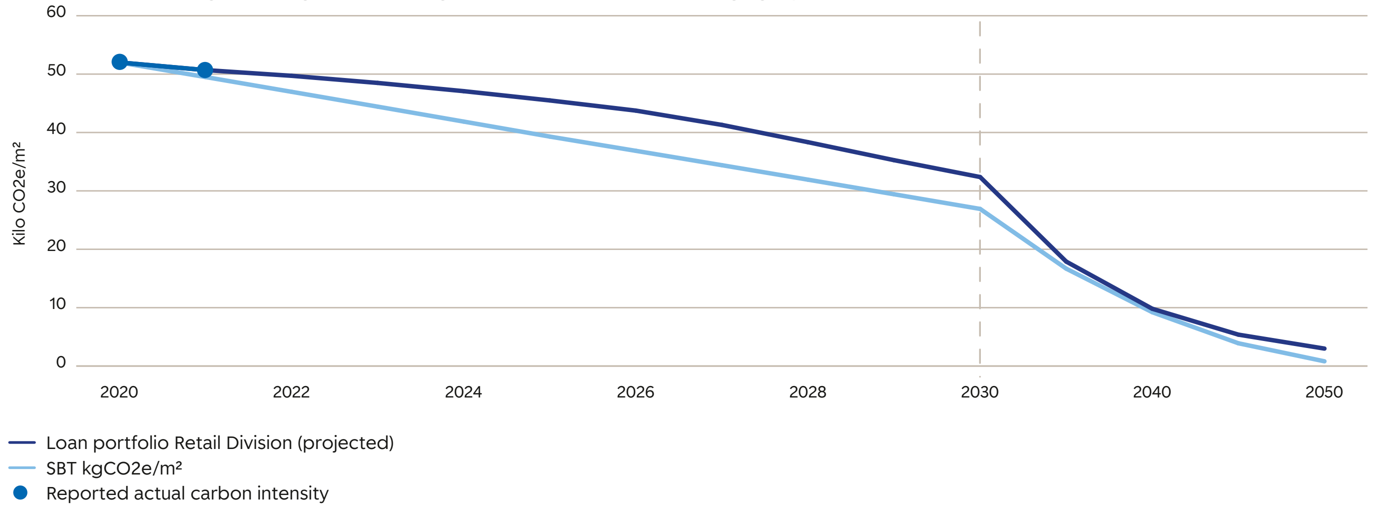
In the graph below, the emissions from the Bank's mortgage portfolio are projected forward in time to 2050. This is based on the Retail Division's goals for 2025 and 2030. The goal was based on SBT's method, although this has a 'well below 2°C curve' because SBT has not developed a 1.5°C curve for homes yet.

The figures for 2022 up to and including 2050 assume two of the Bank's adopted targets for the mortgage portfolio, as well as third-party projection of the EU's electricity mix:

- The first internal target is about upgrading the 'not green' portion of the mortgage portfolio. The ambition is to upgrade 40 per cent of these homes by 30 per cent more by 2050.
- The second internal target indicates that 40 per cent of new mortgages should be in line with the EU taxonomy in 2030, and 100 per cent by 2050.

As the graph shows, the reductions are relatively small in the first few years before the emissions are reduced more quickly from around 2030. This means that the Bank has not completely followed SBTi's ambitions during the first few years, while the CO2 reduction from the mortgage portfolio increases all the more from 2030 onwards. The planned measures show that the loan portfolio is still 2.99 kgCO2e/m2 off the target of zero emissions. This means that we have to keep working on strengthening the customer-related measures in order to cut emissions related to homes.

Science-based targets for greenhouse gas reduction for the mortgage portfolio



The corporate market portfolio

Proportion of green commercial properties in the corporate market portfolio

The green bond framework also defines what are viewed as green activities in the corporate market portfolio, including in relation to commercial properties. Cicero Shades of Green has assessed these commercial buildings as being 'light green':

Existing commercial properties

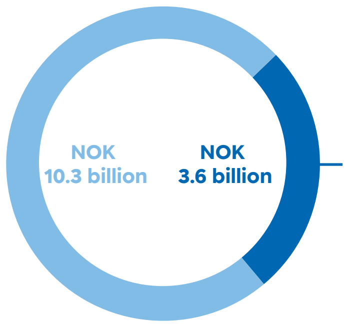
- Commercial properties that are among the 15 per cent most energy efficient in Norway. This includes TEK10 and TEK17 (or later), energy rating 'A' or 'B', BREEAM or BREEAM-NOR Excellent or LEED Gold or Nordic Swan Ecolabel building.

Green commercial properties

- Commercial properties from and including 2021 must have 20 per cent better energy efficiency than the applicable regulations, which are currently TEK17.
- Commercial properties that have seen a 30 per cent gain in energy efficiency or that have risen by at least two energy classes.

See our green bond framework on our website and in the annual report for more detailed information, including the extent to which this is in line with the EU classification scheme (taxonomy).

Given these assumptions, 26 per cent of the commercial property portfolio is green. The loan volume is distributed as shown in the diagram.



26 %

of total NOK 13.9 billion in our loan portfolio for commercial properties, limited to exposures of at least NOK 10 million.

- Green commercial property
- Remaining commercial property

Greenhouse gas emissions in the corporate market portfolio

The Bank is not exposed to carbon-intensive industries such as oil and gas extraction, oil refining, metal production, shipping or aviation, and therefore has a relatively low carbon-intensive loan portfolio in the corporate market. Nevertheless, the Bank wants to publish the emissions in the loan portfolio since this is where we have the greatest opportunity to help Norway achieve the ambitious goals in the Paris Agreement. The Bank has been reporting on greenhouse gas emissions in its loan portfolio since 2019 and has also set a science-based target for the credit portfolio. Emissions in the Corporate Division's portfolio are at 678 000 tCO2e and carbon intensity is at 17.7 tCO2e per NOK million (customers' Scope 1 and 2 emissions, to avoid double reporting).

› Emissions in the Corporate Division portfolio are estimated at 678 000 tCO2e, and carbon intensity is at 17.7 tCO2e per NOK million.

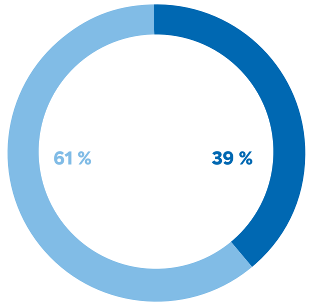
Annual carbon sequestration in the Bank's forestry portfolio is higher than the annual carbon emissions in the rest of the portfolio, so viewed in relation to each other one could say that the Bank's corporate market portfolio has a net positive carbon footprint. However, the Bank is striving, in line with the methods in SBTi and PCAF, for net zero emissions in all sectors, irrespective of each other, so total calculated greenhouse gas accounts for all of the sectors we finance are provided below. There is a separate more detailed section on forests later on in the chapter.

	Total emissions (tCO2e)		Carbon intensity (tCO2e per NOK million in lending)	
Industry	**Scopes 1 and 2**	**Scope 3**	**Scopes 1 and 2**	**Scopes 1, 2 and 3**
Agriculture and associated services	606 005	218 649	111.5	151.7
Forestry and associated services	21 380	26 143	15.7	35.0
Commercial services	8 694	14 954	9.2	25.0
Wholesale and retail trade	7 843	12 143	9.0	22.8
Sale and operation of property	7 881	28 978	0.4	2.0
Manufacturing	6 273	43 396	4.3	46.6
Construction of buildings	5 135	104 160	1.0	21.0
Transport and storage	3 293	13 839	12.5	65.0
Professional and financial services	1 981	4 329	1.0	3.3
Hotels, restaurants and tourism	1 817	4 202	3.7	12.3
Energy production and supply	1 721	517	2.6	3.4
Public sector	942	9 839	1.4	15.5
Others	4 975	7 016	9.3	22.5
Total	677 941	488 164	17.7	30.7

Method and source: Partnership for Carbon Accounting Financials (PCAF).
The Bank uses the Global GHG Accounting and Reporting Standard for the Financial Industry to estimate greenhouse gas emissions in its loan portfolio.
carbonaccountingfinancials.com/standard

Assumptions
The analysis is based on Norwegian emission factors at an industry group level (NACE code). For limited companies, we use emission factors based on turnover adjusted for the Bank's proportion of total financing, which corresponds to a PCAF data quality rating of 4 on a scale of 1-5 where 1 is the best. For sole proprietorships and the self-employed we use emission factors based on lending volume, which corresponds to a PCAF rating of 5. The calculation method used for limited companies and sole proprietorships differs due to the availability of data. The method differentiates between direct emissions (Scopes 1 and 2) and emissions upstream in the value chain, for example through the production of raw materials (Scope 3).

FIGURE: Loans by data quality



- Loan volume data quality score 5, PCAF
- Sales data quality score 4, PCAF

When total greenhouse gas emissions are calculated in the portfolio, we limit ourselves to Scopes 1 and 2, since adding to this would involve a large degree of double counting because one company's direct emissions are another company's indirect emissions. Nevertheless, we want to indicate indirect emissions in the industry overview since some industries, including building construction, have relatively little direct emissions in relation to indirect emissions.

Limitations
The method has a number of weaknesses and some of them are pointed out here:

- Errors can occur in the source data in that individual customers may be assigned an industry code that does not reflect the enterprise's actual operations, and which therefore results in a misleading emission factor.
- The emission factors used for the calculations are rough estimates that do not provide information about emissions at a customer level. This method for surveying emissions is most suitable and, therefore, mainly used for looking at where we should direct the focus of our work on sustainability.
- Over time, as the data quality in our calculations improves, we will set increasingly more concrete goals and provide clearer incentives for specific industries and customers .
- We must expect relatively significant variation in emission measurements going forward since there will be steadily more updated information and the data quality will improve.

Results

Total emissions
The analysis shows that agriculture and associated services have the greatest direct emissions in our portfolio. This matches previous calculations. Agriculture is our second largest industry after the sale and operation of real estate, and given our geographical location and industry mix, it is natural that agriculture scores high here. Norwegian agriculture focuses heavily on sustainability and significant resources are allocated to mapping and cutting greenhouse gas emissions in the industry. At the same time our agricultural customers have significant resources in forests. Active agriculture that ensures the maintenance of forests and can contribute to sustainable forest production. Agriculture will continue to be a priority area for the Bank, and we will support and create incentives to cut greenhouse gas emissions in the industry.

The analysis shows that, for example, the construction of buildings involves significant indirect emissions (Scope 3). These are emissions that typically come from the production and transport of materials, and they will therefore be shown as Scope 1 emissions in the manufacturing and transport sector in similar analyses.

Carbon intensity
The analysis shows that agriculture is also the most emission-intensive industry if we look at Scope 1 and 2 emissions. If we include upstream emissions in the value chain (Scope 3), transport and storage are the most emission-intensive industry based on the Bank's lending, followed by agriculture and manufacturing. The direct emissions in the manufacturing portfolio are relatively low, although the Scope 3 emissions are high .

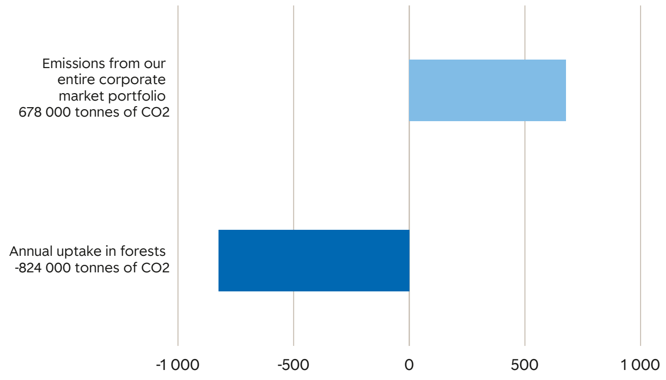
Development
The Bank published greenhouse gas emissions from the loan portfolio in the corporate market for the first time in the 2019 annual report and reported in line with the PCAF framework for the first time in 2020. Since this is an area that has not been fully developed and is constantly being refined, including through constant improvements in methodology, the calculations are comparable from year to year. We have therefore recalculated the emission figures for 2020 using this year's method in order to better keep up with developments.

› Corrected direct emissions for 2020 were estimated at 624 000 tCO2e. The estimated emissions in 2021 were 678 000 tCO2e. This results in an increase in direct emissions of 8.7 per cent. The main explanatory factor for the increase is major growth in lending to agriculture customers, an industry that accounts for a total 89 per cent of the direct emissions.

Carbon intensity has been reduced, both in agriculture and for the loan portfolio as a whole.

CO2 sequestration in forests

In Norway, forests and land use absorb greenhouse gases equivalent to almost half of our total emissions, and from 1991 to 2018, net sequestration by forests and land use increased by 134 per cent. Forests cover just over 120 million acres, of which 86 million acres is productive forest that sequesters 27.8 million tCO2e annually.2 The positive contribution from forests is an important part of agriculture's climate plan for becoming climate neutral in 2050.[2]



Forest in the Bank's portfolio
SpareBank 1 Østlandet is proud to finance one of Norway's largest bank-financed forest portfolios covering a total of around 0.64 million acres of productive forests, or 3.0 per cent of Norway's productive forest. The Bank assumes that in addition to the productive forest we finance, we also have a representative proportion (29 per cent of the total area of forest) of unproductive forest, which absorbs little CO2. The Bank assumes that the forest in our portfolio is representative of Norway's overall forest area as far as yield power and CO2 sequestration are concerned. Based on the Norwegian Environment Agency's total calculations, the forest in our portfolio sequesters around 824 000 tCO2e per year.

