**Executive summary**

- **SpareBank 1 Østlandet**
  - Norway’s fourth largest savings bank
  - The best capitalised regional savings bank in Norway - CET1 16.8 %, Capital ratio of 19.6 %, Leverage ratio 7.5 %
  - Low risk bank book with a 74% retail share, of which 96% housing mortgages
  - Diversified income stream
  - Long history of solid returns and profits. Stable low loan losses over time.
  - Largest owner of SPABOL, The SpareBank 1 Alliance’s covered bond issuer

- **Funding and rating**
  - Rated A1 (negative outlook) by Moody’s
  - Deposit coverage ratio 72.3 %
  - Liquidity coverage ratio (LCR) 152.5 %
  - Access to covered bond financing through SpareBank 1 Boligkreditt (SPABOL)

- **Norwegian economy**
  - One of the highest GDP per capita in the world
  - Excellent financial position with large budget surplus and the sovereign wealth fund accounting for almost three times GDP

- **Home market**
  - The fastest growing region of Norway for both population and job creation
  - Low unemployment and high economic activity
  - Market leader in the Inland region, challenger in the Capital region
Content

Introduction to SpareBank 1 Østlandet

Region, strategy and ambitions

Asset quality, rating and funding plans

Appendix: 1. Economic outlook  2. Financial accounts 4Q 2018
Introduction to SpareBank 1 Østlandet
Business overview
SpareBank 1 Østlandet at a glance

Highlights

- Established in 1845 – known as Sparebanken Hedmark (“SBHE”) until 1 April 2017.
- Norway’s fourth largest savings bank – total adjusted assets (incl. cov. bonds) of approx. NOK 165bn as of 4Q-18.
- Operations in Hedmark, Oppland, Oslo and Akershus – a market with more than 1.7 million inhabitants.
- Head office in Hamar (90 minute drive north of Oslo) – 37 bank branches and 1,139 FTEs as of 4Q-18.
- 337,000 customers – retail share of total lending 74%.
- Diversified product offering – provides banking, leasing, accounting and real estate brokerage services.
- Part of the SpareBank 1 Alliance – owns 12.4% of SpareBank 1 Gruppen AS.

Net loans* (NOKm) & Growth (YoY, %)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>4Q-17</th>
<th>1Q-18</th>
<th>2Q-18</th>
<th>3Q-18</th>
<th>4Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>90,098</td>
<td>92,450</td>
<td>95,681</td>
<td>97,896</td>
<td>98,606</td>
</tr>
<tr>
<td>Growth</td>
<td>9.2%</td>
<td>9.4%</td>
<td>9.8%</td>
<td>10.5%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

Profit after tax (NOKm) & ROE (%)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>4Q-17</th>
<th>1Q-18</th>
<th>2Q-18</th>
<th>3Q-18</th>
<th>4Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>337</td>
<td>314</td>
<td>416</td>
<td>362</td>
<td>322</td>
</tr>
<tr>
<td>ROE</td>
<td>10.6%</td>
<td>9.8%</td>
<td>13.0%</td>
<td>11.0%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

*excl. loans transferred to covered bond companies

Sources: Annual/interim reports, SpareBank 1 Gruppen || Comments (*): Total assets on own balance sheet, plus mortgages transferred to SB1 Boligkreditt and SB1 Næringskreditt
Diversified main activities
Several sources of income - parent bank, subsidiaries and other ownership interests

Operational divisions*
- Retail Segment
  ~ 367 employees
- Corporate Segment
  ~ 122 employees
- Organisations & Capital Markets
  ~ 19 employees
- Administration & Support
  ~ 207 employees

Selected key subsidiaries
- EiendomsMegler 1
  100% Hedmark Eiendom AS
  Real estate agent
- EiendomsMegler 1
  100% Oslo Akershus AS
  Real estate agent
- SpareBank 1
  95% Finans Østlandet AS
  Financing/Leasing
- SpareBank 1 Østlandet
  ~71% VIT AS
  Accounting/financial advisory

Selected other ownership interests
- ~25% Totens Sparebank
  Savings bank
- ~24% KOMM-IN AS
  Local venture capital
- 100% Vato AS
  Property management
- 100% Youngstorget 5 AS
  Real estate SPV
- 20% Proaware AS (BETR AS)
  Application development/consulting

Note(*): FTE in the parent bank was 697 as of 4Q18 (705 in 4Q17).
Part of the SpareBank 1 Alliance

Provides operational and financial economies of scale as well as diversified product offering

Key comments

- Total number of branches: 301
- Total number of FTEs: 6,000
- 14 independent Savings Banks
  - 6 listed equity capital certificate (ECC) banks
  - 1 public listed ordinary share bank (SR-Bank)
  - 7 traditional Savings Banks with ECCs
- The SpareBank 1 Alliance is Norway’s second largest* financial group in terms of total assets.
- The SpareBank 1 Alliance was created in 1996 to strengthen each local bank’s competitiveness, profitability and solvency, as well as to ensure each bank’s future independence and regional ties.

