

178th year

# QUARTERLY REPORT

Q3 2020



SPAREBANKEN  
ØST

# Quarterly financial statements, Q3 2020

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## Key figures - Group

	Q3 2020	Q3 2019	1.1.-30.9.2020	1.1.-30.9.2019	Year 2019
Net interest income	166,3	165,6	468,1	465,7	641,7
Net commission income	8,7	12,3	27,0	33,5	45,1
Net result from financial assets	-4,8	10,7	145,3	21,4	19,4
Other operating income	1,9	3,4	26,0	12,0	15,3
<b>Total net income</b>	<b>172,1</b>	<b>192,0</b>	<b>666,5</b>	<b>532,6</b>	<b>721,5</b>
<b>Total operating costs</b>	<b>72,1</b>	<b>68,8</b>	<b>214,1</b>	<b>205,8</b>	<b>277,8</b>
<b>Profit/loss before losses</b>	<b>100,0</b>	<b>123,2</b>	<b>452,4</b>	<b>326,8</b>	<b>443,7</b>
Losses on loans, unused credit and guarantees	2,0	3,4	11,4	11,3	18,9
<b>Profit/loss before tax costs</b>	<b>98,1</b>	<b>119,8</b>	<b>441,0</b>	<b>315,5</b>	<b>424,8</b>
Tax costs	22,1	24,2	59,8	69,3	95,5
<b>Profit/loss after tax</b>	<b>75,9</b>	<b>95,7</b>	<b>381,2</b>	<b>246,1</b>	<b>329,3</b>

Key figures	Q3 2020	Q3 2019	1.1.-30.9.2020	1.1.-30.9.2019	Year 2019
<b>Profitability</b>					
Return on equity*	7,23	9,81	12,83	8,68	8,74
Net interest income as a percentage of average total assets	1,53	1,53	1,45	1,46	1,51
Profit after tax as a percentage of average total assets	0,70	0,89	1,18	0,77	0,77
Costs as a percentage of average total assets	0,66	0,64	0,66	0,65	0,65
Costs as a % of income (before losses on loans/guarantees)*	41,88	35,85	32,13	38,64	38,50
Costs as a % of income (excl. return on financial investments)*	40,75	37,97	41,08	40,26	39,57
<b>Balance sheet figures</b>					
Net lending to customers	31.366,3	34.733,3	31.366,3	34.733,3	34.225,3
Lending growth (quarter/12 months)	-2,02	-0,20	-9,69	4,50	-2,62
Deposits	14.542,0	15.072,0	14.542,0	15.072,0	14.791,7
Deposit growth (quarter/12 months)	-2,08	0,38	-3,52	3,10	-0,73
Average equity	3.987,3	3.662,3	3.839,1	3.591,0	3.564,6
Average total assets	43.219,6	42.836,9	43.106,3	42.534,1	42.504,5
<b>Loss provisions on impaired and non-performing loans</b>					
Losses as a % of net lending to customers (OB)*	0,02	0,04	0,04	0,04	0,05
Loss provisions as a percentage of gross lending to customers*	0,39	0,30	0,39	0,30	0,33
Net payments over 90 days past due as a percentage of net lending*	0,35	0,37	0,35	0,37	0,37
Other net non-performing commitments (Stage 3) as a percentage of net lending	0,02		0,02		0,02
<b>Financial strength</b>					
CET1 capital ratio incl. 50% of retained earnings (%)	18,51	16,73	18,51	16,73	17,69
CET1 capital ratio (%)	17,53	16,15	17,53	16,15	17,69
Tier 1 capital ratio (%)	19,39	17,89	19,39	17,89	19,49
Capital adequacy ratio (%)	21,22	19,59	21,22	19,59	21,25
Risk-weighted volume (calculation basis)	18.818,0	20.134,90	18.818,0	20.134,90	19.450,3
Tier 1 leverage ratio incl. 50% of retained earnings (%)	8,93	8,52	8,93	8,52	8,81
Tier 1 leverage ratio (%)	8,50	8,26	8,50	8,26	8,81
<b>Liquidity</b>					
Deposit coverage ratio	46,36	43,39	46,36	43,39	43,22
LCR (%)	337,87	257,83	337,87	257,83	265,11
<b>Branches and full-time equivalents</b>					
No. of branches	29	27	29	27	28
Full-time equivalents	188	198	188	198	192
<b>Equity certificates</b>					
Ownership fraction (parent bank) (%)**	31,40	32,45	31,40	32,45	32,45
No. of equity certificates	20.731.183	20.731.183	20.731.183	20.731.183	20.731.183
Book equity per equity certificate*	64,53	58,03	64,53	58,03	58,95
Earnings per equity certificate*	1,10	1,42	5,58	3,65	4,87
Dividend per equity certificate	0,00	0,00	0,00	0,00	3,60
Turnover rate	11,83	9,97	19,12	16,28	15,17
Price	44,70	52,40	44,70	52,40	54,60

\* Defined as alternate performance target

\*\* For ownership fraction at 1 January 2020, see Note 19

For definisjon av nøkkeltall og omtale av alternative resultatmål, se side 52

## Board of Directors' Report

Sparebanken Øst achieved a profit after tax of NOK 75.9 million in the third quarter of 2020, which represents a return on equity of 7.23 per cent, compared with 9.81 per cent during the third quarter of 2019. Earnings per equity certificate in the quarter were NOK 1.10. Net interest income is stable compared with the same period last year. Net value changes and gains/losses from financial instruments amounted to a loss of NOK 4.9 million, compared with a loss of NOK 15.7 million in the same period last year. Costs remain stable. Losses on lending to customers are very low, amounting to NOK 2.0 million during the quarter, compared with NOK 3.4 million during Q3 2019. Lending to customers fell by 2.02 per cent during the last quarter, while deposits from customers fell by 2.08 per cent in the same period.

There are very low levels of risk in the lending portfolio with a high proportion of residential mortgages and in the business portfolio with low levels of exposure to vulnerable industries in terms of the Covid-19 pandemic as at the close of Q3 2020. The extent of the temporary payment holidays as a result of the pandemic has been significantly reduced from the second quarter of 2020 and constitutes 1.4 per cent of the retail market portfolio, 0.7 per cent of the business market portfolio and 0.1 per cent of AS Financiering. Temporary payment holidays were primarily granted during the period from March to May 2020.

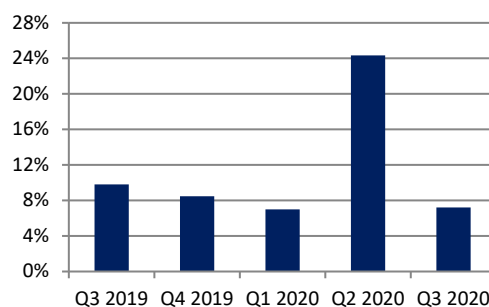
The profit after tax as at 30 September 2020 amounted to NOK 381.2 million, which represents a return on equity of 12.83 per cent compared with 8.68 per cent for the same period last year. Earnings per equity certificate are NOK 5.58 to date this year. Net interest income is stable compared with the same period last year. The profit from the equity investment in Frende Holding AS and gains from the sale of real estate totalled NOK 173.8 million to date this year. The value of the liquidity portfolio fell by NOK 14.4 million, compared with a decrease of NOK 2.9 million in the same period last year. Costs remain stable. Losses on lending to customers are low and stable, amounting to NOK 11.4 million compared with NOK 11.3 million in the same period last year. The bank's CET1 capital ratio is very solid (incl. 50 per cent of retained earnings), at 18.51 per cent. Lending growth over the last 12 months is minus 9.69 per cent, while deposits from customers have fallen by 3.52 per cent.

### Quarterly profit

The Sparebanken Øst Group posted a profit after tax for the third quarter of 2020 of NOK 75.9 million. The profit after tax for the third quarter of 2019 was NOK 95.7 million. Underlying banking operations generated a stable profit contribution through stable net interest income and stable costs compared with the same period last year. The fall in profit compared with the same quarter last year is primarily explained by the fact that the costs of buying back own issued debt increased by NOK 6.0 million and the net positive effect during Q3 2019 from the shareholding in Frende Holding AS totalling NOK 15.7 million.

The return on equity in the quarter was 7.23 per cent, compared with 9.81 per cent for the same quarter in 2019.

The table below presents the return on equity over the past five quarters.



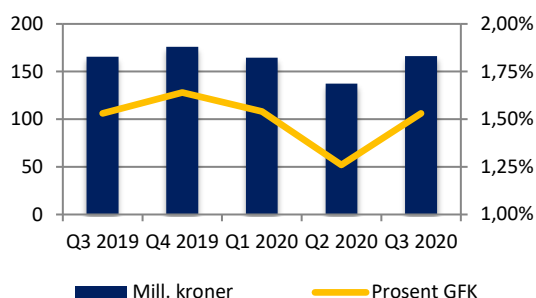


### Net interest income

Net interest income remains stable and increased by NOK 0.7 million to NOK 166.3 million in Q3 2020, compared to NOK 165.6 million in the same quarter of 2019. Net interest income amounted to 1.53 per cent of average total assets in the third quarter of 2020, which identical to the same quarter during 2019.

Compared with Q2 2020, net interest income increased, where interest income during Q2 2020 constituted 1.26 per cent of average total assets. Increased net interest income is explained by the fact that the reduction in money market rates has taken full effect as of the third quarter of 2020 on reducing borrowing costs.

The figure below shows net interest income in per cent and NOK in the last five quarters.



### Net other operating income

Net operating income comprises commission income and costs, dividends, net changes in value and gains/losses on financial instruments and other operating income. Net other operating income amounted to NOK 5.9 million in Q3 2020, compared to NOK 26.5 million in the same quarter of 2019.

- Net commission income amounted to NOK 8.7 million, a decrease of NOK 3.7 million compared with the same quarter last year. This reduction is primarily due to fewer foreign card transactions being processed compared with the same quarter last year.
- NOK 0.1 million in dividends were recognised as income in the third quarter of 2020. By comparison, NOK 26.4 million in dividends were recognised during the third quarter of 2019, which related to the repayment of equity from Frende Holding ASA.

- Net changes in value and losses on financial instruments were negative in the amount of NOK 4.9 million during Q3 2020, compared to a loss of NOK 15.7 million in the same period of last year. Positive value changes related to shares and equity rights in Visa Inc. total NOK 3.8 million in the quarter, compared to an increase of NOK 3.5 million in the same quarter of 2019. The value of the liquidity portfolio fell by NOK 3.6 million during the quarter. Following two quarters of major fluctuations in credit spreads, Q3 2020 was relatively stable and spreads on OMFs have returned to levels seen before Covid-19 began to leave its mark on bond pricing. By comparison, the change in value during the same quarter in 2019 was negative NOK 6.6 million. The positive financial impact of currency, derivatives and fixed-rate lending at fair value was NOK 1.5 million in Q3 2020, compared to a negative impact of NOK 1.2 million in the same quarter last year. The costs of buying back the bank's own issued debt amounted to NOK 6.6 million during Q3 2020 compared with NOK 0.6 million during the same period last year. In Q3 2019, shares in Frende Holding AS were revalued as being worth NOK 10.7 million less in relation to the repayment of equity that was recognised as dividends.
- Other operating income amounted to NOK 1.9 million in Q3 2020, compared to NOK 3.4 million in the same quarter of 2019. This reduction is primarily due to reductions in rental income as a result of the sale of real estate.

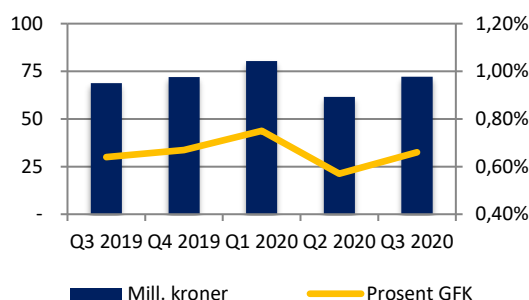
### Operating costs

Total operating costs were NOK 72.1 million in the third quarter of 2020, equivalent to 0.66 per cent of average total assets. In the third quarter of 2019, total operating costs amounted to NOK 68.8 million, or 0.64 per cent. The changes concern the following:

- Payroll costs amounted to NOK 43.8 million, compared with NOK 42.1 million in the same quarter last year.
- Administrative costs amounted to NOK 13.9 million in Q3 2020, compared to NOK 13.0 million in the same quarter of 2019.

- Depreciation amounted to NOK 6.9 million compared with NOK 6.5 million in the third quarter of 2019.
- Other operating costs amounted to NOK 7.4 million in Q3 2020, compared to NOK 7.2 million in the same quarter of 2019.

The figure below shows the total operating costs in NOK millions and as a percentage of the average total assets for the last five quarters.



#### Impairment and non-performing commitments

Impairment losses on loans to customers, unused credits and guarantees amounted to NOK 2.0 million in Q3 2020, compared with NOK 3.4 million in Q3 2019.

At the end of the quarter, total loss provisions amounted to NOK 122.3 million, equating to 0.39 per cent of gross lending to customers. By comparison, total loss provisions amounted to NOK 105.8 million, equating to 0.30 per cent of gross lending to customers at the end of Q3 2019. Individual write-downs amounted to NOK 88.2 million at the end of the third quarter of 2020, compared with NOK 77.2 million at the end of the third quarter of 2019.

In connection with the end of the first quarter of 2020, special evaluations and valuations of the Group's portfolios, including non-performing commitments, were carried out. During subsequent quarters, further assessments of the portfolios have been carried out which has resulted in updated evaluations. On the basis of the reviews and evaluations, no special adjustment has been made to the levels of loss provisions and no changes have been made to the assumptions that underpin the model-calculated losses in the anticipated scenario to date in 2020.

The major economic uncertainty that arose at the end of Q1 2020 as a result of the Covid-19 pandemic and the fall in oil prices is deemed to have significantly reduced as at the end of Q3 2020 when compared with the end of Q1 2020. Despite improvements in the macroeconomic conditions, there remains widespread uncertainty pertaining to the long-term impact of the pandemic. The probability weighting of macroeconomic scenarios remained unchanged at the end of Q3 2020. During Q1 2020, the probability of a pessimistic scenario increased from 15 to 30 per cent, while the expected scenario probability was reduced by a corresponding figure. This change during Q1 2020 resulted in an increase to loss provisions for step 1 and step 2 totalling NOK 4.1 million. Model-calculated loss provisions for step 1 and step 2 fell by NOK 0.2 million during Q3 2020 and now amount to NOK 33.7 million at the end of the quarter. Loss provisions on non-performing commitments (step 3) increased by NOK 0.7 million during Q3 2020, and amount to NOK 88.6 million, of which NOK 84.2 million are related to commitments in AS Financiering.

Net payment defaults exceeding 90 days amounted to 0.35 per cent of net lending at the end of Q3 2020 compared to 0.37 per cent at the end of the same period last year and 0.37 per cent at the end of 2019.

#### Consideration of annual financial statements for 2019 and allocation of profits

The Board of Trustees approved the annual financial statements and annual report for 2019 on 18 June 2020, including the allocation of the parent bank's profit for the year as was originally proposed by the Board of Directors on 5 March on the basis of a dividend set at NOK 3.60 per equity certificate (totalling NOK 74.6 million) and NOK 59.7 million directed to good causes. The Board of Trustees resolved to grant the Board of Directors time-limited authority to adopt the final implementation of the this distribution of dividends to equity certificate holders and grants to good causes. According to this authorisation, the Board of Directors are required to assess the prudence of such distributions on an ongoing basis. This authorisation shall be exercised in the event that the Board of Directors deems such a

distribution to be prudent. Any distribution may thus be lower than proposed or alternatively may be equal to zero. This authorisation has a ceiling of NOK 3.60 per equity certificate (totalling NOK 74.6 million) and NOK 59.7 million directed to good causes. This authorisation shall remain valid until 1 January 2021.

On 27 October 2020 and following a wide ranging discussion, the Board of Directors agreed unanimously to use its authorisation to issue the original dividend of NOK 3.60 per equity certificate (totalling NOK 74.6 million) and to pay NOK 59.7 million to good causes for 2019. Furthermore, the Board of Directors agreed that it deemed this decision to be justifiable and consistent with prudent and good business practices under due consideration for losses that may have been incurred following the end of the financial year, or that may be expected to be incurred, and on the basis of the need to build up equity in the bank.

In its assessment of prudence, the Board of Directors placed particular emphasis on the following:

The authorities' call to Norwegian banks has been and remains that they expect Norwegian banks to refrain from and postpone issuing dividends until the uncertainty is reduced (and further reduced) and until at least 1 January 2021. However, the authorities offer nuance between small and large banks and between insurance companies and banks. Sparebanken Øst is a smaller savings bank with a small market share in a large regional market. It is the Board of Directors' perception that the authorities have made a distinction in their calls for reassessments of dividends between large banks - taking into consideration the stability of the financial system - and smaller banks. The authorities have also emphasised the importance of smaller savings banks continuing to give gifts to associations and sporting teams, cf. Ministry of Finance statements dated 25 March and 9 September. **It is the view of the Board of Directors that Sparebanken Øst is a smaller savings bank of limited significance in terms of the wider financial system and that this, in combination with the Board of Directors' assessments in terms of prudence, allows them to use their authority to adopt the resolution to**

**pay a dividend for the 2019 financial year at this time.**

**Sparebanken Øst has strengthened its solvency throughout 2020**, and the Group's CET1 capital ratio (quarterly figures include 50% of this year's profit to date) has increased since 30.09.19 from 16.73% and since 31.12.19 from 17.69% to a rate of 18.51% as at 30.09.20. The Group's leverage ratio (quarterly figures include 50% of this year's profit to date) has also increased since 30.09.19 from 8.52% and since 31.12.19 from 8.81% to a rate of 8.93% as at 30.09.20. The bank's target for CET1 capital is 14.75%, while the authorities overall requirements pertaining to CET1 capital are set at 12.8% (not including expectations relating to the P2G buffer) and the legal requirement for leverage ratio is 5%. In its capital planning, the Board of Directors has taken into account future known buffer requirements and has emphasised that the bank's model for calculating solvency as a standard bank is based on conservative principles for calculation bases which are significantly more solid and robust when compared with IRB banks' models. The Board of Directors has noted that the authorities' provisions pertaining to capital calculation in IRB banks has resulted in significant relief for these banks, and that Sparebanken Øst has not benefitted from such reliefs as a standard bank and these do not underpin any assessment of the bank's ability to issue a dividend. In the view of the Board of Directors, the bank is very solid and has a robust capital plan in place with a significant ability to absorb losses that should also meet future buffer requirements. In its assessment, the Board of Directors has also taken into account the bank's restoration plan, including EWIs and triggers.

**Sparebanken Øst has maintained excellent liquidity throughout 2020**, and the Board of Directors makes reference to the fact that the bank's LCR (as a %) has increased since 30.09.19 from 257.83% and since 31.12.19 from 265.11% to 337.87% as at 30.09.20.

**Sparebanken Øst has a very high quality customer portfolio.** In light of the pandemic, temporary payment holidays were made available following government calls to this effect, which together with a range of additional

packaged measures by the authorities were designed to reduce short-term negative consequences of the pandemic. The Board of Directors makes reference to the fact that the share of retail customers taking payment holidays has fallen from 4.4% as at 30.06.20 (as a % of the lending portfolio) to 1.4% as at 30.09.20. Among businesses in the portfolio, the proportion making use of temporary payment holidays has reduced from 9.0% as at 30.06.20 to 0.7% as at 30.09.20. In the view of the Board of Directors, the stable and low level of non-performing and impaired loans and the low level of losses incurred by the bank underlines the good quality lending portfolios held by the bank. Additionally, the bank's administrative team have remained in close contact with the bank's customers throughout the pandemic and have not uncovered circumstances that would indicate that credit risk in the portfolio will result in a significantly increased potential for loss as a result of Covid-19 as at 30.09.2020. The Board of Directors also notes that just two loans have been issued through the bank under the government's guarantee scheme, totalling NOK 3.5 million. Furthermore, the Board of Directors emphasises that the bank has extremely low levels of exposure, both directly and indirectly, to industries that are defined as being particularly vulnerable. As at 30.09.20, no commitments in any particularly vulnerable industries have exercised the option to take a temporary payment holiday on their loans. Additionally, Sparebanken Øst does not have any direct exposure the oil or shipping industries.

**As at 30.09.20, Sparebanken Øst has recorded a very good financial profit.** The bank's financial profits to date this year are at an all time high, and the bank increased its net interest income during the third quarter in the midst of a very competitive market by more than 20% compared with Q2 2020. Net interest income as at 30.09.20 remains at the same level as at 30.09.19. Cost control is good and costs remains low. The Board of Directors emphasises that throughout 2020, the bank has achieved a significant financial profit that both highlights good banking operations over the year and during the pandemic, and demonstrates that the bank has achieved a profit to date in 2020 that accommodates growth and

dividends, as well as a very significant ability to absorb any losses that may arise in 2021 and 2022 in the course of ongoing operations.

**The uncertainty surrounding macroeconomic developments has reduced significantly compared to previously.** This uncertainty remains somewhat higher than normal, but it is still significantly reduced compared to the initial period following the outbreak of the pandemic. The Board of Directors refers in this regard to the Ministry of Finance's white paper of 9 September 2020, SSB 'Konjunkturtendensene 3/20' [Economic Trends 3/20] and to the national budget for 2021. Furthermore, the Board of Directors has taken into account unemployment and house prices. Unemployment remains higher than the normal (old) rate, but has fallen significantly since April 2020. House prices are stable and increasing slightly following a downturn in March 2020. Significant and increasing competition between banks in mortgage lending indicate clearly that banks' remain able to continue lending to customers, even when taking into account that many savings banks have paid dividends and made charitable donations for the 2019 financial year. This is supported by the decision issued by the Ministry of Finance on 11 September 2020 to discontinue temporary changes to lending regulations relating to flexibility quotas for mortgages as of Q4 2020. This reinforces the impression that the housing market is moving towards normalisation.

