

First quarter report 2019

SPAREBANK 1 ØSTLANDET



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Key figures

Group	01.01-31.03 2019		01.01-31.03 2018		Year 2018	
	Amount	Per cent ¹⁾	Amount	Per cent ¹⁾	Amount	Per cent ¹⁾
Summary (NOK million and per cent of average assets)						
Net interest income	508	1.65 %	495	1.81 %	2,074	1.77 %
Net commission and other operating income	341	1.11 %	323	1.18 %	1,286	1.10 %
Net income from financial assets and liabilities	423	1.37 %	45	0.17 %	291	0.25 %
Total income	1,271	4.13 %	864	3.15 %	3,651	3.11 %
Total operating expenses	494	1.60 %	449	1.64 %	1,881	1.60 %
Operating profit before losses on loans and guarantees	777	2.52 %	414	1.51 %	1,770	1.51 %
Impairment on loans and guarantees	-33	-0.11 %	5	0.02 %	35	0.03 %
Pre-tax operating profit	810	2.63 %	409	1.49 %	1,735	1.48 %
Tax expense	54	0.17 %	96	0.35 %	321	0.27 %
Profit after tax	757	2.46 %	314	1.14 %	1,414	1.20 %
Interest expenses on hybrid capital	5	0.01 %	3	0.01 %	-	0.01 %
Profit after tax incl. interest hybrid capital ²⁾	752	2.44 %	311	1.13 %	1,414	1.19 %
Profitability						
Return on equity capital ²⁾	21.2%		9.9%		10.5%	
Cost income ratio ²⁾	38.8%		52.0%		51.5%	
Balance sheet and ratios						
Gross loans to customers	98,744		92,818		98,940	
Gross loans to customers including loans transferred to covered bond companies ²⁾	141,079		132,433		140,165	
Growth in loans during the last 12 months ²⁾	6.4%		9.3%		9.4%	
Growth in loans including loans transferred to covered bond companies in the last 12 months ²⁾	6.5%		8.8%		8.2%	
Deposits from customers	72,377		66,110		71,497	
Growth in deposits in the last 12 months ²⁾	9.5%		5.3%		8.4%	
Deposit to loan ratio ²⁾	73.3%		71.2%		72.3%	
Deposit to loan ratio incl. loans transferred to covered bond companies ²⁾	51.3%		49.9%		51.0%	
Average total assets	124,882		111,205		117,358	
Total assets	126,292		114,088		123,472	
Total assets including loans transferred to covered bond companies ²⁾	168,626		153,703		164,696	
Losses and commitments in default						
Impairment on loans as a percentage of gross loans ²⁾	-0.1%		0.0%		0.0%	
Commitments in default, percentage of gross loans ²⁾	0.3%		0.2%		0.3%	
Other doubtful commitments, percentage of gross loans ²⁾	0.1%		0.3%		0.1%	
Net commitments in default and other doubtful commitments, percentage of gross loans ²⁾	0.3%		0.4%		0.4%	
Solidity and liquidity						
CET 1 capital ratio	16.9%		16.2%		16.8%	
Tier 1 capital ratio	17.5%		17.0%		17.6%	
Capital adequacy ratio	19.4%		19.4%		19.6%	
Total eligible capital	14,676		14,028		14,672	
Equity ratio ²⁾	11.6%		11.4%		12.0%	
Leverage Ratio	7.4%		7.3%		7.5%	
LCR ³⁾	146.6%		161.8%		152.5%	
LCR in NOK ³⁾	151.3%		157.3%		164.2%	
LCR i EUR ³⁾	257.5%		N.A		N.A	
Staff						
Number of fulltime equivalents	1,141		1,111		1,139	
Equity capital certificates						
Market price (NOK)	82.40		84.20		83.00	
Market capitalisation (NOK million)	9,544		9,025		9,572	
Book equity per EC ²⁾	85.26		79.89		85.83	
Earnings per EC, NOK ⁴⁾	4.50		1.97		8.46	
Price/Earnings per EC ²⁾	4.52		10.55		9.81	
Price/book equity ²⁾	0.97		1.06		0.97	

1) Calculated as a percentage of average total assets.

2) See attachment regarding Alternative performance measures.

3) Liquidity Coverage Ratio: Measures the size of banks' liquid assets relative to net liquidity output 30 days ahead of time given a stress situation.

4) Profit after tax for controlling interests * Equity capital certificate ratio as at 31.12.18 / number of EC's as at 31.12.2018.

Report of the Board of Directors

First quarter of 2019 (Consolidated figures. Figures in brackets concern the corresponding period in 2018)

- Profit after tax: NOK 757 (314) million
- Return on equity: 21.2 (9.9) per cent
- Earnings per equity certificate: NOK 4.50 (1.97)
- Net interest income: NOK 508 (495) million
- Net commissions and other operating income: NOK 341 (323) million
- Net income from financial assets and liabilities: NOK 423 (45) million
- Total operating costs: NOK 494 (449) million
- Impairment losses on loans and guarantees: Net revenue recognition of NOK 33 (cost of 5) million
- Common equity tier 1 ratio: 16.9 (16.2) per cent.

Stock issues

On 22 January 2019, the Board of Directors of SpareBank 1 Østlandet approved an allocation of equity certificates in a subsequent offering, a repair issue to LO and an employee offering in which a total of 510,268 equity certificates were issued with total gross proceeds of NOK 37 million. These issues must be seen in the connection with the private placement conducted in November 2018 and were intended to ensure equal treatment of the owners, accommodate the LO system's request to maintain its ownership interest, and give employees a stake in the Group.

Tax deductions for customer dividends

On 28 January 2019, SpareBank 1 Østlandet received a binding advance ruling from the Norwegian Tax Administration that customer dividends paid out are tax-deductible.

On 28 March 2019, the supervisory board of the Bank decided to pay customer dividends totalling NOK 222 million for 2018. The decision entails a reduction in tax costs for the first quarter of 2019 of NOK 55 million. Pending clarification of the tax implications of the transaction, the corresponding tax deduction for 2018 of NOK 51 million was booked in the fourth quarter of 2018.

SpareBank 1 Østlandet is a new owner in BN Bank ASA

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

million. The transaction is subject to regulatory approval.

Fremtind Forsikring

Fremtind Forsikring AS was established on 1 January 2019 as a result of the merger between SpareBank 1 Skadeforsikring AS and DNB Skadeforsikring AS.

The transaction agreement assumed ownership shares of approximately 80 per cent for SpareBank 1 Skadeforsikring AS and 20 per cent for DNB Skadeforsikring AS. In January 2019, DNB ASA acquired further shares, increasing its ownership interest to a 35 per cent in the company. DNB ASA has a further option to acquire up to a 40 per cent interest in the company. The option expires on 31 March 2020.

The increase in DNB ASA's holding from 20 per cent to a 35 per cent stake in Fremtind Forsikring AS resulted in SpareBank 1 Gruppen AS (the parent company) receiving a tax-free gain of NOK 1.7 billion. This gain was distributed as an extraordinary dividend to the owners on 29 March 2019. SpareBank 1 Østlandet's share of the dividend amounted to NOK 211 million. In total, this transaction resulted in increased equity for the SpareBank 1 Gruppen AS at the group level of NOK 4.7 billion, whereby the majority (the SpareBank 1 banks and LO) share of this increase was NOK 2.3 billion. SpareBank 1 Østlandet's share of this increase amounted to NOK 291 million and has been recognised in the Group's income statement in the first quarter of 2019.

Fremtind Forsikring AS has not yet been granted a licence to transfer the personal insurance products from SpareBank 1 Forsikring AS and DNB Livsforsikring AS. These products are expected to be transferred to the new subsidiary Fremtind Livsforsikring AS during 2019, after final approval from the Financial Supervisory Authority of Norway.

The SpareBank 1 Østlandet Group

The Group comprises SpareBank 1 Østlandet and the wholly-owned subsidiaries EiendomsMegler 1 Hedmark Eiendom AS, EiendomsMegler 1 Oslo Akershus AS, EiendomsMegler 1 Oslo AS (second tier subsidiary), Youngstorget 5 AS and Vato AS, as well as the 95 per cent-owned subsidiary SpareBank 1 Finans Østlandet AS. The Group also includes the 70.7 per cent-owned holding company SpareBank 1 Østlandet VIT AS, which in turn owns 100 per cent of the shares in the two subsidiaries TheVIT AS. The accounts of these companies are fully consolidated into SpareBank 1 Østlandet's financial statements.

SpareBank 1 Østlandet owns 12.4 per cent of SpareBank 1 Gruppen AS, 18.0 per cent of SpareBank 1 Banksamarbeidet DA, 20.8 per cent of SpareBank 1 Kredittkort AS, 20.0 per cent of SMB Lab AS, 20.0 per cent of Betr AS, and 18.7 per cent of SpareBank 1 Betaling AS. The Bank also owns 21.6 per cent of SpareBank 1 Boligkreditt AS and 13.3 per cent of SpareBank 1 Næringskreditt AS (the covered bond companies). The results from the above companies are recognised in the Bank's consolidated financial statements in proportion to the Bank's stake. The Group prepares its financial statements in accordance with international accounting standards as adopted by the EU (IAS 34).

Consolidated results

The consolidated profit after tax was NOK 757 (314) million, compared with NOK 321 million in the fourth quarter of 2018. The return on equity was 21.2 (9.9) per cent, compared with 9.1 per cent in the fourth quarter of 2018.

Specification of the consolidated profit after tax in NOK millions:	31.03.19	31.03.18
Parent Bank's profit after tax	719	441
Dividends received from subsidiaries/associated companies	-341	-185
Share of profit from:		
SpareBank 1 Gruppen AS	315	23
SpareBank 1 Boligkreditt AS	15	3
SpareBank 1 Næringskreditt AS	2	1
EiendomsMegler 1 Hedmark Eiendom AS	-2	-2
EiendomsMegler 1 Oslo Akershus - Group	3	-1
SpareBank 1 Finans Østlandet AS	29	33
SpareBank 1 Østlandet VIT - Group ¹⁾	-1	-3
SpareBank 1 Kredittkort AS	4	6
SpareBank 1 Betaling AS	11	-3
Other associated companies/joint ventures	4	0
Consolidated profit after tax	757	314

¹⁾ The profit at 31 March 2018 are for SpareBank 1 Regnskapshuset Østlandet AS only.

Profit recognised in the Group as a result of DNB ASA increasing its ownership interest in Fremtind Forsikring AS from 20 to 35 per cent amounts to NOK 291 million. The gain gives an annualised effect on the return on equity of 8.2 percentage points in the first quarter.

The tax deduction for the customer dividend approved by the supervisory board, and recognised in its entirety in the first quarter of 2019, gives an annualised effect on the return on equity of 1.6 percentage points at 31 March 2019. In 2018, pending clarification of the tax implications of the transaction, the tax deduction was recognised in the fourth quarter.

The annualised effect on the return on equity of the tax deduction for customer dividends and the gain from selling shares in Fremtind Forsikring AS will

decrease throughout 2019 as a consequence of the transactions being recognised in its entirety in the first quarter.

Net interest income

Net interest income amounted to NOK 508 (495) million, an increase from NOK 544 million in the fourth quarter of 2018. The reduction is mainly due to the subsidiary SpareBank 1 Finans Østlandet reclassifying some revenue items from 1 January 2019 from 'Net interest income' to 'Net commission and other income'. For the first quarter, this amounted to NOK 28 million.

Net interest income must also be viewed in conjunction with commissions received from mortgages sold to the partly-owned covered bond companies totalling NOK 84 (107) million. Net interest income and commissions from the covered bond companies totalled NOK 592 (602) million, compared with NOK 633 in the fourth quarter of 2018. Reduced lending margins and lower commission income from the covered bond companies also contributed to the reduction, while improved deposit margins and lending and deposit growth contributed positively. Net interest income as a percentage of average total assets was 1.65 (1.81) per cent, compared with 1.76 per cent in the fourth quarter of 2018. The effect of the reclassification of the income items in SpareBank 1 Finans Østlandet AS explains 9 bps of the reduction.

Net commissions and other operating income

Net commission and other operating income totalled NOK 341 (323) million, compared with NOK 313 million in the fourth quarter of 2018.

NOK million	31.03.19	31.03.18
Net money transfer fees	25	34
Commissions revenues from insurance and savings	49	54
Commissions revenues from covered bonds companies	84	107
Commission revenues from credit cards	15	16
Real estate broker commission	75	67
Accounting services	53	37
Other income	40	9
Net commissions and other (non interest) income	341	323

The increase in commission income is mainly due to increased revenues from accounting services as a result of the consolidation of TheVIT AS and increased income from the real estate brokerage. The increase in other income is mainly due to the subsidiary SpareBank 1 Finans Østlandet reclassifying some revenue items from 1 January 2019 from 'net interest income' to 'net commission and other income'. This effect amounted to NOK 28 million in the first quarter. There has been a reduction in commission income from the covered bond companies and net revenue from money transfers and payment processing.

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

Net income from financial assets and liabilities

Net income from financial assets and liabilities amounted to NOK 423 (45) million, compared with NOK 7 million in the fourth quarter of 2018.

NOK million	31.03.19	31.03.18
Dividends from other than Group companies	12	12
Net profit from ownership interests	346	30
Net profit from other financial assets and liabilities	65	4
Net commission and other operating income	423	45

The dividends of NOK 12 (12) million comprises dividend from Totens Sparebank of NOK 12 (12) million.

The net profit from ownership interests amounted to NOK 346 (30) million, compared with NOK 57 in the fourth quarter of 2018.

Contribution from Associated companies and joint ventures	31.03.19	31.03.18
SpareBank 1 Gruppen AS	315	23
SpareBank 1 Boligkreditt AS	15	3
SpareBank 1 Næringskreditt AS	2	1
SpareBank 1 Kredittkort AS	4	6
SpareBank 1 Betaling AS	11	-3
Other associated companies/joint ventures	-1	0
Net profit from ownership interests	346	30

The increase of NOK 316 million is mainly due to effects from SpareBank 1 Gruppen AS relating to the merger between the insurance companies and the sale of shares in Fremtind Forsikring AS. The increase is also due to better results from SpareBank 1 Betaling AS and the covered bond companies, where last year's accounts from SpareBank 1 Boligkreditt

AS were particularly affected by negative value adjustments on basis swaps.

The net income from other financial assets and liabilities amounted to NOK 65 (4) million, compared with NOK -51 million in the fourth quarter of 2018. The profit contribution from other financial assets and liabilities in the first quarter is mainly due to positive value changes on equity instruments and fixed-income securities in the liquidity portfolio, and a positive net profit from fx trading.

Refer also to Note 7 'Net income from financial assets and liabilities'.