[2] nibio.no/nyheter/nye-rekordtall-for-skogen-i-norge – miljostatus.miljodirektoratet.no/tema/klima/norske-utslipp-av-klimagasser/utslipp-og-opptak-fra-skog-og-arealbruk/

Science-based targets for reducing greenhouse gases in the Corporate Division's portfolio

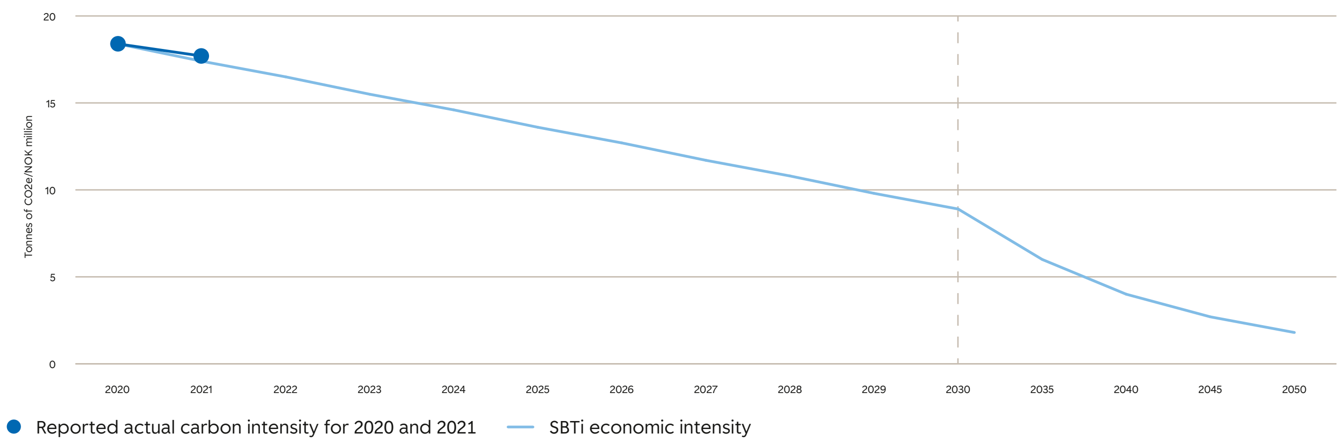
Background
SpareBank 1 Østlandet wants to be a driving force for climate work in the financial sector. The Bank set a target for reducing greenhouse gas emissions associated with its own operations as early as 2019. The Bank is continuously working towards a sustainable credit portfolio and the work is anchored in climate goals that are in line with the goals set in the Paris Agreement and by the UN Intergovernmental Panel on Climate Change. The Bank is continuing its ambitious climate work and will use its influence to contribute to the green shift. The Bank has, therefore, set a science-based target for its credit portfolio to cut greenhouse gas emissions in the Corporate Division.

Science-based Climate Targets
For our credit portfolio within the Corporate Division, we have set a goal that from 2020 to 2030 there must be a minimum 42 per cent cut in the portfolio's total emissions. This corresponds to an annual reduction of 4.2 per cent and is in line with the level of ambition of the Science Based Targets Initiative (SBTi) of reducing emissions to 1.5°C . Furthermore, we also support and strive to realise the government's climate target for the period 2021-2030, where the goal is to cut emissions by at a minimum of 50 per cent, and up to 55 per cent, by 2030 compared to the level in 1990.

Projections of total emission curves for the Corporate Division by industry can be seen in figure xx. The overview shows an increase from 2020 to 2021. The increase is mainly attributable to high lending growth to agriculture, which accounts for about 89 per cent of the total emissions (Scopes 1 and 2) in the Corporate Division's portfolio.

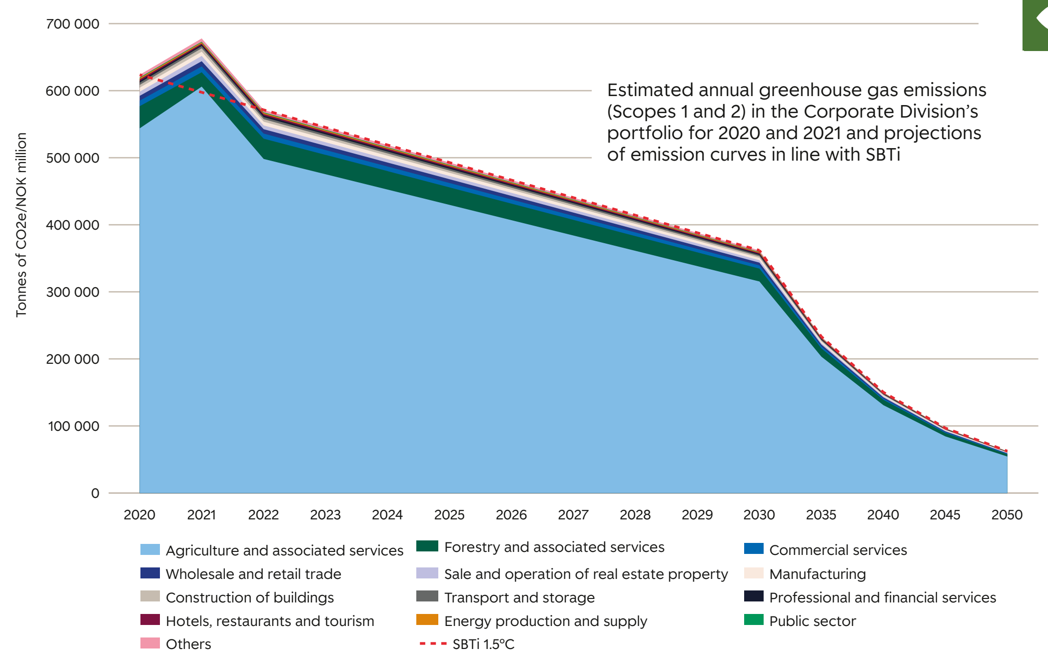
Science-based carbon intensity reduction targets
The Bank has increased its focus on measuring carbon intensity. We believe that this provides a clearer representation of emissions in relation to activities and more accurately reflects our work on reducing greenhouse gas emissions since it is not directly affected by lending growth in the portfolio as is the case with total emissions. Our target is a reduction of at least 50 per cent in emission intensity from 2020 to 2030, an annual reduction of 5 per cent on the 2020 level. Calculations show a carbon intensity of 17.7 tCO2e per NOK 1 million in lending. This is a reduction of 3.9 per cent from 2020, which is slightly below the target of 5 per cent.

Science-based targets for greenhouse gas reduction for the corporate market portfolio



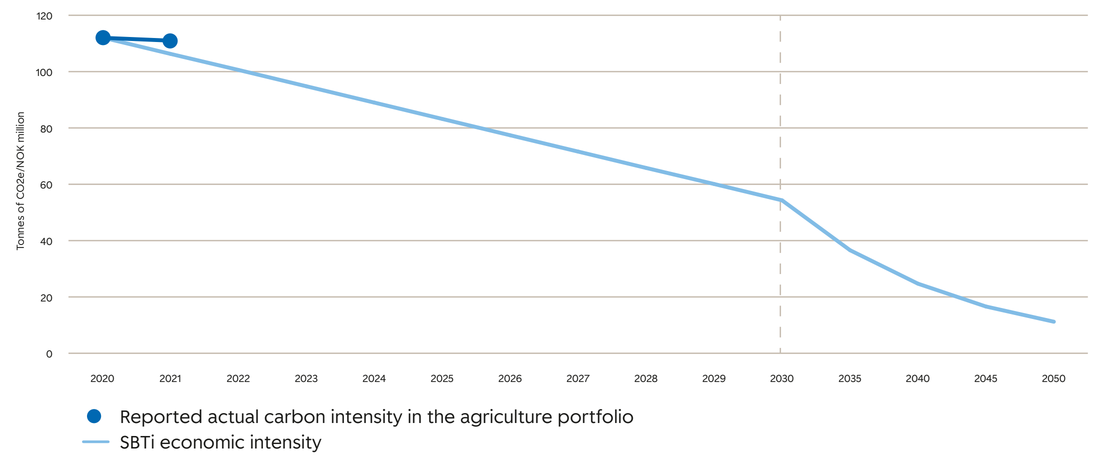
› Reduction in carbon intensity of 3.9 per cent from 2020 to 2021. Slightly below the target of 5 per cent.

Projections of emission paths (Corporate Division)

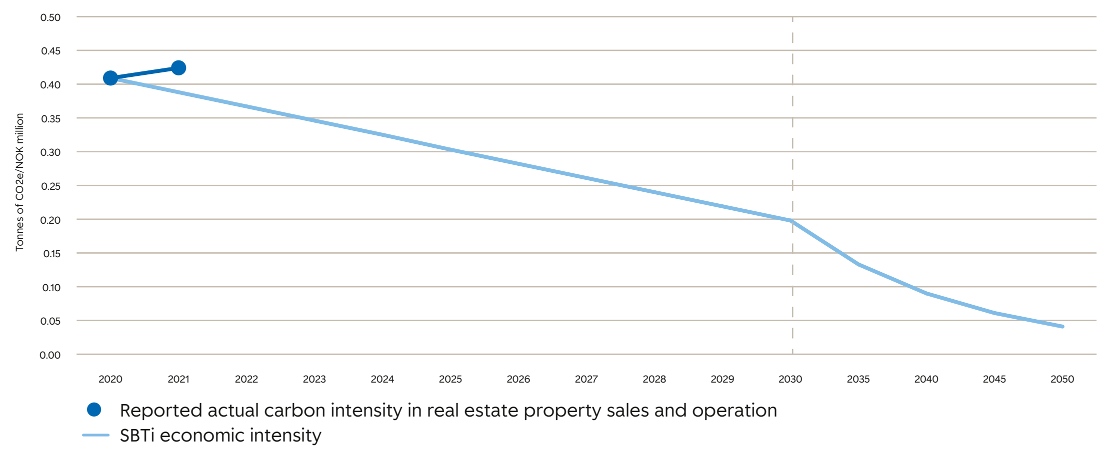


The figures below show the development in emission intensity in the sectors we have the greatest impact on. Emission intensity for agriculture has been reduced from 112 to 111 tCO2e/NOK million and is above the reduction target in SBTi. Emission intensity for real estate property sales and operation has increased from 0.41 to 0.42 tCO2e/NOK million.

Carbon intensity agriculture



Carbon intensity for real estate property sales and operation



Appendix to chapter 3.1 Business areas:

Responsible lending within liquidity management

As part of its liquidity management, SpareBank 1 Østlandet has a portfolio of liquid securities with a high credit quality. We have implemented social and sustainability assessments as part of the liquidity management in order to assess and minimise the risk of this portfolio conflicting with the Bank's guidelines for corporate social responsibility and sustainability.

What did we achieve in 2021?

Key guidelines and screening criteria were defined in more detail and tightened in 2020. This means that the Bank sets requirements for the companies it invests in, tells them what we expect from them and the Bank has an extensive list of exclusions. This was started and carried out in 2021.

The Bank also conducted a general assessment of the risk of issuers working in the portfolio's investment universe breaching the Group's guidelines for corporate social responsibility and sustainability. Overall, the risk of the portfolio breaching the guidelines for corporate social responsibility and sustainability is considered low.

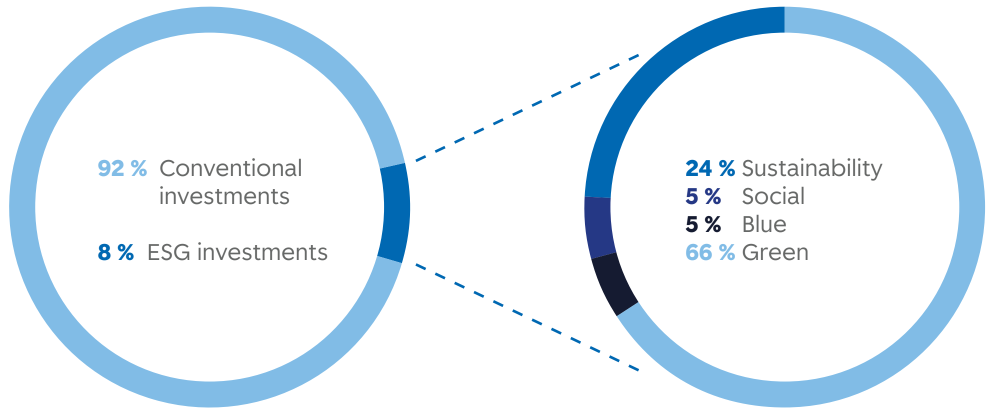
While the investment framework is relatively broad the vast majority of the portfolio is classified as 'low/moderate' risk. The entire investment universe of current investments is subject to risk assessments. All new investments are assessed and followed up semi-annually. Assessments are also made to determine which issues are the most relevant to the overall risk profile. The parties involved in any transactions are informed about the Bank's guidelines.

What remains to be done in a longer perspective?

The entire liquidity portfolio will be assessed semi-annually and in the event of new investments. Any non-compliance is followed up based on the applicable guidelines. In the next strategy period, we will continue to strengthen its method for social and sustainability assessments, especially in relation to climate risk. All issuers are assessed in relation to their sustainability work. We will strive to produce an overview of greenhouse gas emissions from the liquidity portfolio, as well as to draw up a reduction plan in order to help achieve the Bank's ambition of net zero emissions in 2050. A Norwegian interpretation of the EU Sustainable Finance Disclosure Regulation (SFDR) will be issued, and it is expected that the liquidity portfolio will in the long term be categorised based on this. Finally, we are seeking to increase our share of ESG investments in the portfolio.

The liquidity portfolio

ESG investments



Goal for the area	**All investments – new and existing – must be assessed semi-annually in relation to the current guidelines. Counterparties and facilitators will be informed of our guidelines and familiarise themselves with our expectations and requests. Non-compliance is followed up.**				
Measurement parameter	Proportion of the liquidity portfolio that has been assessed in relation to guidelines. Goal: 100%				
Goal attainment	2021	2020	2019	2018	2017
	✓ 100%	✓ 100%	✓ 100%	Not available	Not available

Risks and opportunities

A proactive attitude towards corporate social responsibility and sustainability in liquidity management could a positive impact on the investment universe by setting clear requirements and expectations for relevant issuers.

Training

Any employee who is involved in any way with liquidity management must be familiar with the Bank's strategy for corporate social responsibility and sustainability and regularly review the guidelines for this area. All employees took the course on sustainability in 2021.

Strategic anchoring

Important guidelines: Sustainability Strategy 2019-2021, General Guidelines for Corporate Social Responsibility and Sustainability, and Guidelines for Corporate Social Responsibility and Sustainability in Liquidity Management.

Responsible: Chief Financial Officer

Goal for the area: The entire liquidity portfolio will be assessed in relation to ESG semi-annually and when we invest in new counterparties. Our counterparties and facilitators will be informed of our guidelines and familiarise themselves with our expectations and requests in these. Non-compliance is followed up.