Key joint ventures

«SpareBank 1 Alliance» = 14 cooperating independent savings banks

Key associated companies

- Owner Share Ratio
  - SpareBank 1 Betaling AS (Vipps **) 18.7 %
  - SpareBank 1 Kredittkort AS Credit cards 20.5 %
  - SpareBank 1 Boligkreditt AS Covered bond issuer 21.6 %
  - SpareBank 1 Næringskreditt AS Covered bond issuer 13.3 %
  - SpareBank 1 Markets AS Investment bank 6.2 %

Note:**: SpareBank 1, DNB and others have formed a cooperation with Vipps as a common platform for mobile payment solutions in Norway. The bank owns 5.3% indirectly in Vipps via SpareBank 1 Betaling AS, thus effectively being the second largest shareholder of Vipps.

Key associated companies

- SPAREBANK 1 GRUPPEN AS | external product offering 12.4 %
  - SpareBank 1 Forsikring AS Life insurance
  - SpareBank 1 Skadeforsikring AS Non-life insurance
  - ODIN Forvaltning AS Fund management
  - SpareBank 1 Medlemskort AS “LOfavør”
  - Conecto AS Debt collection
  - SpareBank 1 Gruppen Finans AS Factoring/Debt purchase

- SPAREBANK 1 BANKSAMARBEIDET DA | internal services 18.0 %
  - EiendomsMegler 1 Norge AS Real estate
  - SpareBank 1 Kundesenter AS Customer service

- SpareBank 1 Verdi papir service AS Securities settlement

= ownership ratio || (*) Source: SpareBank 1 Gruppen || Note(**): SpareBank 1, DNB and others have formed a cooperation with Vipps as a common platform for mobile payment solutions in Norway. The bank owns 5.3% indirectly in Vipps via SpareBank 1 Betaling AS, thus effectively being the second largest shareholder of Vipps.
The Bank has a history of increasing profits
Net profit and profit pre-financials and loan losses (NOK million)

No fiscal year with a financial deficit since the mid 1940-ies

1988-91 High loan losses in banking crisis, but no deficit or government support or bailout

1993 Bond gains and lower losses.

1996 Business cycle peak. 7 bps loss.

2007 Acquisition of Bank 1 Oslo Akershus.

2009 Business cycle trough. 40 bps loss.

2014 IPO and listing on OSE.

2017 Financial gains Low losses.

2018 Private placement of 700 MNOK

Source: Bank reports and SpareBank 1 Markets. As of 4Q 2018

8

Profit pre financials
Net profit
Long history of low loan losses
Lower and more stable than peer average in Norway

*Loan loss provisions, (% of lending*)

Source: Bank reports and SpareBank 1 Markets 4Q 2018. Peers: NONG, SRBANK, MING, MORG, SVEG
(*) Included loans transferred to covered bond companies
High capitalization and solid returns
SpareBank 1 Østlandet versus Norwegian and Nordic peers

Source: Bank reports/Bloomberg
# Financial results for the fourth quarter of 2018

(Last year's figures in brackets)

<table>
<thead>
<tr>
<th>Increased profitability</th>
<th>Profit after tax in 4Q 18 isolated at NOK 322 million (NOK 337 million). Profit after tax in 2018 accumulated NOK 1,414 million (NOK 1,263 million).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher return on equity</td>
<td>ROE in 4Q at 9.1 % (10.4 %). ROE in 2018 accumulated 10.5 % (10.2 %).</td>
</tr>
<tr>
<td>Solid capitalization</td>
<td>CET 1 ratio 16.8 % (16.8 %). Leverage ratio at 7.5 % (7.1 %).</td>
</tr>
<tr>
<td>High lending growth</td>
<td>Lending growth of 1.5 % in 4Q 18. Lending growth of 8.2 % (8.4 %) (incl. the covered bond companies) in 2018.</td>
</tr>
<tr>
<td>Strengthened deposit growth</td>
<td>Deposit growth of 1.8 % in 4Q 18. Deposit growth of 8.4 % (4.6 %) in 2018.</td>
</tr>
<tr>
<td>Low impairments</td>
<td>Impairments on loans and guarantees of NOK 11 million in 4Q 18 isolated. Impairments on loans and guarantees of NOK 35 million in 2018.</td>
</tr>
</tbody>
</table>
Lillestrøm and Romerike is a region of strong growth, both when it comes to population and creation of new jobs. SpareBank 1 Østlandet has a strong presence.
Our market position gives ample opportunities to grow the bank

By the end of 2021 – our strategy pillars

- We are the third largest savings bank in Norway.
- We have one of the most attractive equity certificates on Oslo Stock Exchange.
- We have differentiated ourselves from the main competition and have increased our market share.
- We have made banking easy for our customers and employees.
- Best at cross-sales in the alliance and have utilised the profitable potential in the Group.
- We have established ourselves as a bank with a distinct ESG profile.
The performance in 2018 was in line with ambitions