Operating expenses

Total operating expenses amounted to NOK 494 (449) million, an increase from NOK 506 million in the fourth quarter of 2018. Total operating expenses amounted to 38.8 (52.0) per cent of net revenues, against 58.6 per cent in the fourth quarter of 2018. Profit recognised in the Group as a result of DNB ASA increasing its ownership interest in Fremtind Forsikring AS from 20 to 35 per cent amounts to NOK 291 million. This item has an effect on the cost income ratio of 11.5 percentage points at 31 March 2019.

NOK million	31.03.19	31.03.18	Change
Personnel expenses ex. restructuring costs	286	258	11,1 %
Depreciation/amortization	36	23	53,3 %
IT expenses	70	66	5,4 %
Marketing	21	24	-12,9 %
Operating expenses from real estate	9	22	-60,0 %
Other expenses	69	57	21,5 %
Total operating expenses ex. restructuring costs	490	449	9,0 %
restructuring costs	4	0	
Total operating expenses	494	449	9,8 %

The increase in operating expenses of NOK 45 million is mainly due to increased personnel expenses. On top of normal wage growth, personnel expenses have increased as a result of growth in the number of full-time equivalents in the subsidiaries, as well as expenses of NOK 7 million related to employee discounts on purchases of equity certificates as part of the employee offering. Increased depreciation must be seen in the context of reduced operating costs for properties following the implementation of IFRS 16 1 January 2019. The 'Restructuring costs' are severance payments of NOK 4 (0) million at the parent bank.

At 31 March 2019, the Group employed 1,141 (1,111) full-time equivalents. The addition of 30 FTEs to the workforce is related to the subsidiaries, with the brokerage business growing by 12 FTEs and the accounting company by 19 FTEs. The number of FTEs in the parent bank decreased by 2.

Net loan loss provisions

In the first quarter, the Group had net reversals on losses of NOK 33 (cost of 5) million. The reversals are mainly due to a reduction in loss provisions in the parent bank, where validation of the IFRS 9 loss models shows higher recovery rates in the loan portfolio. Impairment losses on loans and guarantees can be broken down as follows:

Specification of total losses on loans and guarantees in the period, NOK million	Total	PM	BM	SB1FØ
Change in impairments in the period	-48	-9	-43	5
Realised losses on commitments for which earlier impairment provisions have been made	7	1	6	0
Realised losses on commitments for which no earlier impairment provisions has been made	10	1	1	8
-Recoveries on loans and guarantees previously impaired	2	0	0	1
Total impairment losses on loans and guarantees in the period	-33	-9	-36	12

74 per cent of the SpareBank 1 Østlandet Group's total lending, including loans transferred to the covered bond companies, is to retail customers, mainly in the form of mortgages. The corporate portfolio has no exposure to the shipping, sea farming or oil and gas industry and is otherwise characterised by low risk.

Credit risk

As of 31 March 2019, gross non-performing commitments totalled NOK 308 (232) million. This corresponded to 0.3 (0.2) per cent of gross lending. Gross other doubtful commitments amounted to NOK 111 (253) million. This corresponded to 0.1 (0.3) per cent of gross lending.

The loan loss impairment ratio, measured as total individual write-downs as a percentage of gross commitments, was 10.6 (16.6) per cent for non-performing loans and 38.0 (36.5) per cent for other impaired commitments.

Total provisions for loan loss impairments were NOK 337 (412) million as of 31 March 2019, compared to NOK 385 million as of 31 December 2018. For more detailed information about the total provisions, refer to Note 6 'Loan loss provisions'.

Credit quality, measured as total problem loans in relation to total lending, improved from the fourth quarter of 2018. Overall, the Group's problem loans accounted for 0.4 (0.5) per cent of gross lending. When the mortgages transferred to the covered bond companies are included, the ratio of problem loans is 0.3 (0.4) per cent.

Otherwise, the risk profile in the Bank's credit portfolio was stable through the first quarter of 2019. This applies to both the retail portfolio and the corporate portfolio. There have been consistently low defaults and low losses. The Board considers that SpareBank 1 Østlandet's total credit risk is well

within the bank's accepted risk tolerance. The Group's credit risk is considered low.

Total assets

Total assets as of 31 March 2019 amounted to NOK 126.3 (114.1) billion. Adjusted total assets, defined as total assets including mortgages transferred to the covered bond companies, amounted to NOK 168.6 (153.7) billion.

Lending to customers

Gross lending to customers, including mortgages transferred to the covered bond companies, totalled NOK 141.1 (132.4) billion. At the end of the quarter, mortgages of NOK 40.9 (38.0) billion had been transferred to SpareBank 1 Boligkreditt AS, and mortgages totalling NOK 1.4 (1.6) billion had been transferred to SpareBank 1 Næringskreditt AS.

Growth in lending during the past 12 months, including mortgages transferred to the covered bond companies, was NOK 8.6 (10.7) billion, equivalent to 6.5 (8.8) per cent. The growth in retail lending was NOK 6.1 (8.2) billion, while the growth in corporate lending was NOK 2.5 (2.5) billion.

Deposits from customers

As of 31 March 2019, deposits from customers totalled NOK 72.4 (66.1) billion. The growth in deposits during the last 12 months was NOK 6.3 (3.3) billion, equivalent to 9.5 (5.3) per cent. The growth in retail deposits was NOK 2.4 (2.6) billion, while the growth in corporate deposits was NOK 3.8 (0.6) billion.

The Group's deposit coverage ratio was 73.3 (71.2) per cent. The Group's deposit coverage ratio, inclusive of mortgages transferred to the covered bond companies, was 51.3 (49.9) per cent.

Liquidity

Borrowing from credit institutions and issued securities (senior and subordinated loan capital) totalled NOK 36.2 (32.6) billion, 32.9 (22.9) per cent of which is euro-denominated. The average term to maturity of the Group's long-term funding was 4.3 (4.6) years. The average term to maturity for all funding was 4.0 (4.0) years.

The liquidity coverage ratio (LCR) was 146.6 (161.8) per cent, where the average during the quarter was 159.4 (120.3) per cent. The level of LCR is considered to be satisfactory and is well above target levels. The Board of Directors considers the Group's liquidity risk to be low.

Equity certificates

On 22 January 2019, SpareBank 1 Østlandet approved an allocation of equity certificates in a subsequent offering, a repair issue to LO and an employee offering in which a total of 510,268 equity certificates were issued with total gross proceeds of NOK 37 million.

These issues must be seen in connection with the private placement conducted in November 2018 and were intended to ensure equal treatment of the owners, accommodate the LO system's request to maintain its ownership interest, and give employees a stake in the Group.

As of 31 March 2019, the equity share capital comprises 115,829,789 equity certificates. The book value per equity certificate at the end of the quarter was NOK 85.26 (79.89) and earnings per equity certificate were NOK 4.50 (1.97). At the end of the quarter, the price per equity certificate was NOK 82.40 (84.20).

Financial strength and capital adequacy

The Group's equity totalled NOK 14.6 (13.0) billion at 31 March 2019 and amounted to 11.6 (11.4) per cent of total capital. The leverage ratio was 7.4 (7.3) per cent. A simplified audit of the income statement and balance-sheet was carried out according to regulations. The profit for the period after expected tax expenses and dividends is included in the capital adequacy calculations.

At the end of the quarter, the Group's common equity tier 1 capital ratio was 16.9 (16.2) per cent. The tier 1 capital ratio and capital adequacy ratio

were 17.5 (17.0) percent and 19.4 (19.4) per cent respectively. The Group's long-term target for the common equity tier 1 ratio is 16 per cent. The Group's target common equity tier 1 ratio will be reassessed when the notified regulatory changes, including SIFI status and implementation of CRD4, have been fully clarified.

Rating

SpareBank 1 Østlandet's deposits and senior unsecured debt are rated A1 (negative outlook) by Moody's Investor Service. SpareBank 1 Østlandet is thus rated at the same level as the best-rated savings banks in Norway. In the latest credit statement from Moody's (11 December 2018), the previous rating of A1 is maintained, and the rating outlook is still negative. The negative outlook is a consequence of the bill presented by the Norwegian Ministry of Finance on 21 June 2017, which is intended to transpose the EU's crisis management directives, the Bank Recovery and Resolution Directive (BRRD) and the Deposit Guarantee Directive, into Norwegian law. The rating outlook expresses Moody's assessment of the probability of public support being reduced as a consequence of this.

In the 'Banking system outlook – Norway' from Moody's Investor Service dated 28 August 2018, the outlook for the Norwegian banking sector was upgraded from negative to stable as a result of strong macroeconomic development and expectations of continued improvement in the credit quality of Norwegian banks.

Parent bank

The Parent Bank's profit after tax for the first quarter was NOK 719 (441) million. The increase from the first quarter of 2018 is mainly due to extraordinary dividends from SpareBank 1 Gruppen AS of NOK 211 million resulting from DNB ASA increasing its stake in Fremtind Forsikring AS from 20 to 35 per cent, and NOK 55 million in tax deductions for customer dividends. The parent bank also increased its net interest income due to growth in lending and deposits, as well as an improved net result from other financial assets and liabilities. This is partly offset by reduced commission income from the covered bond companies and increased operating expenses.

Operating expenses

Total operating expenses at 31 March 2019 were NOK 343 (318) million, compared with NOK 350

million in the fourth quarter of 2018. Total operating expenses amounted to 32.2 (37.5) percent of net income in the parent bank, compared with 56.0 per cent in the fourth quarter of 2018.

The NOK 25 million increase in operating expenses is mainly due to increased personnel expenses. In addition to normal wage growth, personnel expenses have increased as a result of NOK 7 million related to employee discounts on purchases of equity certificates as part of the employee offering. Increased depreciation must be seen in the context of reduced operating costs for properties following to the implementation of IFRS 16 from 1 January 2019. Restructuring costs amount to NOK 4 (0) million at 31 March 2019 and are due to severance payments.

NOK million	31.03.19	31.03.18	Change
Personnel expenses ex. restructuring costs	181	167	8,4 %
Depreciation/amortization	24	17	45,4 %
IT expenses	66	62	5,6 %
Marketing	13	17	-20,5 %
Operating expenses from real estate	12	18	-32,0 %
Other expenses	43	38	13,8 %
Total operating expenses ex. restructuring costs	339	318	6,6 %
restructuring costs	4	0	
Total operating expenses	343	318	7,8 %

For 2019, SpareBank 1 Østlandet aims to keep the growth in the parent bank's operating expenses, adjusted for restructuring costs, within 2 per cent. At 31 March 2019, the parent bank's operating expenses before restructuring costs were NOK 339 (318) million, an increase of 6.6 percent. The bank has implemented cost-saving measures to achieve the cost targets.

As at 31 March 2019, the Parent Bank had 691 FTEs. The headcount has been reduced from 693 FTEs at 31 March 2018, and from 763 FTEs since the acquisition of Bank 1 Oslo Akershus was announced at the end of 2015.

Financial strength and capital adequacy

The common equity tier 1 ratio was 21.9 (22.1) per cent at the end of the quarter. The common equity tier 1 ratio was 22.2 (22.9) per cent and the capital adequacy ratio was 24.1 (25.6) per cent. During the first quarter, the bank has increased its estimates on Loss Given Default (LGD) for corporate exposures in accordance with the Financial Supervisory

Authority's decision. The effect is a reduction of about 1.2 percentage points. The profit for the period after expected tax expenses and dividends is included in the capital adequacy calculation.

The Parent Bank's equity amounted to NOK 13.7 (12.2) billion, which is equivalent to 11.0 (10.8) per cent of the total capital at the end of the quarter.

Underlying banking operations

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

Underlying banking operations, MNOK	31.03.19	31.03.18	Change
Net interest income	448	415	7,9 %
Net commission and other income	198	231	-14,2 %
Total operating expenses	-343	-318	7,8 %
Adjustments: Restructuring costs	4	0	
Operating profit underlying banking operations	307	328	-6,4 %

The operating profit from underlying banking operations amounted to NOK 307 (329) million as of 31 March 2019. Underlying banking operations decreased by NOK 22 million compared with the year before, which is equivalent to 6.7 per cent. The decrease is mainly due to reduced commission income from the covered bond companies and increased operating costs, offset by improved net interest income from the growth in lending and deposits.

Subsidiaries

SpareBank 1 Finans Østlandet AS

The leasing company SpareBank 1 Finans Østlandet AS (95 per cent stake) posted a profit after tax of NOK 29 (33) million for the first quarter. The decrease in profits is mainly due to increased losses totalling NOK 8 million. The leasing company's gross lending as of 31 March 2019 was NOK 8.3 (7.3) billion. Lending growth over the past 12 months was 12.7 (12.2) per cent.

EiendomsMegler 1 Hedmark Eiendom AS

The real estate broker EiendomsMegler 1 Hedmark Eiendom AS posted earnings of NOK 25 (22) million and posted a profit after tax of NOK -2 (-2) million. The increase in revenue is related to the fact that Easter fell in the first quarter last year. Profits are at the same level as the first quarter last year due to increased operating expenses.

EiendomsMegler 1 Oslo Akershus Group

The real estate broker EiendomsMegler 1 Oslo Akershus Group posted earnings of NOK 52 (45) million and posted a profit after tax of NOK 3 (-1) million. The improved profitability is mainly due to increased activity levels and sales, partly because Easter fell in the first quarter this year.

SpareBank 1 Østlandet VIT Group

The SpareBank 1 Østlandet VIT Group posted earnings of NOK 52.8 (37.3) million and posted a profit after tax of NOK -1 (-3) million. Last year's figures are for SpareBank 1 Regnskapshuset Østlandet AS only and are thus not directly comparable. The improved profitability is mainly due to increased sales, along with the merger with TheVIT AS.

Associated companies and joint ventures

SpareBank 1 Gruppen AS

SpareBank 1 Gruppen AS (12.4 per cent stake) comprises the SpareBank 1 Alliance's joint product companies within insurance, fund management, claims management and collection. The company posted a consolidated profit after tax of NOK 240 (184) million. The return on equity was 9.7 (8.8) per cent.

SpareBank 1 Boligkreditt AS

SpareBank 1 Boligkreditt AS (21.6 per cent stake) was established by the banks in the SpareBank 1 Alliance to utilise the market for covered bonds. The banks sell prime mortgages to the company and achieve lower funding costs.

The company posted a profit after tax of NOK 80 (26) million. The improved result is mainly due to net income from financial assets and liabilities, as last year was marked by negative value adjustments on basis swaps. In addition improved net interest income contributed positively.

The profit from SpareBank 1 Boligkreditt AS, which is included the consolidated accounts for SpareBank 1 Østlandet according to the equity method, is adjusted for interest paid on the hybrid capital that is booked directly against equity.

SpareBank 1 Næringskreditt AS

SpareBank 1 Næringskreditt AS (13.3 per cent stake) was established according to the same model, and with the same management, as SpareBank 1 Boligkreditt AS. SpareBank 1 Næringskreditt AS has two classes of shares with differing rights to dividends. SpareBank 1 Østlandet includes 6.73 per cent of the company's profits in its consolidated financial statements, equivalent to the Bank's share of the company's dividend payments.