GRI indicators: FS10 and FS11. Training: 404-2,

SDG: 8.10, 12.3, 12.6, 13.3, 15.a, 16.4, 16.5

Eco-Lighthouse: 2069, 2071, 2072

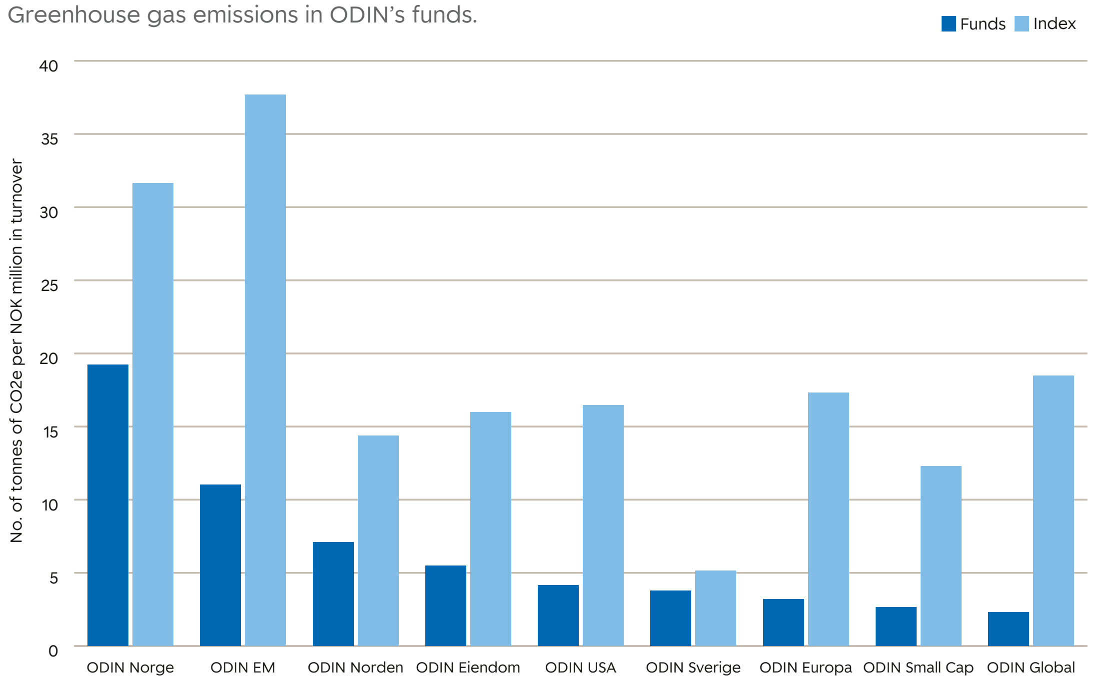
Appendix to chapter 3.1. Business areas

Greenhouse gas emissions in funds

SpareBank 1 Østlandet does not manage funds and, therefore, the Bank does not have access to greenhouse gas emission data for all of the funds the Bank offers. Nevertheless, we collect data on emissions from the managers and are working on reporting and reducing CO2 emissions in the fund portfolio going forward.

The Bank is an indirect part-owner of ODIN Forvaltning through a directly owned stake in SpareBank 1 Forvaltning. ODIN's funds are included among our recommended funds in defined customer segments, and ODIN started measuring the carbon footprints of its funds as early as 2017. The figures in the diagram below are the latest available figures, from 30.06.2021.

Greenhouse gas emissions in ODIN's funds.



What does the graph show?
The graph shows the weighted carbon intensity in ODIN's funds. The company's emissions are weighted based on the weight of the company in the fund. This is the carbon intensity figure that TCFD recommends asset managers should report. More information about the calculation is available on **www.tcfdhub.org**. This is a means of measuring a fund's exposure to emission-intensive companies. The carbon footprints show the portfolio companies' emissions (CO2e over 1 year) in relation to their turnover (annual turnover in the fund's currency) and adjusted for portfolio weight. The calculations are not supplementary because they do not include all indirect emissions (Scope 3, e.g. from supply chain). Including Scope 3 emissions in such aggregated overviews is not recommended because one company's direct emissions are another company's indirect emissions, and one could thus end up reporting the same emissions twice. The company's emissions linked to purchased electricity (indirect Scope 2 emission) are included, but the emissions linked to electricity purchased by a subcontractor are not included (Scope 3). Carbon intensity is calculated using the following formula:

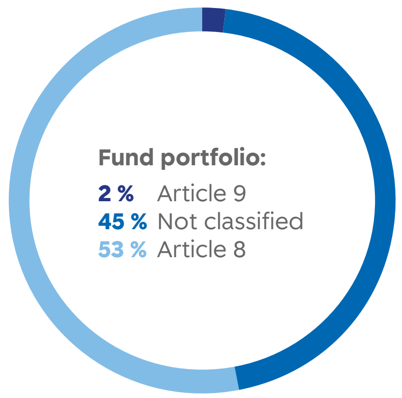
$$\sum_{n}^{i} \left(\frac{\text{Value of stake}}{\text{Total value of the portfolio}} * \frac{\text{Portfolio company's emissions of CO2e (Scopes 1 \& 2)}}{\text{Portfolio company's income (in the fund's currency)}} \right)$$

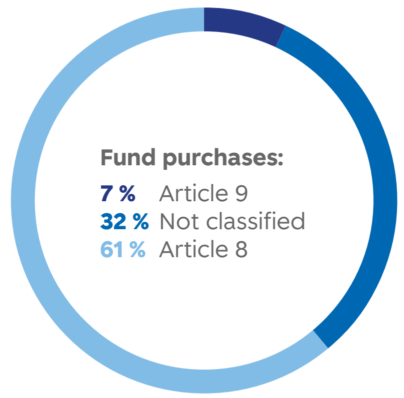
New classification of funds

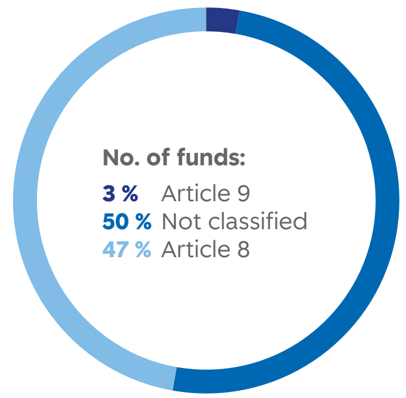
As mentioned in the main chapter 'Requirements for providers of financial services', in the future we will adapt to the requirements of the forthcoming Norwegian *Act relating to the disclosure of sustainability information in the financial services sector and a framework for sustainable investment*. This Act will enact EU regulations on disclosure and the taxonomy in Norwegian law.

As far as sales of funds are concerned, preliminary calculations show that at least 60 per cent of fund sales in the Bank in 2021 qualify as Article 8 and at least 7 per cent as Article 9. However, if we look at the total for all of the mutual funds we offer, final classifications were unavailable for around half of the funds at the end of 2021.

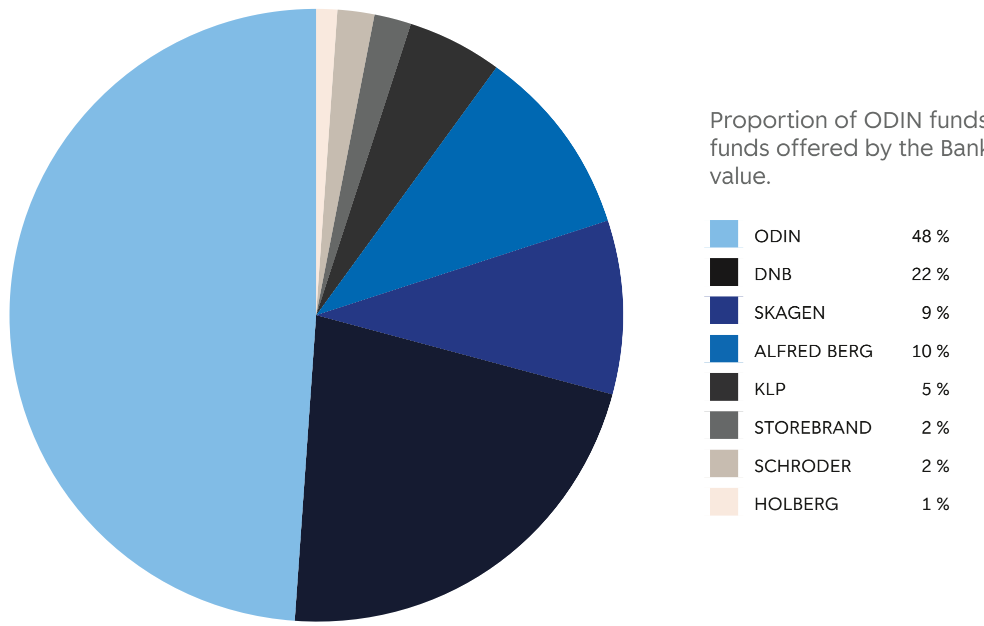
We expect more of the funds for which classifications are currently unavailable to be classified as Article 8 in the future. As far as the portfolio is concerned, at least 50 per cent of the customers' capital in mutual funds is classified as Article 8 and around 2 per cent as Article 9. These are preliminary calculations, and we must stipulate a proviso concerning data quality.







Proportion of ODIN funds relative to other funds offered by the Bank, measured in value.



Requirements for other suppliers – sustainable procurement

The Bank has a responsibility to safeguard labour and human rights, the environment and society in all of our supply chains. This has been further strengthened by the Transparency Act, which come into force in summer 2022. The Bank supported this Act through the Norwegian Coalition for Responsible Business (KAN). The Act requires the Bank to conduct due diligence assessments of its supply chains.

Background

SpareBank 1 Utvikling enters into central agreements that all of the SpareBank 1 banks can use. The agreements it has with suppliers of goods and providers of services partly consist of framework agreements under which banks and companies make purchases and partly of agreements under which Utvikling receives deliveries that are passed on to the banks and companies. SpareBank 1 Østlandet complies with the agreements that Alliance Purchasing has entered into on behalf of all Alliance banks, and also has five separate larger local agreements.

SpareBank 1 complies the framework for due diligence assessments for responsible business and has been on training courses organised by Ethical Trade Norway. Sustainability requirements have been set within purchasing for years. The requirements are set out in the procurement strategy for the SpareBank 1 Alliance 2021–2022 and in the standard appendix on sustainability in procurement, which is attached to agreements with suppliers/providers.

What did we achieve in 2021?

SpareBank 1 expects suppliers and partners to respect basic ethical requirements for the environment, social conditions and governance. We want to do this through working together closely and a dialogue with our suppliers and partners. Suppliers are required to have guidelines for sustainability and for these to be translated these into action. It is a requirement that this policy be described in all agreement documents. All agreements are assessed based on the suppliers' approach to the environment, social conditions and ethical conduct.

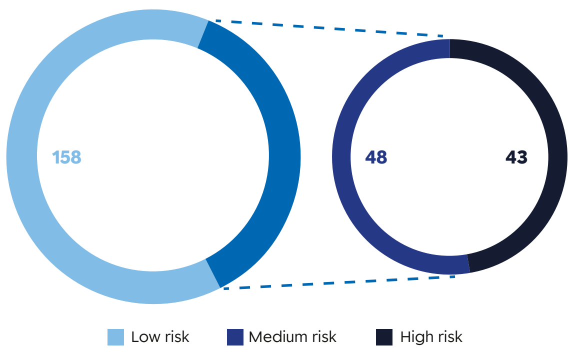
In addition to the Alliance agreements we participate in, the Bank has five larger local agreements with Eidsiva AS, ISS AS, Kontorleverandøren Hamar AS, Østlandet Gjenvinning AS and Franzefoss. All of these suppliers have been assessed based on the environment, social conditions and ethical conduct, and in our opinion none of them require further follow-up.

Follow-up of suppliers with an increased risk of having a negative impact
As part of our due diligence assessments, SpareBank 1 has previously conducted a category-by-category risk assessment of its 249 existing suppliers. The review revealed that 91 of the suppliers had some or an increased risk of having a negative impact on the environment, social conditions and ethical conduct. These 91 suppliers were followed up more closely and 43 of them were identified as relevant for further monitoring.

Of the 43 suppliers, we chose to follow up three main categories in more detail:

- IT-related purchases: IT equipment
- Administrative purchases: Furniture
- Largest suppliers: IT services and consultants
- 158 suppliers that were considered to be low risk are not being followed up

249 suppliers distributed by risk



- 48 suppliers that were considered to be medium risk are not being followed up
- 43 suppliers considered to pose an increased risk are being followed up more closely

Conducting the studies
Two in-depth studies were conducted in 2021 in two areas of procurements: IT equipment and IT services. The suppliers were asked to document their general guidelines, action plans and actual sustainability risks in their supply chain. All of the suppliers have guidelines, etc. in place, while fewer presented action plans. Little information was received as far as actual risk is concerned. This makes it difficult to see which specific areas the individual suppliers should focus on in order to reduce risk.

Following up the actual risk in supply chains for the suppliers that are already included in the studies will, therefore, be a priority area in 2022. New studies involving more suppliers/categories will also be conducted.

The sustainability efforts that target new suppliers will also be strengthened.

Training

Employees who work with procurement in SpareBank 1 Østlandet participated in 'Arbeidslivets Klimauke', Ethics Week and Eco-Lighthouse Day, as well as courses on sustainability in finance. They also took an internal sustainability test.

Otherwise, we take part in competence enhancing measures under the direction of Alliance Purchasing.

Risks and opportunities

Trying to safeguard human rights, the environment and nature in supply chains is a challenge, and you never quite reach the finish line. The approach described in this chapter can be refined and used to follow up more areas of purchasing and individual suppliers later on.

Strategic anchoring

Important guidelines: Purchasing Strategy 2021–2022, Action Plan for Sustainable Procurements in the SpareBank 1 Alliance 2021–2022, Purchasing Policy, Guidelines for Sustainability in Purchasing, Standard Appendix on Sustainability in Purchasing.

Responsible for the area: Purchasing Director, SpareBank 1 Utvikling, Alliance Purchasing and the head of purchasing and property in SpareBank 1 Østlandet.

Goal for area: (See separate table)
GRI indicators: 2-6, 208-2, 308-1, 308-2, 414-1, 414-2,
SDG: 8.10, 12.6, 12.8, 13.3, 15.a, 16.4, 16.5, 16.6
GC: 1, 9
UNEP FI: 5.1

Activity plan for sustainability in purchasing

Goals for 2021	Result 2021	Goals for 2022	Goals for 2022-2024
- Finalise the action plan and follow up certain categories in Q1	- Action plan completed	- Compliance with the Transparency Act	- Evaluate and further develop the work on sustainability in purchasing
- Follow up other suppliers Q2-Q4	- Followed up certain categories in Q2-Q4	- Follow-up of certain categories	- Improve systems and follow-up of suppliers
- Introduce system support in the sustainability work	- System support introduced	- Work with new suppliers	

Goal for the area	All Alliance agreements must be assessed based on the environment, social conditions and ethical conduct					
Measurement parameter	Proportion of Alliance agreements assessed based on the environment, social conditions and ethical conduct					
	Objectives	2021	2020	2019	2018	2017
Risk assessment of suppliers	249	0	N/a	✓249	N/a	N/a
Follow-up of suppliers with an increased risk	91	0	✓91	16	N/a	N/a
Suppliers for further follow-up	43	6*	0	0	0	0
Suppliers with agreed improvement or terminated agreement	N/a	0	0	0	0	0

*) Six suppliers of IT equipment and IT services were chosen for in-depth surveys. These will be followed up further in 2022 with respect to actual risk. The remainder of the 43 suppliers with an increased risk will be followed up going forward.

Total greenhouse gas emissions and zero-emission reporting – NZBA

The Bank has signed up to the Net Zero Banking Alliance (NZBA) and is working towards net zero greenhouse gas emissions from its own operations, loans and investments by 2050. In the report, the Bank reports on emissions for operations and loans. For comparison purposes, we provide a summary of some of this information here.