At the time of writing, infections in Norway and abroad are on the increase - especially in Europe. According to the Norwegian Institute of Public Health, there is a high probability of local outbreaks with moderate consequences. In regional terms, there is a moderate likelihood of increased spread of infection, with moderate/significant consequences. The likelihood of increased infections nationally is low. The Norwegian Institute of Public Health considers the capacity to offer treatment to be good both at a municipal and national level, and there is no shortage of protective equipment. Hospitals have improved their plans there is fairly substantial reserve capacity for intensive care treatment on stand by. Hospitals have been allocated significant volumes of new equipment and have also gained experience in the treatment



of patients of this kind, with positive treatment outcomes. In the view of the Board of Directors, infection trends may vary, especially in terms of local outbreaks, and new measures may come to be implemented in order to reduce the spread of infection, however these will not have the same major consequences that created tremendous uncertainty at an early stage during the pandemic. It is also the view of the Board of Directors that the period until the approval and distribution of a vaccine may be significantly shorter than was believed earlier in 2020. **It is the view of the Board of Directors that the levels of uncertainty have declined significantly despite fluctuations in rates of infection.**

The Board of Directors has also taken into account how operators in industry have conducted themselves in relation to the guidance relating to dividends issued by the Norwegian authorities. A high number of comparable listed savings banks opted to pay dividends early on in 2020 when uncertainty was significantly higher than it is at present, and when there was also substantial uncertainty about the financial consequences of the pandemic. The Board of Directors also notes that levels of uncertainty were very high and there was very little clarity relating to how the pandemic and the financial consequences would unfold, and that on this basis they postponed the bank's adopted strategy for allocation of its profits. The current situation is deemed to be far more transparent and levels of uncertainty have reduced significantly, not least in relation to the financial consequences faced by the bank. The Board of Directors is not familiar with any banks that opted to pay dividends during a period of great uncertainty who were in any way penalised or otherwise prevented from carrying out their resolutions pertaining to dividends. **Given that the Board of Directors notes that larger banks issued dividends during the months of March, April and May during a period of great uncertainty, the Board of Directors believes that Sparebanken Øst has to a great extent complied with the authorities' call to track the development of the pandemic, the bank's financial development and to consider the prudence of any dividend resolution.**

Sparebanken Øst has approximately 2,900 equity certificate holders, approx. 90% of these can be defined as private individuals and small savers. The Board of Directors considers that a dividend for these parties may be seen as an interest rate return on ordinary savings and the timing of such a payment may generate negative consequences in tax terms. The Board of Directors believes that a resolution to issue a dividend at this juncture will do little in the way of challenging the authorities' call to delay payments until 1 January 2021. **For the sake of the bank's large proportion of small savings holders, the Board of Directors has opted to adopt the resolution to pay a dividend approximately 6 weeks prior to the 'deadline' specified by the authorities of 1 January 2021.**

The Covid-19 pandemic has resulted in significant challenges and a financially demanding period for many associations and sporting teams. In the sporting and cultural spheres, the pandemic has also created challenges in terms of work directed at children and young people, as well as other particularly vulnerable groups. The bank has a very important role as a financial donor to voluntary work that is aimed at improving the lives of children and young people. In a press release issued on 25 March 2020, the Ministry of Finance specified that a ban on the payment of dividends and charitable donations would include small savings banks and result in it not being possible to give gifts to sporting teams and associations at the time. The provision of funds for good causes totalling NOK 59.7 million includes an earmarked sum of NOK 20 million for Covid-19 relief measures aimed at children and young people.

The Board of Trustees authorised the Board of Directors to adopt a dividend of up to NOK 3.60 per equity certificate (NOK 74.6 million) and up to NOK 59.7 million to good causes. Throughout the year, including during the preparation of the accounts for 2019, the preparation of the bank's quarterly reports in 2020, and when reporting to the Financial Supervisory Authority of Norway, Sparebanken Øst has specified the aforementioned recommendation when calculating the bank's solvency/capital ratio. **The Board of Directors' decision to pay in accordance with its authorisation will not impair the bank's**

solvency in relation to previously reported and submitted key figures pertaining to solvency.

Following an overall assessment, the Board of Directors believes that it is justifiable and consistent with prudent and good business practices under due consideration for losses that may be incurred following the end of the financial year, or that may be expected to be incurred, as well as based on the need to build up equity in the bank in order to resolve to pay a dividend and make a grant to good causes for

the 2019 financial year. The Board of Directors has therefore resolved to use its authorisation granted by the Board of Trustees to resolve to pay a dividend corresponding to NOK 3.60 per equity certificate (NOK 74.6 million) and to set aside NOK 59.7 million for good causes. The Board of Directors has decided that NOK 20 million of the allocation to good causes be earmarked for Covid-19 relief measures for sporting teams and associations that focus their work on children and young people.

#### Allocation of profit for 2019 financial year:

(NOK million)	
Profit after tax parent bank*	289.7
Reversed from funds for unrealised gains	6.2
<b>For allocation</b>	<b>295.9</b>
Added to the bank's primary capital	140.2
Allocated to good causes	59.7
Cash dividend to equity certificate holders	74.6
Allocated to the equalisation fund	21.4

\*Equity certificate holders' and primary capital share of profits.

The dividend to equity certificate holders and donations to good causes amount in total to NOK 134.3 million and represent 46.4% of the parent bank's profit for allocation in 2019. The Financial Supervisory Authority of Norway must be notified of awards of dividends in excess of 50% of the parent bank's profit after tax in accordance with Section 10-6, paragraph 3 of the Financial Institutions Act. The total dividend of the parent bank's profit for allocation after

tax does not therefore necessitate the issue of any notification to the Financial Supervisory Authority of Norway in relation to the payment of the dividend for 2019.

Furthermore, the Board of Directors has agreed the following key information relating to the cash dividend:

Last day including dividend	9 Nov. 2020
Ex date	10 Nov. 2020
Ownership registration date	11 Nov. 2020
Settlement date	19 Nov. 2020

#### Profit for the year to date

Sparebanken Øst achieved a profit after tax of NOK 381.2 million at the end of the third quarter of 2020. The equivalent profit after tax at the end of the third quarter of 2019 was NOK 246.1 million. Return on equity in the year to date was 12.83 per cent, compared with 8.68 per cent for the same period last year. Underlying banking operations generated a stable profit contribution through stable net interest income and stable costs compared with the same period last year. The increase in profits to date this year primarily relate to the gains in the equity investment in Frende Holding AS and gains from the sale of real estate that totalled NOK 173.8 million. By comparison, the positive impact on profit from the shareholding in Frende Holding AS amounted to NOK 15.7 million in the same period last year.

Net interest income amounted to NOK 468.1 million and increased by NOK 2.4 million compared with the same period last year. Net interest income amounted to 1.45 per cent of average total assets to date this year, compared with 1.46 per cent in the same period last year. The Covid-19 pandemic and Norges Bank's reductions in the key policy rate have resulted in changes to interest rates on lending that were implemented rapidly and a reduction in net interest income during Q2 2020. The reduction in money market rates only took effect on borrowing costs as of Q3 2020. Despite weaker net interest income during Q2 2020, net interest income remains stable to date this year when compared with the same period last year.

Net commission income amounted to NOK 27.0 million, which represents a reduction of NOK 6.5 million compared with the same period last year. This reduction is primarily due to fewer foreign card transactions being processed compared with the same period last year.

Dividends received to date this year amount to NOK 5.4 million and relate primarily to dividends received from Eksportfinans ASA totalling NOK 5.1 million. By comparison, dividends in the corresponding period last year amounted to NOK 28.9 million, of which NOK 26.4 million related to the receipt of repaid equity from Frende Holding AS.

Net value changes and gains/losses from financial instruments amounted to a gain of NOK 140.0 million to date this year, an increase of NOK 147.5 million compared with the same period last year. Positive value changes to the bank's shares in Frende Holding AS totalled NOK 154.0 million to date this year, compared to a negative value change of NOK 10.7 million in the same period last year. Positive value changes related to shares and equity rights in Visa Inc. total NOK 11.4 million to date this year, compared to an increase of NOK 12.7 million in the same period last year. The value of the liquidity portfolio fell by NOK 14.4 million to date this year, compared with an decrease of NOK 2.9 million in the same period last year. The negative impact on the results from currency, derivatives and fixed-rate loans at their true value amounts to NOK 1.9 million to date this year, while the equivalent figure for the same period last year was a loss of NOK 0.2 million. The costs of buying back the bank's own issued debt to date this year amounted to NOK 9.2 million compared with NOK 6.5 million during the same period last year.

Other operating income amounted to NOK 26.0 million for the year to date, compared with NOK 12.0 million at the end of the third quarter of 2019. This increase is primarily due to a gain from the sale of real estate totalling NOK 19.8 million during the first quarter of 2020, in addition to reductions in rental income as a result of these sales.

Total operating costs amounted to NOK 214.1 million for the year to date, compared with NOK

205.8 million at the end of the third quarter of 2019. Operating costs have primarily increased as a result of provision for profit sharing, IT costs, and the hiring in of personnel and consultancy services.

Losses on loans to customer amounted to NOK 11.4 million at the end of the third quarter, compared with NOK 11.3 million at the end of the same period in 2019.

Tax costs to date this year totalled NOK 59.8 million and amount to 13.6 per cent of the profit before tax. This low tax cost is explained primarily by the gain in value of the Frende Holding AS shares, as well as gains from the sale of real estate, which are subject to the exemption method.

### Balance sheet as at 30.09.2020

Total assets fell by NOK 269.4 million compared with total figure as at 30.09.2019 and amounted to NOK 42,739.1 million at the end of the third quarter of 2020.

#### Assets

- Cash and receivables at central banks amounted to NOK 441.0 million as at 30.09.2020, compared with NOK 440.7 million as at 30.09.2019.
- Net lending to financial institutions amounted to NOK 12.3 million as at 30.09.2020, compared with NOK 8.5 million as at 30.09.2019.
- Net lending to customers amounted to NOK 31,366.3 million as at 30.09.2020, compared with NOK 34,733.3 million as at 30.09.2019. This is a reduction of NOK 3,367.0 million over the last 12 months, equivalent to 9.69 per cent. Strategic decisions and strong competition throughout the Covid-19 pandemic have resulted in further reductions to lending growth from March 2020 onwards. Gross lending to retail customers accounted for 84.8 per cent of total lending to customers.
- Holdings of certificates and bonds amounted to NOK 9,316.0 million as at 30.09.2020, compared with NOK 6,589.7 million as at 30.09.2019.

Liquidity reserves measured using LCR totalled 337.9 per cent as at 30.09.2020, compared with 257.8 per cent as at 30.09.2019. The bank's liquidity strategy involves a high proportion of securities that are included in the LCR calculation. The maturity structure for market funding significantly affects LCR.

- Shares and units amounted to NOK 814.8 million as at 30.09.2020, compared with NOK 627.1 million as at 30.09.2019.

The bank's stake in Frende Holding AS was 13.75 per cent, and the shareholding was valued at NOK 481.2 million as at 30.09.2020.

The bank owns 4.85 per cent of the shares in Eksportfinans ASA, and the shareholding was valued at NOK 195.0 million as at 30.09.2020.

Balder Betaling AS is owned by several independent banks, and its main purpose is to own these banks' shares in Vipps AS. The bank's shareholding in Vipps AS is 0.70 per cent. The bank's shares in Balder Betaling AS were valued at NOK 30.8 million at 30.09.2020. The valuation is based on the underlying share value in Vipps AS.

The bank owns 6.85 per cent of the shares in Kraft Bank ASA. The shareholding was valued at NOK 23.0 million as at 30.09.2020.

The bank owns 'C' shares in Visa Inc. The shareholding was valued at NOK 35.8 million as at 30.09.2020. The bank also has rights to shares and A-shares in Visa Inc., owned via VN Norge Forvaltning AS and VN Norge AS. The rights and a-shares were valued at NOK 31.1 million as at 30.09.2020.

The bank owns 14.1 per cent of the shares in Norwegian Block Exchange AS (NBX). The shareholding was valued at NOK 15.0 million as at 30.09.2020.

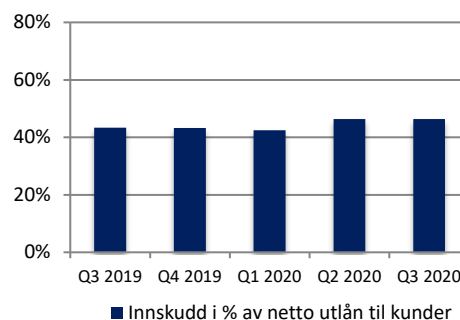
#### Liabilities

- Deposits from customers amounted to NOK 14,542.0 million as at 30.09.2020, compared with NOK 15,072.0 million as at 30.09.2019. This is a reduction of NOK 530.0 million over the past 12

months, equivalent to 3.52 per cent. The deposit coverage ratio in the Group at the end of the third quarter of 2020 was 46.36 per cent, compared with 43.39 per cent at the end of the third quarter of 2019.

- Securities issued amounted to NOK 21,950.7 million as at 30.09.2020, compared with NOK 22,579.6 million as at 30.09.2019. The degree of stable and long-term financing measured by NSFR is 117.8 per cent as at 30.09.2020, against 117.5 per cent as at 30.09.2019. The average maturity for market funding is 2.96 years as at 30.09.2020, compared with 3.29 years as at 30.09.2019.
- Other long-term borrowing amounted to NOK 601.4 million as at 30.09.2020, compared with NOK 302.2 million as at 30.09.2019. The increase relates to F loans of NOK 300.0 million as at 30.09.2020.
- Short-term borrowing (defined as borrowing with a remaining term to maturity of less than 1 year) amounted to NOK 3,425.0 million as at 30.09.2020.

The figure below shows the loan to deposit ratio for the past five quarters.



#### Capital adequacy

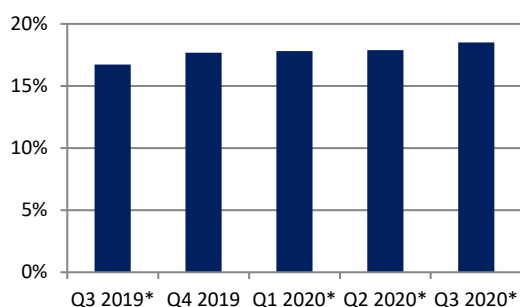
- The capital adequacy ratio measured as CET1 capital including 50 per cent of equity certificate holders' and primary capital share of profits amounted to 18.51 per cent at the end of the third quarter of 2020, compared with 16.73 per cent at the end of the same quarter last year.
- The Group's Pillar 2 requirement is 1.8 per cent, and on 8 June 2020, Sparebanken Øst announced that the Financial Supervisory Authority of



Norway had established a step 2 requirement for the Group at 1.8 per cent, with a floor of NOK 360 million. The requirement came into effect on 30 June 2020. Given the current level of the countercyclical buffer of 1 per cent, this entails a total CET1 capital requirement of at least 12.8 per cent. Sparebanken Øst's target for CET1 capital is 14.75%.

- Net primary capital at the end of the third quarter of 2020 amounted to NOK 3,993.0 million, of which NOK 3,649.5 million constituted the Group's CET1 capital. Given a basis for calculation of NOK 18,818.0 million, this corresponds to a capital adequacy ratio of 21.22 per cent, of which 19.39 per cent constitutes the CET1 capital ratio. The bank uses the standardised approach to calculate the minimum primary capital adequacy requirement for credit risk.
- The bank is financially very strong, with an unweighted tier 3 leverage ratio, including 50 per cent of equity certificate holders' and primary capital share of profits for the year to date, of 8.93 per cent at the end of Q3 2020, against 8.52 per cent at the end of Q3 2019. The unweighted requirement for CET1 capital is 5.0 per cent.

The figure below shows the development in CET1 capital over the last five quarters.



\* 50 per cent of the share of profits accruing to equity certificate holders and primary capital is included in the quarterly figures.

## Risk

### Credit risk

Sparebanken Øst has a credit strategy that deals with various types of credit risk related to loans, credits and guarantees granted to customers in the retail and business markets, as well as counterparty risk for securities.

The credit strategy is intended to help ensure that the bank's activities in the credit area are in line with the framework conditions and guidelines in the bank's overall business concept and strategic plans, including ensuring that the activities are prudent in relation to the bank's capacity and willingness to bear risk.

The bank has an established credit portfolio of a quality and composition that ensures the bank's profitability in the short and long term, and ensures that the bank's management of credit risk is in accordance with the requirements stipulated in acts, regulations, directives from the authorities and other regulatory conditions. The credit strategy is implemented in the bank's credit manuals and in other instructions. Within the retail and business markets, the capacity and willingness to pay are key aspects of the credit assessments. The Mortgage Regulation provides essential guidance to the bank's lending business to private individuals. The level of risk for lending to customers is measured by classifying customers according to risk. The risk classification has been established as an integral element of the credit process, and the requirement for the annual reclassification of loan commitments is fulfilled. Credit risk trends are monitored continuously through reports to the bank's executive management and quarterly reports for the bank's Board of Directors.

The bank's geographical coverage provides access to a large market area with flexibility with regard to customers and segments. The bank's loan portfolio is primarily spread across the central Eastern Norway area. The low proportion of lending to the business market contributes to a lower overall credit risk for the bank. Exposure to commercial property represents a relatively large proportion of the business portfolio, but a limited proportion of the bank's total

lending portfolio. The bank does not have exposure to oil and oil related activities or fishing and aquaculture activities. In general terms, the bank can also be said to have very little direct or indirect exposure to the accommodation/hospitality industry, import/export businesses, major industry and trading operations. There is also very little direct or indirect exposure to trading activities with the exception of groceries. During Q1 2020, measures were implemented to increase follow-up with its business customers through close contact in order to monitor the early impacts of the Covid-19 situation. The bank opted to prioritise the special follow-up of its 100 largest customers, as well as customers in particularly vulnerable industries. Experience during Q2 2020 and subsequently in Q3 2020 has shown that the lending portfolio is deemed to be robust. Those customers who expressed some concerns during the early phase seem to have weathered the period in a satisfactory manner, and at the end of Q3 2020 the bank has not observed any new negative signals as a result of the Covid-19 pandemic. Temporary payment holidays in the business market as a result of Covid-19 have not been recorded since mid-April, and no corporate engagements have payment holidays as a result of Covid-19 extending beyond the end of November 2020. In relation to the government's loan guarantee scheme, just a handful of applications have been received and only 2 loans have been granted as at the end of Q3 2020.

Loans and credits to the retail market are generally only granted against home mortgages. The bank's exposure to lending and credit without associated security is low. Given the Group's high share of loans to the retail market, which is primarily distributed in geographic terms throughout the central area of Eastern Norway, the retail market portfolio is considered to have certainty and a capability to service debt in a housing and labour market that is expected to remain fully functional in the longer term. Temporary payment holidays as a result of Covid-19 have been granted based on furlough notices and were primarily granted in the period from March to May 2020. At the end of the third quarter of 2020, the volume of temporary payment holidays as a result of Covid-19 has been reduced significantly and constitutes a total

of 1.4 per cent of the retail market portfolio. Of the total volume of temporary payment holidays granted during the Covid-19 period, the proportion that received an extension to their payment holiday amounts to just 4.4 per cent.

The bank also takes credit risks in managing liquidity reserves and excess liquidity. The bank intends to retain interest-bearing securities with low credit risk for liquidity purposes (reserve for disposal when needed), or as a deposit basis for borrowing facilities at the central bank, or both.

The bank's credit risk is monitored continuously and updated overviews of the bank's total counterparty risk are available.

### Market risk

Sparebanken Øst has a financial strategy that is intended to help to ensure that the bank's activities in the area of finance are in line with the framework conditions and guidelines in the bank's overall business concept, strategic plans and budgets, and also to ensure that the activities are prudent in relation to the bank's capacity and willingness to bear risk. The financial strategy is also intended to ensure that the bank's management of financial risk complies with the requirements stipulated in acts, regulations, directives from the authorities, and other regulatory conditions. Sparebanken Øst has a liquidity portfolio comprising interest-bearing securities that are primarily issued by Nordic financial institutions, Norwegian banks, municipalities, the central government and government-guaranteed companies. Through this, the bank takes credit spread risk.

The interest rate risk is kept within fixed limits and is limited in that assets and liabilities mainly have variable interest rates or are swapped to variable interest rates. Currency risk is reduced by entering into forward contracts or basis swaps. The bank has very little interest rate and currency risk. Exposure to equity instruments beyond the bank's subsidiaries and strategic investments is limited.

### Liquidity risk

Sparebanken Øst has a conservative stance on liquidity risk and seeks to ensure proper liquidity management so that the group has sufficient

liquid assets to cover its obligations at maturity at all times. The group shall be able to carry out normal operations for a period of at least 12 months without access to external financing. The group's liquidity is governed by established frameworks for, amongst others, LCR, NSFR and stress tests.

Sparebanken Øst issues covered bonds through the bank's wholly owned mortgage credit company. Covered bonds with long maturities are generally issued, while senior bond loans are issued with maturities that fit the existing maturity profile at any time.

At the end of Q3 2020, the Group had a very robust liquidity situation.

### Operational risk

Operational risk is the risk posed to the bank of losses resulting from inadequate or failing internal processes or systems, human error or malpractice, or external events. Operational risk also encompasses compliance risk, i.e. the risk of non-compliance with applicable legislation, regulations and internal governance documents. Management and control of operational risk is safeguarded through the strategy for comprehensive risk management. The strategy is adopted by the board and evaluated at least once annually. The strategy clearly defines who is responsible for the establishment and implementation of the internal control. Measures are taken to try and keep operational risk at a low level. Operational risk is monitored through annual reviews of the bank's key processes, established internal controls with annual management confirmation of implemented internal controls, and quarterly reporting of events recorded and risk level assessments for the Board of Directors. The Group has not registered any significant losses due to the failure of internal processes, systems, human error or unforeseen events as at 30.09.2020.

### Rating

Sparebanken Øst has had a "long-term deposit" and "issuer" rating of A2 from Moody's Investors Service since October 2017. The bank's counterparty risk assessment (CRA) and long-term counterparty risk rating (CRR) are A1. The

prospects for all of the bank's ratings are stable. Covered bonds issued by Sparebanken Øst Boligkreditt AS have an AAA rating from Moody's.

### Subsidiaries

Sparebanken Øst Boligkreditt AS is a wholly-owned subsidiary of Sparebanken Øst and its purpose is to grant or acquire residential mortgages, commercial mortgages, loans, secured against other real estate assets or public loans, and to finance lending operations primarily by issuing covered bonds. The company has a low loan-to-value (LTV) ratio in the cover pool. At the end of the third quarter of 2020, the loan-to-value ratio of the security portfolio was 47.8 per cent, compared with 47.5 per cent at the end of the third quarter of 2019.

At 30.09.2020, the company's total assets amounted to NOK 16,434.6 million and mainly consist of first priority home mortgages, which are financed via covered bonds and drawing rights on the parent company. The company's paid-up equity is NOK 1.150.0 million, of which NOK 426.4 million is share capital and NOK 723.6 million makes up the share premium account. The profit after tax at the end of the third quarter of 2020 was NOK 74.2 million, compared with NOK 63.8 million for the same period last year. The company has no employees, rather it sources services from Sparebanken Øst.