The company posted a profit after tax of NOK 23 (14) million. In the same way as for SpareBank 1 Boligkreditt AS, the profit reported in the consolidated financial statements for SpareBank 1 Østlandet is reduced by interest paid on the hybrid capital.

SpareBank 1 Kredittkort AS

SpareBank 1 Kredittkort AS (20.8 per cent stake) is the SpareBank 1 Alliance's jointly-owned credit card company. The company posted a profit after tax of NOK 18 (30) million. The reason for the reduction compared with last year is that last year's figures include a gain of NOK 15 million from the sale of a non-performing portfolio.

SpareBank 1 Betaling AS

SpareBank 1 Betaling AS (18.7 per cent stake) is the SpareBank 1 Alliance's joint venture for payment solutions, including the SpareBank 1 Alliance's holding in Vipps AS.

The company posted a profit after tax of NOK -14 (-14) million. The profit contribution taken to the consolidated accounts for SpareBank 1 Østlandet for the first quarter of 2019 is a positive NOK 11 million, as SpareBank 1 Betaling AS has made a correction to its 2018 accounts. The correction relates mainly to a revaluation relating to the merger of SpareBank 1 Aexcept AS and SpareBank ID AS which was registered on 16 January 2019, but which was recognised in the accounts from 1 October 2018.

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

Outlook

Although increased international protectionism and a still unresolved Brexit situation could impact the Norwegian economy, the macroeconomic situation in Norway is stable. The Norwegian economy is robust, with strong adaptability, innovation and government finances.

At the regional level, most economic indicators are showing a positive and stable trend. The region is experiencing positive growth in housing prices, stable credit growth and low unemployment, along with good profitability and a high willingness to invest among the SMEs. The Board of Directors considers this to be beneficial to the Group's continued growth and profitability, and conducive to stable credit risk development.

SpareBank 1 Østlandet has a long history as Norway's most solid regional savings bank, and its financial strength should continue to be a hallmark of the Bank, with a common equity tier 1 ratio above its peers. With a high capital adequacy, the Bank has a strong credibility as a long-term partner for retail customers, SMEs and the public sector through changing business cycles, as well as providing a

strong foundation to exploit the growth opportunities in the Bank's home market. The recently completed equity issues support the Bank's financial strength and strategic ambitions.

SpareBank 1 Østlandet continues to see a solid increase in the number of customers, and high demand for credit and other financial services. The Bank's distribution model with leading digital offerings combined with a well-developed branch network in central hubs and towns has proven to be a good driver for attracting new customers and so providing for profitable growth. The growth rate shows that the Bank is continuing to increase its market share in line with its strategic objectives.

The Board of Directors considers that the Bank still has profitable growth opportunities through its position in Norway's most interesting market area. The Board will focus on balancing solidity, profitability and growth. This will happen through sound capital allocation, competitive dividend levels and efficient use of the capital markets to create value for the region, owners, customers and employees.

The Board of Directors of SpareBank 1 Østlandet

Hamar, 7 May 2019

Income statement

Parent Bank				Group			
Year	01.01-31.03				01.01-31.03		Year
2018	2018	2019	(NOK million)	Notes	2019	2018	2018
1,942	561	500	Interest income, fair value		500	642	1,942
1,132	169	314	Interest income, amortized cost		375	169	1,473
1,337	315	366	Interest expense		367	316	1,340
1,737	415	448	Net interest income		508	495	2,074
891	238	209	Commission income		304	304	1,210
74	16	18	Commission expenses		30	23	104
32	8	7	Other operating income		67	42	181
849	231	198	Net commission and other operating income		341	323	1,286
13	12	12	Dividends from other than Group companies	7	12	12	13
369	185	341	Net profit from ownership interests	7	346	30	198
80	4	65	Net profit from other financial assets and liabilities	7	65	4	80
461	201	418	Net income from financial assets and liabilities		423	45	291
3,048	847	1,064	Total net income		1,271	864	3,651
674	167	184	Personnel expenses		290	258	1,050
69	17	24	Depreciation		36	23	102
566	135	134	Other operating expenses		169	169	728
1,309	318	343	Total operating expenses		494	449	1,881
1,738	529	721	Operating profit before losses on loans and guarantees		777	414	1,770
16	1	-45	Impairment on loans and guarantees	6	-33	5	35
1,722	527	766	Pre-tax operating profit		810	409	1,735
275	86	47	Tax expense		54	96	321
1,447	441	719	Profit after tax		757	314	1,414
			Majority interest		756	312	1,408
			Minority interest		1	2	5
			Earnings per equity certificate (in NOK)		4.50	1.97	8.46
			Diluted earnings per equity certificate (in NOK)		4.50	1.97	8.42
			Earnings per average equity certificate (in NOK)		4.50	1.97	9.04
			Diluted earnings per average equity certificate (in NOK)		4.50	1.97	9.00

Statement of other comprehensive income

Parent Bank				Group		
Year	01.01-31.03		Notes	01.01-31.03		Year
2018	2018	2019		2019	2018	2018
1,447	441	719		757	314	1,414
			Profit after tax			
-3	0	0	Actuarial gains/losses on pensions	0	0	-3
1	0	0	Tax effects of actuarial gains/losses on pensions	0	0	1
23	-9	-4	Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	-4	-9	0
-6	2	1	Tax effects related to the above	1	2	0
0	0	0	Share of other comprehensive income from associated companies and joint ventures	1	-1	1
15	-6	-3	Total items that will not be reclassified through profit or loss	-3	-8	16
0	0	0	Change in value of financial assets available for sale	0	0	0
0	0	0	Financial assets available for sale transferred to profit and loss on write-down due to permanent impairment of value	0	0	0
0	0	0	Financial assets available for sale transferred to profit and loss on realisation	0	0	0
2	3	-3	Net fair value adjustments on loans at fair value through other comprehensive income	-3	3	2
-1	-1	1	Tax effects related to the above	1	-1	-1
-51	-19	-14	Fair value changes on hedge derivatives due to changes in the currency basis spread	-14	-19	-51
13	5	3	Tax effects related to the above	3	5	13
0	0	0	Share of other comprehensive income from associates and joint ventures	-25	6	-40
-36	-12	-13	Total items that will be reclassified through profit or loss	-38	-6	-77
-21	-18	-16	Total profit and loss items recognised in equity	-41	-13	-61
1,426	423	703	Total profit/loss for the period	716	301	1,353
			Majority interest	715	299	1,348
			Minority interest	1	2	5

Balance sheet

Parent Bank				Group			
2018	31.03.2018	31.03.2019	NOK million	Notes	31.03.2019	31.03.2018	2018
ASSETS							
1,878	664	360	Cash and deposits with central banks		360	664	1,878
7,487	8,571	7,855	Loans to and receivables from credit institutions		1,020	2,448	1,023
90,878	85,226	90,312	Loans to and receivables from customers	5,6	98,451	92,450	98,606
14,446	11,659	17,689	Certificates, bonds and fixed-income funds	10	17,689	11,659	14,446
819	455	646	Financial derivatives	8,10,11	646	455	819
594	480	616	Shares, units and other equity interests	10	616	487	594
3,635	3,397	3,733	Investments in associates and joint ventures		4,327	3,957	4,124
1,521	1,370	1,521	Investments in subsidiaries		0	0	0
337	355	546	Property, plant and equipment	12	686	564	543
96	101	93	Goodwill and other intangible assets		412	367	400
0	0	0	Deferred tax asset		0	0	0
699	744	1,825	Other assets	13	2,084	1,038	1,041
122,390	113,022	125,196	Total assets		126,292	114,088	123,472
LIABILITIES							
2,704	2,172	3,615	Deposits from and liabilities to credit institutions		3,625	2,171	2,636
71,540	66,130	72,406	Deposits from and liabilities to customers	14	72,377	66,110	71,497
31,984	29,274	32,128	Liabilities arising from issuance of securities	10,15	32,128	29,274	31,984
354	329	303	Financial derivatives	8,10,11	303	329	354
205	208	30	Current tax liabilities		74	246	248
69	0	71	Deferred tax liabilities		194	130	202
532	1,180	1,803	Other debt and liabilities recognised in the balance sheet	16	1,882	1,320	687
1,102	1,503	1,102	Subordinated loan capital	10,15	1,102	1,503	1,102
108,490	100,795	111,459	Total liabilities		111,687	101,081	108,710
EQUITY CAPITAL							
5,766	5,359	5,791	Equity capital certificates	17	5,791	5,359	5,766
830	547	848	Premium fund		848	547	830
2,112	1,897	2,585	Dividend equalisation fund		2,585	1,897	2,112
477	0	0	Dividend		0	0	477
3,690	3,581	3,893	Primary capital		3,893	3,581	3,690
166	166	166	Other paid-up equity		166	166	166
15	19	15	Provision for gifts		15	19	15
252	272	274	Fund for unrealised gains		274	274	253
222	0	0	Dividend customers return		0	0	222
400	400	200	Hybrid capital		200	400	400
-30	-16	-34	Interest expense for hybrid capital		52	-34	-48
0	0	0	Other equity		683	740	776
			Minority interests		98	57	102
13,900	12,226	13,737	Total equity capital		14,604	13,007	14,762
122,390	113,022	125,196	Total equity capital and liabilities		126,292	114,088	123,472

The board of SpareBank 1 Østlandet
Hamar, May 7th 2019

Changes in equity capital

Parent Bank

(NOK million)

	Paid-up equity			Earned equity capital					Hybrid capital	Total equity capital
	Equity certificates	Premium fund	Other paid-up equity	Primary capital ¹⁾	Dividend equalisation funds ²⁾	Provision for gifts	Fund for unrealised gains	Other equity		
Equity capital as of 01.01.2018	5,359	547	165	3,636	2,008	20	279	-8	400	12,406
OB Corr. related to transitional rules IFRS 9				11	23					35
Repoting of intereset on hybrid capital					4			-4		0
Repoting of acturaial gains after tas on pensions				4	-4					0
Adjusted equity capital at 01.01.2018	5,359	547	165	3,651	2,032	20	279	-12	400	12,440
ECs issued and transferred to owners										0
Hybrid capital										0
Interest after tax on hybrid capital								-3		-3
Profit after tax				146	303		-7			441
Value changes on creditspread and basisswap				-7	-14					-20
Value change on loans measured at fair value				1	1					2
Dividend paid				-204	-424					-629
Donations distributed from profit 2017				-6						-6
Grants from provision for gifts in 2018						0				0
Equity capital as of 31.03.2018	5,359	547	165	3,581	1,898	19	272	-16	400	12,226
Equity capital as of 01.01.2018	5,359	547	165	3,636	2,008	20	279	-8	400	12,406
OB Corr. related to transitional rules IFRS 9				11	23					35
Repoting of intereset on hybrid capital					3			-4		0
Repoting of acturaial gains after tax on pensions				4	-4					0
Adjusted equity capital at 01.01.2018	5,359	547	166	3,652	2,031	20	279	-12	400	12,440
ECs issued and transferred to owners	407	283								690
Hybrid capital										0
Interest after tax on hybrid capital								-17		-17
Profit after tax				477	998		-27			1,447
Effects on creditspread at financial liabilities FVOCI				5	12					17
Effects on basisswap in hedge accounting				-12	-26					-38
Value change on loans measured at fair value				1	1					2
Actuarial gains after tax on pensions				-1	-1					-2
Dividend paid				-204	-424					-629
Donations distributed from profit 2017				-6						-6
Grants from provision for gifts in 2018						-5				-5
Equity capital as of 31.12.2018	5,766	830	166	3,912	2,589	15	252	-30	400	13,900
Equity capital as of 01.01.2019	5,766	830	166	3,912	2,589	15	252	-30	400	13,900
ECs issued and transferred to owners	26	18								43
Hybrid capital									-200	-200
Interest after tax on hybrid capital								-5		-5
Profit after tax				214	484		22			719
Effects on creditspread at financial liabilities FVOCI										
Effects on basisswap in hedge accounting				-10	0					-10
Value change on loans measured at fair value				-3	0					-3
Actuarial gains after tax on pensions				-2	0					-2
Dividend paid				-222	-477					-699
Donations distributed from profit 2017				-6						-6
Grants from provision for gifts in 2018						0				0
Equity capital as of 31.03.2019	5,791	848	166	3,882	2,596	15	274	-34	200	13,737

Group

(NOK million)	Paid-up equity			Earned equity capital					Hybrid capital	Minority intersets	Total equity capital
	Equity certificates	Premium fund	Other paid-up equity	Primary capital ¹⁾	Dividend equalisation funds ²⁾	Provision for gifts	Fund for unrealised gains	Other equity			
Equity capital as of 01.01.2018	5,359	547	165	3,636	2,008	20	281	853	400	62	13,331
OB Corr Parent bank			1	15	23			-4			35
OB Corr. Subsidiary								-11			-11
OB Corr. In Group companies								-3			-3
Adjusted equity capital at 01.01.2018	5,359	547	166	3,651	2,031	20	281	835	400	62	13,352
ECs issued and transferred to owners											0
Profit after tax				146	303		-7	-129		2	314
Value changes on creditspread and basisswap				-7	-14						-20
Value change on loans measured at fair value				1	1						2
Share of other comprehensive income from associated companies and joint ventures								-3			-3
Change revaluation reserve								7			7
Interest expense after tax for hybrid capital					0			-3			-3
Dividend paid				-204	-424					-6	-634
Donations distributed from profit 2017				-6							-6
Grants from provision for gifts in 2018						0					0
Equity capital as of 31.03.2018	5,359	547	166	3,581	1,897	19	274	706	400	57	13,007
Equity capital as of 01.01.2018	5,359	547	165	3,636	2,008	20	281	853	400	62	13,331
OB Corr Parent Bank			1	15	23			-4			35
OB Corr. Subsidiary								-19			-19
OB Corr. In Group companies								-3			-3
Adjusted equity capital at 01.01.2018	5,359	547	166	3,651	2,031	20	281	826	400	62	13,343
ECs issued and transferred to owners	407	283									690
Profit after tax				477	998		-27	-39		5	1,414
Effects on creditspread at financial liabilities FVOCI				5	12						17
Effects on basisswap in hedge accounting				-12	-26						-38
Value change on loans measured at fair value				1	1						2
Actuarial gains after tax on pensions				-1	-1						-2
Other items in comprehensive income								-39			-39
associated companies and joint ventures								-3			-3
Transferred from new minority interest										42	42
Change revaluation reserve											0
Interest expense after tax for hybrid capital								-17			-17
Dividend paid				-204	-424					-6	-634
Donations distributed from profit 2017				-6							-6
Grants from provision for gifts in 2018						-5					-5
Equity capital as of 31.12.2018	5,766	830	166	3,912	2,589	15	252	728	400	102	14,762
Equity capital as of 01.01.2019	5,766	830	166	3,912	2,589	15	252	728	400	102	14,762
OB Corr Parent Bank											0
OB Corr. Subsidiary								0			0
OB Corr. In Group companies								0			0
Adjusted equity capital at 01.01.2019	5,766	830	166	3,912	2,589	15	252	728	400	102	14,763
ECs issued and transferred to owners	26	18									43
Hybrid capital									-200		-200
Profit after tax				214	484		22	36		1	757
Effects on creditspread at financial liabilities FVOCI				-10							-10
Effects on basisswap in hedge accounting				-3							-3
Value change on loans measured at fair value				-2							-2
Other items in comprehensive income				-25							-25
Share of other comprehensive income from associated companies and joint ventures								-2			-2
Interest expense after tax for hybrid capital								-5			-5
Dividend paid				-222	-477					-6	-705
Donations distributed from profit 2017				-6							-6
Grants from provision for gifts in 2018						-0					0
Equity capital as of 31.03.2019	5,791	848	166	3,858	2,596	15	274	758	200	97	14,604

1) Amounts transferred to primary capital as of 31.12.2018 include dividend payments.