Financial targets 2018 and actual performance

- **Profitability**: Return on equity at least 10 %
  - Actual: 10.5 %
- **Dividends**: 50 % pay-out ratio after tax*
  - Actual: 50 %
- **Solidity**: CET 1 at 16 %
  - Actual: 16.8 %
- **Costs**: 5 % cost reduction**
  - Actual: 5.3 %

* Profit after tax before minority interests

** Nominal costs pro-forma parent bank compared with 2017 (accumulated)
### Hedmark

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>197,406</td>
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<tr>
<td>Market share RM</td>
<td>49 %</td>
</tr>
<tr>
<td>Market share CM</td>
<td>45 %</td>
</tr>
<tr>
<td>Position</td>
<td>market leader</td>
</tr>
<tr>
<td>Unemployment</td>
<td>2.4 %</td>
</tr>
</tbody>
</table>

### Oppland

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>189,545</td>
</tr>
<tr>
<td>Market share RM</td>
<td>4 %</td>
</tr>
<tr>
<td>Market share CM</td>
<td>8 %</td>
</tr>
<tr>
<td>Position</td>
<td>challenger</td>
</tr>
<tr>
<td>Unemployment</td>
<td>2.1 %</td>
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</tbody>
</table>

### Oslo

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>681,067</td>
</tr>
<tr>
<td>Market share RM</td>
<td>11 %</td>
</tr>
<tr>
<td>Market share CM</td>
<td>2 %</td>
</tr>
<tr>
<td>Position</td>
<td>challenger</td>
</tr>
<tr>
<td>Unemployment</td>
<td>2.8 %</td>
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</tbody>
</table>

### Akershus

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>624,055</td>
</tr>
<tr>
<td>Market share RM</td>
<td>7 %</td>
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<tr>
<td>Market share CM</td>
<td>4 %</td>
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<tr>
<td>Position</td>
<td>challenger</td>
</tr>
<tr>
<td>Unemployment</td>
<td>2.2 %</td>
</tr>
</tbody>
</table>

Source 1: NAV, Unemployment: % of workforce, January 2019
Source 2: Statistics Norway – Population 4Q 18
Source 3: Main bank share: TNS Gallup H1 2017, position survey

(*) Customers who consider SpareBank 1 Østlandet as their main bank
A market area with long term growth potential
Considerable population growth in the Greater Capital Area

Population projection 2018-2040

Population projection, municipalities 2018-2040

The bank is strengthening its ESG focus

Obtaining a distinct ESG profile is a cornerstone of our business strategy

SpareBank 1 Østlandet has signed up for the United Nations Global Compact
- Ensures all 10 principles of sustainability are integrated in day-to-day operations
- The bank is since 2017 reporting ESG performance according to the GRI reporting standard (*)

The SpareBank 1 Alliance is a member of the Norwegian Green Building Council
- The Norwegian Green Building Council, a part of the World Green Building Council, was established in 2010 to drive sustainability in the Norwegian built environment, primarily through the introduction of environmental rating tools

SpareBank 1 Østlandet established a CSR strategy in 2014
- The CSR strategy has since been expanded to cover all relevant aspects of the bank’s ESG initiatives, including credit policies, investment policies, HR policies, procurement policies and so on.

The SpareBank 1 Alliance’s asset manager and insurance company are guided by sustainability in their investments
- The SpareBank 1 asset manager ODIN is a signatory of the UN PRI – principles for responsible investments
- SpareBank 1 insurance integrated ESG factors in its investments and is in the process of evaluating international initiatives to sign up to. Nearly all external fund managers for the insurance company are UN PRI signatories

SpareBank 1 Østlandet’s branch offices are certified as ‘Eco-lighthouses’ in Norway
- This is an initiative where over 5400 Norwegian companies, public institutions and other organizations have become certified and follow certain industry specific rules and principles to reduce their environmental impact.
- The EU recognized Norway’s Eco-lighthouse arrangement in December 2017, meaning it complies with the eco-management and audit scheme (EMAS) in the European Union.