AS Financiering is a wholly owned subsidiary of Sparebanken Øst. Its main product is providing loans for second-hand cars with collateral in the purchased car. The company achieved a profit after tax of NOK 40.5 million at the end of the third quarter of 2020 compared with NOK 28.8 million in the same period last year. Total assets amounted to NOK 2,229.9 million. The company had 18 employees, corresponding to 18 full-time equivalents, at the end of third quarter of 2020.

Sparebanken Øst Eiendom AS is a wholly owned subsidiary of Sparebanken Øst and is tasked with managing properties owned by the Sparebanken Øst Group. Operating income amounted to NOK 23.8 million at the end of the third quarter of 2020, compared with NOK 7.6 million in the same period last year. NOK 19.8 million in profit from the sale of property was recognised as income in

the first quarter of 2020. As at the end of the third quarter of 2020, there is a profit after tax of NOK 20.6 million, compared with NOK 1.0 million for the same period last year. The company had 2 employees, corresponding to 1.2 full-time equivalents, at the end of third quarter of 2020.

Øst Prosjekt AS is a wholly owned subsidiary of Sparebanken Øst and its primary purpose is to take over projects and undertake industrial and commercial activities to hedge and realise exposed positions in the parent bank. The company has no employees. As at the end of the third quarter of 2020, there is a loss after tax of NOK 0.4 million, compared with a profit of NOK 0.6 million for the same period last year. In the second quarter of 2020, the company took over an office building valued at NOK 8.2 million as part of hedging loan commitments in the bank.

Øst Inkasso AS is a wholly owned subsidiary of Sparebanken Øst and was established on 18 April 2016. The purpose of the company is to run debt collection operations and other activities naturally associated with this, including reminder services and long-term monitoring of debt collection portfolios. Proposals (and partial resolutions) concerning new debt collection legislation which had a consultation deadline in June 2020 have challenged the financial sustainability of the entire collection industry in significant terms. Fee rates had already been reduced, and with a likelihood of further reductions, there will be huge challenges in running a smaller debt collection firm in future. On the basis of the amendments to the regulatory frameworks, an agreement was signed with Lindorff AS on 21 September 2020 to transfer the debt collection operations of Øst Inkasso AS. The transfer of the debt collection business is scheduled to take effect from 1 January 2021 and all employees will be extended offers to continue their employment with Lindorff AS.

The company's operating income amounted to NOK 5.4 million at the end of the third quarter of 2020, compared with NOK 6.1 million in the same period last year. As at the end of the third quarter of 2020, there is a loss after tax of NOK 0.9 million, compared with a profit of NOK 0.2 million for the same period last year. The company has 5

employees, corresponding to 5 full-time equivalents. The company has also hired the managing director from Sparebanken Øst and an employee from AS Financiering.

## Frende Forsikring

Frende Holding AS owns Frende Skade AS and Frende Liv AS (Frende Forsikring). The bank has a 13.75 per cent stake in the holding company. As at 30.09.2020, Frende is owned by 15 savings banks. Sparebanken Vest is the largest shareholder and Sparebanken Øst is the third largest. The company offers P&C and life insurance products to business and retail customers and has more than 250,000 customers. Frende Forsikring's head office is in Bergen. Frende Holding AS achieved a profit after tax of NOK 310.1 million at the end of the third quarter of 2020, compared with NOK 218.4 million in the same period last year.

Frende Skade recorded a profit after tax of NOK 175.2 million, compared to profit of NOK 138.7 million for the same period last year. There were fewer large claims compared with 2019, while at the same time there has been positive development in terms of claim frequency on several of the major products during the year. The profit to date this year is NOK 69.3 million before tax, compared with NOK 137.9 million during the same period last year. The company has a total premium stock of NOK 2,133 million, an increase from NOK 2,100 million at the same time last year. The premium stock is distributed across 159,300 customers, and the company's market share was 3.4 per cent at the end of Q3 2020. The claims rate at the end of the third quarter of 2020 was 73.0 per cent, against 79.9 per cent in the same period last year, and the company's combined ratio was 89.8 per cent, against 97.7 per cent in the same period last year.

Frende Liv had a profit after tax of NOK 148.4 million, compared to a profit of NOK 90.9 million for the same period last year. The company has a total premium stock, including savings premiums, of NOK 1,021 million, up from NOK 968 million at the same time last year.

During Q2 2020, an agreement was signed to establish a partnership between Varig Hadeland Forsikring, Varig Orkla Forsikring and Varig



Forsikring Nordmøre og Romsdal. As of January 2021, the three Varig companies will contribute to a broader distribution of Frende Forsikring. The three Varig companies are acquiring 4 per cent of Helgeland Sparebank's holding in Frende, although the share transfer is not planned for completion until early 2021, and is conditional on the necessary regulatory approvals being gained.

On 14 October 2020, it was announced that Frende has signed a letter of intent concerning a future partnership with the LOKALBANK alliance. The purpose of this letter of intent is to clarify whether there are grounds to enter into a long-term agreement between LOKALBANK and Frende relating to distribution and ownership.

### Accounting Policies

The interim financial statements are prepared in accordance with IFRS (including IAS 34 Interim Financial Reporting). The interim financial statements have not been audited. Refer to note 1 for more details.

### Dividend policy

Sparebanken Øst's financial targets for its operations are to achieve results that provide a good and stable return on the bank's equity, and create value for equity certificate holders as competitive returns in the form of dividends and equity certificate appreciation. The profit for the year will be divided between equity certificate holders and social capital in accordance with their respective shares of the bank's equity.

Sparebanken Øst will endeavour to pay 50 to 75 per cent of the profit allocated to equity certificate holders as dividends. Sparebanken Øst also aims to distribute an amount equivalent to 50 to 100 per cent of the dividend paid to equity certificate holders as dividend to social capital in the form of grants for good causes. On determining dividends and donations, due consideration will be made of the bank's financial performance, market situation, dividend stability, and need for Tier 1 capital.

### Macroeconomic trends

Low interest rates, government financial support and the reopening of the economy have all contributed to the recovery of the Norwegian economy being quicker than expected. After the GDP for mainland Norway fell by 6.3 per cent in the second quarter, the sectors that were most strongly affected by lockdown have shown solid growth during the third quarter. This applies to tourism, the hospitality and entertainment industries. Norges Bank's regional network report published in September sets out that activity in businesses increased by 2.9 per cent on the annual rate over the past three months.

The housing market has recovered rapidly and the number of homes sold at the end of the third quarter was five per cent higher than in 2019. Since the fall in prices in March, house prices in Norway have risen and at the end of September they were 5.8 per cent higher than at the same time last year. Trends in the housing market have been affected by Norges Bank reducing its key policy rate during the first half of 2020 from 1.50 per cent to zero. The central bank maintained in its most recent monetary policy report in September that an interest rate rise will not occur until the second half of 2022 at the earliest. Increasing growth in prices in the housing market may bring such an increase forward.

Money market rates have remained relatively stable at a low level throughout the third quarter of 2020. At the end of the quarter, the three-month NIBOR was at 0.28 per cent, and the 10-year swap rate was 0.89 per cent.

Unemployment figures fell significantly with the reopening of the Norwegian economy. The number of people unemployed at the end of the third quarter amounted to 3.7 per cent, a fall of 0.6 percentage points from August. In comparison, the number of people unemployed was 10.6 per cent in March this year.

Inflation in September rose by 1.6 per cent (CPI) compared to the same month last year, while core inflation (CPI-ATE) was 3.3 per cent. Inflation has been driven up largely by the price of imported goods. This is due to the falling Norwegian krone in the first half of the year. The

impact of the weaker krone is temporary, and core inflation is expected to fall to just over 2 per cent in the coming years according to Statistics Norway.

## Outlook

The economic uncertainty as a result of the Covid-19 pandemic has reduced significantly despite the fact that the long-term consequences remains unresolved. The number of infections has increased in recent months, but measures to limit infections are having less impact on levels of activity in the Norwegian economy than was the case in the first six months of the year. The authorities have evaluated their national infection prevention measures and granted municipalities greater capacity to adapt instruments to local conditions. It is Sparebanken Øst's assessment of the situation that the authorities do not consider the contagion to be of such a nature that new, significant measures are required that might reduce levels of activity in the Norwegian economy significantly.

The state budget presented on 7 October includes estimates for good growth in the Norwegian economy throughout 2021. GDP is expected to increase by 4.4% while unemployment will continue to decrease. The budget will tighten facilitation of certain extraordinary funding measures implemented during the course of this year, but continues to provide an impulse for growth to the Norwegian economy throughout next year. Statistics Norway, Norges Bank and the banks' analysis teams all expect a relatively high level of growth in GDP for the mainland economy during 2021.

Unemployment is expected to continue to fall over the coming year thanks to a growth in demand from households and increased rates of activity in society.

Turnover and pricing trends for housing are both developing positively supported by low rates of interest and increased job security. Rising house prices support increased future house building following the postponement of multiple projects in the first six months of the year. Norges Bank's lending survey for the third quarter of 2020

shows that demand for mortgages remained effectively unchanged.

Sparebanken Øst is a cost-efficient bank with a keen focus and belief that low costs constitute a competitive advantage. Costs are expected to remain stable going forward, however increased complexity may result in temporary cost increases.

Banking involves risking losses and non-performance, which means that losses on lending and guarantees to customers cannot be ruled out. The Bank has carried out evaluations of its portfolio in light of the Covid-19 pandemic, and no circumstances have been identified to date that will result in significant losses. The low rate of non-performing and impaired commitments and low losses on lending are expected to continue going forward.

The market values of securities such as bonds and equities will fluctuate over time, and losses on shares may occur. The group's bond portfolio is held for liquidity purposes, with a low risk of losses.

The group has great financial strength, which provides latitude, opportunities for growth and high potential dividends. The group also has a particularly sound liquidity buffer that will provides security if the banks' access to funding is challenged in the future.

Sparebanken Øst believes that it holds a good position in the equity certificate market and aims to ensure simple, open communication with its investors. The bank's target for its return on equity has been set at 10 per cent over time. The return on equity for 2020 is expected to be higher than the target of 10 percent.

Growth in lending to and deposits from customers will depend on general competition in the banking market, as well as the access to long-term financing. Money market rates have stabilised at historically low levels and the funding market for banks is well functioning. Together with the reduction in countercyclical capital buffers in March of this year, this indicates that the competitive situation in future will be tough, especially in the mortgage market.

Pressure on the bank's net interest rate is expected to be significant going forward.

On the basis of the low money market rates, the bank is offering historically low rates of interest on lending through its self-service concept 'nybygger.no' which launched on 9 October 2020. Sparebanken Øst has extensive experience of using a range of sales channels and believes that the time is ripe in Q4 2020 for an offensive market position through offering highly competitive interest rates. The bank's self-service solutions are cost effective and enable very competitive rates of interest with lower margins. The bank expects to achieve positive lending growth during the second half of 2020 and in 2021.

Growth in lending to retail customers will primarily come from home mortgages and providing loans for second-hand cars that are secured by security in the purchased car. Growth in lending to business customers will be seen in the group's defined market areas, of which the main product is repayment loans against mortgages in real estate.

Sparebanken Øst will continue to work purposefully to implement principles for green products and green funding. The Covid-19 pandemic has set back this work to some degree. This requires a framework for green product development and the classification of customers based on sustainability criteria. The principles will also form the basis for the issuance of green bonds and stipulate how other parts of the business can be restructured in a more sustainable direction. Furthermore, the bank will implement reporting of non-financial information related to ESG in keeping with reputable standards. Going forward, the bank will allocate resources for the development of the bank's strategy so that Sparebanken Øst becomes a contributor to sustainable development.

Sparebanken Øst expects to be set requirements for primary capital and qualifying liabilities that can be written down or converted to equity (MREL) prior to the end of Q4 2020. This requirement is expected to create a need to issue senior subordinated debt (Tier 3).

The anticipated need to issue subordinated debt could replace parts of existing senior unsecured bond loans when these reach maturity and before the requirement is expected to come into force. In a letter dated 26 May 2020, the Financial Supervisory Authority of Norway granted an extension to the deadline for the phasing in of MREL for the banks who had received such a demand from the originally proposed deadline of 31 December 2022 to 1 January 2024. No permission has been granted to include senior debt issued later in 2020 in the fulfillment of MREL. There remains some uncertainty relating to the details of the requirements of the phase-in process for banks who have not yet received this information.

On 28 September 2020, the Financial Supervisory Authority of Norway issued a consultation notification to the Ministry of Finance with proposals for new lending regulations encompassing all loans from financial companies to private individuals which will replace the mortgage regulations and consumer loan regulations that are applicable until 31 December 2020. The Financial Supervisory Authority of Norway has proposed that this regulation would apply on a permanent basis rather than for a period of one year as was previously the case. Among other things, the Financial Supervisory Authority of Norway has proposed that the maximum debt ratio limit be reduced from 5 to 4.5 times annual income. Furthermore, it proposes that the flexibility quota for mortgages be set at 5 per cent for the entire country and that the scope of the regulation also encompass loans secured to assets other than homes. The consultation period for the Financial Supervisory Authority of Norway's proposed changes closes on 10 November 2020. The bank will conduct a thorough evaluation of the proposal via Finance Norway, and Finance Norway will submit a gathered assessment to the Ministry of Finance. In principle, Sparebanken Øst believes that lending practices should be the responsibility of banks, and that when levels of risk decrease, responsibility for lending practices should correspondingly be returned in full to the banks. As such, regulations should be time delimited.

In the bank's view, there is significant uncertainty relating to the framework conditions and future

capital adequacy requirements for banks which calculate capital requirements using the standard method.

As of 31 December 2020, the system risk-buffer requirement will increase by 1.5 per cent from 3 to 4.5 per cent, and a floor for the risk weighting of real property loans will be introduced. In the case of banks that do not use IRB methods and are not essential to the system, the current requirements for 3 per cent will continue to apply until 31 December 2022. The Ministry of Finance's increase to systemic risk buffers is directly connected to the capital reliefs provided for in Pillar 1 as a result of the introduction of CRR/CRD IV, which took effect on 31.12.2019, in which the Basel I floor for IRB banks was abolished and an 'SME discount' was introduced for lending to small and medium enterprises. In a letter dated 2 March 2020 and at the request of the Ministry of Finance, the Financial Supervisory

Authority of Norway declined to consider the division of labour between Pillar 1 and Pillar 2 in connection with the introduction of increased systemic risk buffers. For Sparebanken Øst, this will mean an increase in capital requirements as of 31 December 2022.

Countercyclical capital buffer requirements stand at 1 per cent after being reduced on 13 March 2020 by 1.5 per cent from 2.5 per cent in connection with the Covid-19 pandemic. There are grounds to assume that the authorities will evaluate an increase to the countercyclical buffer to pre-crisis levels once the economy normalises. Norges Bank has signalled that it does not expect to advise an increase in buffer requirements any sooner than Q1 2021. There is a notice period of one year prior to any change taking effect.

Hokksund, 30 September 2020  
Drammen, 27 October 2020

Øivind Andersson  
Chair

Cecilie Hagby  
Deputy Chair

Elly Therese Thoresen  
Board member

Jorund Rønning Indrelid  
Board member

Arne K. Stokke  
Board member

Richard Tandberg Olsen  
Deputy board member

Ole-Martin Solberg  
Employee representative

Sissel Album Fjeld  
Employee representative

Pål Strand  
CEO



## Income Statement – Group

(Amounts in	Note	Q3 2020	Q3 2019	1.-30.9.2020	1.-30.9.2019	1.-30.9.2019	Year 2019
Interest income from assets valued at amortised cost		220,7	297,9	775,2	847,6	847,6	1.161,4
Interest income from assets valued at fair value		24,8	35,6	108,2	89,7	89,7	129,5
Interest costs		79,3	167,9	415,3	471,6	471,6	649,1
<b>Net interest</b>	15	<b>166,3</b>	<b>165,6</b>	<b>468,1</b>	<b>465,7</b>	<b>465,7</b>	<b>641,7</b>
Commission income and income from banking services		19,1	23,7	58,2	67,3	67,3	89,9
Commission costs and costs for banking services		10,4	11,3	31,3	33,9	33,9	44,8
Dividend		0,1	26,4	5,4	28,9	28,9	28,9
Net value of	16	-4,9	-15,7	140,0	-7,6	-7,6	-9,5
Other operating income		1,9	3,4	26,0	12,0	12,0	15,3
<b>Net other operating income</b>		<b>5,9</b>	<b>26,5</b>	<b>198,4</b>	<b>66,9</b>	<b>66,9</b>	<b>79,8</b>
Payroll, etc.		43,8	42,1	121,1	119,3	119,3	162,6
Administration costs		13,9	13,0	42,0	39,5	39,5	53,6
Depreciation/write-downs/changes in value for non-financial		6,9	6,5	19,9	19,1	19,1	25,7
Other operating costs		7,4	7,2	31,0	27,9	27,9	35,9
<b>Total operating</b>	17	<b>72,1</b>	<b>68,8</b>	<b>214,1</b>	<b>205,8</b>	<b>205,8</b>	<b>277,8</b>
<b>Profit/loss before losses</b>		<b>100,0</b>	<b>123,2</b>	<b>452,4</b>	<b>326,8</b>	<b>326,8</b>	<b>443,7</b>
Losses on loans	4	2,0	3,4	11,4	11,3	11,3	18,9
<b>Profit/loss before tax costs</b>		<b>98,1</b>	<b>119,8</b>	<b>441,0</b>	<b>315,5</b>	<b>315,5</b>	<b>424,8</b>
Tax costs		22,1	24,2	59,8	69,3	69,3	95,5
<b>Profit/loss after tax</b>		<b>75,9</b>	<b>95,7</b>	<b>381,2</b>	<b>246,1</b>	<b>246,1</b>	<b>329,3</b>
Hybrid capital owners' share of the result		3,5	5,1	12,5	13,1	13,1	17,9
Equity certificate holders' and primary capital share of profit:		72,4	90,5	368,7	233,0	233,0	311,5
<b>Profit/loss after tax</b>		<b>75,9</b>	<b>95,7</b>	<b>381,2</b>	<b>246,1</b>	<b>246,1</b>	<b>329,3</b>
Earnings per equity certificate		1,10	1,42	5,58	3,65	3,65	4,87
Diluted earnings per equity certificate		1,10	1,42	5,58	3,65	3,65	4,87

## Total income - Group

(Amounts in	Note	Q3 2020	Q3 2019	1.-30.9.2020	1.-30.9.2019	1.-30.9.2019	Year 2019
<b>Profit/loss after tax</b>		<b>75,9</b>	<b>95,7</b>	<b>381,2</b>	<b>246,1</b>	<b>246,1</b>	<b>329,3</b>
<b>Items that will not be reclassified to the income statement</b>							
Actuarial gains and losses on defined-benefit plans		0,0	0,0	0,0	0,0	0,0	4,1
Tax related to items that cannot be reclassified		0,0	0,0	0,0	0,0	0,0	-1,0
<b>Comprehensive income</b>		<b>75,9</b>	<b>95,7</b>	<b>381,2</b>	<b>246,1</b>	<b>246,1</b>	<b>332,4</b>

## Balance Sheet – Group

(Amounts in NOK million)	Note	30.09.2020	30.09.2019	31.12.2019	31.12.2017	31.12.2016
<b>Assets</b>						
Cash and receivables from central banks	10,11	441,0	440,7	302,5	341,2	311,9
Lending to and receivables from financial institutions	10,11	12,3	8,5	15,9	5,7	9,5
Loans to and receivables from customers	4,7,8,10,11	31.366,3	34.733,3	34.225,3	30.972,4	29.695,7
Certificates and bonds	10,11	9.316,0	6.589,7	6.755,1	4.515,1	#REF!
Shares and units	10,11	814,8	627,1	629,6	483,9	460,1
Financial derivatives	10,11,13,14	552,5	325,8	174,7	297,9	369,6
Ownership interests in Group companies		0,0	0,0	0,0	0,0	0,0
Deferred tax asset		0,0	0,0	0,0	0,0	0,0
Investment properties		12,0	59,3	59,0	134,6	284,3
Tangible fixed assets		143,0	136,8	137,7	133,9	131,4
Lease rights		46,5	50,7	49,5		
Other assets		16,3	14,9	23,9	103,2	27,0
Prepaid non-accrued costs and income earned, but not received		18,4	21,7	12,6	6,2	14,7
<b>Total assets</b>		<b>42.739,1</b>	<b>43.008,5</b>	<b>42.385,8</b>	<b>36.994,1</b>	<b>#REF!</b>
<b>Liabilities and equity</b>						
Liabilities to financial institutions	10,11	601,4	302,2	300,6	330,1	90,2
Deposits from and liabilities to customers	6,10,11	14.542,0	15.072,0	14.791,7	13.971,8	13.887,4
Liabilities to the state, swap of covered bonds		0,0	0,0	0,0	0,0	0,0
Financial derivatives	10,11,13,14	25,3	19,5	35,3	25,5	47,5
Securities issued	10,11,12	21.950,7	22.579,6	22.261,7	18.228,5	17.614,6
Tax payable					0,0	0,0
Other liabilities		553,2	401,1	298,9	235,0	183,6
Accruals and deferred income		41,5	41,3	33,6	37,8	30,5
Provisions for accrued costs and liabilities		67,6	78,3	67,4	68,6	38,6
Deferred tax liability		0,7	3,5	5,0	8,9	22,7
Lease liabilities		47,2	51,0	49,9		
Subordinated loan capital	10,11,12	400,0	400,3	400,4	351,9	703,5
<b>Total liabilities</b>		<b>38.229,6</b>	<b>38.948,6</b>	<b>38.244,3</b>	<b>33.258,1</b>	<b>32.618,6</b>
Paid-up equity		595,1	595,1	595,1	595,1	595,1
Hybrid capital		351,7	352,3	352,4	351,7	
Retained earnings		3.562,7	3.112,5	3.194,0	2.789,2	2.581,0
Retained ordinary earnings		0,0	0,0	0,0	0,0	0,0
<b>Total equity</b>		<b>4.509,5</b>	<b>4.059,9</b>	<b>4.141,5</b>	<b>3.736,0</b>	<b>3.176,1</b>
<b>Total liabilities and equity</b>		<b>42.739,1</b>	<b>43.008,5</b>	<b>42.385,8</b>	<b>36.994,1</b>	<b>35.794,7</b>

## Changes in Equity - Group

	Paid-up equity		Hybrid capital		Retained earnings		Fund for		Other equity	Retained profit
(Amounts in NOK million)	Total equity	Equity certificates	Share reserve	Additional Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	unrealised gains		
<b>30.09.2020</b>										
<b>Equity as at 31.12.2019</b>	<b>4.141,5</b>	<b>207,3</b>	<b>387,8</b>	<b>352,4</b>	<b>405,7</b>	<b>2.045,5</b>	<b>38,1</b>	<b>277,5</b>	<b>427,2</b>	<b>0,0</b>
Ordinary result	381,2	0,0	0,0	12,5	0,0	0,0	0,0	0,0	0,0	368,7
Changes in fair value of shares through comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Actuarial gains and losses on defined-benefit plans	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Comprehensive income</b>	<b>381,2</b>	<b>0,0</b>	<b>0,0</b>	<b>12,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>368,7</b>
Dividend to equity certificate holders 2019 - adopted	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Dividend to social capital 2019 - adopted	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Interest paid on hybrid capital	-13,2	0,0	0,0	-13,2	0,0	0,0	0,0	0,0	0,0	0,0
Redemption of hybrid capital	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Issue of hybrid capital	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Changes in endowment fund	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity as at 30.09.2020</b>	<b>4.509,5</b>	<b>207,3</b>	<b>387,8</b>	<b>351,7</b>	<b>405,7</b>	<b>2.045,5</b>	<b>38,1</b>	<b>277,5</b>	<b>427,2</b>	<b>368,7</b>

\*The Board of Trustees approved the annual financial statements and annual report for 2019 on 18 June 2020, including the allocation of the parent bank's profit for the year as was originally proposed by the Board of Directors on 5 March 2020 on the basis of a dividend set at NOK 3.60 per equity certificate (totalling NOK 74.6 million) and NOK 59.7 million directed to good causes. The Board of Trustees resolved to grant the Board of Directors time-limited authority to adopt the final implementation of the this distribution of dividends to equity certificate holders and grants to good causes. As at 27 October 2020, the Board of Directors resolved to use its authorisation to issue the original dividend of NOK 3.60 per equity certificate (totalling NOK 74.6 million) and NOK 59.7 million was paid to good causes. As at the end of the third quarter, the sums encompassed by the Board of Directors' resolution pertaining to dividends shall be reported as equity in the accounts and included in the key figures as the equity per certificate, but shall be deducted when calculating the Group's capital ratio, ownership fraction as at 01/01/2020 and when calculating equity interest rates.