2) Amounts transferred to dividend equalization funds as of 31.12.2018 includes dividends to customers return.

Cash flow statement

Parent Bank				Group		
2018	31.03.2018	31.03.2019	(NOK million)	31.03.2019	31.03.2018	2018
-7,806	-2,174	612	Change in gross lending to customers	196	-2,347	-8,479
2,716	640	726	Interest receipts from lending to customers	822	745	3,134
5,527	117	866	Change in deposits from customers	881	124	5,511
-619	-144	-191	Interest payments on deposits from customers	-193	-144	-622
527	-1,024	469	Change in receivables and debt from credit institutions	1,007	-964	1,151
115	21	37	Interest on receivables and debt to financial institutions	2	-3	5
-5,532	-2,798	-3,216	Change in certificates and bonds	-3,216	-2,798	-5,532
208	60	41	Interest receipts from commercial papers and bonds	41	60	208
849	231	198	Net commission receipts	332	323	1,286
-9	24	14	Capital gains from sale on trading	14	24	-9
-1,240	-301	-319	Payments for operations	-458	-426	-1,778
-314	-116	-134	Taxes paid	-151	-127	-355
-190	166	-815	Other accruals	-865	394	-234
-5,769	-5,298	-1,712	Net change in liquidity from operations (A)	-1,588	-5,139	-5,714
-41	-7	-9	Investments in tangible fixed assets	-11	-9	-67
0	0	0	Receipts from sale of tangible fixed assets	9	7	33
-335	-48	-98	Change in long-term investments in equities	-98	-10	-334
385	112	339	Dividends from long-term investments in equities	212	0	257
9	58	232	Net cash flow from investments (B)	112	-12	-111
12,699	6,838	1,502	Debt raised by issuance of securities	1,502	6,838	12,699
400	-200	0	Debt raised by subordinated loan capital	0	-200	400
-4,400	-1,250	-1,400	Repayments of issued securities	-1,400	-1,250	-4,400
-1,000	0	0	Repayments of issued subordinated loan capital	0	0	-1,000
687	0	37	Payments arising from issuance of equity capital certificates	37	0	687
-664	-152	-162	Interest payments on securities issued	-162	-152	-664
-37	-11	-7	Interest payments on subordinated loans	-7	-11	-37
0	0	-10	Lease payments	-7	0	0
-152	0	0	Payments arising from placements in subsidiaries	0	0	8
-629	0	0	Payment of dividend	-6	0	-634
-11	0	0	Donations	0	0	-11
6,894	5,225	-41	Net cash flow from financing (C)	-44	5,225	7,047
1,134	-15	-1,520	CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	-1,520	74	1,222
824	824	1,958	Cash and cash equivalents at 1 January	1,958	736	736
1,958	809	438	Cash and cash equivalents at the end of the period	438	810	1,958
			Cash and cash equivalents at comprise:			
1,878	664	360	Cash and deposits with central banks	360	664	1,878
80	146	78	Deposits etc. at call with banks	78	146	80
1,958	809	438	Cash and cash equivalents at the end of the period	438	810	1,958

Notes to the accounts

Note 1 Accounting principles

1.1 Basis for preparation

The quarterly accounts for SpareBank 1 Østlandet cover the period 1 January - 31 March 2019. The quarterly accounts have been prepared in accordance with IAS 34 'Interim reporting'. These quarterly financial statements have been prepared in accordance with the current IFRS standards and IFRIC interpretations. The quarterly financial statements do not include all information required in full annual financial statements and should be read in conjunction with the financial statements for 2018. In this quarterly report, the Group has used the same accounting policies and methods of calculation as in the last financial statements with the following exceptions:

New standards and interpretations applied from 2019:

IFRS 16 Leases was implemented from 1 January 2019.

IFRS 16 Leases

IFRS 16 Leases was implemented from 1 January 2019 and replaces IAS 17 Leases. The standard sets out principles for accounting, measurement, presentation and information on leasing agreements. IFRS 16 removes the distinction that was made between operational and financial leases in IAS 17, and introduces a common accounting model for lessees. Most leases must be recognised in the balance sheet for the lessee with a lease obligation and associated right of use at the date of entry into force. The lease obligation is measured as the present value of future lease payments during the contract period, discounted by the implicit interest rate in the lease contract or the lessee's marginal loan interest rate. Options in the lease agreement must be taken into account in calculating the present value of the obligation, if they are likely to be used. Lease payments are split between the liability and interest expenses on the obligation. The calculation of the present value of the lease obligation may include items such as:

- Fixed lease
- Benefits that may look variable but are fixed
- Guaranteed residual value
- Use of the purchase option
- Payment to withdraw from the agreement

The right of use is recognised in the balance-sheet at the same value as the obligation on the implementation date, adjusted for any prepayments and assessed for impairment. The right of use is written down on a linear basis over the term of the contract. Depreciation is recognised separately from interest on lease liabilities in the income statement.

The following accounting policies and transitional provisions have been chosen for the implementation:

- The Group has taken the option of applying the modified retrospective method in the transition to IFRS 16 in accordance with IFRS 16.Ca(b). This means that the comparative figures for 2018 are not revised. The right of use is measured at the same value as the lease liability and included in the opening balance at 1 January 2019. This choice has been made for all agreements.
- *The right of use will be recognised in the balance sheet as part of 'Property, plant and equipment', while the lease obligation will be recognised as 'Other debt and liabilities on the balance sheet'.
- Low-value leases and leases with a lease period of 12 months or less are not capitalised. Leases that are covered by these exemptions are recognised on a continuous basis as other operating costs.
- Fixed non-lease components that are embedded in the lease are separated out and expensed continuously as other operating costs.

For the SpareBank 1 Østlandet Group, it is primarily residential leases that are subject to the standard. At the time of implementation, the obligation and the right of use were calculated at NOK 224 million for the parent bank and NOK 170 million for the Group. These are not material when compared to the total balance-sheet for the parent bank and the Group. The profit effects arising from the new standard are not expected to have any substantial effect on the Group's operating profit either. Refer to Note 43 in the Annual Report for 2018, and Note 12 of the quarterly report as at 31 March 2019.

1.2 Important accounting estimates and discretionary assessments

In preparing the consolidated financial statements, management makes estimates, discretionary assessments and assumptions which influence the effect of applying the accounting principles. This will therefore affect the recognised amounts for assets, liabilities, revenues and costs. Note 3 to the financial statements for 2018 provides more details of critical estimates and assessments affecting the use of accounting principles, except for estimates relating to the determination of the lease period with the implementation of IFRS 16 Leases.

IFRS 16 Leases

In determining the lease period, management considers the likelihood of any extension or termination options being exercised. If an contract is reasonably certain to be extended or terminated in this way, this must be taken into account in assessing the lease period. Potential future cash flows of NOK 20 million are not included in the lease obligation because it is not reasonably certain that the leases will be extended.

In the case of substantial changes in the assumptions underlying the assessments, an evaluation of the lease period will be made.

Customer dividends

The Bank's supervisory board decides each year how much should be distributed in customer dividends. Decision was made at the meeting of the supervisory board on 28 March 2019, and the Bank paid NOK 222 million in dividends to its loan and deposit customers on 26 April 2019.

The customers will receive an amount based on the Bank's profit for the year and how much they themselves have in deposits and loans.

- Dividends are granted to individuals and companies.
- The customer can receive dividends on up to NOK 2 million in loans from the Bank.
- Co-debtors (persons with joint loans) can receive customer dividends of up to NOK 4 million.
- The customer can receive dividends on up to NOK 2 million in deposits with the Bank.
- The customer dividend applies from the first krone up to NOK 2 million.

The Ministry of Finance has given permission to use primary capital for customer dividends. The distribution of customer dividends is regulated by Section 10-17, fourth paragraph, of the Financial Institutions Act, which classifies customer dividends as an allocation of the profit for the year. The Bank has used this classification in its accounting, and has thus treated the payment as an equity transaction. The customer dividend payment gives a tax deduction of NOK 55 million for the 2019 income year. The tax deduction is recognised as a reduction in tax costs for 2019 at date of decision.

Note 2 Change in the composition of the Group

2019

A reallocation of shares in SpareBank 1 Kredittkort AS pursuant to the shareholder agreement resulted in the Group increasing its stake in the company from 20.5 per cent to 20.8 per cent with effect from 1 January 2019.

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

2018

A reallocation of the shares of SpareBank 1 Boligkreditt AS pursuant to the shareholder agreement increased the stake in the company from 21.1 to 21.6 percent. The corresponding reallocation in SpareBank 1 Næringskreditt resulted in an increase in the stake from 12.4 to 13.3 percent.

In the fourth quarter, the investment in Komm-In was reclassified from an associated company to an ordinary shareholding. In the same quarter, the second tier subsidiary SpareBank 1 Regnskaphuset AS changed its name to TheVIT AS.

On 16 May 2018, the holding company SpareBank 1 Østlandet VIT AS was established. The company is 70.68 per cent owned by SpareBank 1 Østlandet. The Bank's former wholly-owned subsidiary SpareBank 1 Regnskapshuset Østlandet AS has been transferred to the holding company. The holding company also owns 100 per cent of the shares in the accounting and consultancy company TheVIT.

The shares of the jointly controlled property company Torggata 22 were sold in the second quarter.

Proaware AS changed its name in the first quarter to Betr AS.

A reallocation of shares in SpareBank 1 Kredittkort AS pursuant to the shareholder agreement resulted in the Group increasing its stake in the company from 19.6 per cent to 20.5 per cent with effect from 1 January 2018.

Note 3 Segment information

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

Reviews:

- Real estate brokerage, leasing, financing and accounting are organised as independent companies.
- Tax is calculated at 25 per cent for RM and CM.
- Operating expenses in RM and CM includes its share of shared costs.
- Net commission and other income in RM and CM includes its share for shared income.
- Group eliminations arise together with other operations in a separate column.

31.03.2019	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms- Megler 1 Hedmark Eiendom	Megler 1 Oslo Akershus Group	SpareBank 1 Østlandet VIT Group	Other operations/ eliminations	Total
Income statement								
Net interest income	248	221	61	0	0	-1	-21	508
Net commissions and other income	156	58	13	25	52	53	-17	341
Net income from financial assets and liabilities	0	0	0	0	0	0	423	423
Total operating expenses	226	105	24	28	52	54	6	494
Profit before losses by segment	178	174	51	-3	0	-2	379	777
Impairment on loans and guarantees	-9	-36	12	0	0	0	0	-33
Pre-tax operating profit	187	210	39	-3	0	-2	379	810
Tax expense	47	52	10	-1	-3	0	-51	54
Profit/loss per segment after tax	140	157	29	-2	3	-1	430	757
Balance sheet								
Gross lending to customers	60,397	30,147	8,251	0	0	0	-467	98,328
Impairments	-60	-172	-60	0	0	0	46	-246
Other assets	2,835	338	136	70	120	149	24,562	28,210
Total assets per segment	63,172	30,313	8,326	70	120	149	24,142	126,292
Deposits from and liabilities to customers	42,074	30,250	0	0	0	0	54	72,377
Other liabilities and equity	21,098	64	8,326	70	120	149	24,088	53,914
Total equity capital and liabilities per segment	63,172	30,313	8,326	70	120	149	24,142	126,292

31.03.2018	PM	BM	SB1 FØ	EM1HE	EM1OA	TheVIT	Other operations/ eliminations	Total
Income statement								
Net interest income	223	181	80	0	0	0	10	495
Net commissions and other income	210	49	-9	2	45	37	-11	323
Net income from financial assets and liabilities	0	0	0	0	0	0	45	45
Total operating expenses	217	96	23	24	48	41	2	449
Profit before losses by segment	217	134	48	-22	-2	-4	42	413
Losses on loans and guarantees	3	-2	4	0	0	0	0	5
Pre-tax operating profit	214	136	45	-22	-2	-4	42	409
Tax expense	53	34	11	0	0	-3	0	96
Profit/loss per segment after tax	160	102	33	-22	-1	-1	42	314

Balance sheet								
Gross lending to customers	57,284	28,191	7,318	0	0	0	26	92,818
Impairments	-64	-236	-67	0	0	0	-1	-368
Other assets	2,693	420	175	63	85	129	18,073	21,638
Total assets per segment	59,912	28,375	7,426	63	85	129	18,098	114,088
Deposits from and liabilities to customers	39,454	26,558	0	0	0	0	97	66,110
Other liabilities and equity	20,458	1,817	7,426	63	85	129	18,001	47,978
Total equity capital and liabilities per segment	59,912	28,375	7,426	63	85	129	18,098	114,088

31.12.2018	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms-Megler 1 Hedmark Eiendom	Eiendoms-Megler 1 Oslo Akershus Group	TheVIT	Other operations/ eliminations	Total
Income statement								
Net interest income	987	839	340	0	2	-1	-93	2,074
Net commissions and other income	764	193	-31	120	208	164	-132	1,286
Net income from financial assets and liabilities	0	0	0	0	0	0	291	291
Total operating expenses	888	403	103	109	206	174	-3	1,881
Profit before losses by segment	863	629	205	11	4	-11	69	1,770
Impairment losses on loans and guarantees	8	8	19	0	0	0	0	35
Pre-tax operating profit	855	621	186	11	4	-11	69	1,735
Tax expense	214	155	47	2	1	-2	-95	321
Profit/loss per segment after tax	641	465	139	8	3	-9	164	1,414

Balance sheet								
Gross lending to customers	60,943	30,215	7,828	0	0	0	-47	98,940
Impairments	-68	-211	-56	0	0	0	0	-334
Other assets	2,862	462	234	71	76	134	21,029	24,866
Total assets per segment	63,738	30,467	8,006	71	76	134	20,982	123,472
Deposits from and liabilities to customers	41,487	29,974	0	0	0	0	36	71,496
Other liabilities and equity	22,251	493	8,006	71	76	134	20,946	51,976
Total equity capital and liabilities per segment	63,738	30,467	8,006	71	76	134	20,982	123,472

Note 4 Capital adequacy

The Bank's capital adequacy is calculated on the basis of the applicable rules and rates at any given time. The rules are based on the three pillars that are intended to ensure that financial undertakings have capital commensurate with their risks:

- Pillar 1: Minimum regulatory capital requirements
- Pillar 2: Evaluation of the overall capital requirements and supervisory follow-up
- Pillar 3: Requirement to publish information

Capital adequacy is calculated on the basis of a risk-weighted calculation basis. The Bank has permission to use the AIRB approach for calculating risk weightings in the lending portfolio. As a transitional arrangement, a floor of 80 per cent of the Basel I rules has been set for the calculation basis. This limit applies to SpareBank 1 Østlandet at both the Parent Bank and consolidated levels.