SpareBank 1 Østlandet introduced a «green mortgage» in 2017
- Increase energy efficiency in existing buildings
- Complete refurbishments of older buildings
- Construct new passive houses

SpareBank 1 Boligkreditt – SPABOL issued the first green covered bond in Norway

- Calculated specific energy related CO2 emissions (kg CO2/€) per year, excluding energy related emissions from own power production

SpareBank 1 Alliance is a member of the Norwegian Green Building Council
- The Norwegian Green Building Council, a part of the World Green Building Council, was established in 2010 to drive sustainability in the Norwegian built environment, primarily through the introduction of environmental rating tools
Asset quality, rating and funding plans

Lillestrøm and Romerike is a region in strong growth, both when it comes to population and creation of new jobs. SpareBank 1 Østlandet has a strong presence. Oslo Airport, centrally located in the bank’s market area, is one of several large infrastructure investments ongoing in the region.
Loan book dominated by retail and SME lending

Lending to customers per sector (% and NOK million)

**Lending to customers per sector**

- Public sector: 63,544 / 45.3%
- Loans transferred to Boligkreditt: 39,792 / 28.4%
- Real estate: 14,277 / 10.2%
- Industries/power and water supply/Building and constructions: 6,335 / 4.5%
- Primary industries: 5,687 / 4.1%
- Commercial services: 5,654 / 4.0%
- Wholesale/Hotel and restaurants/transport og communication: 1,785 / 1.3%
- Loans transferred to Næringskreditt: 1,433 / 1.0%

**Changes last 12 months**

- Public sector: 7.9%
- Loans transferred to Boligkreditt: 6.3%
- Real estate: 11.0%
- Industries/power and water supply/Building and constructions: 17.7%
- Primary industries: 10.8%
- Commercial services: 21.2%
- Wholesale/Hotel and restaurants/transport og communication: -2.0%
- Loans transferred to Næringskreditt: -11.8%
The concentration risk is low
Retail and corporate loans by size (% share)*

* Including loans transferred to the covered bond companies
High quality credit process leads to low and stable LTV

Percentage of granted mortgages and average LTV per county

- Percentage of granted volume
- Average LTV at the time of grant

Oslo: 33%, 31%, 29%, 28%, 27%, 32%, 32%, 30%, 30%, 30%, 33%, 31%
Akershus: 30%, 30%, 30%, 30%, 30%, 30%, 30%, 30%, 30%, 30%, 30%, 30%
Hedmark: 27%, 30%, 30%, 30%, 30%, 30%, 30%, 30%, 30%, 30%, 30%, 30%
Oppland: 3%, 4%, 4%, 4%, 4%, 5%, 7%, 6%, 6%, 6%, 7%, 6%
Other: 6%, 6%, 6%, 6%, 6%, 7%, 6%, 6%, 6%, 7%, 6%, 6%
**Low LTV in the residential mortgage lending**

Exposure per LTV bucket in the residential mortgage portfolio

<table>
<thead>
<tr>
<th>LTV Bucket</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 70% LTV</td>
<td>95.0%</td>
</tr>
<tr>
<td>70-85% LTV</td>
<td>4.0%</td>
</tr>
<tr>
<td>85-100% LTV</td>
<td>0.5%</td>
</tr>
<tr>
<td>Over 100% LTV</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

**Mortgages - Utilisation of flexibility quota in 4Q-2018:**

- **City of Oslo**
  - 7.7% (8% quota)

- **Other areas**
  - 5.9% (10% quota)

**The mortgage regulation* constrains the lending:**

- Debt servicing capacity
  - Stress: 5% interest rate increase
- Maximum loan to value (LTV) 85%
  - 75% legal limit in the covered pool
- Gearing
  - Total debt must not exceed five times gross annual income
- Installment payment
- Exceptions are permitted within 10% (8% for Oslo) of the total granted volume each quarter
  - The so called “Flexibility quota”

* "Regulation on the requirements for new lending with collateral in housing"
Low levels of problem loans
Non-performing and other doubtful commitments

- The proportion of problem loans decreases further.
The bank’s ambitions for the funding strategy

Today’s funding mix and thoughts on funding going forward

- The Bank’s revised business strategy leads to higher funding activity going forward
- Deposits are and will continue to be the Bank’s most important funding source
- The Bank exclusively uses SPABOL for covered bond funding
- Senior unsecured in EUR will be increasingly more important in the funding mix going forward
  - Building a senior unsecured curve in EUR
  - Planning at least one EUR benchmark issue per year going forward
  - Active curve in PP with tenors up to 15 years

### Today’s funding mix and thoughts on funding going forward

<table>
<thead>
<tr>
<th>Source</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>45</td>
</tr>
<tr>
<td>Covered bonds</td>
<td>25</td>
</tr>
<tr>
<td>Equity</td>
<td>9</td>
</tr>
<tr>
<td>Loans from banks</td>
<td>16</td>
</tr>
<tr>
<td>Senior NOK</td>
<td>12</td>
</tr>
<tr>
<td>Senior EUR</td>
<td>7</td>
</tr>
<tr>
<td>Subordinated</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Loans from banks</th>
<th>Senior unsecured NOK</th>
<th>Senior unsecured EUR</th>
<th>AT1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td></td>
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<tr>
<td>2021</td>
<td>300</td>
<td>300</td>
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<tr>
<td>2022</td>
<td>400</td>
<td>400</td>
<td>400</td>
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<tr>
<td>2023</td>
<td>500</td>
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<td>2024</td>
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<td>2025</td>
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<td>2026</td>
<td>800</td>
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<tr>
<td>2027</td>
<td>900</td>
<td>900</td>
<td>900</td>
<td></td>
</tr>
<tr>
<td>&gt;2028</td>
<td>1000</td>
<td>1000</td>
<td>1000</td>
<td></td>
</tr>
</tbody>
</table>
Minimum Requirement for Own Funds and Eligible Liabilities

