



Investor presentation

February 2018

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Executive summary

SpareBank 1 Østlandet

- Norway's fourth largest savings bank
- The best capitalised regional savings bank in Norway - CET1 16.8 %, Capital ratio of 20.5 %, Leverage ratio 7.1 %
- Low risk bank book with a 74 % retail share, of which 96 % housing mortgages
- Diversified income stream
- Long history of profits and stable low loan losses
- Largest owner of SPABOL, The SpareBank 1 Alliance's covered bond issuer

Funding and rating

- Rated A1 (negative outlook) by Moody's
- Deposit coverage ratio 72.9 %
- Liquidity Coverage Ratio (LCR) 114.0 %
- Access to covered bond financing through SpareBank 1 Boligkreditt (SPABOL)

Norwegian economy

- One of the highest GDP per capita in the world
- Excellent financial position with large budget surplus and the sovereign wealth fund accounting for over 300 % of GDP

Home market

- The most cyclically stable region of Norway
- Low unemployment and high economic activity
- Market leader in The Inland region, challenger in the Capital region

Transaction rationale

The Bank's ambitions have consequences for the funding strategy

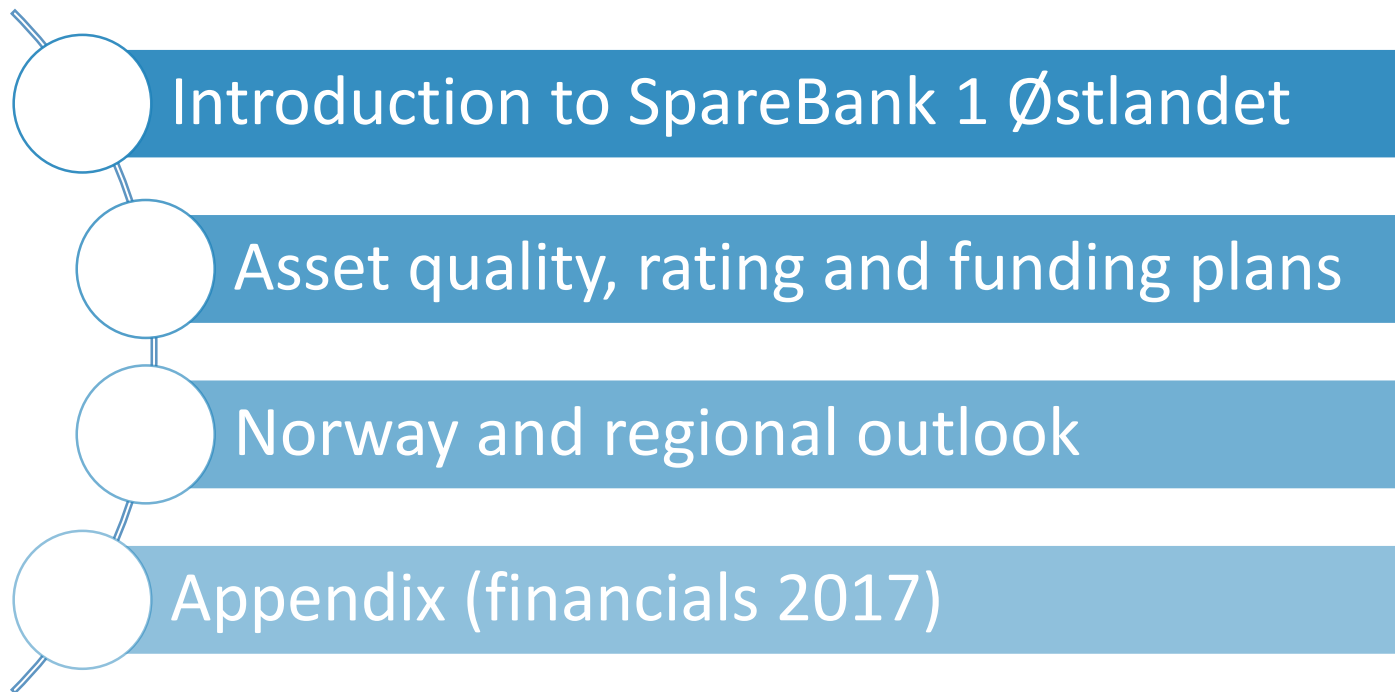
SpareBank 1 Ostlandet rated A1 (outlook neg.) by Moody's has mandated BNP Paribas, Commerzbank, Danske Bank and DZ BANK to arrange a roadshow for its upcoming inaugural EUR 500mm (no grow) senior unsecured transaction with an intermediate maturity. Launched in the near future pursuant to the issuer's EMTN Programme dated 09 June 2017, subject to market conditions. FCA/ICMA Stabilisation.

Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels).

Screen announcement 15 February 2018

- The Bank's revised business strategy has consequences for the funding strategy going forward
- Deposits are, and will be the Bank's most important funding source
- The Bank will continue to use SPABOL for covered bond funding
- Senior unsecured in NOK will still be the most important source for senior funding
- **Senior unsecured in EUR will be important going forward**
 - The Bank has only done private placements so far
 - Planning one EUR benchmark issue per year going forward
 - Over time approximately 40 % of senior funding will be expected to be done in EUR

Content





Introduction to SpareBank 1 Østlandet

A long and solid history

Norway's fourth largest savings bank * with a broad, established customer base



History from 1845 – known as Sparebanken Hedmark ("SBHE") until 1 April 2017.

Norway's fourth largest savings bank * with total adjusted assets (incl. covered bonds) of NOK 147 billion.

Operations in Hedmark, Oppland, Oslo and Akershus – a market with more than 1.7 million inhabitants.

Head office in Hamar, 38 branches and 1,100 FTEs.

324,000 customers with a retail share of 74 %.

Diversified product offerings – traditional banking, leasing, accounting and real estate brokerage services.


Part of the SpareBank 1 Alliance and owns 12.4 % of SpareBank 1 Gruppen AS.

Acquired and merged with Bank 1 Oslo Akershus ("B1OA") – represents an attractive footprint in the capital region.

Diversified main activities

Several sources of income - parent bank, subsidiaries and other ownership interests

Operational divisions **

	Retail Segment <i>~ 370 employees</i>
	Corporate Segment <i>~ 125 employees</i>
	Organizations & Capital Markets <i>~ 20 employees</i>
	Administration & Support <i>~ 190 employees</i>

Selected key subsidiaries

100%	EiendomsMegler 1 Hedmark Eiendom AS <i>Real estate agent</i>
100%	EiendomsMegler 1 Oslo Akershus AS <i>Real estate agent</i>
95%	SpareBank 1 Finans Østlandet AS <i>Financing / Leasing</i>
100%	SpareBank 1 Regnskapshuset Østlandet AS <i>Accounting</i>

Selected other ownership interests

~25%	Totens Sparebank <i>Savings bank</i>
~24%	KOMM-IN AS <i>Local venture capital</i>
100%	Vato AS <i>Property management</i>
50%	Torggt 22 AS <i>Real estate SPV</i>
100%	Youngstorget 5 AS <i>Real estate SPV</i>