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

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

The current requirement for common equity tier 1 (CET1) capital consists of a minimum requirement of 4.5 per cent and a buffer requirement totalling 7.5 per cent, of which the Bank's countercyclical capital buffer requirement was 2 per cent at 31.12.2018. SpareBank 1 Østlandet is also subject to a Pillar II requirement of 1.8 per cent as at 31.12.2018. The total capital requirement for common equity tier 1 capital was thus 13.8 per cent at 31 December 2018. In addition to this, a further 2 per cent is covered by additional Tier 1 capital and 1.5 per cent is covered by Tier 2 capital.

The Group's long-term capital target for the common equity tier 1 capital ratio is 16 per cent.

Parent Bank				Group		
Basel III	Basel III	Basel III		Basel III	Basel III	Basel III
31.12.18	31.03.18	31.03.19		31.03.19	31.03.18	31.12.18
6,762	6,078	6,805	Paid-up equity	6,713	6,111	6,670
6,738	5,748	6,731	Earned equity capital	7,592	6,439	7,588
400	400	200	Hybridcapital	200	400	400
0	0	0	Minority interests	98	57	104
13,900	12,226	13,737	Total equity carried	14,604	13,007	14,762
			Common equity tier 1 capital			
-705	-157	-378	Results for the accounting year not included	-378	-157	-705
-400	-400	-200	Hybridcapital	-200	-400	-400
0	0	0	Minority interests that is not eligible as CET1 capital	-54	-17	-58
20	47	34	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	34	47	20
0	0	0	Cash flow hedge reserve	6	3	6
-72	-101	-70	Goodwill and other intangible assets	-406	-367	-395
-238	-242	-301	Positive value of expected losses under the IRB approach	-369	-208	-311
0	0	-137	CET 1 instruments of financial sector entities where the institution does have a significant investment	-409	-202	-326
-27	-24	-23	Value adjustments due to the requirements for prudent valuation (AVA)	-27	-32	-27
12,479	11,348	12,663	Common equity tier 1 capital	12,801	11,673	12,566
			Additional Tier 1 capital			
400	400	200	Hybrid capital	200	616	400
0	0	0	Instruments issued by consolidated entities that are given recognition in AT1 Capital	243	0	245
400	400	200	Tier 1 capital	443	616	645
			Supplementary capital in excess of Tier 1 capital			
1,100	1,500	1,100	Subordinated loan capital	1,100	1,500	1,100
0	0	0	Instruments issued by consolidated entities that are given recognition in T2 Capital	332	369	361
0	0	0	T2 instruments of financial sector where the institution does not have a significant investment	0	0	0
0	-130	0	T2 instruments of financial sector where the institution does have a significant investment	0	-130	0
1,100	1,370	1,100	Total supplementary capital	1,432	1,739	1,461
13,979	13,118	13,963	Total eligible capital	14,676	14,028	14,672
4,781	5,410	5,202	Corporates - SME	5,204	5,410	4,781
11,034	10,526	12,968	Corporates - Specialised Lending	12,968	10,526	11,034
1,411	589	1,502	Corporates - Other	1,502	589	1,411
1,223	1,022	1,156	SME exposure	1,338	1,209	1,424
16,886	15,086	17,479	Retail mortgage exposure	24,501	22,496	24,235
1,234	1,563	1,151	Other retail exposure	1,184	1,590	1,259
36,569	34,197	39,458	Credit exposures calculated using IRB-approach	46,697	41,820	44,145
12,106	11,336	13,732	Credit exposures calculated using the standardised approach	17,998	16,675	16,405
383	340	358	Counterparty credit risk	1,813	1,568	1,732
0	0	0	Market risk	0	0	0
3,433	3,433	4,316	Operational risk	5,869	5,222	5,222
1,849	1,931	0	Basel I floor adjustment	3,355	6,884	7,495
54,340	51,237	57,863	Risk-weighted assets	75,732	72,169	74,999
4,347	4,099	4,629	Capital requirements (8%)	6,059	5,774	6,000
978	871	984	Pillar 2 (1.8 %, 1.7 % as at 31.03.2018)	1,287	1,227	1,350
0	0	0		0	0	0
			Buffer requirements			
1,359	1,281	1,447	Capital conservation buffer (2.5%)	1,893	1,804	1,875
1,087	769	868	Countercyclical capital buffer (2 %)	1,136	1,083	1,500
1,630	1,537	1,736	Systemic risk buffer (3%)	2,272	2,165	2,250
4,076	3,587	4,050	Total buffer requirements for Common Equity (7.5 %)	5,301	5,052	5,625
4,980	4,585	5,025	Available Common Equity (13.8 %, 13.7 % as at 31.03.2018)	2,804	2,147	2,217
			Capital ratios			
23.0 %	22.1 %	21.9 %	CET 1 capital ratio	16.9 %	16.2 %	16.8 %
23.8 %	23.0 %	21.9 %	CET 1 capital ratio (excluding Basel 1-floor)	17.7 %	17.9 %	18.6 %
23.7 %	22.9 %	22.2 %	Tier 1 Capital ratio	17.5 %	17.0 %	17.6 %
25.7 %	25.6 %	24.1 %	Capital adequacy ratio	19.4 %	19.4 %	19.6 %
10.2 %	10.2 %	9.9 %	Leverage Ratio	7.4 %	7.3 %	7.5 %

Note 5 Loans to and receivables from customers

Parent Bank

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance at 01.01.2019	85,386	5,403	371	91,160
<i>Transfers in (out) to Stage 1</i>	687	-678	-8	0
<i>Transfers in (out) to Stage 2</i>	-1,057	1,069	-12	0
<i>Transfers in (out) to Stage 3</i>	-5	-66	71	0
<i>Net increase/decrease existing loans</i>	-748	-95	-9	-852
<i>Purchases and originations</i>	10,392	133	15	10,539
<i>Derecognitions and maturities</i>	-9,689	-529	-72	-10,291
<i>Write-offs</i>	0	0	-9	-9
Balance at 31.03.2019	84,965	5,236	347	90,548
<i>Loan and advances to customers at amortised cost</i>				27,887
<i>Loan and advances to customers at fair value</i>				62,661

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance at 01.01.2018	78,682	4,203	470	83,355
<i>Transfers in (out) to Stage 1</i>	810	-797	-13	0
<i>Transfers in (out) to Stage 2</i>	-881	893	-12	0
<i>Transfers in (out) to Stage 3</i>	-6	-63	69	0
<i>Purchases and originations</i>	5,677	362	4	6,044
<i>Derecognitions and maturities</i>	-5,260	-498	-23	-5,781
<i>Remeasurements</i>	1,937	-13	-6	1,917
<i>Write-offs</i>	0	0	-5	-5
Balance at 31.03.2018	80,959	4,087	485	85,531
<i>Loan and advances to customers at amortised cost</i>				26,267
<i>Loan and advances to customers at fair value</i>				59,263

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance at 01.01.2018	78,682	4,203	470	83,355
<i>Transfers in (out) to Stage 1</i>	1,144	-1,109	-35	0
<i>Transfers in (out) to Stage 2</i>	-2,374	2,408	-34	0
<i>Transfers in (out) to Stage 3</i>	-70	-104	174	0
<i>Net increase/decrease existing loans</i>	-1,845	-10	-33	-1,888
<i>Purchases and originations</i>	43,787	1,549	71	45,407
<i>Derecognitions and maturities</i>	-33,939	-1,534	-214	-35,688
<i>Write-offs</i>	0	0	-26	-26
Balance at 31.12.2018	85,386	5,403	371	91,160
<i>Loan and advances to customers at amortised cost</i>				27,786
<i>Loan and advances to customers at fair value</i>				63,374

Group

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance at 01.01.2019	92,167	6,317	456	98,940
<i>Transfers in (out) to Stage 1</i>	783	-771	-13	0
<i>Transfers in (out) to Stage 2</i>	-1,294	1,324	-30	0
<i>Transfers in (out) to Stage 3</i>	-11	-96	107	0
<i>Net increase/decrease existing loans</i>	-1,085	-153	-10	-1,248
<i>Purchases and originations</i>	11,504	172	16	11,692
<i>Derecognitions and maturities</i>	-9,973	-567	-90	-10,630
<i>Write-offs</i>	0	0	-9	-9
Balance at 31.03.2019	92,091	6,226	427	98,744
<i>Loan and advances to customers at amortised cost</i>				36,083
<i>Loan and advances to customers at fair value</i>				62,661

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance at 01.01.2018	84,913	4,958	527	90,398
<i>Transfers in (out) to Stage 1</i>	945	-931	-14	0
<i>Transfers in (out) to Stage 2</i>	-1,018	1,037	-19	0
<i>Transfers in (out) to Stage 3</i>	-19	-90	109	0
<i>Purchases and originations</i>	6,520	381	4	6,906
<i>Derecognitions and maturities</i>	-5,800	-565	-33	-6,398
<i>Remeasurements</i>	1,937	-13	-6	1,917
<i>Write-offs</i>	0	0	-5	-5
Balance at 31.03.2018	87,478	4,778	562	92,818
<i>Loan and advances to customers at amortised cost</i>				33,555
<i>Loan and advances to customers at fair value</i>				59,263

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance at 01.01.2018	84,975	4,958	527	90,460
<i>Transfers in (out) to Stage 1</i>	1,347	-1,310	-38	0
<i>Transfers in (out) to Stage 2</i>	-2,846	2,885	-39	0
<i>Transfers in (out) to Stage 3</i>	-99	-139	238	0
<i>Net increase/decrease existing loans</i>	-2,940	-200	-47	-3,187
<i>Purchases and originations</i>	46,998	1,838	89	48,925
<i>Derecognitions and maturities</i>	-35,268	-1,715	-249	-37,232
<i>Write-offs</i>	0	0	-26	-26
Balance at 31.12.2018	92,167	6,317	456	98,940
<i>Loan and advances to customers at amortised cost</i>				35,566
<i>Loan and advances to customers at fair value</i>				63,374

Parent Bank				Group		
2018	31.03.2018	31.03.2019		31.03.2019	31.03.2018	2018
251	244	229	Public sector	509	532	482
4,271	3,781	4,145	Primary industries	4,521	4,123	4,636
1,026	951	1,035	Paper and pulp industries	1,054	973	1,051
1,225	792	1,098	Other industry	1,387	1,025	1,472
3,135	3,100	3,269	Building and constructions	4,501	4,132	4,466
230	197	227	Power and water supply	399	368	397
1,003	1,076	995	Wholesale and retail trade	1,293	1,364	1,302
467	504	463	Hotel and restaurants	479	519	483
14,140	13,714	14,470	Real estate	14,616	13,806	14,277
4,588	3,862	4,350	Commercial services	4,950	4,371	5,172
496	544	519	Transport and communication	1,807	1,614	1,657
0	0	0	Other	0	0	0
30,834	28,766	30,800	Gross corporate loans by sector and industry	35,517	32,827	35,397
60,326	56,765	59,747	Private customers	63,228	59,991	63,544
91,160	85,531	90,548	Total gross loans by sector and industry	98,744	92,818	98,940
-238	-245	-199	Loan loss allowance for loans at amortised cost	-256	-308	-291
-43	-60	-37	Fair value adjustments for loans at fair value through OCI	-37	-60	-43
90,878	85,226	90,312	Total loans to customers	98,451	92,450	98,606
39,792	38,009	40,919	Loans transferred to SpareBank 1 Boligkreditt AS	40,919	38,009	39,792
1,433	1,606	1,415	Loans transferred to SpareBank 1 Næringskreditt AS	1,415	1,606	1,433
132,103	124,841	132,646	Total loans including loans transferred to covered bond companies	140,786	132,065	139,831

Note 6 Impairment losses on loans and guarantees

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

Parent Bank

31.03.2019

	31.12.2018	Provision for credit losses	Net write-offs	31.03.2019
Provisions for loans at amortised cost, guarantee and unused credit facilities	265	-35	-8	222
Provisions for loan losses at fair value over OCI	65	-9	-1	55
Total provisions for credit losses	329	-44	-8	277
Presented as:				
Assets: Provisions for loan losses - decrease of assets	282	-38	-8	236
Liabilities: Provisions for loan losses - increase of liabilities	25	-3	0	22
Equity: Fair value adjustment of losses	22	-3	0	19

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Provisions for credit losses *	Stage 1	Stage 2	Stage 3	
Balance at 01.01.2019	111	136	83	329
<i>Provision for credit losses</i>				
Transfers in (out) to Stage 1	11	-11	0	0
Transfers in (out) to Stage 2	-2	2	0	0
Transfers in (out) to Stage 3	0	-3	3	0
Net remeasurement of loss provisions	-27	-7	8	-26
Purchases and originations	12	2	0	14
Derecognitions and maturities	-7	-13	-12	-32
Write-offs	0	0	-8	-8
Balance at 31.03.2019	97	106	74	277

	01.01.2018	Provision for credit losses	Net write-offs	31.03.2018
Allowance for loan and guarantee losses at amortised cost	273	-5	-3	266
Allowance for loan losses at fair value over OCI	78	5	0	82
Total allowance for credit losses	351	0	-3	348
Presented as:				
Assets: Allowance for loan losses - decrease of assets	308	0	-3	304
Liabilities: Allowance for loan losses - increase of liabilities	23	-2	0	21
Equity: Fair value adjustment of losses	20	3	0	23