MREL – The Norwegian legislation

• Legislation
  – Loss absorbing amount to be covered by Pillar 1 and Pillar 2 requirements and combined buffer requirement
  – Recapitalization amount to be covered by excess capital and capital subordinated to senior debt

• Preliminary calculations indicate that SpareBank 1 Østlandet will need to issue NOK 7 billion in “tier 3” capital*
  – Final consequences to be concluded
  – Probably moderate relative to peers
  – Gradually refinancing of maturing senior debt with tier 3 until YE2022

(*) Based on 4Q 2018
MREL and moving regulatory parts

Two main funding scenarios based on regulatory uncertainty (EUR million)

**DISCUSSION**

- **Scenario 1:**
  - The Norwegian legislation as of today (previous slide)
  - The NFSA delivered a proposal to the Ministry of Finance regarding systematically important financial institutions (SIFI). It was suggested that SpareBank 1 Østlandet will be defined as SIFI under the NFSA’s proposal with a 2% additional SIFI requirement to CET1.

- **Scenario 2:**
  - Agreement regarding BRRD2 from EU
  - Significantly lower MREL levels

- The Bank’s response
  - MREL - Gradually refinancing of maturing senior debt with SNP until YE2022
  - Implementation – timing and scope - highly dependable of regulatory decisions.
Changes to capital requirements are expected to reduce the management buffer

Group CET 1 (per cent) – and expected consequences of changes to capital requirements

- The government has proposed several changes to the bank’s capital requirements.
  - Implementation of CRD4 will lead to removal of the Basel 1-transitional floor and the introduction of the “SME discount”.
  - NFSA has suggested SIFI-status for the bank along with selected other regional savings banks.
  - The countercyclical buffer increases to 2.5% from 31 December 2019.
- The NFSA has ordered the bank to add a safety margin in the bank’s LGD estimates for the corporate portfolio.
  - The bank do not consider the decision to be professionally justified.
  - The decision is appealed to the MOF.
- In total, the regulatory changes and the decision of LGD buffers, reduce the bank’s management buffer in relation to the current requirements if they are implemented.
- The bank considers the capital adequacy to be very solid and the bank’s board of directors will discuss revision of the capital targets and the management buffer when the changes are concluded.
Main take aways

- “SpareBank 1 Østlandet’s ratings are supported by its Very Strong Macro Profile”
- “Solid capital levels, which are the strongest among peers”
- “Asset risk metrics improve post acquisition, on the back of a lower credit risk portfolio” and
- “Strengthened franchise following the acquisition of Bank 1 Oslo Akershus”
- “However, the expected implementation of the official resolution regime in Norway in the coming months, will likely cause us to reconsider/lower our government support assumptions for all rated savings banks in Norway, including SpareBank 1 Østlandet, as reflected by the current negative rating outlook.”*

- System Outlook from Moody’s 28 August 2018 upgraded the Norwegian banking system from negative to stable.
- Latest development: The NFSA recommended that SpareBank 1 Østlandet should be defined as SIFI under the new regulation. This should have positive impact on the next rating action by Moody’s
Well positioned to serve a growing region

Summary
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Norwegian and regional outlook
Norwegian economy at a glance
Balanced growth and strong public finances