	Paid-up equity		Hybrid capital		Retained earnings		Fund for		Other equity	Retained profit
(Amounts in NOK million)	Total equity	Equity certificates	Share reserve	Additional Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	unrealised gains		
<b>30.09.2019</b>										
<b>Equity at 31.12.2018</b>	<b>3.944,2</b>	<b>207,3</b>	<b>387,8</b>	<b>350,5</b>	<b>404,1</b>	<b>1.867,5</b>	<b>38,1</b>	<b>283,6</b>	<b>405,3</b>	<b>0,0</b>
Ordinary result	246,1	0,0	0,0	13,1	0,0	0,0	0,0	0,0	0,0	233,0
Changes in fair value of shares through comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Actuarial gains and losses on defined-benefit plans	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Comprehensive income</b>	<b>246,1</b>	<b>0,0</b>	<b>0,0</b>	<b>13,1</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>233,0</b>
Dividend to equity certificate holders 2018 - adopted	-95,4	0,0	0,0	0,0	-95,4	0,0	0,0	0,0	0,0	0,0
Dividend to social capital 2018 - adopted	-23,8	0,0	0,0	0,0	0,0	-23,8	0,0	0,0	0,0	0,0
Interest paid on hybrid capital	-11,3	0,0	0,0	-11,3	0,0	0,0	0,0	0,0	0,0	0,0
Redemption of hybrid capital	-150,0	0,0	0,0	-150,0	0,0	0,0	0,0	0,0	0,0	0,0
Issue of hybrid capital	150,0	0,0	0,0	150,0	0,0	0,0	0,0	0,0	0,0	0,0
Changes in endowment fund	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity at 30.09.2019</b>	<b>4.059,9</b>	<b>207,3</b>	<b>387,8</b>	<b>352,3</b>	<b>308,7</b>	<b>1.843,7</b>	<b>38,1</b>	<b>283,6</b>	<b>405,3</b>	<b>233,0</b>
Issue of hybrid capital	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity at 30.06.2019</b>	<b>4.059,9</b>	<b>207,3</b>	<b>387,8</b>	<b>352,3</b>	<b>308,7</b>	<b>1.843,7</b>	<b>38,1</b>	<b>283,6</b>	<b>405,3</b>	<b>233,0</b>

	Paid-up equity		Hybrid capital		Retained earnings		Fund for		Other equity	Retained profit
(Amounts in NOK million)	Total equity	Equity certificates	Share reserve	Additional Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	unrealised gains		
<b>2019</b>										
<b>Equity at 31.12.2018</b>	<b>3.944,2</b>	<b>207,3</b>	<b>387,8</b>	<b>350,5</b>	<b>404,1</b>	<b>1.867,5</b>	<b>38,1</b>	<b>283,6</b>	<b>405,3</b>	<b>0,0</b>
Ordinary result	329,3	0,0	0,0	17,9	96,0	199,9	0,0	-6,2	21,7	0,0
Changes in fair value of shares through comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Actuarial gains and losses on defined-benefit plans	3,0	0,0	0,0	0,0	0,9	1,9	0,0	0,0	0,3	0,0
<b>Comprehensive income</b>	<b>332,4</b>	<b>0,0</b>	<b>0,0</b>	<b>17,9</b>	<b>96,9</b>	<b>201,8</b>	<b>0,0</b>	<b>-6,2</b>	<b>22,0</b>	<b>0,0</b>
Dividend to equity certificate holders 2018 - adopted	-95,4	0,0	0,0	0,0	-95,4	0,0	0,0	0,0	0,0	0,0
Dividend to social capital 2018 - adopted	-23,8	0,0	0,0	0,0	0,0	-23,8	0,0	0,0	0,0	0,0
Interest paid on hybrid capital	-15,9	0,0	0,0	-15,9	0,0	0,0	0,0	0,0	0,0	0,0
Redemption of hybrid capital	-150,0	0,0	0,0	-150,0	0,0	0,0	0,0	0,0	0,0	0,0
Issue of hybrid capital	150,0	0,0	0,0	150,0	0,0	0,0	0,0	0,0	0,0	0,0
Changes in endowment fund	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity as at 31.12.2019</b>	<b>4.141,5</b>	<b>207,3</b>	<b>387,8</b>	<b>352,4</b>	<b>405,7</b>	<b>2.045,5</b>	<b>38,1</b>	<b>277,5</b>	<b>427,2</b>	<b>0,0</b>

## Cash Flow Statement - Group

(Amounts in NOK million)

	30.09.2020	30.09.2019	31.12.2019	31.12.2017	31.12.2016
<b>Operating activities</b>					
Profit before tax	441,0	315,3	424,8	447,1	427,4
Adjusted for:					
Change in net interest income earned and accrued interest costs	40,9	62,4	-9,2	-3,2	-2,3
Net payment/disbursement of loans to financial institutions	0,0		0,0	0,0	0,0
Net receipts/payments of loans to customers	2.831,3	416,4	924,4	-1.267,3	-1.700,4
Change in certificates and bonds	-2.561,2	-1.416,5	-1.581,7	-229,9	268,3
Changes in value of equities and units	-165,6	-2,0	-4,5	-3,4	
Change in other assets in connection with operations	31,1	-11,4	-17,6	-58,2	-47,8
Change in loans from credit institutions	0,0	0,1	0,1		
Net receipts/disbursement of deposits from customers	-305,9	103,7	-107,0	83,8	729,0
Change in other operating liabilities	294,3	72,5	-71,1	-2,0	-26,1
Non-cash items included in profit before tax costs	26,5	21,4	34,0	9,8	15,5
Net gain/loss from investing activities	-20,2	-0,1	-0,1	-39,5	-17,9
Net gain/loss from financing activities	9,2	6,5	6,8	5,8	-0,1
Net change in relation to investing activities	0,0	0,0	0,0	0,0	
Other changes	0,0	0,0	0,0	0,0	
Taxes paid for the period	-99,5	-84,9	-86,2	-88,1	-98,4
<b>Net cash flow from operating activities</b>	<b>521,6</b>	<b>-516,6</b>	<b>-487,3</b>	<b>-1.145,1</b>	<b>-452,8</b>
<b>Investing activities</b>					
Payments on purchases of tangible fixed assets	-26,4	-14,1	-19,0	-21,1	-63,9
Proceeds from sale of fixed assets	72,0	0,3	0,3	186,7	1,2
Net proceeds/costs on the sale/purchase of financial investments	-19,6	-18,3	-18,3	206,5	9,7
Net payment/disbursement concerning investments in subsidiaries				0,0	0,0
<b>Net cash flow from investing activities</b>	<b>26,0</b>	<b>-32,1</b>	<b>-37,0</b>	<b>372,1</b>	<b>-53,0</b>
<b>Financing activities</b>					
Net incoming/outgoing payments for loans to/from financial institutions	300,0	0,0	0,0	240,0	-60,0
Payments on repayment of securities	-3.198,0	-2.959,6	-3.609,9	-3.248,0	-4.386,4
Proceeds on issuance of securities	2.498,6	3.452,1	3.951,7	3.904,4	4.955,9
Payment of dividend	0,0	-95,4	-95,4	-82,9	-68,4
Net payments on repayment of hybrid capital	0,0	-150,5	-150,5	0,0	
Net receipts on issue of hybrid capital	0,0	150,0	150,0	0,0	
Interest paid on hybrid capital	-13,2	-11,3	-15,9	-14,9	
<b>Net cash flow from financing activities</b>	<b>-412,6</b>	<b>385,3</b>	<b>230,0</b>	<b>798,6</b>	<b>441,1</b>
Net change in cash and cash equivalents	135,0	-163,4	-294,3	25,6	-64,7
Cash and cash equivalents at 01.01	318,3	612,6	612,6	321,4	386,1
<b>Holding of cash and cash equivalents at the end of the period</b>	<b>453,3</b>	<b>449,2</b>	<b>318,3</b>	<b>347,0</b>	<b>321,4</b>

Liquidity reserves include cash and deposits with central banks and loans to and deposits with financial institutions which are investment placements.

Additional information for operating activities concerning interest and dividends	30.09.2020	30.09.2019	31.12.2019	31.03.2019	31.12.2019
Interest payments received	904,7	925,4	1.271,7	191,4	749,8
Interest payments made	394,4	395,8	636,9	66,1	379,9
Dividends received	5,4	28,9	28,9	28,9	136,8

## Note 1 - Basis for preparation of the financial statements

### Accounting Policies

The interim financial statements for the Group have been prepared in accordance with IAS 34 Interim Financial Reporting (IFRS).

A description of the accounting policies applied to the preparation of the financial statements is presented in the Annual Report for 2019. The accounting policies and calculation methods remain largely unchanged from the annual financial statements for 2019.

All amounts are stated in NOK millions and relate to the Group unless otherwise specified.

The interim financial statements have not been audited.

### Assessments and use of estimates

The preparation of the consolidated accounts entails that the executive management performs estimates and discretionary assessments and makes assumptions which influence the effect of the application of accounting policies and, consequently, the recognised amounts for assets, liabilities, revenue and costs. For further details, see the Annual Report for 2019, Note 3 - Assessments and use of estimates.



## Note 2 - Operating segments

Segment reporting is based on the bank's internal reporting format, where the parent bank and mortgage company are divided into retail market, business market and finance. There are also other subsidiaries, as well as a non-reportable segment with items that are not allocated to other segments.

### Profit/loss

30.09.2020	Retail market	Corporate market	Finance	AS Financing	Sparebanken Øst Elendom AS	Unallocated	Eliminations	Group
Net interest and commission income	258,0	99,7	-25,7	101,5	-0,3	32,1	2,8	468,1
Other operating income	40,9	5,7	-18,2	-14,7	23,8	171,3	-10,6	198,4
Operating costs	37,8	14,5	0,0	24,3	2,8	139,0	-4,2	214,1
<b>Profit/loss before losses</b>	<b>261,1</b>	<b>91,0</b>	<b>-43,8</b>	<b>62,4</b>	<b>20,8</b>	<b>64,4</b>	<b>-3,5</b>	<b>452,4</b>
Losses on loans, unused credit and guarantees	0,0	3,1	0,0	8,2	0,0	0,0	0,0	11,4
<b>Profit/loss before tax costs</b>	<b>261,1</b>	<b>87,9</b>	<b>-43,8</b>	<b>54,1</b>	<b>20,8</b>	<b>64,4</b>	<b>-3,5</b>	<b>441,0</b>
Tax costs	0,0	0,0	0,0	13,6	0,2	46,9	-0,9	59,8
<b>Profit/loss after tax</b>	<b>261,1</b>	<b>87,9</b>	<b>-43,8</b>	<b>40,5</b>	<b>20,6</b>	<b>17,5</b>	<b>-2,6</b>	<b>381,2</b>

30.09.2019	Retail market	Corporate market	Finance	AS Financing	Sparebanken Øst Elendom AS	Unallocated	Eliminations	Group
Net interest and commission income	252,9	99,9	-20,9	89,2	-1,4	47,3	-1,3	465,7
Other operating income	45,7	7,1	-6,8	-17,5	7,6	38,9	-8,2	66,9
Operating costs	43,0	13,8	0,0	23,0	4,9	125,7	-4,7	205,8
<b>Profit/loss before losses</b>	<b>255,5</b>	<b>93,3</b>	<b>-27,7</b>	<b>48,7</b>	<b>1,2</b>	<b>-39,5</b>	<b>-4,7</b>	<b>326,8</b>
Losses on loans, unused credit and guarantees	-0,7	1,6	0,0	10,3	0,0	0,0	0,0	11,3
<b>Profit/loss before tax costs</b>	<b>256,2</b>	<b>91,6</b>	<b>-27,7</b>	<b>38,4</b>	<b>1,2</b>	<b>-39,5</b>	<b>-4,7</b>	<b>315,5</b>
Tax costs	0,0	0,0	0,0	9,6	0,3	59,7	-0,3	69,3
<b>Profit/loss after tax</b>	<b>256,2</b>	<b>91,6</b>	<b>-27,7</b>	<b>28,8</b>	<b>1,0</b>	<b>-99,2</b>	<b>-4,5</b>	<b>246,1</b>

31.12.2019	Retail market	Corporate market	Finance	AS Financing	Sparebanken Øst Elendom AS	Unallocated	Eliminations	Group
Net interest and commission income	349,2	137,7	-27,3	119,4	-1,9	65,1	-0,4	641,7
Other operating income	61,4	9,4	-12,7	-22,9	10,1	43,7	-9,1	79,8
Operating costs	59,5	19,6	0,0	31,7	6,3	166,8	-6,2	277,8
<b>Profit/loss before losses</b>	<b>351,0</b>	<b>127,5</b>	<b>-40,0</b>	<b>64,7</b>	<b>1,9</b>	<b>-58,1</b>	<b>-3,3</b>	<b>443,7</b>
Losses on loans, unused credit and guarantees	-0,6	6,0	0,0	13,5	0,0	0,0	0,0	18,9
<b>Profit/loss before tax costs</b>	<b>351,6</b>	<b>121,5</b>	<b>-40,0</b>	<b>51,2</b>	<b>1,9</b>	<b>-58,1</b>	<b>-3,3</b>	<b>424,8</b>
Tax costs	0,0	0,0	0,0	13,0	0,4	82,0	0,1	95,5
<b>Profit/loss after tax</b>	<b>351,6</b>	<b>121,5</b>	<b>-40,0</b>	<b>38,3</b>	<b>1,4</b>	<b>-140,1</b>	<b>-3,4</b>	<b>329,3</b>

### Balance sheet

30.09.2020	Retail market	Corporate market	Finance	AS Financing	Sparebanken Øst Elendom AS	Unallocated	Eliminations	Group
Loans to and receivables from customers	24.024,4	4.690,7	10,7	2.181,7	0,0	483,4	-24,6	31.366,3
Other assets	6,5	0,0	10.752,4	48,2	141,7	3.844,3	-3.420,3	11.372,8
<b>Total assets</b>	<b>24.030,9</b>	<b>4.690,7</b>	<b>10.763,1</b>	<b>2.229,9</b>	<b>141,7</b>	<b>4.327,8</b>	<b>-3.445,0</b>	<b>42.739,1</b>
Deposits from and liabilities to customers	9.481,1	3.384,1	1.581,7	0,0	0,0	188,3	-93,2	14.542,0
Other liabilities/offsetting	14.549,8	1.306,6	9.181,4	1.780,4	34,7	-172,6	-2.992,8	23.687,6
Equity	0,0	0,0	0,0	449,5	107,0	4.312,0	-359,0	4.509,5
<b>Total liabilities and equity</b>	<b>24.030,9</b>	<b>4.690,7</b>	<b>10.763,1</b>	<b>2.229,9</b>	<b>141,7</b>	<b>4.327,8</b>	<b>-3.445,0</b>	<b>42.739,1</b>

30.09.2019	Retail market	Corporate market	Finance	AS Financing	Sparebanken Øst Elendom AS	Unallocated	Eliminations	Group
Loans to and receivables from customers	27.181,1	5.022,5	2,1	2.089,2	0,0	502,2	-63,7	34.733,3
Other assets	4,1	0,0	7.504,6	49,8	174,5	3.307,0	-2.764,9	8.275,2
<b>Total assets</b>	<b>27.185,2</b>	<b>5.022,5</b>	<b>7.506,7</b>	<b>2.139,0</b>	<b>174,5</b>	<b>3.809,2</b>	<b>-2.828,7</b>	<b>43.008,5</b>
Deposits from and liabilities to customers	9.652,5	3.599,0	1.735,5	0,0	0,0	152,8	-67,7	15.072,0
Other liabilities/offsetting	17.532,7	1.423,5	5.771,2	1.824,7	88,6	-241,0	-2.523,2	23.876,6
Equity	0,0	0,0	0,0	314,3	85,9	3.897,4	-237,7	4.059,9
<b>Total liabilities and equity</b>	<b>27.185,2</b>	<b>5.022,5</b>	<b>7.506,7</b>	<b>2.139,0</b>	<b>174,5</b>	<b>3.809,2</b>	<b>-2.828,7</b>	<b>43.008,5</b>

31.12.2019	Retail market	Corporate market	Finance	AS Financing	Sparebanken Øst Elendom AS	Unallocated	Eliminations	Group
Loans to and receivables from customers	26.714,5	4.964,9	1,1	2.102,9	0,0	505,7	-63,8	34.225,3
Other assets	4,8	0,0	7.548,8	47,5	174,1	3.179,6	-2.794,3	8.160,5
<b>Total assets</b>	<b>26.719,3</b>	<b>4.964,9</b>	<b>7.549,9</b>	<b>2.150,4</b>	<b>174,1</b>	<b>3.685,3</b>	<b>-2.858,1</b>	<b>42.385,8</b>
Deposits from and liabilities to customers	9.429,3	3.530,8	1.741,2	0,0	0,0	158,8	-68,4	14.791,7
Other liabilities/offsetting	17.290,0	1.434,2	5.808,7	1.781,4	87,7	-476,2	-2.473,2	23.452,6
Equity	0,0	0,0	0,0	369,0	86,4	4.002,6	-316,5	4.141,5
<b>Total liabilities and equity</b>	<b>26.719,3</b>	<b>4.964,9</b>	<b>7.549,9</b>	<b>2.150,4</b>	<b>174,1</b>	<b>3.685,3</b>	<b>-2.858,1</b>	<b>42.385,8</b>

31.12.2015	Retail market	Corporate market	Finance	AS Financing	Sparebanken Øst Elendom	Unallocated	Eliminations	Group
Loans to and receivables from customers	21.914,9	3.906,6	0,0	1.674,3	0,0	666,2	-186,2	27.975,8
Other assets	14,7	0,0	5.145,7	18,3	342,0	2.677,8	-1.665,2	6.533,3
<b>Total assets</b>	<b>21.929,6</b>	<b>3.906,6</b>	<b>5.145,7</b>	<b>1.692,6</b>	<b>342,0</b>	<b>3.344,0</b>	<b>-1.851,4</b>	<b>34.509,1</b>
Deposits from and liabilities to customers	9.354,1	2.445,2	1.258,7	18,2	0,0	118,2	-35,1	13.159,3
Other liabilities/offsetting	12.575,5	1.461,4	3.887,0	1.456,7	228,1	429,9	-1.639,9	18.398,7
Equity	0,0	0,0	0,0	217,7	113,9	2.795,9	-176,4	2.951,1
<b>Total liabilities and equity</b>	<b>21.929,6</b>	<b>3.906,6</b>	<b>5.145,7</b>	<b>1.692,6</b>	<b>342,0</b>	<b>3.344,0</b>	<b>-1.851,4</b>	<b>34.509,1</b>

## Note 3 - Capital adequacy

The Group uses the standardised approach when calculating minimum requirements for primary capital for credit risk. The calculation related to operational risk is performed according to the basis method. The capital charge for credit valuation adjustment (CVA) is calculated using the standardised approach. Exposure amounts for derivatives are calculated using the market value method.

The Group's primary capital must satisfy the minimum capital adequacy ratio requirements at all times, with the addition of a buffer equivalent to the company's accepted risk tolerance. See also the Group's Pillar III document, which is available from Sparebanken Øst's website.