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Allowance for credit losses	Stage 1	Stage 2	Stage 3	
Balance at 01.01.2018	101	117	133	351
<i>Provision for credit losses</i>				
Transfers in (out) to Stage 1	26	-16	-10	0
Transfers in (out) to Stage 2	-2	2	0	0
Transfers in (out) to Stage 3	0	-7	7	0
Net remeasurement of loss allowances	-24	19	6	2
Purchases and originations	15	5	0	21
Derecognitions and maturities	-8	-14	-4	-26
Remeasurements	0	0	4	4
Write-offs	0	0	-3	-3
Charges in models/risk parameters	0	0	0	0
Balance at 31.03.2018	108	107	133	348

31.12.2018	01.01.2018	Provision for credit losses	Net write-offs	31.12.2018
Provisions for loans at amortised cost, guarantee and unused credit facilities	273	17	-26	265
Provisions for loan losses at fair value over OCI	78	-8	-5	65
Total provisions for credit losses	351	10	-31	329
Presented as:				
Assets: Provisions for loan losses - decrease of assets	308	0	-26	282
Liabilities: Provisions for loan losses - increase of liabilities	23	5	-3	25
Equity: Fair value adjustment of losses	20	2	0	22

Starting point for all financial assets covered by the general loss model

Assets that have seen a significant rise in credit risk since the initial recognition

Significant rise in credit risk since being granted and where there is objective evidence of a loss event on the balance sheet date

	12-month ECL Stage 1	Lifetime ECL not credit-impaired Stage 2	Lifetime ECL credit-impaired Stage 3	Total
Provisions for credit losses *				
Balance at 01.01.2018	101	117	133	351
<i>Provision for credit losses</i>				
<i>Transfers in (out) to Stage 1</i>	31	-21	-10	0
<i>Transfers in (out) to Stage 2</i>	-6	18	-12	0
<i>Transfers in (out) to Stage 3</i>	0	-8	8	0
<i>Net remeasurement of loss provisions</i>	-46	35	31	20
<i>Purchases and originations</i>	63	33	10	107
<i>Derecognitions and maturities</i>	-32	-39	-51	-122
<i>Write-offs</i>	0	0	-26	-26
Balance at 31.12.2018	111	136	83	329

Group

31.03.2019

	31.12.2018	Provision for credit losses	Net write-offs	31.03.2019
Provisions for loans at amortised cost, guarantee and unused credit facilities	320	-30	-8	282
Provisions for loan losses at fair value over OCI	65	-9	-1	55
Total provisions for credit losses	385	-39	-8	337
Presented as:				
Assets: Provisions for loan losses - decrease of assets	337	-36	-8	293
Liabilities: Provisions for loan losses - increase of liabilities	25	-3	0	22
Equity: Fair value adjustment of losses	22	0	0	22

Starting point for all financial assets covered by the general loss model

Assets that have seen a significant rise in credit risk since the initial recognition

Significant rise in credit risk since being granted and where there is objective evidence of a loss event on the balance sheet date

	12-month ECL Stage 1	Lifetime ECL not credit-impaired Stage 2	Lifetime ECL credit-impaired Stage 3	Total
Provisions for credit losses *				
Balance at 01.01.2019	127	162	96	385
<i>Provision for credit losses</i>				
<i>Transfers in (out) to Stage 1</i>	14	-13	0	0
<i>Transfers in (out) to Stage 2</i>	-3	3	0	0
<i>Transfers in (out) to Stage 3</i>	0	-6	6	0
<i>Net remeasurement of loss provisions</i>	-29	-2	10	-20
<i>Purchases and originations</i>	14	3	1	18
<i>Derecognitions and maturities</i>	-8	-14	-15	-37
<i>Write-offs</i>	0	0	-8	-8
Balance at 31.03.2019	115	134	88	337

31.03.2018	01.01.2018	Provision for credit losses	Net write-offs	31.03.2018
Allowance for loan and guarantee losses at amortised cost	331	1	-3	330
Allowance for loan losses at fair value over OCI	78	5	0	82
Total allowance for credit losses	409	6	-3	412

Presented as:

Assets: Allowance for loan losses - decrease of assets	366	5	-3	368
Liabilities: Allowance for loan losses - increase of liabilities	23	-2	0	21
Equity: Fair value adjustment of losses	20	3	0	23

Starting point for all financial assets covered by the general loss model

Assets that have seen a significant rise in credit risk since the initial recognition

Significant rise in credit risk since being granted and where there is objective evidence of a loss event on the balance sheet date

	12-month ECL Stage 1	Lifetime ECL not credit-impaired Stage 2	Lifetime ECL credit-impaired Stage 3	Total
Allowance for credit losses				
Balance at beginning of period	117	144	149	409
<i>Provision for credit losses</i>				
<i>Transfers in (out) to Stage 1</i>	30	-20	-10	0
<i>Transfers in (out) to Stage 2</i>	-3	4	-1	0
<i>Transfers in (out) to Stage 3</i>	0	-8	9	0
<i>Net remeasurement of loss allowances</i>	-27	21	11	5
<i>Purchases and originations</i>	15	5	0	21
<i>Derecognitions and maturities</i>	-6	-15	-2	-23
<i>Remeasurements</i>	0	0	4	4
<i>Write-offs</i>	0	0	-3	-3
<i>Charges in models/risk parameters</i>	0	0	0	0
Balance at end of period	124	131	156	412

	01.01.2018	Provision for credit losses	Net write-offs	31.12.2018
Provisions for loans at amortised cost, guarantee and unused credit facilities	331	15	-26	320
Provisions for loan losses at fair value over OCI	78	-8	-5	65
Total provisions for credit losses	409	8	-31	385

Presented as:

Assets: Provisions for loan losses - decrease of assets	366	-2	-26	337
Liabilities: Provisions for loan losses - increase of liabilities	23	5	-3	25
Equity: Fair value adjustment of losses	20	2	0	22

Starting point for all financial assets covered by the general loss model

Assets that have seen a significant rise in credit risk since the initial recognition

Significant rise in credit risk since being granted and where there is objective evidence of a loss event on the balance sheet date

	12-month ECL Stage 1	Lifetime ECL not credit-impaired Stage 2	Lifetime ECL credit-impaired Stage 3	Total
Provisions for credit losses *				
Balance at 01.01.2018	116	144	149	409
<i>Provision for credit losses</i>				
<i>Transfers in (out) to Stage 1</i>	37	-27	-11	-1
<i>Transfers in (out) to Stage 2</i>	-8	21	-12	0
<i>Transfers in (out) to Stage 3</i>	-1	-9	10	0
<i>Net remeasurement of loss provisions</i>	-54	36	36	18
<i>Purchases and originations</i>	72	41	11	125
<i>Derecognitions and maturities</i>	-36	-43	-61	-140
<i>Write-offs</i>	0	0	-26	-26
Balance at 31.12.2018	127	162	96	385

* Including loss provisions on guarantees, unused credits and loan commitments

Note 7 Net income from financial assets and liabilities

Parent Bank			Group		
Year	01.01-31.03		01.01-31.03		Year
2018	2018	2019	2019	2018	2018
13	12	12	12	12	13
13	12	12	12	12	13
372	185	341	346	30	198
-4	0	0			
0	0	0			
369	185	341	346	30	198
-20	-2	26	26	-2	-20
-1	11	-4	-4	11	-1
-21	9	23	23	9	-21
35	130	-128	-128	130	35
-17	-120	130	130	-120	-17
17	11	2	2	11	17
15	-14	23	23	-14	15
-64	-27	2	2	-27	-64
11	14	1	1	14	11
73	0	3	3	0	73
47	10	11	11	10	47
80	4	65	65	4	80
461	201	418	423	45	291

Note 8 Financial derivatives

Parent Bank and Group

	31.03.2019		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	3,059	17	24
Currency swaps	1,142	5	28
Total currency instruments	4,202	22	52
Interest rate instruments			
Interest rate swaps (including cross-currency)	35,923	623	251
Other interest rate contracts	2,911	0	0
Total interest rate instruments	38,834	623	251
Total currency instruments	4,202	22	52
Total interest rate instruments	38,834	623	251
Total financial derivatives	43,036	646	303

	31.03.2018		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	1,344	10	14
Currency swaps	1,268	8	7
Total currency instruments	2,612	18	21
Interest rate instruments			
Interest rate swaps (including cross-currency)	29,856	437	308
Other interest rate contracts	0	0	0
Total interest rate instruments	29,856	437	308
Total currency instruments	2,612	18	21
Total interest rate instruments	29,856	437	308
Total financial derivatives	32,467	455	329

	31.12.2018		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	2,196	24	39
Currency swaps	1,118	8	64
Total currency instruments	3,314	32	102
Interest rate instruments			
Interest rate swaps (including cross-currency)	34,858	787	252
Other interest rate contracts	2,984	1	0
Total interest rate instruments	37,841	787	252
Total currency instruments	3,314	32	102
Total interest rate instruments	37,841	787	252
Total financial derivatives	41,155	819	354

Note 9 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations and finance its assets, without an increase in funding cost. The bank's framework for managing liquidity risk shall reflect the bank's conservative risk profile. The board has approved internal limits to achieve as balanced maturity structure for its borrowing as possible. Stress testing is conducted for the various terms of maturities for bank-specific crises, system crises and a combination of these. A contingency plan has also been put in place to manage liquidity crises. The average remaining term to maturity in the portfolio of the bank's borrowings was 3.96 years at the end of 1Q2019. At the same date, total LCR was 146.6 %.

Note 10 Financial instruments at fair value

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

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

Group				
31.03.2019	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value				
- Derivatives	0	646	0	646
- Certificates, bonds and fixed-income funds	0	17,689	0	17,689
- Fixed-rate loans to customers	0	0	6,462	6,462
- Equity instruments	279	47	290	616
- Other financial assets	0	0	4	4
- Mortgages	0	0	56,162	56,162
Total assets	279	18,381	62,918	81,579
Liabilities				
Financial liabilities at fair value				
- Derivatives	0	303	0	303
- Securities issued	0	4,102	0	4,102
Total liabilities	0	4,405	0	4,405
31.03.2018	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives	0	455	0	455
- Bonds and certificates	0	11,659	0	11,659
- Fixed-rate loans to customers	0	0	5,314	5,314
- Equity instruments	246	0	241	487
- Equity instruments	0	0	40	40
- Other financial assets	0	0	53,890	53,890
Total assets	246	12,113	59,485	71,844
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives	0	329	0	329
- Securities issued	0	5,979	0	5,979
Total liabilities	0	6,308	0	6,308

2018	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives	0	819	0	819
- Bonds and certificates	0	14,446	0	14,446
- Fixed-rate loans to customers	0	0	6,471	6,471
- Equity instruments	268	47	279	594
- Equity instruments	0	0	4	4
- Other financial assets	0	0	56,859	56,859
Total assets	268	15,311	63,614	79,193
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives	0	354	0	354
- Securities issued	0	4,831	0	4,831
Total liabilities	0	5,185	0	5,185

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

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

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

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

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

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

	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Other financial assets	Total
31.12.2018-31.03.2019					
Opening balance	6,471	279	56,859	4	63,614
Investments in the period	266	0	7,006	0	7,272
Sales/redemption in the period	-278	0	-7,710	0	-7,987
Gains/losses recognised through profit and loss	2	11	10	0	23
Gains/losses recognised through other comprehensive income	0	0	-3	0	-3
Closing balance	6,462	290	56,162	4	62,918
Gains/losses for the period included in the profit for assets owned on the balance sheet day	2	11	10	0	23

	Fixed-rate loans to customers	Equity instruments	Term deposit	Mortgages (FVOCI)	Other financial assets	Total
31.12.2017-31.03.2018						
Opening balance	5,254	237	-9	0	40	5,522
IFRS 9 implementation effects and other reclassifications	0	0	9	51,244	0	51,253
Investments in the period	705	5	0	3,223	0	3,934
Sales / redemption in the period	-618	0	0	-576	0	-1,194
Gains / losses recognised through profit and loss	-27	-2	0	-5	0	-33
Gains/losses recognised through other comprehensive income	0	0	0	3	0	3
Closing balance	5,314	241	0	53,890	40	59,485
Gains / losses for the period included in the profit for assets owned on the balance sheet day	-27	-2	0	-5	0	-33

	Fixed-rate loans to customers	Equity instruments	Term deposit	Mortgages (FVOCI)	Other financial assets	Total
31.12.2017-31.12.2018						
Opening balance	5,254	237	-9	0	40	5,522
IFRS 9 implementation effects and other reclassifications	0	38	9	51,244	-36	51,256
Investments in the period	2,803	6	0	31,146	0	33,954
Sales/redemption in the period	-1,521	-8	0	-25,514	0	-27,043
Gains/losses recognised through profit and loss	-64	6	0	-19	0	-78
Gains/losses recognised through other comprehensive income	0	0	0	2	0	2
Closing balance	6,471	279	0	56,859	4	63,614
Gains/losses for the period included in the profit for assets owned on the balance sheet day	-64	6	0	-19	0	-78

Specification of fair value, instruments classified in level 3:

	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Other financial assets	Total
31.03.2019					
Nominal value including accrued interest (fixed income instruments)/cost (shares)	6,458	209	56,202	4	62,874
Fair value adjustment	4	81	-40	0	45
Closing balance	6,462	290	56,162	4	62,918

	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Other financial assets	Total
31.03.2018					
Nominal value including accrued interest (fixed income instruments)/cost (shares)	5,277	172	53,949	4	59,402
Fair value adjustment	38	69	-60	36	83
Closing balance	5,314	241	53,890	40	59,485

	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Other financial assets	Total
31.12.2018					
Nominal value including accrued interest (fixed income instruments)/cost (shares)	6,470	209	56,902	4	63,585
Fair value adjustment	1	71	-43	0	29
Closing balance	6,471	279	56,859	4	63,614

Sensitivity, instruments classified as level 3

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

Equity instruments in Level 3 consists of the significant shareholdings in Oslo Kongressenter Folkets Hus BA (MNOK 54), Eksportfinans ASA (MNOK 72), SpareBank 1 Markets AS (NOK 39 million) and VN Norge AS (NOK 44 million). The valuation of the two former is based on the book value of their equity adjusted for surplus and deficit values. Based on valuation from 2010 and later broker reviews, it is considered to be significant added value in the property mass belonging to Oslo Kongressenter Folkets Hus BA (P/B 4.2). Based on an external valuation in connection with a demerger in 2012 and subsequent equity transactions, the value of Eksportfinans ASA is considered to be less than book value (P/B 0.85). The value of the shareholding in SpareBank 1 Markets are based on current issue pricing. The value of the shareholding in VN Norge (former Visa Norge FLI, transformed into a limited company medio 2018) are based on valuation of underlying assets, of witch preference shares in Visa Inc are most significant. Preference shares in Visa Inc will be converted into tradable shares no later than 2028. The valuation of this underlying asset is based on the share price of tradable Visa Inc stocks and the closing exchange rate (USDNOK) as well as agreed conversion factor for the preference shares. Net value is less deferred tax and a liquidity discount. The preference shares are priced by an external party.