<table>
<thead>
<tr>
<th>Economic Indicators (real growth or level in per. cent)</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018E</th>
<th>2019F</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth - mainland</td>
<td>2.3</td>
<td>2.2</td>
<td>1.4</td>
<td>1</td>
<td>1.8</td>
<td>2.1</td>
<td>2.5</td>
</tr>
<tr>
<td>Household consumption growth</td>
<td>2.7</td>
<td>1.9</td>
<td>2.6</td>
<td>1.5</td>
<td>2.3</td>
<td>2.5</td>
<td>2.8</td>
</tr>
<tr>
<td>Investment growth (mainland*)</td>
<td>2.9</td>
<td>0.4</td>
<td>-0.2</td>
<td>6.1</td>
<td>5.5</td>
<td>-0.1</td>
<td>1.6</td>
</tr>
<tr>
<td>Investment growth offshore oil and gas</td>
<td>19.3</td>
<td>-3.2</td>
<td>-12.2</td>
<td>-16.9</td>
<td>-2.0</td>
<td>2.4</td>
<td>3.8</td>
</tr>
<tr>
<td>Inflation rate (CPI)</td>
<td>2.1</td>
<td>2</td>
<td>2.1</td>
<td>3.6</td>
<td>1.8</td>
<td>2.5</td>
<td>1.5</td>
</tr>
<tr>
<td>3 month NIBOR/mortgage rate</td>
<td>1.8/4.0</td>
<td>1.7/3.9</td>
<td>1.3/3.2</td>
<td>1.1/2.6</td>
<td>0.9/2.6</td>
<td>1.1/2.7</td>
<td>1.4/3.1</td>
</tr>
<tr>
<td>Household savings ratio</td>
<td>7.4</td>
<td>8.2</td>
<td>10.3</td>
<td>7.1</td>
<td>7.1</td>
<td>7.2</td>
<td>7.7</td>
</tr>
<tr>
<td>Unemployment rate (survey)</td>
<td>3.5</td>
<td>3.5</td>
<td>4.4</td>
<td>4.7</td>
<td>4.2</td>
<td>3.9</td>
<td>3.8</td>
</tr>
<tr>
<td>HH sector real disp. income growth</td>
<td>3.8</td>
<td>2.8</td>
<td>5.2</td>
<td>-1.5</td>
<td>2.4</td>
<td>2.4</td>
<td>2.9</td>
</tr>
<tr>
<td>Current account surplus/GDP</td>
<td>10.3</td>
<td>10.5</td>
<td>7.9</td>
<td>3.9</td>
<td>5.5</td>
<td>8.1</td>
<td>9.3</td>
</tr>
<tr>
<td>Gov. budget surplus*/GDP</td>
<td>12</td>
<td>10</td>
<td>7</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>n/a</td>
</tr>
<tr>
<td>Sovereign Wealth Fund/GDP</td>
<td>164</td>
<td>204</td>
<td>238</td>
<td>241</td>
<td>302</td>
<td>295</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Sources: Statistics Norway as of March 8, 2018, NBIM, Ministry of Finance “Revised National Budget 2018”, SpareBank 1 Boligkreditt

(*) Business, housing and public sector. Gov budget surplus includes Wealth Fund income
Norway: Positive economic conditions and outlook

Turnaround in oil, growth on trend and falling unemployment

Major improvement in GDP/capita – low global correlation

NOK normally moves with oil – but divergence this time

Low and falling unemployment

PMI – Positive expectations

Source: Thompson Reuters Datastream
Norges Bank: First interest rate hike since 2011
Expected gradual rise the coming years

• First hike since 2011 in September 2018

• The Central Bank’s interest rate path indicates two hikes per year until the end of 2021
  – A total of +1.25 %

• Based on strong underlying macro the risk is perceived to be on the upside

Source: Norges Bank/Bloomberg
Higher interest rates?
Government benchmark bonds 10 years

Source: Thompson Reuters Datastream
Strong Public sector finances
The Sovereign Wealth Fund

- The sovereign wealth fund is almost 3 times GDP
- All petroleum related income – oil taxes and direct revenue flows into the fund
- 3% of the fund’s size may be spent in the National Budget
  - Could be used as a countercyclical buffer through the cycle
  - In 2016 and 2017, total government expenditure was slightly above its income (before oil income)
  - The countercyclical buffer is used in these years
- The fund is restricted from investing in Norwegian assets or banks
- The return from the fund outweighs the reduction in buffer
  - Positive net return
Value creation in the market area above national average

Industry index (quarterly) based on gross product per county

• 40 % of Norway’s mainland GDP is created in our market area

• Growth in gross product per county:
  • Norway: +9.1 %
  • Oslo: +11.3 %
  • Akershus: +10.2 %
  • Hedmark: +9.5 %
  • Oppland: +8.5 %
High economic activity in our market area
Increasing output in the Capital Region and low unemployment throughout

Source 1: Norges Bank Regional Network 04/18
| (*) Includes Hedmark and Oppland | (**) Includes Oslo, Akershus, Østfold and Buskerud
Source 2: Statistics Norway, NAV, Thompson Reuters Datastream
Mortgage market: key characteristics

**Mortgage Market**
- Total size approximately NOK 3,000 billion (USD 375 billion, €330 billion)
- Private banks (incl. savings banks) are the dominant suppliers of mortgages with over 95% market share
- Scheduled repayment mortgages: 83.4%, flexible: 16.6%
- Typical maturity: 25 years
- First priority security market with thorough documentation vetting

**Howe Ownership**
- Over 80% of households owner occupied (little buy to let)
- Between 50 and 60% are detached one-family houses

**Social security**
- Unemployment benefits represents ca 60% of salary for 2 years

**Personal Liability**
- Borrowers are personally liable for their debt
- Swift foreclosure regime upon non-payment
- Transparent information about borrowers

**Regulation**
- Loan to value: 85% (75% legal limit for cover pool)
- Flexible repayment mortgages: max 60% LTV
- 5% mortgage interest rate increase as stress test
- High risk weighting for banks for mortgage lending (20-25%)
- Maximum 5x debt / gross income for borrowers