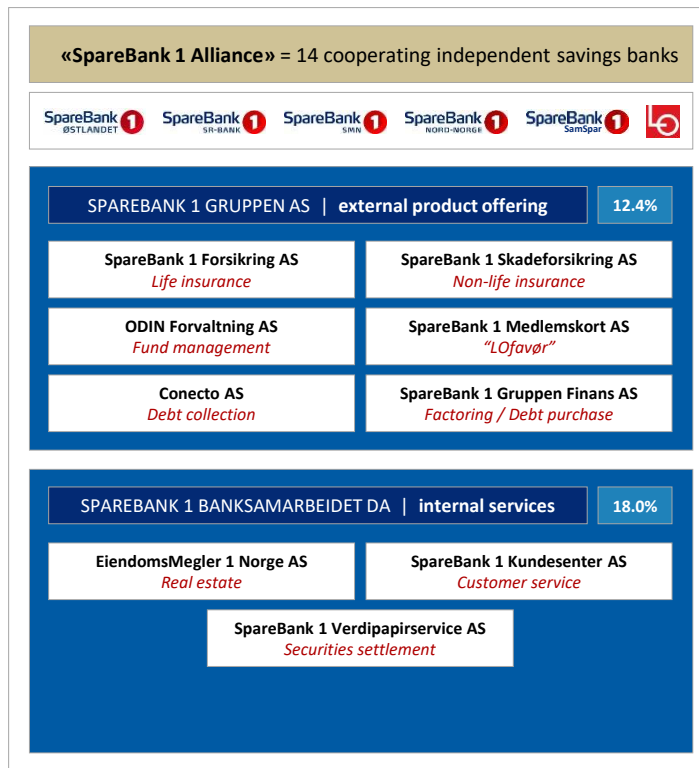
Part of the SpareBank 1 Alliance

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

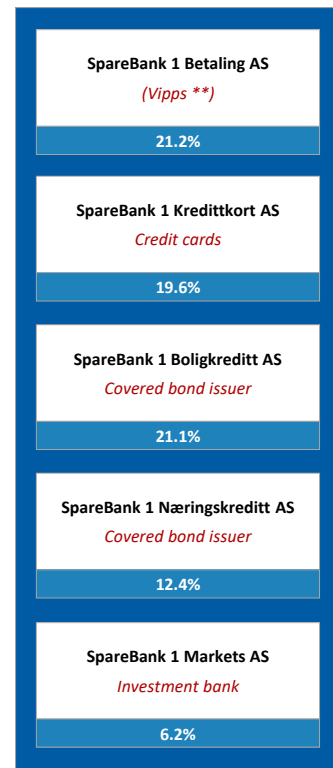
Key comments

- The SpareBank 1 Alliance ("SB1A") consists of 14 independent savings banks, who cooperate on branding and providing a joint platform.
- SB1A is Norway's second largest* financial group in terms of total assets.
- SB1A was created in 1996 to strengthen each local bank's competitiveness, profitability and solvency, as well as to ensure each bank's future independence and regional ties.