Floating rate mortgages classified at fair value through other comprehensive income (OCI) are valued bases on carrying amounts and expected credit losses. Mortgages that do not have a significantly higher credit risk than they did upon initial recognition, are valued at nominal amount. For loans with a significant increase in credit risk since initial recognition, expected credit loss will be calculated as for assets at amortised cost. Estimated fair value on these mortgages are the carrying amount less lifetime expected credit losses. With the current assumptions on expected credit loss, the fair value adjustment amounts to MNOK -40. Change in fair value will mainly relate to estimates on probability of default (PD) and loss given default (LGD), both at portfolio level and for individual loans.

Note 11 Financial instruments and netting

In accordance with IFRS 7 it should be disclosed which of the financial instruments the Bank considers to fulfill the requirements for offsetting and which financial instruments they have signed netting agreements on.

The Bank has no financial instruments booked on a net basis in the financial statements.

SpareBank 1 Østlandet has two sets of agreements which regulate counterparty risk and netting of derivatives. For retail and corporate customers, agreements requiring provision of collateral is established. For customers engaged in trading activity, only cash deposits are accepted as collateral. The agreements are unilateral, i.e it is only the customers that provide collateral. As for financial institutions, the Bank enters into standardised and mainly bilateral ISDA agreements. Additionally the Bank has entered into credit supplementary agreements (CSA) with 16 institutional counterparties. Repurchase agreements are governed by GMRA agreements with counterparty. The Bank has four GMRA agreements.

The assets and liabilities below may be offset.

Parent Bank and Group

	Amounts not presented on the balance sheet on a net basis					
	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/(liabilities) on the balance sheet	Financial instruments	Cash collateral given/(received)	Net amount
31.03.2019						
Derivatives as assets	646	0	646	-235	-302	109
Derivatives as liabilities	-303	0	-303	235	18	-51
31.03.2018						
Derivatives as assets	455	0	455	-185	-145	124
Derivatives as liabilities	-329	0	-329	185	89	-54
2018						
Derivatives as assets	819	0	819	-264	-417	138
Derivatives as liabilities	-354	0	-354	264	16	-74

Note 12 Leases

In connection with the implementation of IFRS 16 Leases from 1 January 2019, the bank and its subsidiaries have reviewed new and existing leases. For the SpareBank 1 Østlandet Group, primarily residential leases have been identified as being subject to the standard. Reference is made to note 1 for a description of the standard and choice of transitional provisions. The Group had no lease commitments from applying IAS 17 as at 31 Desember 2018.

Parent Bank			Group	
01.01.2019	31.03.2019		31.03.2019	01.01.2019
224	214	Right-of use asset	161	170
36	36	Current lease liabilities	32	32
188	179	Non-current lease liabilities	130	138

31.03.2019		31.03.2019
1	Interest expense	1
10	Depreciation	7
11	Total cost from lease liabilities	9

The increase in assets and liabilities at the implementation date is not significant compared to the Group's total balance sheet and total capital adequacy ratio. The effects on profit and loss as a consequence of the new standard are also assumed not to have a significant effect on the Group's operating profit. The costs of leases under IFRS 16 are classified as depreciation and interest cost. Until 31 December 2018, costs of leases were classified as "Other operating expenses".

Note 13 Other assets

Parent Bank			Group		
2018	31.03.2018	31.03.2019	31.03.2019	31.03.2018	2018
273	273	273	273	273	273
37	51	33	36	52	39
94	128	73	142	197	149
0	85	1,014	1,014	85	0
295	206	432	620	430	581
699	744	1,825	2,084	1,038	1,041
		Total other assets			

Note 14 Deposits from and liabilities to customers

Parent Bank			Group		
2018	31.03.2018	31.03.2019	31.03.2019	31.03.2018	2018
40,886	38,892	41,314	41,314	38,892	40,886
5,880	4,040	6,312	6,312	4,040	5,880
868	1,031	1,052	1,052	1,031	868
275	260	289	289	260	275
754	702	655	655	702	754
1,779	1,447	1,842	1,842	1,447	1,779
87	72	114	114	72	87
1,496	1,193	1,495	1,495	1,193	1,496
290	257	269	269	257	290
3,826	3,678	3,672	3,672	3,678	3,826
14,338	13,688	14,364	14,335	13,668	14,295
1,060	870	1,029	1,029	870	1,060
0	0	0	0	0	0
71,540	66,130	72,406	72,377	66,110	71,497
Total deposits by sector and industry					

Note 15 Debt securities issued

Parent Bank and Group

Change in debt securities issued	31.03.2019	Issued	Due / redeemed	Other changes	31.12.2018
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	31,467	1,640	-1,200	-139	31,165
Subordinated loan capital, nominal value	1,100	0	0	0	1,100
Accrued interest	212	0	0	-19	231
Value adjustments	451	0	0	-139	591
Total debt raised through issuance of securities and subordinated loan capital, book value	33,230	1,640	-1,200	-296	33,087

Change in debt securities issued	31.03.2018	Issued	Due / redeemed	Other changes	31.12.2017
Certificate-based debt, nominal value	0	0	0	0	0
Bond debt, nominal value	28,918	6,414	-1,250	645	23,109
Subordinated loan capital, nominal value	1,500	0	-200	0	1,700
Accrued interest	247	0	0	40	207
Value adjustments	111	0	0	-264	375
Total debt raised through issuance of securities and subordinated loan capital, book value	30,776	6,414	-1,450	421	25,391

Change in debt securities issued	31.12.2018	Issued	Due / redeemed	Other changes	31.12.2017
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	31,165	12,241	-4,400	215	23,109
Subordinated loan capital, nominal value	1,100	400	-1,000	0	1,700
Accrued interest	231	0	0	23	207
Value adjustments	591	0	0	216	375
Total debt raised through issuance of securities and subordinated loan capital, book value	33,087	12,641	-5,400	455	25,391

Note 16 Other debt and liabilities recognized in the balance sheet

Parent Bank				Group		
2018	31.03.2018	31.03.2019		31.03.2019	31.03.2018	2018
94	101	89	Accrued expenses and prepaid revenue	148	154	141
25	21	22	Provisions	22	21	25
86	84	85	Pension liabilities	87	87	87
83	132	153	Accounts payable	160	139	91
0	11	100	Unsettled trades	100	11	0
244	831	1,354	Other liabilities*	1,364	909	343
532	1,180	1,803	Total other debt and liabilities recognised in the balance sheet	1,882	1,320	687

* Includes dividend to equity certificate holders and customer dividend with NOK 477 million and NOK 222 million respectively.

Note 17 Equity capital certificates and owner structure

Parent Bank	31.03.2019 ¹⁾	31.03.2018	2018
Equity capital certificates	5,791	5,359	5,766
Dividend equalisation fund	2,585	1,897	2,112
Dividends	0	0	477
Premium fund	848	547	830
A. Equity capital certificate owners' capital	9,224	7,803	9,185
Primary capital	3,893	3,581	3,690
Dividends to customers	0	0	222
Other paid-up equity	166	166	166
B. Total primary capital	4,059	3,747	4,078
Fund for unrealised gains	274	272	252
Provision for gifts	15	19	15
Total other equity	288	292	267
Other equity	0	0	0
Hybrid capital	200	400	400
Total interest expense on hybrid capital	-34	-16	-30
Total equity	13,737	12,226	13,900
Total equity for distribution:			
Equity capital certificate ratio (A/(A+B)) after distribution	69.4 %	67.6 %	69.3 %
Equity certificates issued	115,829,789	107,179,987	115,319,521
Equity Certificates with the right to dividend ²⁾	115,829,789	107,179,987	115,829,789
Average Equity certificates	115,710,726	107,179,987	107,893,590

¹⁾ According to § 10-1 of the Financial Business Act, the auditor-certified interim report can be calculated for the calculation of book value per equity certificate.

²⁾ In January 2019, there was a subsequent offering, a repair issue to the Norwegian Confederation of Trade Unions (LO) and an employee offering, with a total of 510,268 equity certificates issued and with gross proceeds of NOK 37 million.

20 largest owners of equity certificates:	No. Of EC's	Share in %
Sparebankstiftelsen hedmark	60,404,892	52.15 %
Landsorganisasjonen i norge LØ sentralt	11,121,637	9.60 %
Tredje ap-fonden	2,806,615	2.42 %
Fellesforbundet	2,101,322	1.81 %
Danske invest norske instit. II.	1,893,425	1.63 %
Odin Norge	1,621,218	1.40 %
Norsk nærings og nytelses- middela	1,313,555	1.13 %
Vpf Eika egenkapitalbevis	1,134,676	0.98 %
SpareBank 1 bv	1,039,523	0.90 %
Fidelity pur.trust:fidelity series	1,000,000	0.86 %
Danske invest norske aksjer inst	993,400	0.86 %
SpareBank 1 Østfold Akershus	839,930	0.73 %
Landkreditt utbytte	835,000	0.72 %
State Street bank and Trust comp	776,585	0.67 %
SEB Nordenfond	751,438	0.65 %
State street bank and Trust comp	733,997	0.63 %
DnB markets aksjehandel/-analyse	724,191	0.63 %
Arctic funds plc	687,066	0.59 %
JPMorgan chase bank, n.a., london	545,030	0.47 %
Eika spar vpf	479,825	0.41 %

Dividend policy

SpareBank 1 Østlandet believes it is important to provide its owners with a competitive, stable cash dividend based on good profitability and a high dividend capacity. The Bank's goal is to pay out 50 per cent of each year's profit after tax as dividends to equity certificate holders and customer dividends from the primary capital. The Bank's long-term profitability target is a return on equity of 10 per cent. The return on equity target is thus a slightly lower than those of comparable banks, which reflects SpareBank 1 Østlandet's goal of maintaining its well-established position as Norway's strongest regional savings bank. The Bank's ambitions concerning its financial strength are reflected by its long-term common equity tier 1 ratio target of 16 per cent. Adjusted for differences in levels of capital adequacy, SpareBank 1 Østlandet has historically been just as profitable as comparable banks.

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

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

Note 18 Events occurring after the balance date

There have been no subsequent events that are of significance to the financial statements.

Profit/loss from the quarterly accounts

Group	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
(NOK million, excluding percentages)	2019	2018	2018	2018	2018	2017	2017	2017	2017
Interest income	875	896	864	844	811	820	809	823	787
Interest expense	367	352	340	333	316	318	310	331	322
Net interest income	508	544	524	511	495	501	498	491	464
Commission income	304	297	299	310	304	312	311	297	277
Commission expenses	30	32	23	27	23	27	27	26	22
Other operating income	67	48	40	51	42	29	42	45	53
Net commission and other operating income	341	313	316	334	323	315	325	316	308
Dividends from other than Group companies	12	0	0	0	12	0	0	2	9
Net profit from ownership interests	346	57	58	54	30	77	82	30	6
Net profit from other financial assets and liabilities	65	-51	32	95	4	67	19	2	-14
Net income from financial assets and liabilities	423	7	90	149	45	143	100	34	0
Total income	1,271	864	930	994	864	959	923	841	773
Personnel expenses	290	286	259	247	258	308	233	237	232
Depreciation	36	23	24	32	23	22	21	21	21
Other operating expenses	169	197	173	190	169	220	179	221	184
Total operating expenses	494	506	457	468	449	550	433	478	437
Operating profit before losses on loans and guarantees	777	358	473	525	414	409	491	363	335
Impairment on loans and guarantees	-33	11	12	7	5	-13	14	5	-26
Pre-tax operating profit	810	347	461	518	409	422	476	358	361
Tax expense	54	25	99	102	96	85	99	84	88
Profit after tax	757	322	362	416	314	337	377	274	274
	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
	2019	2018	2018	2018	2018	2017	2017	2017	2017
Profitability									
Return on equity capital ¹⁾	21.2 %	9.1 %	10.8 %	12.9 %	9.9 %	10.4 %	12.0 %	9.0 %	9.3 %
Net interest income ²⁾	1.65 %	1.76 %	1.73 %	1.75 %	1.81 %	1.85 %	1.85 %	1.88 %	1.85 %
Cost income ratio ³⁾	38.8 %	58.6 %	49.2 %	47.6 %	52.0 %	57.4 %	46.9 %	56.8 %	56.6 %
Balance sheet and ratios									
Gross loans to customers	98,744	98,940	98,259	96,040	92,818	90,460	88,945	87,528	84,901
Gross loans to customers including loans transferred to covered bond companies ¹⁾	141,079	140,165	138,153	135,495	132,433	129,535	126,919	124,393	121,701
Growth in loans during the last 12 months ¹⁾	6.4 %	9.4 %	10.5 %	9.7 %	9.3 %	9.1 %	9.4 %	10.4 %	91.6 %
Growth in loans including loans transferred to covered bond companies in the last 12 months ¹⁾	6.5 %	8.2 %	8.9 %	8.9 %	8.8 %	8.4 %	7.9 %	8.0 %	95.8 %
Deposits from customers	72,377	71,497	70,251	70,645	66,110	65,985	65,268	66,653	62,782
Deposit to loan ratio ¹⁾	73.3 %	72.3 %	71.5 %	71.2 %	71.2 %	72.9 %	73.4 %	76.2 %	73.9 %
Deposit to loan ratio including loans transferred to covered bond companies ¹⁾	51.3 %	51.0 %	50.9 %	52.1 %	49.9 %	50.9 %	51.4 %	53.6 %	51.6 %
Growth in deposits in the last 12 months	9.5 %	8.4 %	7.6 %	6.0 %	5.3 %	4.6 %	5.1 %	6.4 %	86.4 %
Average total assets	124,882	122,395	120,455	116,840	111,205	107,316	106,982	104,757	101,749
Total assets	126,292	123,472	121,319	119,592	114,088	108,321	106,312	107,652	101,861
Total assets including loans transferred to covered bond companies ¹⁾	168,626	164,696	161,212	159,047	153,703	147,396	144,286	144,517	138,661
Losses and commitments in default									
Losses on loans as a percentage of gross loans ¹⁾	-0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	-0.1 %	0.1 %	0.0 %	-0.1 %
Commitments in default, percentage of gross loans ¹⁾	0.3 %	0.3 %	0.4 %	0.3 %	0.2 %	0.3 %	0.3 %	0.3 %	0.3 %
Other doubtful commitments, percentage of gross loans ¹⁾	0.1 %	0.1 %	0.2 %	0.2 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %
Net commitments in default and other doubtful commitments, percentage of gross loans ¹⁾	0.3 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %
Solidity and liquidity									
Common equity Tier 1 capital ratio	16.9 %	16.8 %	15.9 %	16.1 %	16.2 %	16.8 %	16.9 %	16.7 %	16.7 %
Tier 1 capital ratio	17.5 %	17.6 %	16.7 %	16.9 %	17.0 %	17.7 %	17.8 %	17.6 %	17.6 %
Capital ratio	19.4 %	19.6 %	18.7 %	19.3 %	19.4 %	20.5 %	19.9 %	19.9 %	19.3 %
Net subordinated capital	14,676	14,672	14,077	14,288	14,028	14,138	13,423	13,440	12,649

1) See attachment Alternative performance measures.