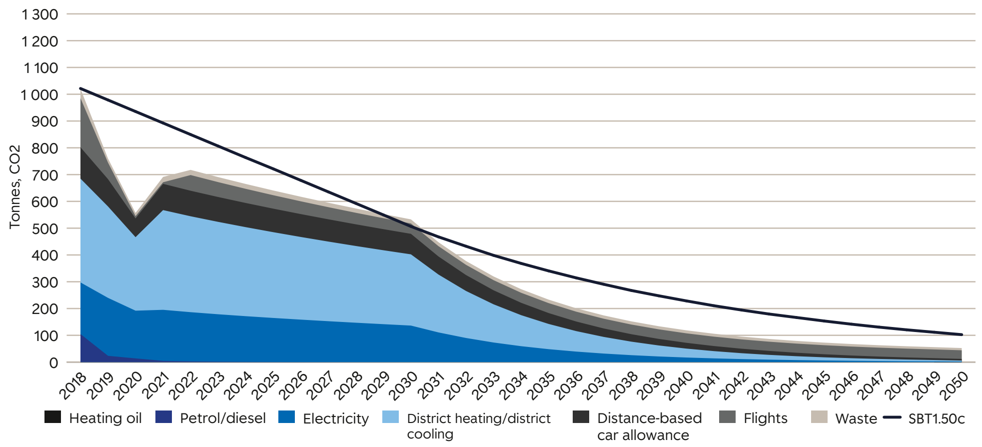
The Bank reports on its own operations in relation to both on direct and indirect emissions. Within indirect emissions (Scope 3) we also report estimated greenhouse gas emissions from the Bank's customers (loans). We are also part of the UN Collective Commitment on Climate Action (CCCA) and comply with the four guidelines issued in UNEP FI's Guidelines for Climate Target Setting for Banks: 1) set and publicly disclose long-term targets for achieving the Paris Agreement; 2) establish a baseline for portfolio emissions with annual measurements; 3) use science-based decarbonisation scenarios aligned with the Paris Agreement; and 4) regularly review targets to ensure consistency with current climate science.

Methods for calculating emissions
We use Eco-Lighthouse's methods and calculation to calculate emissions from our business operations. See more information in the chapter 'Energy and climate in our business operations'. As far as the loan portfolio is concerned, Cemasys and Multiconsult helped the Bank calculate emissions, especially in relation to the mortgage portfolio. We are a member of Partnership for Carbon Accounting Financials (PCAF) and use its method for calculations for loans in the corporate market. For more information see the chapter 'Proportion of green loans and greenhouse gas emissions in the loan portfolio'.

Method for setting science-based zero emission targets
The goals for business operations, mortgages and the corporate portfolio are based on the Science Based Targets initiative's method for setting science-based targets. The Bank has been assisted with this work by Cemasys. The calculations were not submitted to SBT for approval because the Bank's loan portfolio almost exclusively contains small and medium-sized enterprises in the corporate market and the method has not been adapted for these. SBTi's method is largely about getting the Bank's customers to prepare and submit their own calculations of their emissions and, based on these, create their own science-based targets. It is currently difficult for small and medium-sized enterprises to do this, although it is something we are working on through the sustainability assessments in the Corporate Division. See more information in the chapter 'Responsible lending to the corporate market'.

Emissions and zero emission plan for our business operations (direct and indirect emissions, Scopes 1, 2 and 3)

In 2021, total emissions from our business operations were measured at 691 tCO2e.

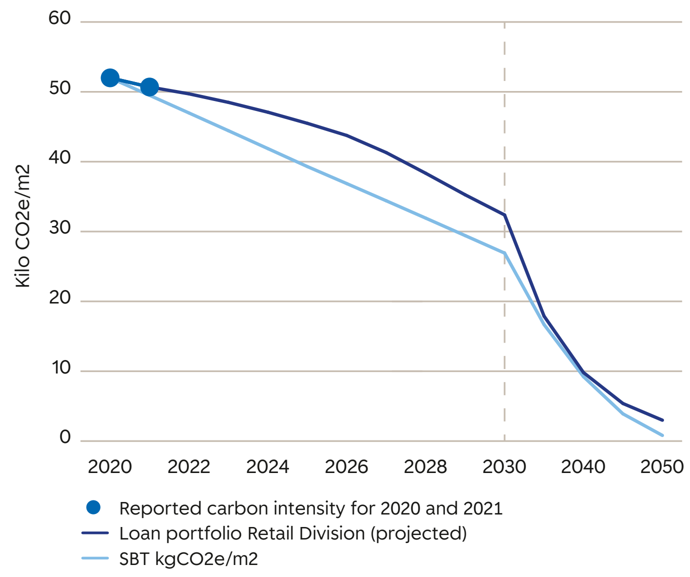


The distribution for direct and indirect emissions can be found in the table at the end of the chapter. The Bank uses Eco-Lighthouse to calculate emissions from its own operations. The accounts cover all of the Bank's registered emissions from operations. The analysis is based on the international standard, 'A Corporate Accounting and Reporting Standard', which was developed by the Greenhouse Gas Protocol Initiative – the GHG protocol. The Bank has cut its emissions considerably in recent years and halved emissions from 2013 to 2017. The period from 2018 to 2020 saw continued gradually reductions, but emissions increased slightly from 2020 to 2021 due to more activity in the branches after the pandemic and more indicators. More detailed information about the Bank's direct and indirect emissions from its own operations, as well as the conversion factors used, can be found in the chapter 'Energy and Climate in our business operations', as well as the science-based targets.

We have, in line with SBT, adopted both short-term and long-term goals for the period up to 2050, as well as associated measures in order to achieve the goal of zero emissions. The chapter referred to above also contains the Bank's goals as well as our goal attainment in 2021. The complete report on our science-based climate targets is available from our website in the section on the environment and climate:
www.sparebank1.no/nb/ostlandet/om-oss/samfunnsansvar/strategi-og-mal.html

Emissions and zero emission plan for our mortgage portfolio (indirect emissions Scope 3)

Total emissions from the mortgage portfolio for 2021 are estimated at 253 000 tCO2e. The carbon intensity is 50.69 kgCO2e per m2.

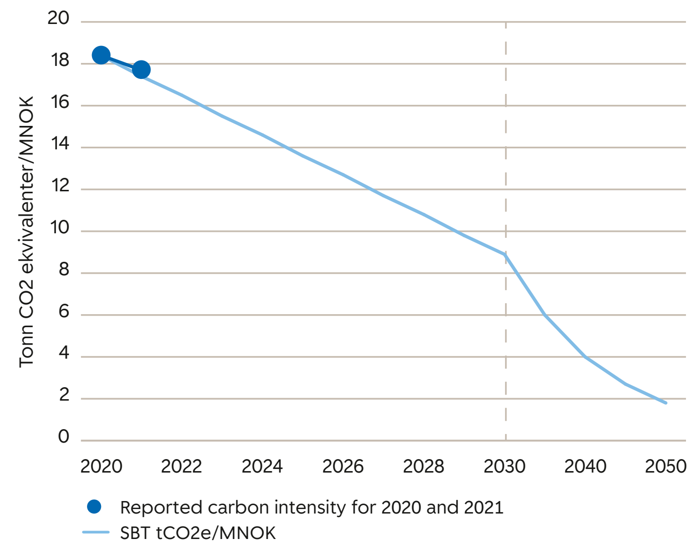


The calculations of greenhouse gas emissions linked to the mortgage portfolio are based on total m2 in the Bank's mortgages portfolio, Multiconsult's estimated emissions linked to 'green' and 'not green' mortgages and the actual distribution between 'green' and 'not green' buildings.

The Bank has also produced a zero emission plan by 2050 for the mortgage portfolio. The plan includes the Bank's two adopted targets for the mortgage portfolio, as well as third-party projection of the EU's electricity mix. By 2050, the projected graph reaches 2.99 kgCO2e/m2, which implies that the Bank must tighten its targets further to reach zero by 2050. More detailed information on the goals, methods and calculations can be found in the chapter 'Proportion of green loans and greenhouse gas emissions in the loan portfolio' and partly also in the chapter 'Responsible lending to the retail market'.

Emissions and zero emission plan for our corporate market portfolio (indirect emissions Scope 3)

Total emissions from the corporate market portfolio for 2021 are estimated at 678 000 tCO2e. The carbon intensity is 17.7 tCO2e per NOK million.



The calculations and presentation of the Corporate Division's loan portfolio were performed using the methods of the Partnership for Carbon Accounting Financials (PCAF). The Bank uses the Global GHG Accounting and Reporting Standard for the Financial Industry to estimate greenhouse gas emissions in its loan portfolio. The analysis is based on Norwegian emission factors at an industry group level (NACE code).

A science-based climate target has also been set for lending in the corporate market. The projections are based on the Corporate Division's target of a minimum 42 per cent reduction in total emissions in the portfolio in the period up to 2030. This corresponds to an annual reduction of 4.2 per cent and is in line with the level of ambition of the Science Based Targets Initiative (SBTi) to limit the rise in temperature to 1.5°C in 2050. More detailed information on the goals, methods and calculations can be found in the chapter 'Proportion of green loans and greenhouse gas emissions in the loan portfolio' and partly also in the chapter 'Responsible lending to the corporate market'.

Total greenhouse gas emissions
A table showing the Bank's total greenhouse gas emissions calculated in tCO2e is shown below.

	Our business operations	Mortgage portfolio retail market	Lending portfolio corporate market	Fund portfolio
Scope 1	5			
Scope 2	563			
Scope 3	124	253 000	678 000	Only the carbon intensity of ODIN's fund is available (see the appendix. 'Greenhouse gas emissions in funds' for more information).

Taxonomy-related disclosures

From 1 January 2022, large European undertakings of public interest must report taxonomy-eligible economic activities and assets in accordance with the EU Taxonomy Regulation. In Norway, a bill has been introduced to implement the EU Taxonomy Regulation and Sustainable Finance Disclosure Regulation in Norwegian law.

It will not actually come into effect until the regulations have been incorporated into the EEA Agreement. This is expected to take place in the first half of 2022. SpareBank 1 Østlandet, hereinafter referred to as the Bank, is therefore not subject to reporting obligations under the taxonomy-related reporting requirements and is only providing taxonomy-related disclosures, in line with the recommendation issued by the Norwegian Ministry of Finance on 14 December 2021.

The EU classification system (taxonomy) is a framework for defining which economic activities are sustainable in light of six defined environmental targets. Nine sectors are covered at present. The taxonomy is a key element of the EU Action Plan for Sustainable Finance and an important piece of the EU's European Green Deal growth strategy. The aim of the regulatory framework is to increase transparency in the market, as well as to move capital in a sustainable direction. The reporting obligations are being introduced in stages. In their annual reports for the 2021 fiscal year, banks, insurance companies and listed companies with more than 500 employees only need to report on whether their activities are covered by the Taxonomy Regulation (so-called eligible activities).

The Bank's taxonomy-related disclosures

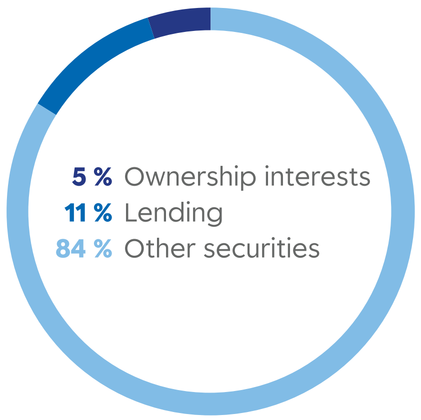
The Bank's financial instruments or exposures covered by the reporting requirement
The reporting requirements apply at the consolidated level, but the Bank is using figures for the parent bank in this year's voluntary reporting.

Sectors to which the Bank is exposed
The Bank has used its balance sheet statement as the basis for identifying which of its economic activities are covered by the classification regulation (the taxonomy). The Bank has concluded that bonds, fund units, other equity instruments (hereinafter referred to as other securities), lending and the Bank's ownership interests are Taxonomy-eligible and are defined as Taxonomy-eligible assets. The Bank used this as an approach to calculating the green asset ratio (GAR). The Bank calls this key ratio 'semi GAR' because it must provisionally calculate GAR for Taxonomy-eligible activities without these activities being subject to qualitative requirements.

In its GAR calculation, the Bank has, in accordance with Annex V to Delegated Commission Regulation (EU) 2021/2178 specifying the content and presentation of taxonomy-related disclosures, excluded:

i) lending to and ownership interests in small and medium-sized enterprises ('SMEs')
ii) financial instruments held for trading
iii) interbank exposures

The Bank's lending to non-financial entities is mainly to the SME segment. As a result, large parts of the lending portfolio are Taxonomy-non-eligible. These commitments are therefore not included in the numerator in the Bank's calculation of semi GAR.

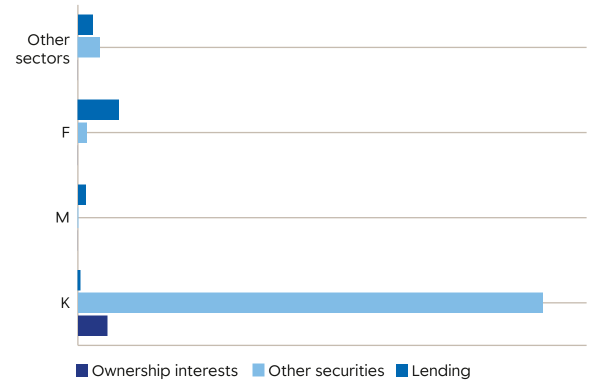


The figure shows Taxonomy-eligible assets and the exposures of the various assets.

The Bank is exposed to the following economic activities within the sectors.

The Bank is exposed to these taxonomy-eligible sectors:

NACE codes	Description
A	Agriculture, forestry and fishing
C	Manufacturing
D	Electricity, gas, steam and air conditioning supply
E	Water supply; sewerage, waste management and remediation activities
F	Construction
H	Transport and storage
J	Information and communications
K	Financial and insurance activities
L	Sale and operation of property
M	Professional, scientific and technical activities
N	Commercial services
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation

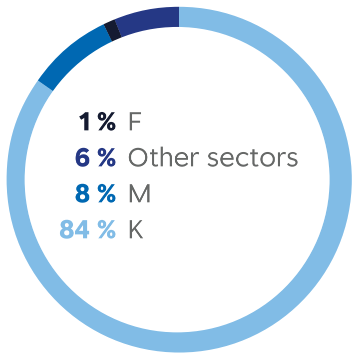


The figure shows Taxonomy-eligible assets broken down by NACE code. F: Construction and real restate activities, M: Professional, scientific and technical activities, K: Financial and insurance activities. The figure shows Taxonomy-eligible assets broken down by NACE code. F: Construction and real restate activities, M: Professional, scientific and technical activities, K: Financial and insurance activities.

The Bank is exposed to the following economic activities within the sectors

Overview of the types of customers the Bank has within the individual economic activities
Of the Bank's total assets, approximately 130 customers/issuers have economic taxonomy-eligible activities. covered by the taxonomy. Most of these have the NACE code K 'Financial and insurance activities'. Among the customers/issuers in sectors covered by the taxonomy, there are fewer than 10 customers/issuers in economic activities that could potentially contribute to climate change mitigation and/or climate change adaptation.