**Interest Payments**
- 90-95% of mortgages are variable rate
- Interest rates can be reset at the lender’s discretion, by giving the debtor 6 weeks notice

**Tax Incentives**
- 24% of interest paid is tax deductible (equal to the basic rate of tax)
- Low effective real estate tax (lower net worth tax on real estate than financial assets)

---

Source: Norwegian FRA «Regulation on the requirements for new lending with collateral in housing « and Statistics Norway
Housing prices picking up on record high turnover

Housing price developments for relevant areas compared with Norway

- Nominal +0.5 %/seasonally adjusted +0.0 %
  - Record high sales activity – but also high supply
  - Highest numbers of sales in the first two months recorded
- 12-month growth: +3.0 %
  - Oslo
  - Inland Region*

Source: Eiendom Norge Housing Prices February 2019 | (*) Includes: Oppland and Hedmark | (**)Index 31 December 2014 = 100
«North towards zero»: Environmental protection advisors in Lillehammer municipality are working to realize the ambition that Lillehammer will become Norway’s first climate-neutral city.
### Income statement 4Q 2018

#### Group

<table>
<thead>
<tr>
<th></th>
<th>4Q 2018</th>
<th>4Q 2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>544</td>
<td>501</td>
<td>2,074</td>
<td>1,956</td>
</tr>
<tr>
<td>Net commission income</td>
<td>265</td>
<td>285</td>
<td>1,106</td>
<td>1,095</td>
</tr>
<tr>
<td>Other income</td>
<td>48</td>
<td>29</td>
<td>181</td>
<td>168</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>506</td>
<td>550</td>
<td>1,881</td>
<td>1,898</td>
</tr>
<tr>
<td><strong>Result bank operation before losses</strong></td>
<td>351</td>
<td>265</td>
<td>1,480</td>
<td>1,321</td>
</tr>
<tr>
<td>Impairment losses on loans and guarantees</td>
<td>11</td>
<td>-13</td>
<td>35</td>
<td>-20</td>
</tr>
<tr>
<td><strong>Result bank operation after losses</strong></td>
<td>340</td>
<td>278</td>
<td>1,445</td>
<td>1,341</td>
</tr>
<tr>
<td>Dividends</td>
<td>0</td>
<td>0</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Net profit from ownership interest</td>
<td>57</td>
<td>77</td>
<td>198</td>
<td>194</td>
</tr>
<tr>
<td>Net income from financial assets/liabilities</td>
<td>-51</td>
<td>67</td>
<td>80</td>
<td>72</td>
</tr>
<tr>
<td><strong>Profit/loss before tax</strong></td>
<td>347</td>
<td>422</td>
<td>1,735</td>
<td>1,618</td>
</tr>
<tr>
<td>Tax charge</td>
<td>25</td>
<td>85</td>
<td>321</td>
<td>356</td>
</tr>
<tr>
<td><strong>Profit/loss after tax</strong></td>
<td>322</td>
<td>337</td>
<td>1,414</td>
<td>1,263</td>
</tr>
</tbody>
</table>

- **Return on equity capital after tax**: 9.1% 10.4% 10.5% 10.2%
- **Total operating costs in relation to total income**: 58.6% 57.4% 51.5% 54.3%
- **Losses on loans as a percentage of gross loans**: 0.05% -0.10% 0.04% -0.02%
### Key financials – quarterly

#### Net interest income and commission fees from covered bond companies (NOK million)

<table>
<thead>
<tr>
<th></th>
<th>4Q-17</th>
<th>1Q-18</th>
<th>2Q-18</th>
<th>3Q-18</th>
<th>4Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q-17</td>
<td>44</td>
<td>611</td>
<td>599</td>
<td>606</td>
<td>633</td>
</tr>
<tr>
<td>1Q-18</td>
<td>13</td>
<td>602</td>
<td>606</td>
<td>506</td>
<td></td>
</tr>
<tr>
<td>2Q-18</td>
<td>5</td>
<td>550</td>
<td>449</td>
<td>468</td>
<td></td>
</tr>
<tr>
<td>3Q-18</td>
<td></td>
<td>468</td>
<td>457</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4Q-18</td>
<td></td>
<td></td>
<td>506</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Impairments on loans and guarantees (NOK million)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>4Q-17</td>
<td>-13</td>
<td>5</td>
<td>7</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>1Q-18</td>
<td></td>
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<tr>
<td>2Q-18</td>
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<td>4Q-18</td>
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#### Pre-tax profit (NOK million)

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<tbody>
<tr>
<td>4Q-17</td>
<td>422</td>
<td>409</td>
<td>518</td>
<td>461</td>
<td>347</td>
</tr>
<tr>
<td>1Q-18</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>2Q-18</td>
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<td>3Q-18</td>
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<tr>
<td>4Q-18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Total operating costs (NOK million)