	30.09.2020	30.09.2019	31.12.2019
<b>CET1 capital</b>			
Book equity	3.789,1	3.474,6	3.789,1
<b>Deduction items in CET1 capital</b>			
Additional value adjustments (prudent valuation requirement) (AVA)	-11,1	-8,0	-8,0
Dividends*	-134,3	0,0	-134,3
Goodwill included in the valuation of significant investments	-282,2	-159,1	-149,3
Intangible assets	-31,2	-24,6	-26,3
Deferred tax			
CET1 capital instruments in other financial institutions (not significant)	0,0	0,0	0,0
CET1 capital instruments in other financial institutions (significant)	0,0	0,0	0,0
Other deductions from CET1 capital	-30,8	-31,0	-30,8
<b>Total CET1 capital</b>	<b>3.299,5</b>	<b>3.252,0</b>	<b>3.440,3</b>
<b>Other tier 1 capital</b>			
Hybrid tier 1 capital	350,0	350,0	350,0
<b>Deductions from other tier 1 capital</b>			
Other tier 1 capital instruments in other financial institutions (not significant)	0,0	0,0	0,0
Other tier 1 capital instruments in other financial institutions (significant)	0,0	0,0	0,0
<b>Total other tier 1 capital</b>	<b>350,0</b>	<b>350,0</b>	<b>350,0</b>
<b>Total tier 1 capital</b>	<b>3.649,5</b>	<b>3.602,0</b>	<b>3.790,3</b>
<b>Tier 2 capital</b>			
Subordinated loans	400,0	400,0	400,0
<b>Deductions from tier 2 capital</b>			
Tier 2 capital instruments in other financial institutions (not significant)	0,0	0,0	0,0
Tier 2 capital instruments in other financial institutions (significant)	-56,4	-57,1	-57,3
<b>Total tier 2 capital</b>	<b>343,6</b>	<b>342,9</b>	<b>342,7</b>
<b>Net primary capital</b>	<b>3.993,0</b>	<b>3.944,8</b>	<b>4.132,9</b>

## Note 3 - Capital adequacy (contd.)

	30.09.2020	30.09.2019	31.12.2019
Governments and central banks	0,0	0,0	0,0
Local and regional authorities	168,4	34,5	127,5
Publicly owned companies	0,0	0,0	0,0
Multilateral development banks	0,0	0,0	0,0
Institutions	59,9	61,1	42,8
Companies	431,7	642,8	528,8
Mass market accounts	1.712,4	1.698,0	1.703,3
Accounts secured against property	12.568,0	14.598,0	14.059,2
Accounts due	187,9	211,6	194,4
High-risk commitments	576,7	0,0	0,0
Covered bonds	692,6	511,2	481,8
Shares in securities fund	0,0	0,0	0,0
Equity positions	777,7	637,2	664,2
Other exposures	220,2	302,1	243,0
Securitisation	0,0	0,0	0,0
<b>Calculation basis for credit and counterparty risk</b>	<b>17.395,5</b>	<b>18.696,5</b>	<b>18.044,9</b>
<b>Calculation basis for currency risk</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Calculation basis for operational risk</b>	<b>1.363,1</b>	<b>1.356,4</b>	<b>1.363,1</b>
<b>Calculation basis for impaired counterparty credit valuation adjustment (CVA)</b>	<b>59,4</b>	<b>82,0</b>	<b>42,4</b>
<b>Deductions from calculation basis</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Total calculation basis</b>	<b>18.818,0</b>	<b>20.134,9</b>	<b>19.450,3</b>
CET1 capital ratio*	17,53 %	16,15 %	17,69 %
Tier 1 capital ratio*	19,39 %	17,89 %	19,49 %
Capital adequacy*	21,22 %	19,59 %	21,25 %
<b>Buffers</b>			
Capital conservation buffer	470,4	503,4	486,3
Countercyclical buffer	188,2	402,7	486,3
Systemic risk buffer	564,5	604,0	583,5
Buffer for systemically important banks	0,0	0,0	0,0
<b>Total buffer requirements</b>	<b>1.223,2</b>	<b>1.510,1</b>	<b>1.556,0</b>
<b>Available buffer capital</b>	<b>2.452,6</b>	<b>2.334,0</b>	<b>2.565,0</b>
<b>Leverage ratio</b>	<b>8,50 %</b>	<b>8,26 %</b>	<b>8,81 %</b>

\*The Board of Trustees approved the annual financial statements and annual report for 2019 on 18 June 2020, including the allocation of the parent bank's profit for the year as was originally proposed by the Board of Directors on 5 March 2020 on the basis of a dividend set at NOK 3.60 per equity certificate (totalling NOK 74.6 million) and NOK 59.7 million directed to good causes. The Board of Trustees resolved to grant the Board of Directors time-limited authority to adopt the final implementation of the this distribution of dividends to equity certificate holders and grants to good causes. As at 27 October 2020, the Board of Directors resolved to use its authorisation to issue the original dividend of NOK 3.60 per equity certificate (totalling NOK 74.6 million) and NOK 59.7 million was paid to good causes. As at 30 September 2020 and as at 31 December 2019, the sums covered by the Board of Directors' resolution pertaining to dividends has been deducted when calculating the Group's capital adequacy.

## Note 4 - Losses on loans, unused credit and guarantees

### Loss costs

	Q3 2020	Q3 2019	-30.9.2020	-30.9.2019	31.12.2019
Change in model-based provisions, group 1	-0,4	0,2	2,4	-0,2	0,9
Change in model-based provisions, group 2	0,6	0,0	2,6	0,6	1,0
Change in model-based provisions, group 3	-0,3	-0,2	-0,2	-0,9	-1,6
Increase in existing individual write-downs	1,6	1,6	6,2	8,1	8,7
New individual write-downs	1,3	2,7	7,3	9,5	16,3
Established losses covered by previous individual write-downs	1,7	1,8	4,5	8,1	9,3
Reversals of previous individual write-downs	-1,9	-1,7	-8,5	-13,4	-14,7
Actual losses where no provision for individual write-downs has previously been made	0,4	0,3	0,9	3,1	4,0
Recovery of previously identified losses	-1,0	-1,4	-3,6	-4,1	-5,6
Amortisation costs for the period	0,0	0,1	0,0	0,5	0,7
<b>Losses on loans, unused credit and guarantees</b>	<b>2,0</b>	<b>3,4</b>	<b>11,4</b>	<b>11,3</b>	<b>18,9</b>
- of which losses on lending to retail customers of the parent bank and mortgage credit company	-0,5	0,0	-0,3	0,6	4,4
- of which losses on lending to business customers	0,0	0,2	3,2	0,5	0,9
- of which losses on lending AS Financiering	2,5	3,5	8,2	10,3	13,5
- of which losses on unused credit and guarantees	-0,1	-0,2	0,2	-0,1	0,1

### Changes in loss provisions

Group - 30.09.20	Expected loss			Total
	Stage 1	Group 2	Step 3	
<b>Opening balance as at 01.01.20</b>	<b>19,8</b>	<b>9,0</b>	<b>84,0</b>	<b>112,8</b>
Transferred to Stage 1	2,5	-1,6	-0,9	0,0
Transferred to group 2	-0,8	2,1	-1,3	0,0
Transferred to group 3	-0,1	-0,5	0,6	0,0
Net change	-3,8	2,1	9,0	7,3
New losses	8,1	0,6	0,7	9,3
Deducted losses	-6,0	-1,6	-3,5	-11,0
Change in risk model/parameters	2,5	1,4	0,1	4,0
<b>Closing balance as at 30.09.20</b>	<b>22,2</b>	<b>11,6</b>	<b>88,6</b>	<b>122,3</b>
- of which loss provisions on lending to retail customers of the parent bank and mortgage credit company	6,8	1,8	3,8	12,4
- of which loss provisions on lending to business customers	8,1	3,6	0,4	12,1
- of which loss provisions on lending AS Financiering	6,6	6,0	84,2	96,7
- of which loss provisions on unused credit and guarantees	0,7	0,2	0,3	1,1
Model-calculated loss provisions	22,2	11,6	0,3	34,1
Individual loss provisions	0,0	0,0	88,2	88,2

## Note 4 - Losses on loans, unused credit and guarantees (cont.)

Group - 30.09.19	Expected loss			Total
	Stage 1	Group 2	Step 3	
<b>Opening balance at 01.01.19</b>	<b>18,9</b>	<b>8,0</b>	<b>75,3</b>	<b>102,1</b>
Transferred to group 1	2,7	-1,8	-0,8	0,0
Transferred to group 2	-0,8	2,2	-1,4	0,0
Transferred to group 3	-0,1	-0,6	0,6	0,0
Net change	-3,3	1,3	9,4	7,4
New losses	7,3	0,7	0,9	8,9
Deducted losses	-6,0	-1,2	-5,4	-12,6
Change in risk model/parameters	0,0	0,0	0,0	0,0
<b>Closing balance at 30.09.19</b>	<b>18,7</b>	<b>8,6</b>	<b>78,6</b>	<b>105,8</b>
- of which loss provisions on lending to retail customers of the parent bank and mortgage credit company	7,2	1,5	0,7	9,3
- of which loss provisions on lending to business customers	5,7	1,5	1,1	8,4
- of which loss provisions on lending AS Financiering	5,3	5,5	76,7	87,5
- of which loss provisions on unused credit and guarantees	0,5	0,0	0,1	0,6
Model-calculated loss provisions	18,7	8,6	1,3	28,6
Individual loss provisions	0,0	0,0	77,2	77,2

Group - 31.12.19	Expected loss			Total
	Stage 1	Group 2	Step 3	
<b>Opening balance at 01.01.19</b>	<b>18,9</b>	<b>8,0</b>	<b>75,3</b>	<b>102,1</b>
Transferred to group 1	3,7	-2,0	-1,7	0,0
Transferred to group 2	-0,9	2,1	-1,2	0,0
Transferred to group 3	-0,1	-0,6	0,7	0,0
Net change	-4,4	2,3	15,5	13,5
New losses	8,9	1,1	1,9	11,9
Deducted losses	-7,1	-2,1	-6,6	-15,8
Change in risk model/parameters	0,8	0,2	0,0	1,1
<b>Closing balance as at 31.12.2019</b>	<b>19,8</b>	<b>9,0</b>	<b>84,0</b>	<b>112,8</b>
- of which loss provisions on lending to retail customers of the parent bank and mortgage credit company	6,9	1,8	4,2	12,9
- of which loss provisions on lending to business customers	7,1	1,2	0,4	8,8
- of which loss provisions on lending AS Financiering	5,2	5,9	79,2	90,3
- of which loss provisions on unused credit and guarantees	0,5	0,1	0,3	0,8
Model-calculated loss provisions	19,8	9,0	0,6	29,4
Individual loss provisions	0,0	0,0	83,4	83,4



## Note 4 - Losses on loans, unused credit and guarantees (cont.)

### Change in gross lending, broken down by group

The table below does not include fixed-rate loans at fair value.

Group - 30.09.20	Stage 1	Group 2	Step 3	Total
<b>Opening balance as at 01.01.20</b>	<b>32.919,1</b>	<b>780,7</b>	<b>215,3</b>	<b>33.915,1</b>
Transferred to Stage 1	131,4	-127,4	-3,9	0,0
Transferred to group 2	-352,3	362,9	-10,6	0,0
Transferred to group 3	-20,4	-31,8	52,2	0,0
Net change	200,4	-87,0	-22,2	91,2
New loans	13.114,3	70,9	4,1	13.189,3
Deducted lending	-15.877,7	-173,4	-32,8	-16.083,9
<b>Closing balance as at 30.09.20</b>	<b>30.114,7</b>	<b>794,8</b>	<b>202,0</b>	<b>31.111,6</b>
- of which lending to retail customers of the parent bank and mortgage credit company	23.883,3	169,9	30,8	24.084,1
- of which lending to business customers	4.482,2	257,9	9,0	4.749,2
- of which lending AS Finansiering	1.749,2	367,0	162,2	2.278,4

Group - 30.09.19	Stage 1	Group 2	Step 3	Total
<b>Opening balance at 01.01.19</b>	<b>33.933,1</b>	<b>688,2</b>	<b>260,5</b>	<b>34.881,8</b>
Transferred to group 1	165,2	-157,8	-7,4	0,0
Transferred to group 2	-376,6	400,8	-24,1	0,0
Transferred to group 3	-28,4	-35,8	64,2	0,0
Net change	227,6	-78,0	-28,4	121,2
New loans	15.961,3	99,1	29,0	16.089,5
Deducted lending	-16.478,5	-152,5	-45,1	-16.676,1
<b>Closing balance at 30.09.19</b>	<b>33.403,8</b>	<b>764,0</b>	<b>248,7</b>	<b>34.416,5</b>
- of which lending to retail customers of the parent bank and mortgage credit company	26.991,4	175,5	89,3	27.256,2
- of which lending to business customers	4.769,6	198,2	15,7	4.983,5
- of which lending AS Finansiering	1.642,8	390,3	143,7	2.176,7

Group - 31.12.19	Stage 1	Group 2	Step 3	Total
<b>Opening balance at 01.01.19</b>	<b>33.933,1</b>	<b>688,2</b>	<b>260,5</b>	<b>34.881,8</b>
Transferred to group 1	198,5	-174,6	-23,9	0,0
Transferred to group 2	-416,6	446,6	-30,0	0,0
Transferred to group 3	-33,1	-34,7	67,8	0,0
Net change	296,6	-108,7	-34,4	153,5
New loans	17.379,0	164,7	33,9	17.577,6
Deducted lending	-18.438,5	-200,8	-58,5	-18.697,9
<b>Closing balance as at 31.12.2019</b>	<b>32.919,1</b>	<b>780,7</b>	<b>215,3</b>	<b>33.915,1</b>
- of which lending to retail customers of the parent bank and mortgage credit company	26.587,2	194,5	50,7	26.832,4
- of which lending to business customers	4.693,2	184,4	12,0	4.889,5
- of which lending AS Finansiering	1.638,7	401,9	152,6	2.193,1

## Note 4 - Losses on loans, unused credit and guarantees (cont.)

### Model-calculated expected loss

The major economic uncertainty that arose at the end of Q1 2020 as a result of the Covid-19 pandemic and the fall in oil prices is deemed to have significantly reduced as at the end of Q3 2020 when compared with the end of Q1 2020. Despite improvements in the macroeconomic conditions, there remains widespread uncertainty pertaining to the long-term impact of the pandemic. The macroeconomic outlook remains somewhat weaker than the one that formed the basis for the preparation of the annual financial statements for 2019.

In connection with the end of the first quarter of 2020, special evaluations and valuations of the Group's portfolios, including non-performing commitments, were carried out. During subsequent quarters, further assessments of the portfolios have been carried out which has resulted in updated any significant increased risks relating to credit and loss in individual commitments, industries or segments on the bank's balance sheet as a result of Covid-19 evaluations. This is in order to identify and the fall in oil prices. As part of these reviews, an assessment has been made as to whether there are increased risks relating to credit and loss over the duration of each respective commitment. The reviews have 'looked past' the situation that has arisen - and that is assumed to be temporary - in terms of the 'lockdown' of society as a result of Covid-19. The reviews have also examined the authorities' initiatives and aid packages. Measures to remedy immediate liquidity challenges among the bank's customers, as in the rest of the financial industry, have been implemented using temporary payment holidays on loan instalments.

The majority of Sparebanken Øst's portfolios are located in the central area of Eastern Norway, and the risk of losses in the portfolios is deemed not to have changed significantly. In terms of security coverage, the Group is well-covered through lending to retail customers and business owners, the majority of whom are secured through mortgages on real estate with reassuring loan-to-value ratios. Furthermore, the bank does not have exposure to oil and oil related activities or fishing and aquaculture activities. In general terms, the bank can also be said to have very little exposure to the accommodation/hospitality industry, import/export, industry and trading operations. On the basis of the reviews and evaluations, no special adjustment has been made to the levels of loss provisions and no changes have been made to the assumptions that underpin the model-calculated losses in the anticipated scenario to date in 2020.

There has been an increased number of requests from the Group's customers for payment holidays as a result of the Covid-19 situation. The majority of requests were during the period from March to May 2020 and the Group has only received a small proportion of requests for extensions to payment holidays. Where the cause and need have arisen as a result of the Covid-19 situation, the Group has granted temporary payment holidays of up to 6 months. Individual assessments of the applications have been carried out to establish whether such a need is temporary, or whether the measure is in reality an offer of payment relief that necessitates a transfer to step 2 or step 3. The extent of temporary payment holidays granted as at 30.09.20 constitutes approximately 1.4 % of lending in the retail market portfolio (4.4% as at 30.06.20 and 3.6% as at 31.03.20), 0.7% of lending in the business market portfolio (9.0% as at 30.06.20 and 10.2% as at 31.03.20), and 0.1% of lending by AS Financiering (0.9% as at 30.06.20 and 3.3% as at 31.03.20). As at 30.09.20, there has been no significant increase in payment relief incorporating transfers to step 2 or step 3 when compared with previous quarters and with 31.12.19.

Given the ongoing uncertainty pertaining to the economic long-term impact, there is an increase in the estimate uncertainty compared with that used as the basis for the preparation of the annual financial statements for 2019. The probability weighting of macroeconomic scenarios as at 30.09.20 remains unchanged compared with 31.03.20. During Q1 2020, the probability of a pessimistic scenario increased from 15 to 30 per cent, while the expected scenario probability was reduced by a corresponding figure. This change results in NOK 4.2 million of loss provisions during Q1 2020, of which NOK 4.1 million related to increased loss provisions for step 2 and step 2. The factors (effect) of the scenarios for all segments within the Group remain unchanged when compared with 31.12.19.

The table below shows the expected loss in the various scenarios and the probability weighting. Individually assessed loss provisions remain unchanged in the various scenarios.

30.09.20 - Group	Probability Weighting	Stage 1	Group 2	Step 3	Total
Optimistic scenario	0 %	11,1	5,3	88,4	104,9
Expected scenario	70 %	15,8	8,4	88,5	112,7
Pessimistic scenario	30 %	36,9	19,0	88,9	144,8
<b>Loss provisions (probability weighted)</b>	<b>100 %</b>	<b>22,2</b>	<b>11,6</b>	<b>88,6</b>	<b>122,3</b>

### Sensitivity to model parameters

The sensitivity analysis of the model parameters in relation to the increase in the probability weighting of a pessimistic scenario has been changed in comparison with the details given in the annual report for 2019. A further increase in the probability weighting of the pessimistic scenario by 50%, from 30% to 45%, and where the expected scenario is reduced accordingly, would result in a further increased in model-calculated expected losses of NOK 4.8 million for the Group as at 30.09.20. This breaks down into NOK 2.3 million for business customers, NOK 1.1 million for customers of the parent bank and mortgage credit company, and NOK 1.5 million in AS Financiering. Sensitivity to other model parameters of the probability of default (PD) and expected losses (LGD) have not changed significantly as at 30.09.20 when compared with the details set out in the annual report for 2019.

## Note 5 - Non-performing commitments, customers

	Q2 2016	Q2 2015	30.09.2020	30.09.2019	31.12.2019
<b>Payment defaults in excess of 90 days</b>					
Business	112,1	280,1	9,5	6,4	12,4
+ Retail	63,7	95,0	26,1	53,0	44,5
+ AS Financiering			162,2	143,7	152,6
= Gross payment defaults	175,8	375,1	197,8	203,0	209,5
- Loss provisions	26,1	30,4	88,6	77,5	83,7
= <b>Net payment defaults</b>	<b>149,7</b>	<b>344,7</b>	<b>109,2</b>	<b>125,5</b>	<b>125,8</b>
<b>Other non-performing commitments</b>					
Business	7,7	23,0	0,5	10,5	0,3
+ Retail	1,3	6,1	4,7	36,4	6,2
+ AS Financiering			0,0	0,0	0,0
= Gross other non-performing commit	9,0	29,1	5,2	46,8	6,5
- Loss provisions	0,7	10,7	0,0	1,1	0,3
= <b>Net other non-performing commitn</b>	<b>8,3</b>	<b>18,4</b>	<b>5,2</b>	<b>45,8</b>	<b>6,1</b>
<b>Non-performing commitments</b>					
Business	119,8	303,1	10,0	16,9	12,7
+ Retail	65,0	101,1	30,8	89,3	50,7
+ AS Financiering			162,2	143,7	152,6
= Gross non-performing commitments	184,8	404,2	203,0	249,9	215,9
- Loss provisions	26,8	41,1	88,6	78,6	84,0
= <b>Net non-performing commitments</b>	<b>158,0</b>	<b>363,1</b>	<b>114,4</b>	<b>171,3</b>	<b>131,9</b>

## Note 6 - Deposits from customers by sector and industry

	30.09.2020	30.09.2019	31.12.2019	31.12.2016
Salaried employees	8.429,3	8.546,8	8.388,9	8.927,3
Public administration	596,3	502,6	543,7	408,7
Agriculture, forestry and fishing, etc.	116,6	99,3	101,9	119,1
Industry and mining, power and water supply	892,9	1.175,8	1.149,9	583,7
Building and construction	539,5	593,2	627,8	406,8
Wholesale and retail trade, hotels and restaurants	452,7	399,5	442,1	470,3
Transport and communications	472,4	231,2	219,4	182,2
Business financial services	1.234,1	1.523,8	1.453,5	1.169,2
Other service industries	848,8	828,6	821,0	709,0
Real estate sales and operation	832,4	1.042,6	918,6	816,2
Abroad	127,1	128,8	124,7	94,9
<b>Total customer deposits</b>	<b>14.542,0</b>	<b>15.072,0</b>	<b>14.791,7</b>	<b>13.887,4</b>

## Note 7 - Loans to customers by sector and industry

	30.09.2020	30.09.2019	31.12.2019	31.12.2016
Salaried employees	26.647,3	29.760,8	29.349,3	25.771,4
Agriculture, forestry and fishing, etc.	102,0	110,4	97,0	111,2
Industry and mining, power and water supply	78,8	87,3	80,7	94,0
Building and construction	418,8	477,2	417,5	474,4
Wholesale and retail trade, hotels and restaurants	122,5	148,3	133,2	242,3
Transport and communications	43,7	33,5	34,2	53,1
Business financial services	218,9	168,5	131,0	119,1
Other service industries	808,6	813,0	788,5	628,2
Real estate sales and operation	3.006,1	3.201,4	3.264,0	2.276,6
Abroad	40,8	38,1	42,0	33,0
<b>Gross lending to customers</b>	<b>31.487,6</b>	<b>34.838,5</b>	<b>34.337,2</b>	<b>29.803,3</b>
Loss provisions on loans	-121,2	-105,2	-111,9	
<b>Net lending to customers</b>	<b>31.366,3</b>	<b>34.733,3</b>	<b>34.225,3</b>	

## Note 8 - Geographical distribution of lending, customers

	30.09.2020	30.09.2019	31.12.2019
Drammen	7.626,5	8.142,5	8.137,1
Øvre Eiker	2.099,2	2.219,9	2.126,6
Asker/Bærum	4.545,4	4.846,2	4.843,6
Rest of Viken	6.389,4	7.201,9	7.123,7
Oslo	5.792,4	6.846,5	6.656,6
Vestfold/Telemark	2.825,4	3.064,8	3.019,7
Rest of Norway	2.168,5	2.478,7	2.387,9
Abroad	40,8	38,1	42,0
<b>Gross lending to customers</b>	<b>31.487,6</b>	<b>34.838,5</b>	<b>34.337,2</b>
Loss provisions on loans	-121,2	-105,2	-111,9
<b>Net lending to customers</b>	<b>31.366,3</b>	<b>34.733,3</b>	<b>34.225,3</b>

## Note 9 - Credit risk

The risk classification systems are used for decision-making support, monitoring and reporting. The risk parameters from the classification systems form an integral part of the credit process and follow-up of the business and retail market customer portfolios. The risk classification is based on a weighted calculation of various parameters linked to capacity to service debt, payment history and information from an external credit information provider. The parent bank and Sparebanken Øst Boligkreditt AS's portfolios are based on a risk classification consisting of 11 categories from A to K. Risk class A represents the lowest risk and class I represents the highest risk of non-performing customers. The risk classes J and K comprise commitments with objective evidence of non-performance and these commitments are being specifically monitored.