The figure shows Taxonomy-eligible exposures broken down by sector: K: Financial and insurance activities. M: Professional, scientific and technical activities. F: Construction and real restate activities. Other sectors



Overview of which technical requirements qualify under activities covered by the taxonomy and which economic activities could potentially contribute to climate change mitigation and/or climate change adaptation
The Bank has started the process of obtaining data to assess whether our customers comply with the technical requirements set out in the Taxonomy Regulation. The next step will be to assess whether exposures to a particular economic activity will actually fall under the requirements for the activity to contribute to climate change mitigation and/or climate change adaptation. It will only be the activities that subsequently qualify under the technical requirements of the European Commission's delegated act for technical requirements that will then be subject to a further assessment of whether they can also be considered "green". In order to find out which customers actually contribute and which customers potentially contribute to climate change mitigation and/or climate change adaptation, the Bank will first compile an overview of when the individual enterprise covered by the taxonomy has itself reported in accordance with the taxonomy legislation.

Our green bond framework contains an assessment of whether the categories that qualify as green are in line with the technical requirements of the first two environmental targets (climate change mitigation and/or climate change adaptation). This has been assessed by Cicero Shades of Green.

Calculation of 'semi GAR' based on an estimation of activities covered by the taxonomy out of the Bank's total economic activities.

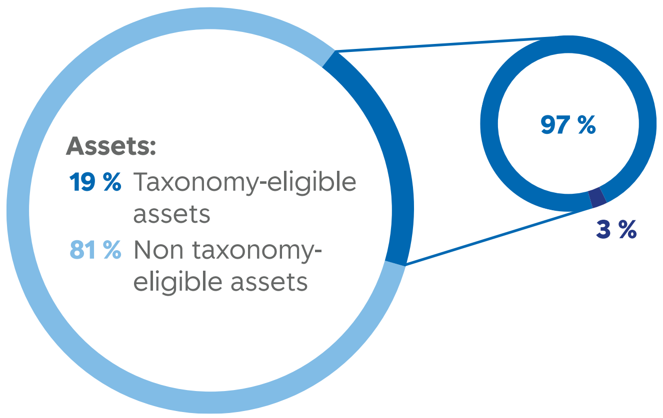
The Bank's approach to the green asset ratio:

$$\text{Semi GAR} = \frac{\text{Assets covered by the taxonomy}}{\text{The Bank's total assets}}$$

The numerator in the ratio is the Bank's assets with activities covered by the taxonomy. The denominator in the ratio is the Bank's total assets, both assets covered by the taxonomy and assets not covered by the taxonomy.

In the calculation of 'semi GAR', we have concluded that 19 per cent of the Bank's total assets are assets covered by the taxonomy. Of the Bank's assets covered by the taxonomy, 0.5 per cent of the activities potentially contribute to climate change mitigation and/or climate change adaptation.

Semi GAR = 0.5 %



The large circle to the left shows the proportion of Taxonomy-eligible assets, 19%. The small circle to the right shows the proportion of Taxonomy-eligible assets that potentially contributes to climate change mitigation and / or adaptation, 3%.

How the Bank works with the taxonomy
The Bank has set up a working group that is monitoring the EU taxonomy regulatory framework and its implementation in Norwegian law. The working group is a group with a broad-based composition consisting of individuals within the following departments/disciplines: risk, compliance, finance, corporate market, retail market, legal and sustainability. One of its objectives is to be ready for compliance with the reporting rules. The Bank wanted to report as fully as possible for the current reporting year, given the limitations of the data available.

Climate risk – TCFD index

SpareBank 1 Østlandet's climate risk reporting is based on the requirements of the Task Force on Climate Related Financial Disclosure (TCFD). The Bank's understanding and management of climate risk is also discussed in the Board of Directors' report and the chapter 'Corporate governance'. The text also contains references to where further information can be found.

The reporting is based on the Financial Stability Board's framework, called the Task Force on Climate-related Financial Disclosures (TCFD). It is also based on the methods from the EBA and the generally increasing expectations of others that climate risk will be included in the reporting on other risk. We have chosen to treat climate risk separately in our reporting due to stakeholders feeling that the financial services industry has not adequately calculated the risks associated with physical, legal and transitional climate risk. That is why climate risk is expected to be treated separately.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

a) Describe the board's oversight of climate-related risks and opportunities:

Risk:

The Board primarily considers climate risk through its annual reviews of the Group's risk strategies and guidelines, as well as when it considers the Group's ICAAP process, of which climate risk is an integral part. ICAAP is an assessment of total capital requirements.

In May 2021, the Board of Directors presented a case about the Bank's work on climate risk. This focused on the work in Corporate Division and risk management. A new topical case related to climate risk will be presented in 2022.

The Board also considers a separate report on the Group's sustainability work in connection with the annual report.

A new strategy was drawn up for the next 3 years in 2021. This will be considered by the Bank's Board of Directors in spring 2022.

See also the Board of Directors' report.

b) Describe management's role in assessing and managing climate-related risks and opportunities:

Group Management has set the level of ambition for the work on climate risk in the Bank's strategy, which in turn has been approved by the Board of Directors.

A Sustainability Committee has been established with members from key functions. The committee coordinates the climate risk work and functions as an advisory body for the business units and Group Management.

Group Management considers separate issues associated with climate risk, including all issues that will be considered by the Board. Climate risk is also an integrated part of the regular corporate governance meetings.

In addition, climate risk is integrated into the work the Risk Management and Compliance Department does on ensuring that the Bank's risk is properly managed.

Responsibility for this lies with the Chief Risk Officer (CRO).

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term:

Retail Division

Our risk assessments indicate that the climate risk in the mortgage portfolio is relatively low in the short, medium and long term. We have developed green mortgages for new homes and green energy loans for existing buildings in order to reduce the climate risk in the Retail Division's portfolio. Both products are designed to provide customers with attractive incentives and products such that they choose to build more energy efficient homes and thus emit less harmful greenhouse gases. Read more in the chapter 'Responsible lending Retail Division' and in the appendix 'Proportion of green loans and greenhouse gas emissions in the loan portfolio'.

Corporate Division

Relatively low climate risk has been identified in the corporate market portfolio over the short, medium and long term, in part because the Bank does not lend money for fossil energy production. Nor does the Bank have a large loan portfolio in industries with heavy emissions or industries that current rely on fossil energy. The Corporate Division's largest industries, agriculture and commercial property, are sectors that will also have an important place in a zero-emission society. Meanwhile, some transition risk is associated with both industries.

The Bank has identified climate-related opportunities in the following industries:

- Forestry and the timber industry, related to their carbon sequestration capacity.
- Agriculture, mainly within green loans for restructuring to more climate-friendly operations.
- Commercial property, especially within lending for measures that cut emissions and improve energy economy.

In 2021, Eiendomsverdi conducted an analysis of physical climate risk in the Bank's portfolio of commercial properties. The analysis mapped the properties exposed to the risk of flooding, landslides, quick clay and sea level, and showed that 20 per cent of the properties are exposed to risk, with flooding accounting for the largest proportion. Work on identifying climate risk and the risk of stranded assets will continue in 2022. Read more in the chapter 'Responsible lending Corporate Division' and in the appendix 'Proportion of green loans and greenhouse gas emissions in the loan portfolio'.

Treasury

The Bank's liquidity management is reviewed in line with the Guidelines for Corporate Social Responsibility and Sustainability in Liquidity Management. Among other things, this entails investments being categorised and periodically checked to ensure that the portfolio satisfies the requirements the Bank has set for investments in securities. We also tell companies we invest in and facilitators what we expect from them and have an extensive list of exclusions. Non-compliance is followed up. The same also applies to the Bank's stakes in companies outside the Group. By setting clear requirements for companies, issuers and facilitators, the Bank is trying to influence the investment universe in a positive direction. Preliminary analyses indicate relatively low climate risk in the liquidity portfolio because the Bank is mainly invested in Norwegian municipal and government bonds. The Bank is seeking to increase its share of ESG investments in the portfolio. Read more in the chapter 'Responsible lending within liquidity management'.

Capital market

The climate risk in the customers' securities fund portfolios is considered relatively low over both the short and medium term. However, over the longer term it will be reduced, relatively, because in its product management the Bank will increasingly recommend funds with low to minimal climate risk. Thus an ever-larger proportion of the portfolio will be exposed to less climate risk. Read more in the chapter 'Requirements for providers of financial services', as well as in the appendix 'Greenhouse gas emissions in funds'.

Physical/operational risk

So far, the Bank has assessed the physical climate risk in our buildings and operations as limited, although it is focusing on climate adaptation where necessary. The uncertainty surrounding how physical climate risk will impact the Bank over the long term is somewhat greater. Physical climate risk and climate prognoses are monitored, and the Bank will be able to act to adapt operations and manage new risk pictures.

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning:

Retail Division

As a result of climate-related risk, strategic goals and associated measures have been introduced and target parts of the mortgage portfolio with an energy rating lower than 'B'. The Retail Division's ambition is to get 40 per cent of the old portfolio that is not 'green' upgraded by 30 per cent or more by 2050.

The number of homes eligible for the Bank's green bond framework increases every quarter. The proportion eligible for the green bond framework increased by no less than 6 per cent from the third to the fourth quarter of 2021. Read more about this in the chapter on 'Responsible lending Retail Division'.

Corporate Division

Climate risk and opportunities resulted in the Corporate Division adopting more strategic goals and measures in 2020. These were revised at the end of 2021 but follow the same overarching goal. In addition to those discussed in the chapter 'Responsible lending', it should be mentioned that we will set requirements concerning who should receive grants and donations (research and development) when we distribute the Bank's profits. The Corporate Division's main strategy is to continue financing the sectors that it finances today, although climate risk means that some adjustments may be made to the sectors' share of the total portfolio, for example by the Bank seeking to increase the proportion of financing for forestry/the timber industry and renewable energy over a period of time. Read more about this in the chapter on 'Responsible lending Corporate Division'.

Treasury

The Bank's sets clear requirements for issuers and facilitators in its liquidity management, both through actual positioning and communication. The goal is for this to influence the investment universe in the desired direction. The Bank's exclusion list is also complied with, which will again help to influence the investment universe. Read more in the chapter 'Responsible lending within liquidity management'.

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario:

Retail Division

Because the climate risk in the Retail Division's mortgage portfolio has been assessed as relatively low, no special scenario analyses other than those conducted for the Bank as whole have been prioritised. However, the climate is getting wetter, warmer and wilder, which means that the mortgage portfolio will be exposed to more flooding, landslides, avalanches and other impacts on the environment. For these reasons, the Retail Division now has a goal of establishing a system for mapping climate risk for mortgages in the various parts of the market area during 2022.

Corporate Division

Scenario analyses carried out in 2019 concluded that the climate risk in our market area was relatively low in an international context and that our portfolio has a relatively low carbon footprint.

At the same time, the analysis found that an RCP 2.6 scenario results in relatively high restructuring risk in our loan portfolio and that an RCP 6 could result in higher risk in the agricultural sector due to physical climate change.

Because the greatest risks and opportunities for us are in property and agriculture, a thorough scenario analysis was carried out within these sectors in 2020. The analysis was conducted in a collaboration between Sustainability, Credit and Risk Management and Compliance. Account managers were involved in the analysis processes.

in 2020, the Bank has calculated how the capital requirement for the Corporate Division's loan portfolio would change based on four scenarios from the Network for Greening the Financial System (NGFS), as well as two specific Norwegian scenarios. The findings from these simulations indicate that the Bank's climate risk would have a limited impact on the capital requirements under the four NGFS scenarios. The two specific Norwegian scenarios could result in some higher risk weightings and higher loss given default (LGD) in the portfolio. The simulations also indicated that none of the scenarios had a material impact on the Bank's Additional Tier 1 capital and financial strength.

Work on scenario analyses continued in 2021. These scenarios continue to assess the transitional risk associated with the Bank's lending activities as limited. Analyses were conducted by looking at parts of the portfolio that may be exposed to changes in economic assumptions due to the climate: examples of scenarios include increases in CO_2 taxes, a drop in meat consumption and lower car sales. The first analyses indicate a low risk for the Bank.

Physical climate risk for properties in which the Bank has collateral is lower than that for other comparable banks.

To mitigate the transition risk, the Bank will strive to achieve a loan portfolio in the Corporate Division that is in line with the Paris Agreement and the Norwegian Climate Change Act. See the chapter 'Responsible lending Corporate Division'.

Treasury

Scenario analyses have not been carried out for liquidity management or the investment portfolio because their climate risk is judged to be low. However, work is being done on incorporating assessments of greenhouse gas emissions into the liquidity portfolio and increasing the proportion of investments that reduce emissions.

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

a) Describe the organisation's processes for identifying and assessing climate-related risks:

Under the auspices of UNEP FI, the Bank conducted an impact analysis of the portfolio in 2020. This was updated with an improved template and new figures in 2021, which were published on our website. The analysis indicated priority areas for the Bank's future work. The analysis included geographical market areas, as well as the products and services we offer. Resource utilisation is the most important area in which the Bank has a negative impact. The climate was a priority in the portfolios of both the Retail Division and the Corporate Division, and the Bank has used the results, in addition to the emission analyses, to set goals for these areas. See the published analysis for detail results.

The Bank primarily uses scenario analyses to assess future climate risk for the credit portfolio. In 2020, analyses were conducted based on scenarios from NGFS. In 2021, the scenario analyses were also based on specific problems that may be relevant within individual sectors. Typical for these is the fact that these have been high on the agenda, politically and in the media. For example, we looked at what changes in consumption trends and the effects of higher CO_2 taxes might mean for the Bank.

The loan portfolio and at a customer level.

The Bank has further developed and improved the overarching risk analysis of inherent physical climate risk and transition risk for the industries in our loan portfolio. The SpareBank 1 Alliance has worked on mapping climate risk and other ESG risk for various industries in the Corporate Division's loan portfolio and the Alliance has ambitions of using this information to calibrate and implement an ESG module for ESG risk assessments in credit processing. This must be seen in the context of the sustainability assessments that Corporate Division already uses, although it helps to improve risk-adapted climate risk assessments, climate risk reporting and monitoring of climate risk in the portfolio.

In 2021, our climate risk dialogue with the customers was expanded from covering all sectors in the Corporate Division's portfolio to also cover the Retail Division, especially in connection with the need for home energy efficiency measures. We have also started a customer dialogue linked to responsible consumption, but at an aggregated level through webinars, social media and so on. See the further information in the chapters on responsible lending in the Retail Division and the Corporate Division.

Market and liquidity risk

The process for identifying climate risk is described in the Guidelines for Corporate Social Responsibility and Sustainability in Liquidity Management. In addition, this is described in guidelines for investments, with ESG frameworks for the purchase of securities. The climate risk part will probably be improved going forward as a result of climate risk becoming more important, the information improving and our receipt of more data at the sector and business level.