2) Net interest income as a percentage of average total assets for the period.

3) Total operating costs as a percentage of total operating income (isolated for the quarter).

Alternative performance measures

SpareBank 1 Østlandet's alternative performance measures (APMs) have been prepared in accordance with the ESMA guidelines on APMs and are indicators aimed at providing useful additional information to the financial statements. These performance measures are either adjusted indicators or measures that are not defined under IFRS or any other legislation and may not be directly comparable with the corresponding measures from other companies. The APMs are not intended to be a substitute for accounting figures drawn up according to IFRS and should not be given more emphasis than these accounting figures, but they have been included in financial reporting to give a fuller description of the Bank's performance. The APMs also represent important metrics for how the management is running the business.

Non-financial indicators and financial ratios defined by IFRS or other legislation are not defined as APMs. SpareBank 1 Østlandet's APMs are used both in the overview of main figures and in the directors' report, and in results presentations and prospectuses. All APMs are shown with corresponding comparative figures for previous periods.

Lending and deposit margins for the Parent Bank are calculated in relation to the daily average of loans to and deposits from customers. For all other main figures and APMs that are calculated using average balances, the average balance is calculated as the average of the opening balance for the current period and the closing balance for each of the quarters in the period.

Alternative performance measures	Definition and rationale
Profit after tax incl. interest hybrid capital	<i>Profit after tax - Interest expenses on hybrid capital</i>
	The key figure shows Result after tax adjusted for interest on hybrid capital. Hybrid capital is according to IFRS classified as equity and interest expenses are booked as an equity transaction. Hybrid capital has many similarities with debt items and differs from other equity in that it is interest-bearing and is not entitled to dividend payments. The key figure shows what profit after tax would have been if the interest expenses related to the hybrid capital had been recognized in the income statement.
Return on equity capital	$\frac{(\text{Profit after tax} - \text{Interest expenses on hybrid capital}) \times \left(\frac{\text{Act}}{\text{Act}}\right)}{\text{Average equity} - \text{Average hybrid capital}}$
	The return on equity after tax is one of SpareBank 1 Østlandet's most important financial measures and provides relevant information about the company's profitability in that it measures the company's profitability in relation to the capital invested in the business. The result is corrected for interest on hybrid capital, which is classified as equity under IFRS, but which it is more natural in this context to treat as debt, as hybrid capital is interest-bearing and is not entitled to dividend payments.
Underlying banking operations	<i>Operating profit before losses on loans and guarantees - Net income from financial assets and liabilities - Notable items</i>
	The result from underlying banking operations provides relevant information about the profitability of the Bank's core business.
Cost-income-ratio	$\frac{\text{Total operating costs}}{\text{Total net income}}$
	This indicator provides information about the relationship between revenue and costs, and is a useful measure to assess the cost-effectiveness of the enterprise. It is calculated as total operating costs divided by total revenue.
Lending margin	<i>Weighted average interest rate on lending to customers and loans transferred to covered bond companies - Average NIBOR 3 MND</i>
	The loan margin is calculated for the retail and corporate market divisions and provides information on the profitability of the divisions' lending activities. Loans transferred to covered bond companies are included in the selection as they are included in the total lending activity.

Alternative performance measures	Definition and rationale
Deposit margin	<i>Average NIBOR 3 MND – Weighted average interest rate on deposits from customers</i>
	The deposit margin is calculated for the retail and corporate market divisions and provides information on the profitability of the divisions' deposit activities.
Net interest margin	<i>Lending margin + Deposit margin</i>
	The net interest margin is calculated for the retail and corporate market divisions and provides information on the profitability of the divisions' overall lending and deposit activities. Loans transferred to covered bond companies are included in the selection as they are included in the total lending activity.
Net interest income inclusive of commissions from covered bond companies	<i>Net interest income + Commissions from loans and credit transferred to covered bond companies</i>
	Loans transferred to covered bond companies are part of total lending, but the income and expenses associated with these loans are recognised as commission income. The indicator is presented because it gives a good impression of net income from the overall lending and deposit activities.
Adjusted total assets	<i>Total assets + Loans transferred to covered bond companies</i>
	Total assets is an established industry-specific name for all assets plus loans transferred to covered bond companies included in the lending business.
Gross loans to customers including loans transferred to covered bond companies	<i>Loans to and receivables from customers + Loans transferred to covered bond companies</i>
	Loans transferred to covered bond companies are subtracted from the balance sheet, but are included in the total lending business.
Deposit to loan ratio	$\frac{\text{Deposit from and liabilities to customers}}{\text{Gross loans to customers}}$
	The deposit coverage ratio provides relevant information about SpareBank 1 Østlandet's financing mix. Deposits from customers are an important means of financing the Bank's lending business and the indicator provides important information about the Bank's dependence on market financing.
Deposit to loan ratio including loans transferred to covered bond companies	$\frac{\text{Deposit from and liabilities to customers}}{\text{Gross loans to customers} + \text{Loans transferred to covered bond companies}}$
	The deposit coverage ratio provides information about the financing mix in the overall lending business. Deposits from customers are an important means of financing the Bank's lending business and the indicator provides important information about the dependence of the overall lending business on market financing.
Growth in loans during the last 12 months	$\frac{\text{Gross loans to customers}}{\text{Gross loans to customers 12 months ago}} - 1$
	This indicator provides information about activity and growth in the Bank's lending activity.
Growth in loans including loans transferred to covered bond companies (CB) in the last 12 months	$\frac{\text{Gross loans to customers} + \text{Loans transferred to CB}}{\text{Gross loans to customers 12 months ago} + \text{Loans transferred to CB 12 months ago}} - 1$
	This indicator provides information about activity and growth in the Bank's total lending activity. The Bank uses the covered bond companies as a source of funding, and the indicator includes loans transferred to the covered bond companies to highlight the activity and growth in overall lending including these loans.

Alternative performance measures	Definition and rationale
Growth in deposits in the last 12 months	$\frac{\text{Deposits from and liabilities to customers}}{\text{Deposits from and liabilities to customers 12 months ago}} - 1$ <p>This indicator provides information about the activity and growth of the depositing business which is an important part of financing the Bank's lending activity.</p>
Losses on loans as a percentage of gross loans	$\frac{(\text{Losses on loans and guarantees}) \times \left(\frac{\text{Act}}{\text{Act}}\right)}{\text{Gross loans to customers}}$ <p>The indicator shows the impairment loss in relation to gross lending and provides relevant information about the company's impairment losses in relation to lending volume. This provides useful additional information to the recognised impairment losses as the cost is also viewed in the context of lending volume and is thus better suited for comparison with other banks.</p>
Commitments in default as percentage of gross loans	$\frac{\text{Gross defaulted commitments for more than 90 days}}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p>
Other doubtful commitments as percentage of gross loans	$\frac{\text{Gross doubtful commitments not in default}}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p>
Net commitments in default and other doubtful commitments in percentage of gross loans	$\frac{\text{Net defaulted commitments} + \text{Net doubtful commitments}}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p>
Loan loss impairment ratio for defaulted commitments	$\frac{\text{Individual write downs on defaulted commitments}}{\text{Gross defaulted commitments for more than 90 days}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p>
Loan loss impairment ratio for doubtful commitments	$\frac{\text{Individual write downs on doubtful commitments}}{\text{Gross doubtful commitments not in default}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p>
Equity ratio	$\frac{\text{Total equity capital}}{\text{Total assets}}$ <p>The indicator provides information about the company's unweighted solvency ratio.</p>
Book equity per EC	$\frac{(\text{Tot. EC} - \text{Min. int.} - \text{Gifts} - \text{Hybrid cap.} + \text{Tot. interest expense on hybrid cap.}) \times \text{EC certi. ratio}}{\text{Number of Equity certificates issued}}$ <p>The indicator provides information about the value of the book equity per equity certificate. This allows the reader to assess the reasonableness of the quoted price for the equity certificate. It is calculated as the equity certificate holders' share of the equity at the end of the period divided by the number of equity certificates.</p>
Price/Earnings per EC	$\frac{\text{Listed price of EC}}{\text{Earnings per EC} \times \left(\frac{\text{Act}}{\text{Act}}\right)}$ <p>The indicator provides information on earnings per equity certificate against the exchange price on the relevant date, helping to assess the reasonableness of the price for the equity certificate. It is calculated as the price per equity certificate divided by annualised earnings per equity certificate.</p>

Alternative performance measures	Definition and rationale
Price/book equity	$\frac{\text{Listed price of EC}}{\text{Book equity per EC}}$
	The indicator provides information about the book value of the equity per equity certificate against the price at any given time. This allows the reader to assess the reasonableness of the quoted price for the equity certificate. It is calculated as the price per equity certificate divided by book equity per equity certificate (see definition of this measure above).
Average LTV (Loan to value)	$\frac{\text{Average amount on loans to customers}}{\text{Average market value of asset encumbrance}}$
	The indicator provides information about the loan-to-value ratio in the lending portfolio and is relevant for assessing risk of loss in the lending portfolio.
Loans transferred to covered bond (CB) companies	Loans transferred to SpareBank 1 Boligkreditt AS og SpareBank 1 Næringskreditt AS and thus derecognised from the balance sheet
	Loans transferred to covered bond companies are subtracted from the balance sheet, but are included in the total lending business. The indicator is used in calculating other APMs.
Act/Act	$\frac{\text{Total number of days in the year (365 or 366)}}{\text{Number of days so far this year}}$
	Act/Act is used to annualise the results figures included in the indicators. Results figures are annualised in the indicators to make them comparable with figures for other periods.
Notable items	Identified costs considered to be non recurring
	The indicator is used to calculate the underlying banking activity, which is shown as a separate APM.
Earnings per average equity certificate	$\frac{\text{Majority interest of the Group's profit after tax} \times \text{ECC ratio}}{\text{Average number of ECC i the accounting period}}$
	The indicator shows the equity capital certificate holders' share of profit after tax distributed by average number of equity capital certificates during the accounting period.
Diluted earnings per average equity certificate	$\frac{\text{Majority interest of the Group's profit after tax} \times \text{ECC ratio}}{\text{Average number of ECC in the accounting period} + \text{Number of ECC issued after the accounting period}}$
	The indicator shows the equity capital certificate holders' share of profit after tax distributed by the sum of average number of equity capital certificates during the accounting period and the number of equity capital certificates issued after the accounting period.

Financial calendar 2019

Preliminary annual accounts 2018	Friday 8 February
Annual report	Thursday 28 March
Ex. dividend	Friday 29 March
Dividend payment date	Tuesday 9 April
Q1 2019	Tuesday 7 May
Q2 2019	Tuesday 6 August
Q3 2019	Friday 25 October

This information is subject of the disclosure requirements acc. To § 5-1 vphl (Norwegian Securities Trading Act).

The Bank reserve the right to change any dates of publication.

The silent period occurs from the fifth banking day of the new quarter and until the interim report has been published. During this period, Investor Relations does not arrange any meetings with media, investors, analysts or other capital market players.

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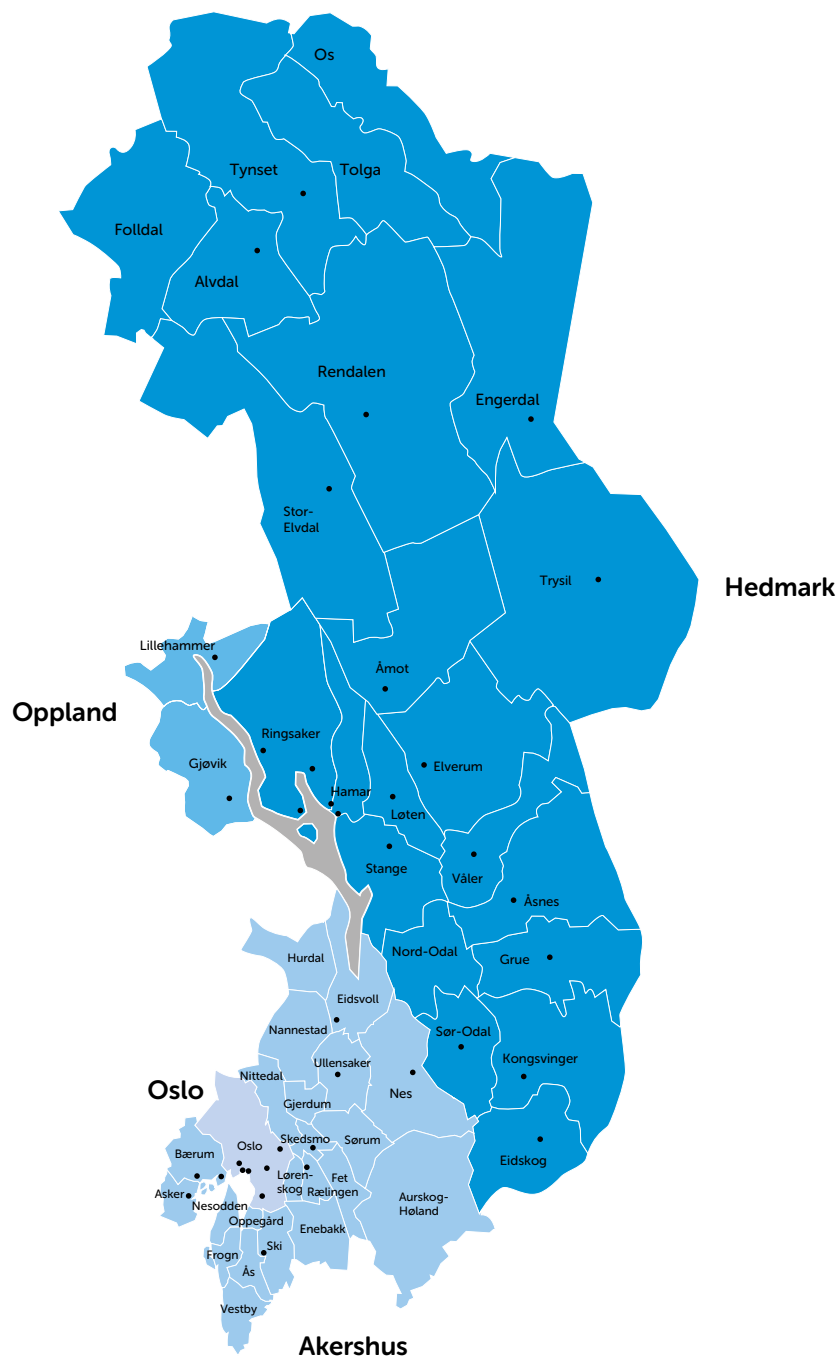
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