30.09.2020	Gross loans	Guarantee liabilities	Overdraft facilities	Total commitme nts	%	Commitme nts Step 1	Loss provisions Step 1	Commitme nts Step 2	Loss provisions Step 2	Commitme nts Step 3	Loss provisions Step 3*
A	13.167,4	9,4	1.150,3	14.327,1	43,0	14.312,5	0,8	14,6	0,0	0,0	0,0
B	5.170,8	11,9	223,1	5.405,8	16,2	5.383,9	1,3	21,9	0,0	0,0	0,0
C	4.965,7	28,5	166,0	5.160,2	15,5	5.136,5	2,9	23,8	0,0	0,0	0,0
D	4.034,3	17,2	142,1	4.193,6	12,6	4.180,8	4,9	12,8	0,0	0,0	0,0
E	1.284,1	10,3	30,2	1.324,5	4,0	1.111,5	2,7	213,0	1,4	0,0	0,0
F	1.179,0	1,3	8,8	1.189,2	3,6	1.070,2	2,7	119,0	0,8	0,0	0,0
G	1.148,2	0,4	2,8	1.151,4	3,5	934,5	3,8	216,9	1,9	0,0	0,0
H	297,3	0,0	0,4	297,7	0,9	132,0	2,2	165,8	5,3	0,0	0,0
I	38,1	0,0	0,1	38,2	0,1	18,6	0,8	19,6	2,2	0,0	0,0
J	34,4	0,5	0,0	34,9	0,1	0,0	0,0	0,0	0,0	34,9	0,0
K	167,9	0,5	0,0	168,4	0,5	0,0	0,0	0,0	0,0	168,4	88,6
Unallocated	0,2	0,0	0,0	0,2	0,0	0,2	0,1	0,0	0,0	0,0	0,0
<b>Total</b>	<b>31.487,6</b>	<b>79,9</b>	<b>1.723,9</b>	<b>33.291,4</b>	<b>100,0</b>	<b>32.280,6</b>	<b>22,2</b>	<b>807,4</b>	<b>11,6</b>	<b>203,3</b>	<b>88,6</b>

\* Group 3 provisions include individually assessed loss write-downs of NOK 88.2 million.

\*\* Gross lending includes loans at both amortised cost and fair value

### IAS 39 up to 31.12.2017

30.09.2017	Gross lending	Guarantee liabilities	Credit facilities	Commitme nts	%	Individual write- downs
A	11.278,8	7,2	1.027,4	12.313,9	38,3	0,0
B	5.216,9	10,8	187,1	5.414,8	16,8	0,0
C	5.607,2	33,1	125,0	5.765,3	17,9	0,0
D	3.505,2	41,8	103,4	3.650,4	11,3	0,0
E	2.901,1	17,3	49,4	2.967,8	9,2	0,0
F	908,5	4,2	19,9	932,6	2,9	0,0
G	333,3	0,7	4,8	338,8	1,1	0,0
H	215,5	0,8	2,2	218,5	0,7	0,0
I	117,4	0,0	0,5	117,9	0,4	0,0
J	147,7	1,3	0,0	149,0	0,5	29,3
K	105,9	1,5	0,0	107,4	0,3	33,1
Unallocated	188,8	1,4	8,5	198,7	0,6	0,0
<b>Total</b>	<b>30.526,3</b>	<b>120,1</b>	<b>1.528,2</b>	<b>32.175,1</b>	<b>100,0</b>	<b>62,4</b>

30.09.2019	Gross lending**	Guarantee liabilities	Overdraft facilities	Total commitme nts	%	Commitme nts Group 1	Loss provisions Group 1	Commitme nts Group 2	Loss provisions Group 2	Commitme nts Group 3	Loss provisions Group 3*
A	14.105,3	9,0	1.172,3	15.286,7	41,6	15.280,4	0,8	6,3	0,0	0,0	0,0
B	5.881,7	15,4	249,5	6.146,5	16,7	6.138,4	1,2	8,1	0,0	0,0	0,0
C	5.721,5	15,1	170,0	5.906,6	16,1	5.891,6	2,6	15,0	0,0	0,0	0,0
D	5.188,0	41,1	220,9	5.450,1	14,8	5.401,7	5,0	48,3	0,1	0,0	0,0
E	1.073,4	6,3	12,7	1.092,4	3,0	911,0	1,5	181,3	0,8	0,0	0,0
F	1.153,9	0,9	4,0	1.158,9	3,2	1.061,5	2,3	97,5	0,4	0,0	0,0
G	1.127,0	0,0	0,8	1.127,8	3,1	906,6	3,1	221,2	1,3	0,0	0,0
H	290,1	0,2	0,1	290,3	0,8	105,9	1,6	184,4	5,4	0,0	0,0
I	21,2	0,0	0,1	21,3	0,1	14,1	0,5	7,2	0,5	0,0	0,0
J	93,7	0,5	0,0	94,2	0,3	0,0	0,0	0,0	0,0	94,2	2,4
K	155,1	0,7	0,0	155,7	0,4	0,0	0,0	0,0	0,0	155,7	76,2
Unallocated	27,6	0,3	0,2	28,1	0,1	28,1	0,0	0,0	0,0	0,0	0,0
<b>Total</b>	<b>34.838,5</b>	<b>89,5</b>	<b>1.830,6</b>	<b>36.758,6</b>	<b>100,0</b>	<b>35.739,2</b>	<b>18,7</b>	<b>769,4</b>	<b>8,6</b>	<b>249,9</b>	<b>78,6</b>

\* Group 3 provisions include individually assessed loss write-downs of NOK 77.2 million.

\*\* Gross lending includes loans at both amortised cost and fair value



## Note 9 - Credit risk (cont.)

31.12.2019	Gross lending**	Guarantee liabilities	Overdraft facilities	Total commitme nts	%	Commitme nts Group 1	Loss provisions Group 1	Commitme nts Group 2	Loss provisions Group 2	Commitme nts Group 3	Loss provisions Group 3*
A	14.084,5	8,3	1.159,2	15.251,7	42,2	15.238,8	0,8	13,2	0,0	0,0	0,0
B	5.674,1	14,0	219,2	5.907,3	16,3	5.899,7	1,2	7,6	0,0	0,0	0,0
C	5.661,1	12,7	156,7	5.830,6	16,1	5.795,0	2,7	35,5	0,0	0,0	0,0
D	4.890,3	39,9	184,1	5.114,4	14,1	5.086,7	5,1	27,7	0,0	0,0	0,0
E	1.163,8	11,0	14,2	1.189,1	3,3	1.009,8	2,0	179,2	0,9	0,0	0,0
F	1.211,0	1,1	2,1	1.214,2	3,4	1.117,1	2,5	97,1	0,4	0,0	0,0
G	1.099,7	0,0	1,7	1.101,4	3,0	879,8	3,0	221,6	1,4	0,0	0,0
H	301,1	0,2	0,1	301,3	0,8	104,5	1,7	196,9	5,6	0,0	0,0
I	26,3	0,0	0,1	26,4	0,1	18,6	0,8	7,8	0,5	0,0	0,0
J	58,1	0,0	0,2	58,6	0,2	0,0	0,0	0,0	0,0	58,3	3,1
K	157,1	0,5	0,0	157,5	0,4	0,0	0,0	0,0	0,0	157,5	80,9
Unallocated	10,2	0,0	0,0	10,2	0,0	10,1	0,0	0,1	0,0	0,0	0,0
<b>Total</b>	<b>34.337,2</b>	<b>87,6</b>	<b>1.737,5</b>	<b>36.162,6</b>	<b>100,0</b>	<b>35.160,0</b>	<b>19,8</b>	<b>786,7</b>	<b>9,0</b>	<b>215,9</b>	<b>84,0</b>

\* Group 3 provisions include individually assessed loss write-downs of NOK 83.4 million.

\*\* Gross lending includes loans at both amortised cost and fair value

## Note 10 - Classification of financial instruments

30.09.2020	Fair value through profit or loss		Measured at amortised cost*	Total
	Mandatory	Designated		
Cash and receivables from central banks	0,0	0,0	441,0	441,0
Net loans to and receivables from financial institutions	0,0	0,0	12,3	12,3
Net loans to and receivables from customers	0,0	375,9	30.990,4	31.366,3
Certificates and bonds	9.316,0	0,0	0,0	9.316,0
Shares and units	814,8	0,0	0,0	814,8
Financial derivatives**	552,5	0,0	0,0	552,5
Certificates and bonds, held to maturity	0,0	0,0	0,0	0,0
<b>Total financial assets</b>	<b>10.683,3</b>	<b>375,9</b>	<b>31.443,7</b>	<b>42.502,9</b>
Liabilities to financial institutions	0,0	0,0	601,4	601,4
Deposits from and liabilities to customers	0,0	0,0	14.542,0	14.542,0
Financial derivatives**	25,3	0,0	0,0	25,3
Securities issued	0,0	0,0	21.950,7	21.950,7
Subordinated loan capital	0,0	0,0	400,0	400,0
<b>Total financial liabilities</b>	<b>25,3</b>	<b>0,0</b>	<b>37.494,1</b>	<b>37.519,4</b>

\* Includes hedged debt

\*\* Includes derivatives for which hedge accounting is used

30.09.2019	Fair value through profit or loss		Measured at amortised cost*	Total
	Mandatory	Designated		
Cash and receivables from central banks	0,0	0,0	440,7	440,7
Net loans to and receivables from financial institutions	0,0	0,0	8,5	8,5
Net loans to and receivables from customers	0,0	422,0	34.311,3	34.733,3
Certificates and bonds	6.589,7	0,0	0,0	6.589,7
Shares and units	627,1	0,0	0,0	627,1
Financial derivatives**	325,8	0,0	0,0	325,8
Certificates and bonds, held to maturity	0,0	0,0	0,0	0,0
<b>Total financial assets</b>	<b>7.542,6</b>	<b>422,0</b>	<b>34.760,5</b>	<b>42.725,1</b>
Liabilities to financial institutions	0,0	0,0	302,2	302,2
Deposits from and liabilities to customers	0,0	0,0	15.072,0	15.072,0
Financial derivatives**	19,5	0,0	0,0	19,5
Securities issued	0,0	0,0	22.579,6	22.579,6
Subordinated loan capital	0,0	0,0	400,3	400,3
<b>Total financial liabilities</b>	<b>19,5</b>	<b>0,0</b>	<b>38.354,1</b>	<b>38.373,6</b>

\* Includes hedged debt

\*\* Includes derivatives for which hedge accounting is used

## Note 10 - Classification of financial instruments (cont.)

31.12.2019	Fair value through profit or loss		Measured at amortised cost*	Total
	Mandatory	Designated		
Cash and receivables from central banks	0,0	0,0	302,5	302,5
Net loans to and receivables from financial institutions	0,0	0,0	15,9	15,9
Net loans to and receivables from customers	0,0	422,1	33.803,2	34.225,3
Certificates and bonds	6.755,1	0,0	0,0	6.755,1
Shares and units	629,6	0,0	0,0	629,6
Financial derivatives**	174,7	0,0	0,0	174,7
Certificates and bonds, held to maturity	0,0	0,0	0,0	0,0
<b>Total financial assets</b>	<b>7.559,4</b>	<b>422,1</b>	<b>34.121,6</b>	<b>42.103,1</b>
Liabilities to financial institutions	0,0	0,0	300,6	300,6
Deposits from and liabilities to customers	0,0	0,0	14.791,7	14.791,7
Financial derivatives**	35,3	0,0	0,0	35,3
Securities issued	0,0	0,0	22.261,7	22.261,7
Subordinated loan capital	0,0	0,0	400,4	400,4
<b>Total financial liabilities</b>	<b>35,3</b>	<b>0,0</b>	<b>37.754,4</b>	<b>37.789,7</b>

\* Includes hedged debt

\*\* Includes derivatives for which hedge accounting is used

## Note 11 - Financial instruments at fair value

The bank classifies fair value measurements by using a hierarchy with the following levels:

Level 1: Observable market prices in active markets.

Level 2: Observable market prices in less active markets, or the use of inputs which are either directly or indirectly observable.

Level 3: Valuation techniques not based on observable market data.

See Note 21 in the Annual Report for 2019 for further details of individual accounting items.

30.09.2020	Level 1	Level 2	Level 3	Total	Book value
<b>Fair value</b>					
Loans to and receivables from customers	0,0	0,0	375,9	375,9	375,9
Certificates and bonds	0,0	9.316,0	0,0	9.316,0	9.316,0
Shares and units	35,8	0,0	779,0	814,8	814,8
- at fair value through profit or loss				0,0	0,0
- recognised at fair value through comprehensive income	0,0	0,0	0,0	0,0	0,0
Financial derivatives	0,0	522,5	0,0	522,5	522,5
<b>Total assets at fair value</b>	<b>35,8</b>	<b>9.838,5</b>	<b>1.154,9</b>	<b>11.029,2</b>	<b>11.029,2</b>
Financial derivatives	0,0	25,3	0,0	25,3	25,3
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>25,3</b>	<b>0,0</b>	<b>25,3</b>	<b>25,3</b>

	Fixed interest loans	Shares through profit or loss	Total
<b>Movements in level 3 for items valued at fair value</b>			
<b>Balance sheet as at 01.01.20</b>	422,1	598,3	1.020,4
Net realised gains	0,0	0,0	0,0
Additions	34,8	19,8	54,6
Disposals	90,6	0,0	90,6
Changes in value	9,6	160,9	170,5
Transferred from levels 1 and 2	0,0	0,0	0,0
<b>Balance sheet at end of period</b>	<b>375,9</b>	<b>779,0</b>	<b>1.154,9</b>

30.09.2019	Level 1	Level 2	Level 3	Total	Book value
<b>Fair value</b>					
Loans to and receivables from customers	0,0	0,0	422,0	422,0	422,0
Certificates and bonds	0,0	6.589,7	0,0	6.589,7	6.589,7
Shares and units	30,0	38,0	559,1	627,1	627,1
- at fair value through profit or loss	0,0	0,0	0,0	0,0	0,0
- recognised at fair value through comprehensive income	0,0	0,0	0,0	0,0	0,0
Financial derivatives	0,0	325,8	0,0	325,8	325,8
<b>Total assets at fair value</b>	<b>30,0</b>	<b>6.953,5</b>	<b>981,1</b>	<b>7.964,6</b>	<b>7.964,6</b>
Financial derivatives	0,0	19,5	0,0	19,5	19,5
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>19,5</b>	<b>0,0</b>	<b>19,5</b>	<b>19,5</b>

	Fixed interest loans	Shares through profit or loss	Total
<b>Movements in level 3 for items valued at fair value</b>			
<b>Balance sheet as at 01.01.19</b>	367,0	562,2	929,2
Net realised gains	0,0	0,0	0,0
Additions	76,8	3,3	80,1
Disposals	20,9	0,0	20,9
Changes in value	-0,9	-6,4	-7,3
Transferred from levels 1 and 2	0,0	0,0	0,0
<b>Balance sheet at end of period</b>	<b>422,0</b>	<b>559,1</b>	<b>981,1</b>

## Note 11 - Financial instruments at fair value (cont.)

31.12.2019	Level 1	Level 2	Level 3	Total	Book value
<b>Fair value</b>					
Loans to and receivables from customers	0,0	0,0	422,1	422,1	422,1
Certificates and bonds	0,0	6.755,1	0,0	6.755,1	6.755,1
Shares and units	31,3	0,0	598,3	629,6	629,6
- at fair value through profit or loss	0,0	0,0	0,0	0,0	0,0
- recognised at fair value through comprehensive income	0,0	0,0	0,0	0,0	0,0
Financial derivatives	0,0	174,7	0,0	174,7	174,7
<b>Total assets at fair value</b>	<b>31,3</b>	<b>6.929,8</b>	<b>1.020,4</b>	<b>7.981,5</b>	<b>7.981,5</b>
Financial derivatives	0,0	35,3	0,0	35,3	35,3
<b>Total liabilities at fair value</b>	<b>0,0</b>	<b>35,3</b>	<b>0,0</b>	<b>35,3</b>	<b>35,3</b>

	Fixed interest loans	Shares through profit or loss	Total
<b>Movements in level 3 for items valued at fair value</b>			
<b>Balance sheet as at 01.01.19</b>	367,0	562,2	929,2
Net realised gains	0,0	0,0	0,0
Additions	90,5	18,3	108,8
Disposals	33,4	0,0	33,4
Changes in value	-2,0	-5,2	-7,2
Transferred from levels 1 and 2	0,0	23,0	23,0
<b>Balance sheet at end of period</b>	<b>422,1</b>	<b>598,3</b>	<b>1.020,4</b>



## Note 12 - Securities issued and subordinated loan capital

Securities issued	30.09.2020	30.09.2019	31.12.2019
Bonds, nominal value	21.377,0	22.215,0	22.065,0
Value adjustments (incl. excess/deficit value)	417,3	183,4	87,2
Accrued interest	156,4	181,2	109,5
<b>Total securities issued</b>	<b>21.950,7</b>	<b>22.579,6</b>	<b>22.261,7</b>

				Change	Other changes	
Change for securities issued	30.09.2020	Issued./redeemed		in own holdings	incl. currency	31.12.2019
Bonds, nominal value	8.685,0	0,0	230,0	0,0	0,0	8.915,0
Covered bonds, nominal value in NOK	12.692,0	2.500,0	2.395,0	563,0	0,0	13.150,0
Covered bonds, nominal value in SEK (converted to NOK)	0,0	0,0	0,0	0,0	0,0	0,0
Value adjustments (incl. excess/deficit value)	417,3	0,0	0,0	0,0	330,1	87,2
Accrued interest	156,4	0,0	0,0	0,0	46,9	109,5
<b>Total securities issued</b>	<b>21.950,7</b>	<b>2.500,0</b>	<b>2.625,0</b>	<b>563,0</b>	<b>377,0</b>	<b>22.261,7</b>

				Change	Other changes	
Change in subordinated loan capital	30.09.2020	Issued./redeemed		own holding	Other changes incl. currency	31.12.2019
Ordinary subordinated loan capital, nominal value	400,0	0,0	0,0	0,0	0,0	400,0
Hybrid tier 1 capital loans, nominal value	350,0	0,0	0,0	0,0	0,0	350,0
Value adjustments (incl. excess/deficit value)	-0,4	0,0	0,0	0,0	0,1	-0,5
Accrued interest	0,4	0,0	0,0	0,0	-0,4	0,8
<b>Total subordinated loan capital</b>	<b>400,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>-0,4</b>	<b>400,4</b>

## Note 13 - Financial derivatives

		Book value of hedging object	of hedging instruments	Value adjustmen t of hedging object
	Contract sum	Assets	Liabilities	Liabilities
<b>30.09.2020</b>				
<b>Fair value through profit or loss</b>				
Forward exchange contracts	40,9	0,0	1,8	
Interest rate swaps (IRS)	825,0	0,0	23,6	
<b>Total instruments recognised at fair value through profit or loss</b>		<b>0,0</b>	<b>25,3</b>	
<b>Used for hedge accounting</b>				
Currency swap agreements	0,0	0,0	0,0	0,0
Interest rate swaps (IRS)	7.175,0	552,5	0,0	0,0
Securities issued		7.743,8		412,0
<b>Total instruments used for hedge accounting</b>		<b>7.743,8</b>	<b>552,5</b>	<b>412,0</b>
<b>Total</b>		<b>7.743,8</b>	<b>552,5</b>	<b>412,0</b>

The difference between the fair value of hedging instruments and the value adjustment of a security is explained by accrued interest. The book value of the hedging instrument includes value adjustments and accrued interest.

		Book value of hedging object	of hedging instruments	Value adjustmen t of hedging object
	Contract sum	Assets	Liabilities	Liabilities
<b>30.09.2019</b>				
<b>Fair value through profit or loss</b>				
Forward exchange contracts	25,4	0,0	1,9	
Interest rate swaps (IRS)	795,0	2,6	2,2	
<b>Total instruments recognised at fair value through profit or loss</b>		<b>2,6</b>	<b>4,1</b>	
<b>Used for hedge accounting</b>				
Currency swap agreements	0,0	0,0	0,0	0,0
Interest rate swaps (IRS)	7.565,0	323,2	15,4	0,0
Securities issued		7.893,8		171,6
<b>Total instruments used for hedge accounting</b>		<b>7.893,8</b>	<b>323,2</b>	<b>171,6</b>
<b>Total</b>		<b>7.893,8</b>	<b>325,8</b>	<b>171,6</b>

The difference between the fair value of hedging instruments and the value adjustment of a security is explained by accrued interest. The book value of the hedging instrument includes value adjustments and accrued interest.

		Book value of hedging object	of hedging instruments	Value adjustmen t of hedging object
	Contract sum	Assets	Liabilities	Liabilities
<b>31.12.2019</b>				
<b>Fair value through profit or loss</b>				
Forward exchange contracts	27,0	0,7	0,0	
Interest rate swaps (IRS)	745,0	5,0	0,1	
<b>Total instruments recognised at fair value through profit or loss</b>		<b>5,6</b>	<b>0,1</b>	
<b>Used for hedge accounting</b>				
Currency swap agreements	0,0	0,0	0,0	0,0
Interest rate swaps (IRS)	7.565,0	169,0	35,1	0,0
Securities issued		7.723,0		76,5
<b>Total instruments used for hedge accounting</b>		<b>7.723,0</b>	<b>169,0</b>	<b>76,5</b>
<b>Total</b>		<b>7.723,1</b>	<b>174,7</b>	<b>76,5</b>

The difference between the fair value of hedging instruments and the value adjustment of a security is explained by accrued interest. The book value of the hedging instrument includes value adjustments and accrued interest.

## Note 14 - Financial derivatives - offsetting

The Group's netting rights comply with the general rules in Norwegian law. Standardised and primarily bilateral ISDA agreements have been entered into with financial institutions that give the parties the right to offset in the event of non-performance. Additional agreements have also been entered into concerning the provision of security (CSA). In accordance with the offsetting disclosure requirements, no offset amounts are recognised on the balance sheet.