New products and services
The Bank has implemented a policy for new and revised products, solutions and processes. The routines require assessments of ESG factors, with climate an important one, prior to the launch of new products, processes and services. This applies to both self-developed products and also products the Bank gets from SpareBank 1 Utvikling.

b) Describe the organisation's processes for managing climate-related risks:

In the loan portfolio:
The climate risk in the Retail Division is judged to be relatively low and manageable via ordinary risk management procedures and our goals for mitigating climate risk. However, the work will be intensified going forward in collaboration with SpareBank 1 Boligkreditt and in line with the EU taxonomy.
Processes have been established in a collaboration between the Corporate Division' and Risk Management to identify inherent climate risks in the portfolio per industry. Targets have been adopted to mitigate the risk.
In 2021, the Bank conducted detailed analyses of physical risk related to properties linked to the Corporate Division from Eiendomsverdi. This work will be continued in 2022.

Operational risk
Operational events are recorded throughout the year and followed up in the Bank's incident database to ensure lessons are learned. The Bank is Eco-Lighthouse certified and produces its own climate accounts. Together, this means that the Bank believes it has control over its climate-related operational risk.

Conduct risk
The Bank follows up of adverse incidents in the area of ESG each quarter as an integral part of managing conduct risk and monitoring the defined risk tolerance for conduct risk.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management:

Risk
Responsibility for the Group's framework comprehensive risk management, which includes climate risk, lies with the Chief Risk Officer (CRO). For climate risk specifically in cooperation with Sustainability and the Corporate Division. The Corporate Division because, as previously mentioned, this is the business area in which we have the greatest climate risk according to our analyses.

The climate has been integrated into the organisation's governing documents, both in the overarching risk strategy and in all other relevant areas. In 2020, in line with the 'Discussion paper on management and supervision of ESG risks for credit institutions and investment firms' published by the European Banking Authority (EBA), we defined sustainability risk as the risk that the Bank faces indirectly through its counterparties – primarily through its loan portfolio. Meanwhile, we also map ESG factors that we are directly exposed to in connection with our operations.
Climate risk is an integral part of the ESG risk in the annual ICAAP reporting, where we assess whether the Bank's ESG risk requires an increase in capital requirements. Currently, we see no reason why climate risk requires such an increase in capital requirements, although this will be reassessed in 2022.
The risk management department has defined regular tasks in the annual plan for the Bank's ESG risk, including climate risk. The department reviews credit cases and conducts scenario analyses to assess risk in the credit portfolio under a range of conditions. Additionally, all new products, solutions and processes for any ESG risk are quality assured and mapped.
The Bank is in a dialogue with subsidiaries and portfolios about climate risk, for example non-life insurance and fund portfolios.
Therefore, in the opinion of the Bank, the processes for identifying, assessing, and managing climate-related risks are well integrated into the organisation's overall risk management. We will continue to focus on this going forward and increasingly focus on natural risk as well. The Bank has dedicated resources for following this up.

Objectives

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process:

For a complete overview of our measures and goals within climate risk, see: The guidelines and action plan for climate and climate risk, under the tab 'Corporate social responsibility and sustainability' under the area 'About us' on our website, sb1ostlandet.no.

The organisation is Eco-Lighthouse certified and aims to be climate neutral by 2050. For more information, see the chapter 'Energy and Climate in our business operations', as well as the Science Based Targets (SBT) in the annual report's appendices.

In the loan portfolio
For the Retail Division's and the Corporate Division's goals for mitigating climate risk, see the chapter 'Responsible lending' in the annual report.

The Bank has used PCAF to calculate emissions in the loan portfolio (Scope 3) since 2020. This area is constantly developing, and we are working with other Norwegian banks to develop a standard. The calculations for 2021 are included. Read more in the chapter 'Responsible lending Corporate Division' and in the appendix 'Proportion of green loans and greenhouse gas emissions in the loan portfolio'.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks:

For Scope 1, 2 and 3 emissions from our operations see the chapter 'Energy and climate in our business operations', as well as the Science Based Targets (SBT) in the annual report's appendices.
For Scope 3 in the loan portfolio, see the discussion under a) above.

Because we do not manage our own funds but instead act as intermediaries for funds from other providers, we have so far not calculated the emissions in our fund portfolio. However, we have published the emissions from our part-owned subsidiary ODIN's portfolio.

We have not calculated emissions at our other providers, because this is not a particularly significant area for us.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets:

See the discussion under a) and b) above.

Nature risk – TNFD Index

As a major agriculture bank we want to report on nature risk. The reporting was based on the framework from the Task Force on Nature Related Financial Disclosures (TNFD). This framework has not been finalised, so this is a general report. Natural risk has two aspects: It is about both the Bank's impact on nature and about nature's impact on the Bank's business. Examples of the latter are the corporate customers' dependence on natural goods such as pollination or flood mitigation. The loss of natural goods may, therefore, constitute a systematic risk to profitability, both for our customers and for the Bank.

Governance

Disclose the organisation's governance around nature-related risks and opportunities.

Natural risk is increasingly an element in cases that are taken up with Group Management. One example of these are annual risk assessments in which light has particularly been shed on natural risk . Light is also shed on natural risk in our guidelines, which are approved by Group Management and the Board of Directors. Natural risk was also on the Board's agenda as a technical matter in 2021.

Going forward, cases involving natural risk will more clearly be highlighted as a separate risk driver. Natural risk is increasingly being integrated into the work the Risk Management and Compliance Department does on ensuring that the Bank's risk is properly managed. Responsibility for this lies with the Chief Risk Officer (CRO).

Strategy

Disclose the actual and potential impacts of nature-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

In the next strategy period, we will continue our efforts to be a clear driving force behind getting customers to reduce their sustainability risk in relation to, for example, the customer's exposure to natural risk and the customer's impact on nature. This will be achieved by setting requirements, preparing customers for upcoming requirements from authorities and consumers and by offering green products and services.

In a project conducted in autumn 2021, the Bank mapped which elements of natural risk affect agriculture, a sector that represents an important part of the Bank's loan portfolio. Taking a research-based sustainability concept that defines tolerance limits for the planet as our starting point, the Bank found a series of important impact links between agriculture and nature. Based on the breached global tolerance limits and how agriculture affects these, we analysed the sector's greatest challenges. These are flows of nitrogen and phosphorus from agriculture, reduced biodiversity, high greenhouse gas emissions, land use and chemical pollution from pesticides. Agriculture is one of the sectors that has the greatest impact on these factors, although it is also the industry that is most exposed to risk related to nature's breached tolerance limits. Examples of this include how low biodiversity on a farm can result in production being wiped out by diseases/ pests that specialise on one type of species or variety of grain. Diversity in farming can make agriculture more resilient to this. Another example is the loss of pollinators such as bees and bumblebees in the Norwegian fauna. The loss of these species is creating a major risk to food production since chemical pollution is regarded as one of the main reasons for their declining numbers. Going forward, the Bank will be a driving force, together with our agriculture customers, behind tackling these nature-related challenges. We will do this by supporting the sector's own SDGs and analysing how the Bank can best assist every individual farm with its transition to a nature positive industry.

As far as fund managers with whom we have a distribution agreement are concerned, we expect them not to invest in companies that damage endangered plant and animal species, including animal species registered on IUCN's list of endangered species, but rather invest in those who take them into account and minimise interventions in nature. Nor should they invest in companies that violate international guidelines for biodiversity and genetic technology. These requirements take account of risk assessments of the relevant topics for fund managers affiliated with the Bank. This is set out in our guidelines.

Risk management

Disclose how the organisation identifies, assesses and manages nature-related risks.

Under the auspices of UNEP FI, the Bank conducted an impact analysis of the portfolio in 2021. The analysis indicated which areas should be prioritised in the continued work in our market area, as well as in the geographical area in which we operate. This supplemented our assessment of the Bank's impact on nature in Norway.

Various risk scenarios linked to natural risk were discussed, especially in relation to the agriculture sector. These discussions included how natural risk can impact the industry, as well as how the industry impacts nature.

The risk of increased landslide risk from quick clay has been mapped for commercial properties in the Bank's loan portfolio.

The Bank maps and classifies the loan portfolio in line with the EU classification system. In 2021, the Corporate Division talked to customers about sustainability in connection with almost all applications for credit facilities. We also conducted thorough sustainability analyses for around 550 loan applications. This represents around 35 per cent of all loan applications for amounts in excess of NOK 1 million. These sustainability analyses include questions about nature and biodiversity. They also deal with animal welfare and forest conservation. In connection with the granting of loans for such construction projects, questions are asked about whether vulnerable ecosystems are affected. When loans are granted to agriculture customers, we ask whether measures to reduce the initiative's impact on nature and vulnerable ecosystems have been considered.

A general assessment is also conducted of the risk of issuers in the portfolio's investment universe breaching the Group's guidelines for corporate social responsibility and sustainability. Assessments are also made of which topics are the most relevant in the overall risk picture associated with corporate social responsibility and sustainability: Natural risk has been flagged as relevant topic in two out of six groupings. The general risk assessment of these is set at low.

Objectives

Disclose the metrics and targets used to assess and manage relevant nature-related risks and opportunities where such information is material.

In the loan portfolio, we have prepared goals designed to include further mapping of natural risk in relation to the agriculture portfolio. The aim is to help our customers map their different needs for insights into nature in their farming, as well as which measures can be implemented to mitigate natural risk.

In the next strategy period, we will work on specific goals in the agriculture portfolio that will help to protect nature.

One challenge when it comes to natural risk, however, has been to assess the Bank's ability to have an impact. We know from risk assessments that natural risk can be present in relation to infrastructure, housing and holiday home developments. However, it is difficult for a bank to challenge building permits with assessments of their impact on nature. This is an issue we have raised for the industry as a whole through Finance Norway.
In 2020, the Bank called on Finance Norway to create a natural risk group. This has now been established and the Bank is an active participant in a coordinating group. In our experience, many of the challenges within natural risk should be resolved at an industry level.

UNEP FI – PRB index: Principles for Responsible Banking

SpareBank 1 Østlandet was the first Norwegian bank to sign up to the UN Principles for Responsible Banking (PRB) when they were launched in 2019. The aim of the principles is for banks to take on a driving role in the work on achieving the UN Sustainable Development Goals and fulfilling the obligations of the Paris Agreement. This is reporting on the principles. Our GRI index covers some of the principles, while the rest are listed in the table below.

Principles for Responsible Banking	Reference to where the information can be found in SpareBank 1 Østlandet's 2021 annual report and on our website:
2.1 Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis.	Annual Report, chapter 1: 'Our approach to sustainability' p. 36 Link to 'Sustainability Impact Analysis – Responsible Banking': **www.sparebank1.no/en/ostlandet/about-us/sustainability.html**
2.2 Show that the bank has set and published a minimum of two Specific, Measurable, Achievable, Relevant and Timebound (SMART) targets.	Annual Report, chapter 3: 'Responsible lending to the Retail Market' p. 64 and 'Responsible lending Corporate Market' p. 72
2.3 Show that your bank has defined actions and milestones to meet the set targets. Show that your bank has put in place the means to measure and monitor progress against the set targets.	Annual Report, chapter 3: 'Responsible lending to the Retail Market' p. 64 and 'Responsible lending to the Corporate Market' p. 72 and chapter 1: 'Our strategic focus' p. 30.
2.4 Show that your bank has implemented the actions it had previously defined to meet the set target.	Annual Report, chapter 3: 'Responsible lending to the Retail Market' p. 64 and 'Responsible lending to the Corporate Market' p. 72
3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers.	Annual Report, chapter 3: 'Responsible lending to the Retail Market' p. 64 and 'Responsible lending to the Corporate Market' p. 72 Link to guidelines for the Retail Market and the Corporate Market: **www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies/specific-business-areas.html**
3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities.	Annual Report, chapter 3: 'Responsible lending to the Retail Market' p. 64 and 'Responsible lending to the Corporate Market' p. 72
5.3 Show that your bank has a governance structure in place for the implementation of the PRB.	Annual Report, chapter 1: 'Our strategic focus' p. 30 and 'Our approach to sustainability' p. 36
6.1 Show that your bank has progressed on implementing the six Principles over the last 12 months in addition to the setting and implementation of targets in minimum two areas. Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice. Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.	1. **Principle 1 – Alignment:** Annual Report, chapter 3: 'Our part of the global responsibility' p. 108 2. **Principle 2 – Impact & Target Setting:** Annual Report, chapter 3: 'Responsible lending to the Retail Market' p. 64 and 'Responsible lending to the Corporate Market' p. 72 3. **Principle 3 – Clients & Customers:** Annual Report, chapter 3: 'Responsible lending to the Retail Market' p. 64 and 'Responsible lending to the Corporate Market' p. 72 4. **Principle 4 – Stakeholders:** Annual Report, chapter 3: 'Stakeholder engagement' p. 95 5. **Principle 5 – Governance & Culture:** Annual Report, chapter 1: 'Strategy and strategic priority areas and goals' p. 30 and 'Our approach to sustainability' p. 36 6. **Principle 6 – Transparency & Accountability:** Link to 'Sustainability Impact Analysis – Responsible Banking': **www.sparebank1.no/en/ostlandet/about-us/sustainability.html** Through the working groups on the UNEP FI's Collective Commitment on Climate Action (CCCA) and with the new commitment to net zero greenhouse gas emissions by 2050 (NZBA), the Bank is working to acquire and adapt to best practice.

Eco-Lighthouse index: Banking and financial criteria

SpareBank 1 Østlandet has been Eco-Lighthouse certified since 2008. The appendix 'Business description: Energy and Climate in our business operations, as well as the Science Based Targets (SBT)' shows the entire Eco-Lighthouse report for 2021. The table below is our reporting on the Eco-Lighthouse's banking and financial criteria for 2021.