<table>
<thead>
<tr>
<th></th>
<th>4Q-17</th>
<th>1Q-18</th>
<th>2Q-18</th>
<th>3Q-18</th>
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<tr>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>2Q-18</td>
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</tr>
<tr>
<td>3Q-18</td>
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<td></td>
</tr>
<tr>
<td>4Q-18</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</table>
Key financials – quarterly

(2)

Return on equity

<table>
<thead>
<tr>
<th></th>
<th>4Q-17</th>
<th>1Q-18</th>
<th>2Q-18</th>
<th>3Q-18</th>
<th>4Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q-17</td>
<td>10.4%</td>
<td>9.9%</td>
<td>12.9%</td>
<td>10.8%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

CET 1 ratio

<table>
<thead>
<tr>
<th></th>
<th>4Q-17</th>
<th>1Q-18</th>
<th>2Q-18</th>
<th>3Q-18</th>
<th>4Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q-17</td>
<td>16.8%</td>
<td>16.2%</td>
<td>16.1%</td>
<td>15.9%</td>
<td>16.8%</td>
</tr>
</tbody>
</table>

Lending growth (including loans transferred to covered bond companies) last 12 months

<table>
<thead>
<tr>
<th></th>
<th>4Q-17</th>
<th>1Q-18</th>
<th>2Q-18</th>
<th>3Q-18</th>
<th>4Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q-17</td>
<td>8.4%</td>
<td>8.8%</td>
<td>8.9%</td>
<td>8.9%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

Deposit growth last 12 months

<table>
<thead>
<tr>
<th></th>
<th>4Q-17</th>
<th>1Q-18</th>
<th>2Q-18</th>
<th>3Q-18</th>
<th>4Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q-17</td>
<td>4.6%</td>
<td>5.3%</td>
<td>6.0%</td>
<td>7.6%</td>
<td>8.4%</td>
</tr>
</tbody>
</table>
- Increased NII last quarter due to lending growth.

- Flat NII in per cent of average total assets.

- Commission fees from covered bond companies increased due to higher interest rates to customers.

- Announced interest rate increase with “up to 0.25 % on lending and deposits” in October for CM and November for RM.
Continued strong lending growth

Lending volume (Group, NOK billion)

- Total lending in the Group, including loans transferred to covered bond companies, increased last quarter with NOK 2.0 bn.
- This is equivalent to a 1.5 % growth last quarter.
- Group lending growth in the last 12 months was 8.2 % (8.4 %)
  - Lending growth retail 7.3 %
  - Lending growth corporates 10.9 %
- Credit growth in Norway last 12 months
  - Households 5.5 %
  - Non-financial corporations 5.1 %

Source: Statistics Norway – «Credit indicator» 31 January 2019
Well diversified growth in corporate loan portfolio

Corporate lending growth YoY – sector (NOK million)
Lending margins*
Retail and corporate divisions (parent bank)

- Stable corporate lending margins the last quarters, after a repricing at the start of 2018. Increased interest rates to customers counterweighed by a higher Nibor.

- Reduced lending margin in retail markets due to higher Nibor in fourth quarter. The increase in interest rates was effective from 8 November and thus effective in last half of the quarter.

*) Nibor 3m has been adjusted up 2 bps for 3Q-18 relative to the interim report for the same period. The lending margins has been adjusted accordingly relative to 3Q-18 interim report. Average Nibor 3m increased with 14 bps from 3Q-18 to 4Q-18.
Satisfactory deposit coverage and higher deposit growth

Deposit volume, Group (NOK billion)

- Deposit growth of 1.8 % from 3Q 18.
- Deposit growth last 12 months 8.4% (4.6 %)
  - Deposit growth - retail 5.7 %.
  - Deposit growth - corporates 12.1 %.
- Deposit coverage ratio 72.3 %.
- Deposit coverage ratio - including mortgages transferred to the covered bond companies 51.0 %.
Increased deposit margins in the parent bank in fourth quarter.

Increasing margins in the quarter for both retail and corporate markets.

Interest rate increase with effect from 11 October in CM and 8 November in RM, thus not in effect for the whole quarter.

*) Nibor 3m has been adjusted up 2 bps for 3Q-18 relative to the interim report for the same period. The deposit margins has been adjusted accordingly relative to 3Q-18 interim report. Average Nibor 3m increased with 14 bps from 3Q-18 to 4Q-18.
• The target for CET 1 is 16.0 %.

• Private placement in fourth quarter ensures solidity in line with financial target and provide a basis for future growth.

• The Group’s common equity tier 1 ratio was 16.8 % by the end of 2018.

• The leverage ratio was 7.5 %.
Disclaimer

• This presentation contains forward-looking statements that reflect management’s current views with respect to certain future events and potential financial performance.

• Although SpareBank 1 Østlandet believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

• Important factors that may cause such a difference for SpareBank 1 Østlandet are, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

• This presentation does not imply that SpareBank 1 Østlandet has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.
Together – to create