				Amount subject to net settlement	Exchanged collateral security	Amount in accordanc e with any net settlement
<b>Exposure as at 30.09.2020</b>	<b>gross amount</b>	<b>Offset</b>	<b>Recognise d amount</b>			
Financial derivatives, assets	399,6	0,0	399,6	-13,8	-380,3	5,5
Financial derivatives, liabilities	19,7	0,0	19,7	-13,8	-6,0	-0,2
<b>Exposure as at 30.09.2019</b>						
Financial derivatives, assets	265,2	0,0	265,2	-12,5	-187,5	65,2
Financial derivatives, liabilities	12,5	0,0	12,5	-12,5	0,0	0,0
<b>Exposure as at 31.12.2019</b>						
Financial derivatives, assets	150,4	0,0	150,4	-17,0	-88,6	44,7
Financial derivatives, liabilities	27,6	0,0	27,6	-17,0	-7,9	2,7

## Note 15 - Net interest income

	Q3 2020	Q3 2019	-30.09.2020	-30.09.2019	Year 2019
Interest income from loans to and receivables from financial institutions	0,0	1,4	1,7	3,1	4,6
Interest income from loans to customers	223,4	299,4	781,9	852,7	1.168,0
Interest income from certificates and bonds	22,1	32,6	99,7	81,5	118,2
Other interest income	0,0	0,0	0,0	0,0	0,0
<b>Total interest income</b>	<b>245,5</b>	<b>333,4</b>	<b>883,3</b>	<b>937,3</b>	<b>1.290,8</b>
Interest costs on liabilities to financial institutions	1,7	2,2	6,5	6,0	6,5
Interest on deposits from customers	19,6	36,6	88,6	106,9	144,9
Interest on securities issued	52,2	122,7	300,8	340,0	472,8
Interest on subordinated loan capital	1,7	3,0	7,4	8,5	13,4
Norwegian Banks Guarantee Fund levy	4,0	3,4	12,0	10,3	11,5
<b>Total interest costs</b>	<b>79,3</b>	<b>167,9</b>	<b>415,2</b>	<b>471,6</b>	<b>649,1</b>
<b>Net interest income</b>	<b>166,3</b>	<b>165,6</b>	<b>468,1</b>	<b>465,7</b>	<b>641,7</b>

\*The Norwegian Banks Guarantee Fund levy was accrued on a monthly basis in 2017. In 2016, the levy was charged in its entirety in Q1.

## Note 16 - Net changes in value and gains/losses on financial instruments

	Q3 2020	Q3 2019	-30.09.2020	-30.09.2019	Year 2019
Net changes in value and gains/losses on certificates and bonds	-4,3	-6,7	-2,7	-3,4	-12,7
Net value change and gains/losses on shares	3,8	-7,2	165,4	2,0	4,4
Net changes in value and gains/losses on fixed-interest loans	-0,6	-0,2	9,6	-0,9	-1,9
Net changes in value and gains/losses on other financial instruments	-3,9	-1,6	-32,5	-5,2	0,7
<b>Net value change and gains/losses on financial instruments</b>	<b>-4,9</b>	<b>-15,7</b>	<b>140,0</b>	<b>-7,6</b>	<b>-9,5</b>

## Note 17 - Operating costs

	Q3 2020	Q3 2019	-30.09.2020	-30.09.2019	Year 2019
Payroll costs incl. AGA and Financial Activity Tax	39,4	38,1	105,3	105,3	142,4
Pension costs	3,9	3,1	12,1	9,3	13,3
Other personnel-related costs	0,5	0,9	3,7	4,6	6,9
IT costs	11,0	9,1	31,6	27,5	37,4
Other administrative costs	3,0	3,9	10,5	12,0	16,2
Depreciation/write-downs/changes in value for non-financial assets	6,9	6,5	19,9	19,1	25,7
Operating costs, properties and premises	2,2	3,1	7,1	7,8	10,3
Other operating costs	5,3	4,1	24,0	20,1	25,5
<b>Total operating costs</b>	<b>72,1</b>	<b>68,8</b>	<b>214,1</b>	<b>205,8</b>	<b>277,8</b>

## Note 18 - Guarantee liability and other off-balance sheet items

Guarantee liability	30.09.2019	30.09.2020	30.09.2019	31.12.2019	31.12.2018	31.12.2016
Payment guarantees	12,6	11,8	12,6	14,0	23,6	70,1
Contract guarantees	45,8	36,7	45,8	42,6	51,6	55,0
Loan guarantees	19,4	21,6	19,4	20,5	17,5	13,9
Other guarantee liabilities	11,7	9,8	11,7	10,5	13,6	15,1
<b>Total guarantees to customers</b>	<b>89,5</b>	<b>79,9</b>	<b>89,5</b>	<b>87,6</b>	<b>106,3</b>	<b>154,1</b>

Pledges of security	30.09.2019	30.09.2020	30.09.2019	31.12.2019	31.12.2018	31.12.2016
Bonds, nominal value, pledged as security for borrowing facilities at Norges B:	410,0	1.520,0	410,0	410,0	711,0	415,0
<b>Total pledges of security</b>	<b>410,0</b>	<b>1.520,0</b>	<b>410,0</b>	<b>410,0</b>	<b>711,0</b>	<b>415,0</b>

<b>Pledged in the swap arrangement</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
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Morbank has issued a revolving credit facility vis-à-vis Sparebanken Øst Boligkreditt AS which guarantees timely payment of outstanding covered bonds (OMF) which expire during the next 12 months, including the coupon rate, principal and derivative contracts entered into to hedge outstanding covered bonds. In addition to the revolving credit facility, Sparebanken Øst Boligkreditt AS has a NOK 3.0 billion credit line from the parent bank. The parent bank's holdings of covered bonds had a face value of NOK 1,163.0 million as at 30.09.20, NOK 600.0 million as at 30.09.19 and NOK 600.0 million as at 31.12.2019 and are not included in the table below.

Preferential rights	30.09.2019	30.09.2020	30.09.2019	31.12.2019	31.12.2018	31.12.2016
Preferential rights in accordance with Section 11-15 of the Norwegian Financi:	13.750,0	13.855,0	13.750,0	13.750,0	12.048,8	8.164,4
<b>Total preferential rights</b>	<b>13.750,0</b>	<b>13.855,0</b>	<b>13.750,0</b>	<b>13.750,0</b>	<b>12.048,8</b>	<b>8.164,4</b>

## Note 19 - Equity certificates

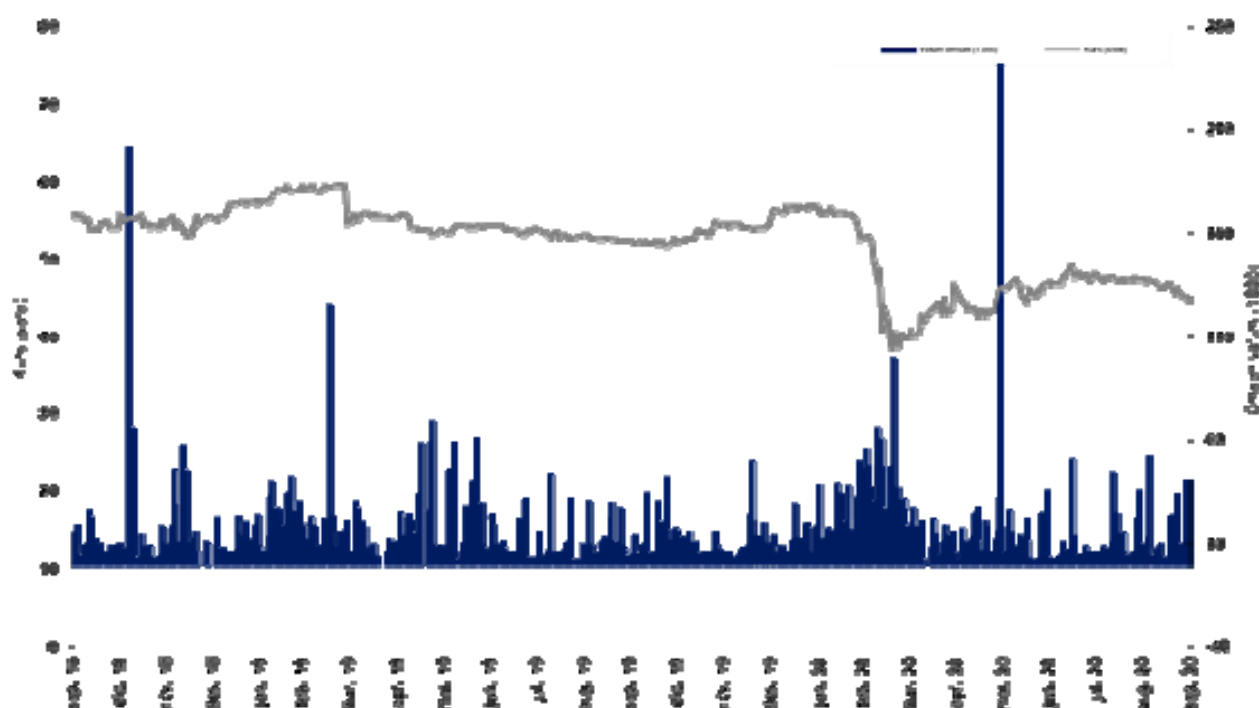
### Ownership fraction, parent bank

	01.01.2020	01.01.2019
Equity certificate capital	207,3	207,3
Premium reserve	387,8	387,8
Equalisation fund (excl. dividend)	331,1	308,8
Share of Fund for Unrealised Gains	87,1	92,1
<b>Total numerator (A)</b>	<b>1.013,3</b>	<b>996,0</b>
Total equity excl. hybrid capital (dividend provisions for the year excluded)	3.227,6	3.069,5
<b>Total denominator (B)</b>	<b>3.227,6</b>	<b>3.069,5</b>
<b>Ownership fraction (A/B) in per cent*</b>	<b>31,40</b>	<b>32,45</b>

\*The Board of Trustees approved the annual financial statements and annual report for 2019 on 18 June 2020, including the allocation of the parent bank's profit for the year as was originally proposed by the Board of Directors on 5 March 2020 on the basis of a dividend set at NOK 3.60 per equity certificate (totalling NOK 74.6 million) and NOK 59.7 million directed to good causes. The Board of Trustees resolved to grant the Board of Directors time-limited authority to adopt the final implementation of the this distribution of dividends to equity certificate holders and grants to good causes. As at 27 October 2020, the Board of Directors resolved to use its authorisation to issue the original dividend of NOK 3.60 per equity certificate (totalling NOK 74.6 million) and NOK 59.7 million was paid to good causes. The sums covered by the Board of Directors' resolution pertaining to dividends has been deducted when calculating ownership fractions as at 01.01.2020

## Note 19 - Equity certificates (cont.)

Sparebanken Øst (SPOG)



### The 20 largest equity certificate holders at 30.09.2020

Name	Number	%	Name	Number	%
1 MP Pensjon	1.657.815	8,00 %	11 AS Andersen Eiendomse	238.900	1,15 %
2 Cape Invest	1.140.000	5,50 %	12 Skandinaviska Enskilda E	193.649	0,93 %
3 Directmark	999.500	4,82 %	13 Profond AS	172.046	0,83 %
4 Eika securiti	992.730	4,79 %	14 Johansen, Kjell Petter	152.000	0,73 %
5 Hansen, Ask	445.502	2,15 %	15 Morgan Stanley & Co. In	150.861	0,73 %
6 Foretakskor	310.128	1,50 %	16 Løkke, Helge Arnfinn	148.433	0,72 %
7 Jag Holding	303.897	1,47 %	17 Seriana AS	130.931	0,63 %
8 Storetind AS	275.000	1,33 %	18 J.P. Morgan Bank Luxem	126.109	0,61 %
9 Wenaasgru	273.000	1,32 %	19 Julius Johannessen & S	121.200	0,58 %
10 BKK Norwe	250.000	1,21 %	20 Juel, Iver Albert	121.162	0,58 %



## Income Statement - Parent Bank

(Amounts in NOK million)	Q3 2020	Q3 2019	-30.09.2020	-30.09.2019	Year 2019
Interest income	124,9	195,9	482,5	553,5	764,2
Auxiliary line for interest income					
Interest costs	50,8	99,2	239,3	284,0	388,1
<b>Net interest income</b>	<b>74,1</b>	<b>96,7</b>	<b>243,2</b>	<b>269,5</b>	<b>376,2</b>
Commission income and income from banking services	24,6	29,2	74,3	83,4	111,3
Commission costs and costs for banking services	4,8	5,3	15,0	15,4	20,6
Dividend	0,1	26,4	5,4	28,9	136,8
Net changes in value and gains/losses on financial instruments	3,0	-16,2	149,2	-2,5	-5,2
Other operating income	2,0	1,7	5,5	6,0	7,7
<b>Net other operating income</b>	<b>24,8</b>	<b>35,9</b>	<b>219,3</b>	<b>100,3</b>	<b>230,0</b>
Payroll, etc.	37,8	36,2	105,4	102,8	140,4
Administration costs	11,1	10,6	33,6	31,7	42,8
Depreciation/write-downs/changes in value for non-financial assets	6,7	6,4	19,9	18,5	25,0
Other operating costs	6,0	5,8	25,0	22,2	28,6
<b>Total operating costs</b>	<b>61,6</b>	<b>59,0</b>	<b>183,8</b>	<b>175,3</b>	<b>236,9</b>
<b>Profit/loss before losses</b>	<b>37,3</b>	<b>73,5</b>	<b>278,7</b>	<b>194,6</b>	<b>369,2</b>
Losses on loans, unused credit and guarantees	0,0	-0,2	2,9	0,5	4,9
<b>Profit/loss before tax costs</b>	<b>37,4</b>	<b>73,7</b>	<b>275,9</b>	<b>194,1</b>	<b>364,4</b>
Tax costs	8,4	13,6	26,3	41,6	56,8
<b>Profit/loss after tax</b>	<b>29,0</b>	<b>60,1</b>	<b>249,6</b>	<b>152,6</b>	<b>307,6</b>
Hybrid capital owners' share of the result	3,5	5,1	12,5	13,1	17,9
Equity certificate holders' and primary capital share of profits	25,5	55,0	237,1	139,4	289,7
<b>Profit/loss after tax</b>	<b>29,0</b>	<b>60,1</b>	<b>249,6</b>	<b>152,6</b>	<b>307,6</b>
Earnings per equity certificate	0,39	0,86	3,59	2,18	4,54
Diluted earnings per equity certificate	0,39	0,86	3,59	2,18	4,54

## Other comprehensive income - parent bank

(Amounts in NOK million)	Q3 2020	Q3 2019	-30.09.2020	-30.09.2019	Year 2019
<b>Profit/loss after tax</b>	<b>29,0</b>	<b>60,1</b>	<b>249,6</b>	<b>152,6</b>	<b>307,6</b>
<b>Items that will not be reclassified to the income statement</b>					
Actuarial gains and losses on defined-benefit plans	0,0	0,0	0,0	0,0	3,7
Tax related to items that cannot be reclassified	0,0	0,0	0,0	0,0	-0,9
<b>Items that may later be reclassified to the income statement</b>					
Lending at fair value	0,1	-0,1	0,0	-0,1	-0,2
Tax related to items that can be reclassified	0,0	0,0	0,0	0,0	0,0
<b>Comprehensive income</b>	<b>29,1</b>	<b>60,0</b>	<b>249,6</b>	<b>152,5</b>	<b>310,3</b>

## Balance Sheet - Parent Bank

(Amounts in NOK million)	30.09.2020	30.09.2019	31.12.2019	31.12.2017	31.12.2016
<b>Assets</b>					
Cash and receivables from central banks	441,0	440,7	302,5	341,2	311,9
Loans to and receivables from financial institutions	2.320,4	2.328,4	2.273,2	1.929,3	1.740,2
Loans to and receivables from customers	13.846,9	17.478,9	16.982,8	18.653,6	19.156,6
Certificates and bonds	10.273,5	7.032,5	7.197,6	4.358,8	#REF!
Shares and units	814,8	627,1	629,6	483,9	460,1
Financial derivatives	305,5	138,8	57,2	128,0	186,5
Ownership interests in Group companies	1.561,0	1.241,0	1.321,0	890,9	888,5
Deferred tax asset	6,8	7,2	6,8	9,2	0,0
Investment properties	0,0	0,0	0,0		
Tangible fixed assets	88,4	88,3	89,6	76,0	72,6
Lease rights	80,2	86,7	84,8		
Other assets	7,6	2,9	10,2	10,9	4,2
Prepaid non-accrued costs and income earned, but not received	19,0	19,5	9,1	7,0	15,1
<b>Total assets</b>	<b>29.765,2</b>	<b>29.492,2</b>	<b>28.964,4</b>	<b>26.888,8</b>	<b>#REF!</b>
<b>Liabilities and equity</b>					
Liabilities to financial institutions	1.206,2	664,8	620,2	562,0	325,7
Deposits from and liabilities to customers	14.650,2	15.159,5	14.879,5	14.001,0	13.896,2
Liabilities to the state, swap of covered bonds	0,0	0,0	0,0		
Financial derivatives	25,3	19,5	35,3	19,4	27,4
Securities issued	9.001,3	9.210,2	8.959,6	8.357,8	9.249,5
Tax payable				0,0	0,0
Other liabilities	350,7	281,6	178,7	178,4	140,9
Accruals and deferred income	33,5	31,7	25,5	28,8	25,5
Provisions for accrued costs and liabilities	65,8	76,1	65,5	66,1	37,3
Deferred tax liability	0,0	0,0	0,0	0,0	3,6
Lease liabilities	81,4	87,3	85,5		
Subordinated loan capital	400,0	400,3	400,4	351,9	703,5
<b>Total liabilities</b>	<b>25.814,4</b>	<b>25.931,0</b>	<b>25.250,1</b>	<b>23.565,4</b>	<b>24.409,6</b>
Paid-up equity	595,1	595,1	595,1	595,1	595,1
Hybrid capital	351,7	352,3	352,4	351,7	
Retained earnings	3.004,0	2.613,7	2.766,8	2.376,6	2.165,5
Retained ordinary earnings	0,0	0,0	0,0	0,0	0,0
<b>Total equity</b>	<b>3.950,8</b>	<b>3.561,1</b>	<b>3.714,3</b>	<b>3.323,4</b>	<b>2.760,6</b>
<b>Total liabilities and equity</b>	<b>29.765,2</b>	<b>29.492,2</b>	<b>28.964,4</b>	<b>26.888,8</b>	<b>27.170,2</b>

## Changes in equity - parent bank

	Paid-up equity		Hybrid capital		Retained earnings		Fund for adjustment			Other equity	Retained profit
(Amounts in NOK million)	Total equity	Equity certificates	Share premium reserve	Additional Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	unrealised gains	dispositive income as reclass.		
<b>30.09.2020</b>											
<b>Equity as at 31.12.2019</b>	<b>3.714,3</b>	<b>207,3</b>	<b>387,8</b>	<b>352,4</b>	<b>405,7</b>	<b>2.045,5</b>	<b>38,1</b>	<b>277,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Ordinary result	249,6	0,0	0,0	12,5	0,0	0,0	0,0	0,0	0,0	0,0	237,1
Change in lending at fair value through comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Changes in fair value of shares through comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Actuarial gains and losses on defined-benefit plans	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Comprehensive income</b>	<b>249,6</b>	<b>0,0</b>	<b>0,0</b>	<b>12,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>237,1</b>
Dividend to equity certificate holders 2018 - adopted	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Dividend to social capital 2018 - adopted	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Interest paid on hybrid capital	-13,2	0,0	0,0	-13,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Redemption of hybrid capital	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Issue of hybrid capital	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Changes in endowment fund	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity as at 30.09.2020</b>	<b>3.950,8</b>	<b>207,3</b>	<b>387,8</b>	<b>351,7</b>	<b>405,7</b>	<b>2.045,5</b>	<b>38,1</b>	<b>277,5</b>	<b>0,1</b>	<b>0,0</b>	<b>237,1</b>

\*The Board of Trustees approved the annual financial statements and annual report for 2019 on 18 June 2020, including the allocation of the parent bank's profit for the year as was originally proposed by the Board of Directors on 5 March 2020 on the basis of a dividend set at NOK 3.60 per equity certificate (totalling NOK 74.6 million) and NOK 59.7 million directed to good causes. The Board of Trustees resolved to grant the Board of Directors time-limited authority to adopt the final implementation of the distribution of dividends to equity certificate holders and grants to good causes. As at 27 October 2020, the Board of Directors resolved to use its authorisation to issue the original dividend of NOK 3.60 per equity certificate (totalling NOK 74.6 million) and NOK 59.7 million was paid to good causes. As at the end of the third quarter, the sums encompassed by the Board of Directors' resolution pertaining to dividends shall be reported as equity in the accounts and included in the key figures as the equity per certificate, but shall be deducted when calculating the Group's capital ratio, ownership fraction as at 01/01/2020 and when calculating equity interest rates.

	Paid-up equity		Hybrid capital		Retained earnings		Fund for adjustment			Other equity	Retained profit
(Amounts in NOK million)	Total equity	Equity certificates	Share premium reserve	Additional Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	unrealised gains	dispositive income as reclass.		
<b>30.09.2019</b>											
<b>Equity at 31.12.2018</b>	<b>3.539,1</b>	<b>207,3</b>	<b>387,8</b>	<b>350,5</b>	<b>404,1</b>	<b>1.867,5</b>	<b>38,1</b>	<b>283,6</b>	<b>0,2</b>	<b>0,0</b>	<b>0,0</b>
Implementation effect of IFRS 9	15,5	0,0	0,0	0,0	5,1	9,5	0,0	0,0	0,9	0,0	0,0
Reclassification of additional Tier 1 capital	351,7	0,0	0,0	351,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Restated equity as at 01.01.2018</b>	<b>3.906,3</b>	<b>207,3</b>	<b>387,8</b>	<b>702,2</b>	<b>409,2</b>	<b>1.877,0</b>	<b>38,1</b>	<b>283,6</b>	<b>1,1</b>	<b>0,0</b>	<b>0,0</b>
Ordinary result	152,6	0,0	0,0	13,1	0,0	0,0	0,0	0,0	0,0	0,0	139,4
Change in lending at fair value through comprehensive income	-0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-0,1	0,0	0,0
Changes in fair value of shares through comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Actuarial gains and losses on defined-benefit plans	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Comprehensive income</b>	<b>152,5</b>	<b>0,0</b>	<b>0,0</b>	<b>13,1</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>-0,1</b>	<b>0,0</b>	<b>139,4</b>
Dividend to equity certificate holders 2018 - adopted	-95,4	0,0	0,0	0,0	-95,4	0,0	0,0	0,0	0,0	0,0	0,0
Dividend to social capital 2018 - adopted	-23,8	0,0	0,0	0,0	0,0	-23,8	0,0	0,0	0,0	0,0	0,0
Interest paid on hybrid capital	-11,3	0,0	0,0	-11,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Tax effect on hybrid capital taken directly to equity	-150,0	0,0	0,0	-150,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Redemption of hybrid capital	-150,0	0,0	0,0	-150,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Issue of hybrid capital	150,0	0,0	0,0	150,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Changes in endowment fund	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity at 30.09.2019</b>	<b>3.561,1</b>	<b>207,3</b>	<b>387,8</b>	<b>352,3</b>	<b>308,7</b>	<b>1.843,7</b>	<b>38,1</b>	<b>283,6</b>	<b>0,1</b>	<b>0,0</b>	<b>139,4</b>

The year's proposed dividend to equity certificate holders of NOK 95.4 million remains part of the equalisation fund, and the year's proposed donations for worthwhile public causes from the social capital of NOK 23.8 million remains part of the primary capital until definitively adopted by the board of trustees.