Eco-Lighthouse criteria for banking and finance	Reference to where the information can be found in SpareBank 1 Østlandet's 2021 annual report and on our website:
Criterion ID 2064	
The enterprise shall have a climate and environmental policy for: - - credit granting - financing - bonds - savings products/ investment of customers' deposits - management of the enterprise's own funds.	Link to the guidelines: **www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies.html**
Criterion ID 2065	
The enterprise shall set climate and environmental goals and related indicators.	Annual Report, chapter 3: 'Responsible lending to the Retail Market' p. 64 and 'Responsible lending to the Corporate Market' p. 72, 'Requirements for providers of financial services' p. 80 and appendix to chapter 2.4: 'Business description: Energy and Climate in our business operations, as well as the Science Based Targets (SBT)' p. 234
Criterion ID 2066	
The enterprise shall document a plan for implementing the recommendations made in the Task Force on Climate-related Financial Disclosure (TCFD).	Annual Report, Appendix. 2.4: 'Climate risk – TCFD index' p. 256
Criterion ID 2067	
The enterprise shall have criteria and routines for managing funds and credit and financial activities with respect to climate and environmental aspects: - exclusion of engagements that can be linked to negative climate and environmental impacts. - engagement in climate-friendly and environmentally friendly projects.	Link to the guidelines: **www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies.html**
Criterion ID 2068	
The enterprise shall develop products that stimulate climate-smart and environmentally smart behaviour.	Annual Report, chapter 3: 'Responsible lending to the Retail Market' p. 64 and 'Responsible lending to the Corporate Market' p. 72
Criterion ID 2069	
The enterprise shall publish climate and environmental information relating to: - credit granting - financing - bonds - savings products/investment of customers' deposits - management of the enterprise's own funds.	For credit granting and financing, Annual Report, chapter 3: 'Responsible lending to the Retail Market' p. 64 and 'Responsible lending to the Corporate Market' p. 72, or bonds and management of the enterprise's own funds, Annual Report, appendix 'Responsible lending within liquidity management' p. 246. For savings products, Annual Report, chapter 3: 'Requirements for providers of financial services' p. 80
Criterion ID 2070	
The enterprise shall have routines in place to assess: - whether its climate and environmental goals were achieved. - whether planned measures were implemented and have produced the expected results. - whether screening is carried out in accordance with valid guidelines.	Link to the guidelines: **www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies.html** Annual Report, chapter. 3: 'Responsible lending to the Retail Market' p. 64 and 'Responsible lending to the Corporate Market' p. 72, 'Requirements for providers of financial services' p. 80, chapter 1: 'Our strategic focus' p. 30 and 'Our approach to sustainability' p. 36
Criterion ID 2071	
The enterprise shall report on the established climate and environmental indicators pertaining to: - credit granting - financing - bonds - savings products/investment of customers' deposits - management of the enterprise's own funds.	See under Criterion ID 2069.
Criterion ID 2072	
The enterprise shall annually evaluate its climate and environmental activities pertaining to: - credit granting - financing - bonds - savings products/investment of customers' deposits - management of the enterprise's own funds.	See under Criterion ID 2069.

GRI index

The Global Reporting Initiative (GRI) is the leading standard for sustainability reporting. The GRI framework consist of principles, guidance and performance indicators that can be used by companies to measure and report on economic, environmental and social matters. SpareBank 1 Østlandet has reported in line with the GRI standard since 2017.

For more information on the GRI, see globalreporting.org.

GENERAL DISCLOSURES				
GRI indicators	**Description**	**UN Sustainable Development Goals (SDGs), Global Compact (GC), and UNEP FI Principles for Responsible Banking (UNEP FI PRB)**	**Partial reporting 2021**	**Reporting 2021.** The appendix referred to is 'Further facts about SpareBank 1 Østlandet's sustainability work', Appendix to the Annual Report.
1. The organisation and its reporting practices				
2-1	Organisational details: Legal name; ownership and legal form; location of its headquarters; report its countries of operation.	PRB 1.1		SpareBank 1 Østlandet, Annual Report, the chapters 'Corporate governance' p. 113 and 'SpareBank 1 Østlandet in brief' p. 4
2-2	Entities included in the organisation's sustainability reporting			Annual Report, note 1 'General information' p. 150 and note 41 'Investments in subsidiaries, associates and joint ventures' p. 211.
2-3	Reporting period, frequency and contact point			2021, annually, karoline.hjerto@sb1ostlandet.no
2-4	Restatements of information			"Eco-Lighthouse has implemented some changes to emission factors for our greenhouse gas emissions. See the report in the Annual Report, appendix 'Energy and Climate in our business operations, as well as the Science Based Targets(SBT)' p. 234.
2-5	External assurance			The report has been externally verified by Deloitte.
2. Activities and workers				
2-6	Activities, value chain and other business relationships	PRB 1.1		Annual Report, chapters 'SpareBank 1 Østlandet in brief' p. 4, 'Our strategic focus' p. 30, 'Business areas and general work' p. 54, 'Key figures from the Group' p. 18, 'Income statement' p. 143, 'Report of the Board of Directors' p. 124, 'Requirements for suppliers of financial services' p. 80, and appendix, chapter 'Requirements for other suppliers' p. 250. There were no material changes to the size, structure, ownership or supply chains of the business during the reporting period.
2-7	Employees	PRB 1.1		Annual Report, chapters 'Key figures from the Group' p. 18, 'Our employees' p. 44 and appendix 'Further facts about Organisation and HR' p. 236.
2-8	Workers who are not employees			The Bank hired temporary workers from Manpower throughout 2021. The hours we were billed correspond to 30 FTEs.
3. Governance				
2-9	Governance structure and composition	PRB 5.1		Annual Report, chapters 'Corporate Governance' p. 113, 'Report of the Board of Directors' p. 124, and 'Our strategic focus' p. 30.
2-10	Nomination and selection of the highest governance body			Annual Report, chapter 'Corporate governance' p. 113.
2-11	Chair of the highest governance body			Annual Report, chapter 'Information about the Board of Directors' p. 112.
2-12	Role of the highest governance body in overseeing the management of impact.	PRB 5.2		Annual Report, chapter 'Corporate governance' p. 113.
2-13	Delegation of responsibility for managing impacts	PRB 5.1		Annual Report, chapter 'Corporate governance' p. 113.
2-14	Role of the highest governance body in sustainability reporting			Annual Report, chapters 'Report of the Board of Directors' p. 124 and 'Our strategic focus' p. 30
2-15	Conflicts of interests			Annual Report, chapters 'Corporate governance' p. 113 and 'Ethics and anti-corruption' p. 46
2-16	Communication of critical concerns			Annual Report, chapter 'Corporate governance' p. 113.
2-17	Collective knowledge of the highest governance body	PRB 5.1		Annual Report, chapter 'Report of the Board of Directors' p. 124
2-18	Evaluation of the performance of the highest governance body			Annual Report, chapter 'Corporate governance' p. 113.
2-19	Remuneration policies	PRB 5.2		Annual Report, chapters 'Corporate governance' p. 113, note 22 'Payroll expenses and payments to senior employees and elected officers' p. 189 and note 23 'Pensions' p. 190 Link to the Bank's remuneration policy: **www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies/governance.html**
2-20	Process to determine remuneration	PRB 5.2		Annual Report, chapter 'Corporate governance' p. 113.
2-21	Annual total compensation ratio			Annual Report, note 22 'Payroll expenses and payments to senior employees and elected officers' p. 189
4. Strategy, policies and practices				
2-22	Statement on sustainable development strategy	PRB 1.2		Annual Report, 'A word from the CEO' p. 6
2-23	Policy commitments	GC 7 and 10, SDG 8 and 16, PRB 5.2		Annual Report, chapters 'Ethics and anti-corruption' p. 46 and 'Corporate governance' p. 113. Link to our guidelines: **www.sparebank1.no/en/ostlandet/about-us/sustainability/guidelines-and-policies.html**
2-24	Embedding policy commitments			Annual Report, chapters 'Our strategic focus' p. 30 and 'Corporate governance' p. 113
2-25	Processes to remediate negative impacts			Annual Report, chapters 'Our approach to sustainability' p. 36, 'Business areas", under 'Customer complaints' p. 59 and 'Ethical marketing of products and services' p. 82 and 'Privacy' p. 100
2-26	Mechanisms for seeking advice and raising concerns			Annual Report, chapters 'Corporate governance' p. 113 and 'Ethics and anti-corruption' p. 46
2-27	Compliance with laws and regulations	GC 7 and 8, SDG 13.3 and 16.6		No failures in compliance as far as the Bank is aware.
2-28	Membership associations	SDG 17		Finance Norway. Annual Report, chapter 'Our part of the global responsibility' p. 108.
Stakeholder engagement				
2-29	Approach to stakeholder engagement	SDG 17, PRB 4.1		Annual Report, chapters 'Stakeholder map", p. 94, 'Stakeholder engagement' p. 95, and 'Our part of the global responsibility' p. 108.
2-30	Collective bargaining agreements	SDG 8, GC 3, PRB 4.1		100 per cent of staff covered by collective bargai-ning agreements, Annual Report, chapter 'Our employees' p. 44

GRI indicator	Description	Other frameworks, UN Sustainable Development Goals (SDGs), Global Compact (GC), and UNEP FI Principles for Responsible Banking (UNEP FI PRB)	Partial reporting 2021	**Reporting 2021.** The appendix referred to is 'Further facts about SpareBank 1 Østlandet's sustainability work', Appendix to the Annual Report.
SPECIFIC INFORMATION				
FINANCES				
Overall financial reporting				
GRI 3-3	Management of material topics	PRB 5.1		Annual Report, chapters 'Our strategic focus' p. 30, 'Corporate governance' p. 113. 'Our approach to sustainability' p. 36, 'Our social role' p. 92, appendix 'Climate risk – TCFD index' p. 256.
Economic performance				
201-1	Direct economic value generated and distributed	SDG 8.5 and 9.4		Annual Report, chapters 'Key figures from the Group' p. 18, and 'Income statement' p. 143.
201-2	Financial implications and other risks and opportunities due to climate change	GC 7, 8 and 10. SDG 13.3.		Annual Report, appendix 'Climate risk – TCFD index' p. 256, and 'Proportion of green loans and greenhouse gas emissions in loan portfolio p. 240.
201-3	Defined benefit plan obligations and other retirement plans			Not a material indicator for the Bank. See appendix on our materiality analysis
201-4	Financial assistance received from government			
Economic crime and anti-corruption				
GRI 3-3	Management of material topics			Annual Report, chapters 'Our strategic focus' p. 30, 'Ethics and anti-corruption' p. 46, and 'Combating economic crime' p. 96.
Anti-corruption				
205-1	Operations assessed for risks related to corruption	GC 10. SDG 16.5	Not broken down by business partners and regional affiliation.	Annual Report, chapters 'Combating economic crime ' p. 96 and 'Ethics and anti-corruption' p. 46.
205-2	Communication and training about anti-corruption policies and procedures			
205-3	Confirmed incidents of corruption and corrective actions			
Economic crime				
SB1Ø-1	Efforts to combat money laundering and terror financing	SDG 16.4		Annual Report, chapter 'Combating economic crime' p. 96
THE ENVIRONMENT				
Emissions and compliance with environmental regulations				
GRI 3-3	Management of material topics	PRB 5.1		Annual Report, chapters 'Our strategic focus' p. 30, 'Our approach to sustainability", p. 36, appendix, chapter 'Energy and Climate in our business operations, as well as the Science Based Targets (SBT)' p. 234, 'Climate risk – TCFD index' p. 256 and 'Greenhouse gas emissions in funds' p. 248.
Emissions				
305-1	Direct (Scope 1) GHG emissions	GC 7, 8 and 9. SDG 12.2, 12.6, 12.8, 13.3, 15.a and b		Annual Report, appendix, GRI 305-1, 2, 3, 4, 5: chapters 'Energy and Climate in our business operations, as well as the Science Based Targets(SBT)' p. 234, GRI 305-3, 4, 5: 'Proportion of green loans and greenhouse gas emissions in the loan portfolio' p. 240 and 'Greenhouse gas emissions in funds' p. 248.
305-2	Energy indirect (Scope 2) GHG emissions			
305-3	Other indirect (Scope 3) GHG emissions			
305-4	GHG emissions intensity			
305-5	Reduction of GHG emissions			
305-6	Emissions of ozone-depleting substances (ODS)			Not a material indicator for the Bank. See appendix on our materiality analysis
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions			
Follow-up of suppliers - environment				
GRI 3-3	Management of material topics			Annual Report, chapters 'Our strategic focus' p. 30, 'Our approach to sustainability", p. 36, appendix chapter 'Requirements for other suppliers' p. 250.
Supplier Environmental Assessment				
308-1	New suppliers that were screened using environmental criteria	GC 7, 8 and 9. SDG 13.3		Annual Report, appendix, 'Requirements for other suppliers' p. 250.
308-2	Negative environmental impacts in the supply chain and actions taken			

SOCIETY				
Employees				
GRI 3-3	Management of material topics			Annual Report, chapters 'Report of the Board of Directors' p. 124, 'Our strategic focus' p. 30, 'Our employees' p. 44, and appendix 'Further facts about Organisation and HR' p. 236.
Working conditions				
401-1	New employee hires and employee turnover	GC 1 and 6. SGD 8.5, 8.8 and 16.b		Annual Report, chapter 'Our employees' p. 44, and appendix 'Further facts about Organisation and HR' p. 236.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.			All employees in a 20 per cent position or more have the same rights and employee benefits. Temporary employees are only affiliated with the pension scheme and occupational injury insurance.
401-3	Parental leave			Annual Report, chapters 'Report of the Board of Directors' p. 124, 'Our employees' p. 44, and appendix 'Further facts about Organisation and HR' p. 236.
Training				
404-1	Average hours of training per year per employee	SDG 4.4, 4.7 and 8.5		Annual Report, chapter 'Our employees' p. 44, and appendix 'Further facts about Organisation and HR' p. 236.
404-2	Programmes for upgrading employee skills and transition assistance programmes			Annual Report, chapter 'Our employees' p. 44.
404-3	Percentage of employees receiving regular performance and career development reviews			Annual Report, chapter 'Our employees' p. 44.
Diversity and equal opportunities				
405-1	Diversity of governance bodies and employees	GC 6. SDG 8.5 and 16.b		Annual Report, chapter 'Our employees' p. 44.
405-2	Ratio of basic salary and remuneration of women to men			Annual Report, chapter 'Our employees' p. 44, and appendix 'Further facts about Organisation and HR' p. 236.
SB1Ø-2	Saving and gender			Annual Report, chapter 'Retail Market", see figure Saving and gender p. 62
Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken	GC 1, 2 and 6. SDG 8.8 and 16.b		Annual Report, chapter 'Our employees', and appendix 'Further facts about Organisation and HR' p. 236.
Follow-up of suppliers - social				
GRI 3-3	Management of material topics			Annual Report, chapters 'Our strategic focus' p. 30, 'Our approach to sustainability", p. 36, appendix , chapter 'Requirements for other suppliers' p. 250.
Supplier social assessment				
414-1	New suppliers that were screened using social criteria	GC 1, 2, 3, 4, 5 and 6. SDG 12.6 and 16.6		Annual Report, appendix. 'Requirements for other suppliers' p. 250.
414-2	Negative social impacts in the supply chain and actions taken.			
Marketing and privacy				
GRI 3-3	Management of material topics			Annual Report, chapters 'Our strategic focus' p. 30, 'Our approach to sustainability", p. 36, 'Ethical marketing of products and services ' p. 82, and 'Combating economic crime' p. 96.
Marketing and labelling				
417-1	Requirements for product and service information and labeling			Not a material indicator for the Bank. See appendix on our materiality analysis
417-2	Incidents of non-compliance concerning product and service information and labelling	GC 2. SDG 9.4, 12.6, 12.8, 13.3 and 16.5		Annual Report, chapter 'Ethical marketing of products and services' p.82.
417-3	Incidents of non-compliance concerning marketing communications			

Privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	GC 2. SDG 16.4		Annual Report, chapters 'Information security' p. 98, 'Privacy' p. 100 and 'Combating economic crime' p. 96
Product responsibility and active ownership				
GRI 3-3	Management of material topics			Annual Report, chapters 'Our strategic focus' p. 30, 'Our approach to sustainability", p. 36, 'Equity investments and sustainability monitoring' p. 122, 'Responsible lending to the Retail Market' p. 64, 'Responsible lending to the Corporate Market' p. 72 and 'Requirements for suppliers of financial services", p. 80.
Product liability				
FS7	Monetary value of products and services designed to deliver a specific social benefit.	GC 1. SDG 8.10, 9.4 and 12.6		Annual Report, chapters 'Responsible lending to the Retail Market' p. 64 and 'Responsible lending to the Corporate Market' p. 72.
FS8	Report on monetary value of products and services designed to deliver a specific environmental benefit.	GC 8 and 9. SDG 9.4, 12.2, 12.6, 12.8, 13.3, 15.a and b		
Active ownership				
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues.	GC 8. SDG 8.10, 12.6, 12.8, 13.3, 15.a and b	The Retail Division does not have figures for this since it is not relevant.	Annual Report, chapters 'Responsible lending Corporate Market' p. 72, 'Requirements for suppliers of financial services' p. 80, appendix chapter 'Responsible lending within liquidity management' p. 246 and 'Requirements for other suppliers' p. 250.
FS11	Percentage of assets subject to positive and negative environmental or social screening.	GC 1, 2, 4, 5, 6 and 7. SDG 8.10, 12.6, 12.8, 13.3, 15.a and b		Annual Report, chapters 'Responsible lending Corporate Market' p. 72, 'Requirements for suppliers of financial services' p. 80, appendix chapter 'Responsible lending within liquidity management' p. 246 and 'Requirements for other suppliers' p. 250.