	Paid-up equity		Hybrid capital		Retained earnings		Fund for adjustment			Other equity	Retained profit
(Amounts in NOK million)	Total equity	Equity certificates	Share premium reserve	Additional Tier 1 capital	Equalisation fund	Primary capital	Endowment fund	unrealised gains	dispositive income as reclass.		
<b>31.12.2019</b>											
<b>Equity at 31.12.2018</b>	<b>3.539,1</b>	<b>207,3</b>	<b>387,8</b>	<b>350,5</b>	<b>404,1</b>	<b>1.867,5</b>	<b>38,1</b>	<b>283,6</b>	<b>0,2</b>	<b>0,0</b>	<b>0,0</b>
Ordinary result	307,6	0,0	0,0	17,9	96,0	199,9	0,0	-6,2	0,0	0,0	0,0
Change in lending at fair value through comprehensive income	-0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-0,1	0,0	0,0
Actuarial gains and losses on defined-benefit plans	2,8	0,0	0,0	0,0	0,9	1,9	0,0	0,0	0,0	0,0	0,0
<b>Comprehensive income</b>	<b>310,3</b>	<b>0,0</b>	<b>0,0</b>	<b>17,9</b>	<b>96,9</b>	<b>201,8</b>	<b>0,0</b>	<b>-6,2</b>	<b>-0,1</b>	<b>0,0</b>	<b>0,0</b>
Dividend to equity certificate holders 2018 - adopted	-95,4	0,0	0,0	0,0	-95,4	0,0	0,0	0,0	0,0	0,0	0,0
Dividend to social capital 2018 - adopted	-23,8	0,0	0,0	0,0	0,0	-23,8	0,0	0,0	0,0	0,0	0,0
Interest paid on hybrid capital	-15,9	0,0	0,0	-15,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Redemption of hybrid capital	-150,0	0,0	0,0	-150,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Issue of hybrid capital	150,0	0,0	0,0	150,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Changes in endowment fund	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity as at 31.12.2019</b>	<b>3.714,3</b>	<b>207,3</b>	<b>387,8</b>	<b>352,4</b>	<b>405,7</b>	<b>2.045,5</b>	<b>38,1</b>	<b>277,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>

The year's proposed dividend to equity certificate holders of NOK 74.6 million remains part of the equalisation fund, and the year's proposed donations for worthwhile public causes from the social capital of NOK 59.7 million remains part of the primary capital until definitively adopted by the board of trustees.

## Cash Flow Statement - Parent Bank

	#####	#####	#####	#####	#####	#####
<b>Operating activities</b>						
Profit before tax	268,5	182,9	275,9	194,1	364,4	419,3
Adjusted for:						
Change in net interest income earned and accrued interest costs	50,1	50,8	57,6	67,3	-7,5	0,3
Net payment/disbursement of loans to financial institutions	-439,6	-190,7	-49,1	-174,2	-111,9	-222,6
Net receipts/payments of loans to customers	372,3	1.078,1	3.120,2	2.242,8	2.738,1	-1.046,3
Change in certificates and bonds	-309,7	-290,9	-3.078,9	-2.017,6	-2.182,1	-650,6
Changes in value of equities and units	-103,2		-165,6	-2,0	-4,5	-98,6
Change in other assets in connection with operations	-7,3	0,8	21,7	-10,1	-13,4	-2,3
Net receipts/disbursement of borrowing from financial institutions	36,4	32,9	284,0	119,3	79,2	8,5
Net receipts/disbursement of deposits from customers	653,9	24,5	-285,9	116,2	-93,8	972,3
Change in other operating liabilities	18,2	-25,1	206,1	64,0	-70,6	-7,9
Non-cash items included in profit before tax costs	8,1	4,5	23,1	14,4	25,1	17,4
Net gain/loss from investing activities	-1,3	-3,4	-0,3	-0,1	-0,1	-1,5
Net gain/loss from financing activities	2,6	1,0	-0,9	0,6	0,9	2,6
Net change in relation to investing activities	0,0	0,0		0,0	0,0	0,0
Taxes paid for the period	-68,0	-47,9	-61,1	-47,5	-47,8	-68,0
<b>Net cash flow from operating activities</b>	<b>A</b>	<b>481,0</b>	<b>817,5</b>	<b>346,7</b>	<b>567,2</b>	<b>676,1</b>
<b>Investing activities</b>						
Payments on purchases of tangible fixed assets	-14,6	-11,6	-9,6	-13,1	-17,6	-17,9
Proceeds from sale of fixed assets	0,2	0,2	0,7	0,1	0,1	0,3
Net proceeds/costs on the sale/purchase of financial investments	-23,1	207,8	-19,6	-18,3	-18,3	-23,1
Net payment/disbursement concerning investments in subsidiaries	-50,0	-2,4	-240,0	0,0	-80,0	-350,0
<b>Net cash flow from investing activities</b>	<b>B</b>	<b>-87,5</b>	<b>194,0</b>	<b>-268,5</b>	<b>-31,3</b>	<b>-115,8</b>
<b>Financing activities</b>						
Net incoming/outgoing payments for loans to/from financial institutions	-30,0	-30,0	300,0	0,0	0,0	-30,0
Payments on repayment of securities	-2.048,6	-1.487,0	-230,4	-1.542,1	-2.192,4	-2.114,4
Proceeds on issuance of securities	1.600,0	599,8	0,0	950,0	1.449,7	3.598,7
Payment of dividend	-103,7	-82,9	0,0	-95,4	-95,4	-103,7
Net payments on repayment of hybrid capital	-76,0		0,0	-150,5	-150,5	-200,0
Net receipts on issue of hybrid capital	200,0		0,0	150,0	150,0	200,0
Interest paid on hybrid capital	-11,6		-13,2	-11,3	-15,9	-16,8
<b>Net cash flow from financing activities</b>	<b>C</b>	<b>-469,9</b>	<b>-1.000,1</b>	<b>56,4</b>	<b>-699,3</b>	<b>-854,5</b>
<b>Net change in cash and cash equivalents</b>	<b>A+B+C</b>	<b>-76,4</b>	<b>11,4</b>	<b>134,7</b>	<b>-163,4</b>	<b>-294,3</b>
Cash and cash equivalents at 01.01		346,8	321,4	318,4	612,6	346,9
<b>Holding of cash and cash equivalents at the end of the period</b>		<b>270,4</b>	<b>332,8</b>	<b>453,1</b>	<b>449,2</b>	<b>318,3</b>

Liquidity reserves include cash and deposits with central banks and loans to and deposits with financial institutions which are investment placements.

<b>Additional information for operating activities concerning interest and dividend income</b>	#####	#####	#####
Interest payments received	498,6	543,6	749,8
Interest payments made	197,3	205,8	379,9
Dividends received	5,4	28,9	136,8

## Key Figures, Group

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
<b>Profitability</b>					
1. Return on equity*	7,23	24,34	7,00	8,46	9,81
2. Net interest income as a % of average total assets	1,53	1,26	1,54	1,64	1,53
Q3 Profit/loss after tax as a % of average total assets	0,70	2,18	0,65	0,77	0,89
4. Costs as a % of average total assets	0,66	0,57	0,75	0,67	0,64
5. Costs as a % of income (before losses on loans/guarantees)*	41,88	18,96	47,50	38,11	35,85
6. Costs as a % of income (excl. return on financial investments)*	40,75	42,05	40,66	37,71	37,97
<b>Balance sheet figures</b>					
7. Net lending to customers	31.366,3	32.013,4	33.735,1	34.225,3	34.733,3
8. Lending growth (quarter)	-2,02	-5,10	-1,43	-1,46	-0,20
9. Deposits	14.542,0	14.851,5	14.313,7	14.791,7	15.072,0
10. Deposit growth (quarter)	-2,08	3,76	-3,23	-1,86	0,38
11. Average equity	3.987,3	3.835,0	3.686,9	3.681,2	3.662,3
12. Average total assets	43.219,6	43.650,1	42.993,0	42.697,2	42.836,9
<b>Loss provisions on impaired and non-performing loans</b>					
13. Losses as a % of net lending to customers (OB)*	0,02	0,02	0,09	0,09	0,04
14. Loss provisions as a % of gross lending to customers*	0,39	0,38	0,35	0,33	0,30
15. Net payment defaults exceeding 90 days as a % of net lending	0,35	0,33	0,40	0,37	0,36
16. Other net non-performing commitments (group 3) as a % of net lending	0,02	0,04	0,04	0,02	0,13
<b>Financial strength</b>					
17. CET1 capital ratio incl. 50% of retained earnings (%)	18,51	17,89	17,81	17,69	16,73
18. CET1 capital ratio (%)	17,53	17,11	17,64	17,69	16,15
19. Tier 1 capital ratio (%)	19,39	18,95	19,43	19,49	17,89
20. Capital adequacy ratio (%)	21,22	20,75	21,21	21,25	19,59
21. Risk-weighted volume (calculation basis)	18.818,0	19.076,4	19.579,4	19.450,3	20.134,9
22. Tier 1 leverage ratio incl. 50% of retained earnings (%)	8,93	8,57	8,71	8,81	8,52
23. Tier 1 leverage ratio (%)	8,50	8,23	8,64	8,81	8,26
<b>Liquidity</b>					
24. Deposit coverage ratio	46,36	46,39	42,43	43,22	43,39
25. LCR (%)	337,87	371,91	278,50	265,11	257,83
<b>Branches and full-time equivalents</b>					
26. No. of branches	29	29	29	28	27
27. Full-time equivalents	188	187	192	192	198
<b>Equity certificates</b>					
28. Ownership fraction (parent bank) (%)	31,40	31,40	31,40	32,45	32,45
29. No. of equity certificates	20.731.183	20.731.183	20.731.183	20.731.183	20.731.183
30. Book equity per equity certificate*	64,53	63,43	59,92	58,95	58,03
31. Earnings per equity certificate*	1,10	3,51	0,97	1,23	1,42
32. Dividend per equity certificate	0,00	0,00	0,00	3,60	0,00
33. Turnover rate	11,83	19,23	26,54	11,83	9,97
34. Price	44,70	47,10	41,00	54,60	52,40

\* Defined as alternate performance target

## Definition of key figures and alternative profit targets

### Profitability

1. Return on equity\*  
The profit/loss that is attributable to equity certificates and primary capital as a % of average equity adjusted for hybrid capital. The key figure provides relevant information about the group's profitability by measuring its ability to generate profitability on equity. The return on equity is one of Sparebanken Øst's most important target figures.
2. Net interest income as a % of average total assets  
Net interest income as a % of average total assets
3. Profit/loss after tax as a % of average total assets  
Profit/loss after tax as a % of average total assets
4. Costs as a % of average total assets  
Payroll, etc., administrative costs, amortisation and other operating costs as a % of average total assets
5. Costs as a % of income (before losses on loans/guarantees)\*  
Payroll, etc., administrative costs, amortisation and other operating costs as a % of net interest income, dividend, net commission income, net value changes and gains/losses on financial instruments and other operating income. The key figure is used to provide information about the ratio between income and costs.
6. Costs as a % of income (excl. return on financial investments)\*  
Payroll, etc., administrative costs, amortisation and other operating costs as a % of net interest income, net commission income and other operating income. The key figure is used to provide information about the ratio between income and costs.

### Balance sheet figures

7. Net lending to customers  
Gross lending minus loss provisions
8. Lending growth (quarter/12 months)  
Change in net lending as a % of OB net lending. Quarterly figures show growth in the quarter, while other figures show 12-month growth.
9. Deposits  
Customer deposits
10. Deposit growth (quarter/12 months)  
Change in deposits as a % of OB deposits. Quarterly figures show growth in the quarter, while other figures show 12-month growth.
11. Average equity  
(OB equity (adjusted for hybrid capital) less proposed dividends + CB equity (adjusted for hybrid capital) less proposed dividends) / 2.
12. Average total assets  
Average total assets based on quarterly balance sheet figures

### Loss provisions on impaired and non-performing loans

13. Losses as a % of net lending to customers (OB)\*  
Losses as % of OB net loans to customers for the period. The key figure indicates the recognised loss in relation to net lending at the beginning of the fiscal period and provides relevant information on the extent of the losses incurred by the Group in relation to its lending volume.
14. Loss provisions as a % of gross lending to customers\*  
Total loss provisions, groups 1, 2 and 3, as a % of gross lending. This key figure provides relevant information about credit risk and is deemed useful additional information, besides stated in the loss notes.
15. Net payment defaults exceeding 90 days as a % of net lending  
Net payment defaults exceeding 90 days as a % of net lending. This key figure provides relevant information about credit risk and is deemed useful additional information besides that stated in the loss notes.
16. Other net non-performing commitments (group 3) as a % of net lending  
Net other non-performing commitments as a % of net lending. This key figure provides relevant information about credit risk and is deemed useful additional information, besides stated in the loss notes.

### Financial strength

17. CET1 capital ratio incl. 50% of retained earnings (%)  
CET1 capital incl. 50% of equity certificate holders' and primary capital share of the unallocated profit as a % of risk-weighted volume (basis for calculation)
18. CET1 capital ratio (%)  
CET1 capital as a % of the risk-weighted volume (basis for calculation)
19. Tier 1 capital ratio (%)  
Tier 1 capital as a % of the risk-weighted volume (basis for calculation)
20. Capital adequacy ratio (%)  
Total primary capital as a % of the risk-weighted volume (basis for calculation)
21. Risk-weighted volume (calculation basis)  
Total credit and counterparty risk, currency risk, operational risk and calculation basis for impaired counterparty credit rating (CVA).
22. Tier 1 leverage ratio incl. 50% retained earnings (%)  
Tier 1 capital incl. 50% of equity certificate holders' and primary capital share of the unallocated profit as a % of the unweighted basis for calculation.
23. Tier 1 leverage ratio (%)  
Tier 1 capital as a % of unweighted calculation basis

### Liquidity

24. Deposit coverage ratio  
Deposits as a % of net lending to customers.
25. LCR (%)  
Liquid assets as a % of net payments in a stress scenario lasting 30 days

### Branches and full-time equivalents

26. No. of branches
27. Full-time equivalents

### Equity certificates

28. Ownership fraction (parent bank) (%)  
Equity certificate holders' share of total equity adjusted for hybrid capital (less proposed dividends) as a % (basis at 1 January, time-weighted at issue).
29. No. of equity certificates  
Total no. of outstanding equity certificates
30. Book equity per equity certificate\*  
Equity share capital divided by no. of equity certificates. The calculation includes the year's allocation for dividends. The key figure provides information about the value of the book equity per equity certificate. This makes it possible for the reader to assess the reasonableness of the market price in relation to the equity certificate.
31. Earnings per equity certificate\*  
The equity share capital's share of the profit/loss after tax divided by time-weighted average number of equity certificates during the period.
32. Dividend per equity certificate  
Dividend in NOK per equity certificate
33. Turnover rate  
Annualised turnover rate (traded as a % of issued)
34. Price  
The most recently traded price on the Oslo Stock Exchange as at the balance sheet date

\* Defined as alternate performance target

## Financial Performance - Group

(Amounts in NOK million)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Interest income	245,6	287,4	350,4	353,5	333,4	309,4
	0,0	0,0	25,6	0,0	0,0	0,0
Interest costs	79,3	150,1	185,9	177,5	167,9	156,1
<b>Net interest income</b>	<b>166,3</b>	<b>137,3</b>	<b>164,6</b>	<b>176,0</b>	<b>165,6</b>	<b>153,4</b>
Commission income and income from banking services	19,1	17,8	21,3	22,5	23,7	22,6
Commission costs and costs for banking services	10,4	10,1	10,7	10,9	11,3	11,2
Dividend	0,1	0,0	5,2	0,0	26,4	2,5
Net changes in value and gains/losses on financial instruments	-4,9	178,5	-33,7	-2,0	-15,7	2,9
Other operating income	1,9	1,6	22,5	3,2	3,4	4,2
<b>Net other operating income</b>	<b>5,9</b>	<b>187,9</b>	<b>4,6</b>	<b>12,9</b>	<b>26,5</b>	<b>21,0</b>
Payroll, etc.	43,8	30,6	46,6	43,3	42,1	30,2
Administration costs	13,9	13,2	14,9	14,1	13,0	13,1
Depreciation/write-downs/changes in value for non-financial assets	6,9	6,6	6,5	6,6	6,5	6,4
Other operating costs	7,4	11,2	12,4	8,0	7,2	9,0
<b>Total operating costs</b>	<b>72,1</b>	<b>61,6</b>	<b>80,4</b>	<b>72,0</b>	<b>68,8</b>	<b>58,7</b>
<b>Profit/loss before losses</b>	<b>100,0</b>	<b>263,5</b>	<b>88,8</b>	<b>116,9</b>	<b>123,2</b>	<b>115,7</b>
Losses on loans, unused credit and guarantees	2,0	1,8	7,6	7,6	3,4	3,7
<b>Profit/loss before tax costs</b>	<b>98,1</b>	<b>261,7</b>	<b>81,2</b>	<b>109,4</b>	<b>119,8</b>	<b>112,0</b>
Tax costs	22,1	25,4	12,2	26,2	24,2	26,0
<b>Profit/loss after tax</b>	<b>75,9</b>	<b>236,3</b>	<b>69,0</b>	<b>83,2</b>	<b>95,7</b>	<b>85,9</b>
Hybrid capital owners' share of the result	3,5	4,2	4,8	4,7	5,1	4,1
Equity certificate holders' and primary capital share of profits	72,4	232,1	64,2	78,5	90,5	81,9
<b>Profit/loss after tax</b>	<b>75,9</b>	<b>236,3</b>	<b>69,0</b>	<b>83,2</b>	<b>95,7</b>	<b>85,9</b>
Earnings per equity certificate	1,10	3,51	0,97	1,23	1,42	1,28
Diluted earnings per equity certificate	1,10	3,51	0,97	1,23	1,42	1,28

## Other comprehensive income performance - Group

(Amounts in NOK million)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
<b>Profit/loss after tax</b>	<b>75,9</b>	<b>236,3</b>	<b>69,0</b>	<b>83,2</b>	<b>95,7</b>	<b>85,9</b>
<b>Items that will not be reclassified to the income statement</b>						
Actuarial gains and losses on defined-benefit plans	0,0	0,0	0,0	4,1	0,0	0,0
Tax related to items that cannot be reclassified	0,0	0,0	0,0	-1,0	0,0	0,0
<b>Comprehensive income</b>	<b>75,9</b>	<b>236,3</b>	<b>69,0</b>	<b>86,3</b>	<b>95,7</b>	<b>85,9</b>



## Balance sheet performance - Group

(Amounts in NOK million)	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019
<b>Assets</b>					
Cash and receivables from central banks	441,0	536,3	620,1	302,5	440,7
Loans to and receivables from financial institutions	12,3	8,2	10,2	15,9	8,5
Loans to and receivables from customers	31.366,3	32.013,4	33.735,1	34.225,3	34.733,3
Certificates and bonds	9.316,0	9.562,9	7.936,2	6.755,1	6.589,7
Shares and units	814,8	810,8	633,1	629,6	627,1
Financial derivatives	552,5	530,8	435,4	174,7	325,8
Ownership interests in Group companies	0,0	0,0	0,0	0,0	0,0
Deferred tax asset	0,0	0,0	0,0	0,0	0,0
Investment properties	12,0	12,1	3,9	59,0	59,3
Tangible fixed assets	143,0	143,6	136,9	137,7	136,8
Lease rights	46,5	47,9	50,3	49,5	50,7
Other assets	16,3	17,5	14,8	23,9	14,9
Prepaid non-accrued costs and income earned, but not received	18,4	16,5	24,1	12,6	21,7
<b>Total assets</b>	<b>42.739,1</b>	<b>43.700,1</b>	<b>43.600,1</b>	<b>42.385,8</b>	<b>43.008,5</b>
<b>Liabilities and equity</b>					
Liabilities to financial institutions	601,4	601,0	602,5	300,6	302,2
Deposits from and liabilities to customers	14.542,0	14.851,5	14.313,7	14.791,7	15.072,0
Liabilities to the state, swap of covered bonds	0,0	0,0	0,0	0,0	0,0
Financial derivatives	25,3	29,9	21,7	35,3	19,5
Securities issued	21.950,7	22.698,7	23.394,7	22.261,7	22.579,6
Tax payable	0,0	0,0			
Other liabilities	553,2	528,8	499,9	298,9	401,1
Accruals and deferred income	41,5	34,4	39,7	33,6	41,3
Provisions for accrued costs and liabilities	67,6	67,7	67,8	67,4	78,3
Deferred tax liability	0,7	2,2	3,3	5,0	3,5
Lease liabilities	47,2	48,6	50,8	49,9	51,0
Subordinated loan capital	400,0	400,0	400,4	400,4	400,3
<b>Total liabilities</b>	<b>38.229,6</b>	<b>39.262,8</b>	<b>39.394,5</b>	<b>38.244,3</b>	<b>38.948,6</b>
Paid-up equity	595,1	595,1	595,1	595,1	595,1
Hybrid capital	351,7	352,0	352,3	352,4	352,3
Retained earnings	3.562,7	3.490,3	3.258,2	3.194,0	3.112,5
Retained ordinary earnings	0,0	0,0	0,0	0,0	0,0
<b>Total equity</b>	<b>4.509,5</b>	<b>4.437,4</b>	<b>4.205,7</b>	<b>4.141,5</b>	<b>4.059,9</b>
<b>Total liabilities and equity</b>	<b>42.739,1</b>	<b>43.700,1</b>	<b>43.600,1</b>	<b>42.385,8</b>	<b>43.008,5</b>

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