Materiality analysis and impact analysis

How we prioritise our sustainability work

We prioritise our sustainability work based on an analysis of the most important topics for the Bank. The issues are identified via a materiality analysis, which includes an extensive dialogue with our stakeholders. A more detailed account of how we work on these issues is provided in dedicated chapters in the annual report. The appendices also contain further information about some of these issues.

IMPORTANCE TO EXTERNAL STAKEHOLDERS				
MOST IMPORTANT	• Active ownership	• Privacy • Negative screening • New products and green innovation • Positive screening	**SUSTAINABILITY AND SOCIETY – OUR MATERIAL TOPICS** **A** 'Responsible lending' p. 64 and p. 72 **B** 'Combating Economic crime' p. 96 **C** 'Ethics and anti-corruption' p. 46 **D** 'Requirements for suppliers of financial services' p. 80 **E** 'Ethical marketing of products and services' p. 82
MORE IMPORTANT	• Energy consumption and savings • Stakeholder engagement	• Local business development • Follow-up of the supply chain • Diversity and equal opportunities • Customer dialogue and satisfaction	• Good banking services
IMPORTANT	• Waste management • Measures for those who fall outside • Paper consumption • Greenhouse gas emissions (CO2) • Water consumption	• Innovation and digitalisation • Employee development • HSE • Sponsorships and contributions to the local community	
	IMPORTANT	MORE IMPORTANT	MOST IMPORTANT
	IMPORTANCE TO SPAREBANK 1 ØSTLANDET		

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

Impact analysis – responsible lending

In 2020, the Bank conducted an impact analysis based on a template from UNEP FI. The analysis was updated in 2021. The results tell us which topics are most important to focus on in the work on responsible lending and provide guidelines for the goals we set in this area. See the reporting on responsible lending in chapter 3 and the appendices. See the report on our website: **www.sparebank1.no/en/ostlandet/about-us/sustainability.html**

Areas that are positively affected	**+**		**÷**	**Areas that are negatively affected**
Food	1	**Corporate**	1	Resources efficiency/ security
Housing	2		2	Climate
Climate	3		3	Waste
Housing	1	**Retail**	1	Resources efficiency/ security
Inclusive, healthy economies	2		2	Climate
Employment	3		3	Inclusive, healthy economies

Principles for reporting on sustainability

SpareBank 1 Østlandet reports data and information on corporate social responsibility and sustainability in accordance with section 3-3(a) and (c) of the Accounting Act and section 26(a) of the Equality and Anti-Discrimination Act. The annual report describes our approach to due diligence assessments in our supply chains, which will become a requirement in the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act), which comes into force in summer 2022. We have also provided relevant information in relation to the forthcoming Act relating to the disclosure of sustainability information in the financial services sector and a framework for sustainable investments, which will also come into force in 2022.

Our reporting fulfils the requirements of the leading international standard for reporting sustainability data, the Global Reporting Initiative (GRI). The sustainability reporting complies with the GRI standard. This means that we mainly report on those topics that are regarded as material for the Bank. The GRI index on page 264 shows where to find relevant information.

The GRI Index is also linked to the reporting on various international initiatives that the Bank is a part of: the UN Sustainable Development Goals, the UN Global Compact, The Principles for Responsible Banking issued by the UN Environment Programme's Financial Initiative (UNEP FI), and the banking and financial criteria for Eco-Lighthouse certification.

The Bank believes that reporting on sustainability is of value for resource allocation and control purposes. In order for the reporting to provide useful information for these purposes, the Bank tries to comply with the quality requirements in the IASB's conceptual framework (IFRS) in our reporting:

- Fair representation
- Basic quality requirements
  - Relevance
    - Predictive value
    - Feedback value
    - Materiality
  - Credible representation
    - Complete
    - Neutral
    - Error-free
- Reinforced quality requirements
  - Comparability and consistency
  - Verifiability
  - Timeliness/topicality
  - Comprehensibility
- Other
  - Cost-benefit assessment

In-depth information about the individual quality requirements

Fair representation
The information we provide must be as comprehensive as possible such that the overall reporting provides as fair a representation as possible of the Bank's sustainability work and where we have the potential to have an impact. We report in detail on the Bank's five main sustainability topics.

We report less extensively on other topics from our materiality analysis, although we include information about most of them. Throughout the year, we have meetings with external stakeholders to get input on topics that are not covered but that should be covered.

Basic quality requirements – relevance
Prediction value means that the information provides more than random forecasts of future developments. Predicting future developments in the area of sustainability is difficult. For example, we have found that responsible lending targets need to be adjusted almost annually because developments in the sectors we finance are moving so fast. In the chapters containing the main sustainability topics, we have included a section called 'What remains to be done in a longer perspective?' in order to address this information requirement. The fact that the information has feedback value means that the information can help evaluate current performance. We hope that reporting the results from 2021, which are clearly marked in a separate section, ensures good feedback value.

The materiality requirement is addressed by a comprehensive materiality analysis we conducted in line with the GRI model and with the help of external sustainability experts. Both internal and external stakeholders are listened to. Each of our five main sustainability topics has its own chapter in the annual report. The materiality analysis also shows which GRI indicators it is important for us to report on. Information about these can be found in the GRI index. We have also carried out an impact analysis that shows how the Bank has positive and negative impacts within one of our main topics: responsible lending. These topics are clarified in chapters 'Responsible lending to the retail market' and 'Responsible lending to the corporate market'. The Bank also reports extensively on climate risk and has begun reporting on natural risk.

Basic quality requirements – credible representation
Credible representation means that the information is complete, neutral and error-free. The Bank uses the GRI framework to ensure that we report on all the information deemed relevant to our main sustainability topics. GRI is a global standard that relies heavily on stakeholder engagement in the development of the standard, so it must be considered neutral in relation to the Bank. GRI also highlights many of the same reporting principles as the IASB conceptual framework (IFRS), including neutrality and complete information.

We seek to provide as complete information as possible within each significant area and indicator. For example, we state both risks and opportunities for the Bank within the main topics and we state both when the Bank has not achieved its set targets and where we find that the Bank is doing poorly.

The Bank does its utmost to provide error-free information and therefore uses an external auditor to verify the information.

Reinforced quality requirements
The information provided must be comparable and consistent. Here, too, GRI is an important tool. Because the GRI indicators are the same across regions and sectors, the standard makes it possible to compare the Bank's information with that of other banks or with that of businesses in other sectors. For this reason, the Bank uses few custom indicators, even though the GRI allows them. This is because if every enterprise were to create its own GRI indicators, it would become impossible to compare the information. This is also why we use indices for all reporting requirements, such as UNEP FI Principles for Responsible Banking and Eco-Lighthouse reporting. This makes it easier for the reader to find and compare information from the Bank with information from other businesses.

Our external auditor has certified the information with a moderate degree of confidence. The auditor's statement is provided on page 222.

The Bank tries to ensure that the information is timely and current by highlighting what has been done in 2021, creating 5-year time series for comparable information and providing some information about our plans going forward.

The Bank strives to make the information understandable. We try to use plain language and be clear in our reporting, even if this sometimes at the expense of concise reporting. We try not to make the reporting overly comprehensive.

Other
A cost-benefit analysis is carried out each year in connection with the annual reporting. There are good arguments for putting more information on the website and referring to it in the annual report. There are also good arguments for collating all of the sustainability reporting together in a single report. Nevertheless, we have chosen to integrate sustainability into the rest of the annual report because the work is so well integrated into the Bank's other work that it would feel unnatural to report separately on sustainability. We have also chosen to provide a lot of information in appendices to the annual report due to the demand we see for this information.

Useful information for control purposes

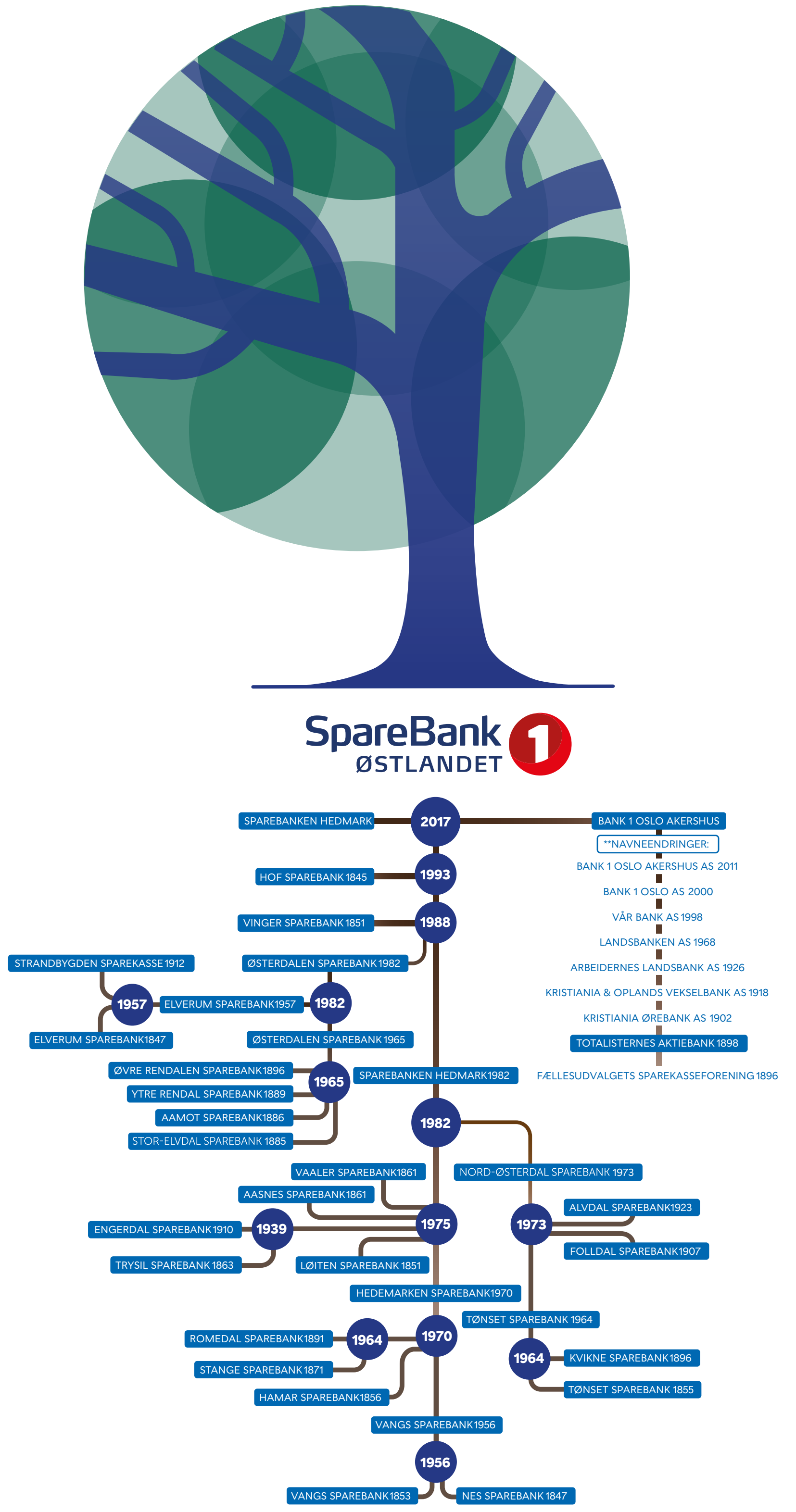
In order to ensure the information is useful for users for control purposes, the Bank generally strives to comply with the quality requirements for hard, objective information in the KPIs and other reporting in line with Ijiri (1971 and 1975):

- Verifiable facts (already covered in IASB above).
- Well-specified measurement criteria and indicators.
- Few measurement criteria.

As far as the final two bullet points are concerned, information can be found in the individual chapters, although in the future this should also be collated in the notes on the principles so we can show how measurements are made. The Bank is systematically striving to improve the quality of its reporting based on these principles. At the same time, we recognise that this work will develop over time.

How 23 banks became one

SpareBank 1   stlandet – local roots in the central Eastern Norway region. The history tree shows the mergers from 1845 to the present day, as well as the individual bank's yearof establishment*.



* Year established is the year the savings bank opened to the public for business or was approved by the authorities.
** Name changes, acquisitions, selldowns and various partnership constellations have generally been omitted. Bank 1 Oslo Akershus's names changes are detailed in the tree.

About SpareBank 1 Østlandet

SpareBank 1 Østlandet is Norway's fourth largest savings bank group, with 1,100 proudly professional employees. In our 176 years, we have built up a solid market position in Østlandet (Eastern Norway) by being accessible and providing credit to people and companies in our rural and urban markets. We currently have 36 branches across Oslo, Viken and Innlandet.

Through the bank's subsidiaries, and the SpareBank 1 alliance's affiliated product companies and ownership interest in Fremtind insurance, we are a complete finance house for our retail and corporate customers. We are a publicly listed, independent financial group headquartered in Hamar, with deep roots in Østlandet, and have contributed to value creation in the market area through several generations.

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