Key joint ventures

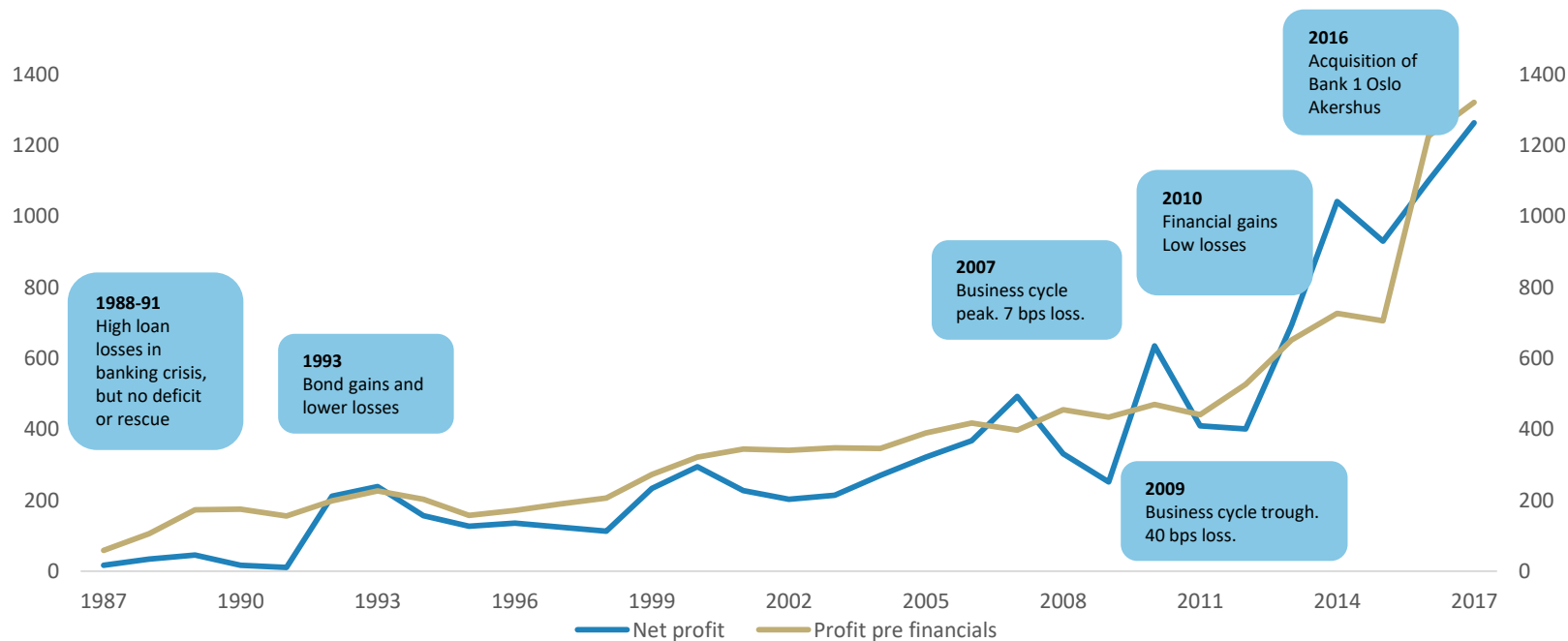


Key associated companies



Long history of profits

Net profit and profit pre-financials and loan losses (MNOK)



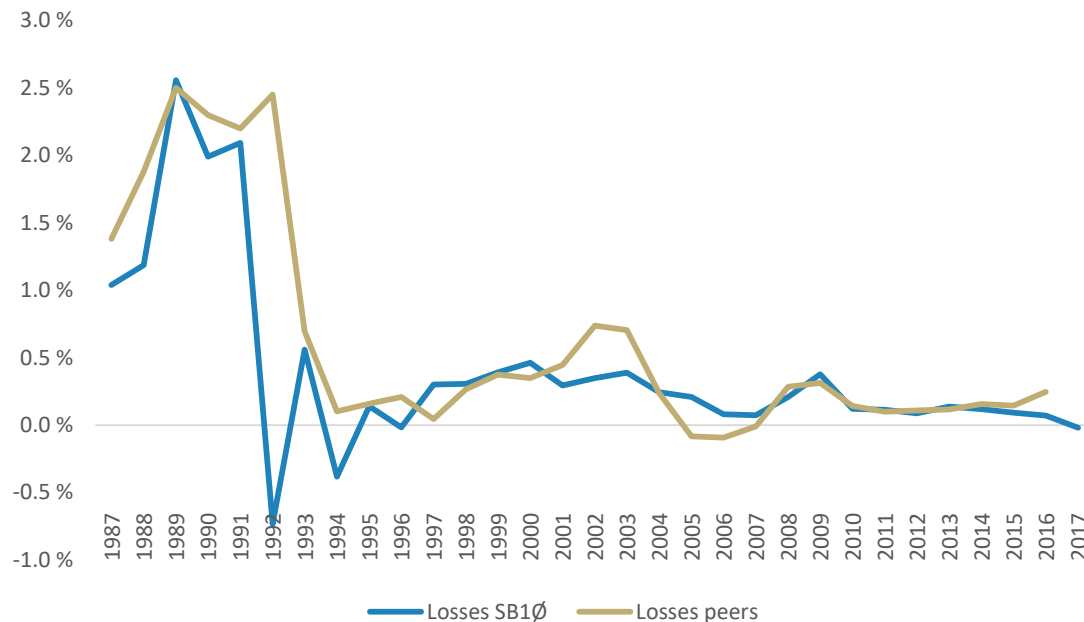
Source: Bank reports and SpareBank 1 Markets .



Long history of low loan losses

Lower and more stable than peer average

Loan loss provisions, incl transfer to covered bond company (% of lending)



Source: Bank reports and SpareBank 1 Markets. Peers: NONG, SRBANK, MING, MORG, SVEG.
Peer-average estimate based on data until 2016.

Successful merger and IPO

Targets for synergies achieved

- Acquisition of Bank 1 Oslo Akershus AS
 - Completed on 29 June 2016
- Legal merger
 - Successful legal merger 1 April 2017
 - New name SpareBank 1 Østlandet
- Stock exchange listing (SPOL)
 - SpareBank 1 Østlandet listed on 13 June 2017
 - Listing price NOK 78.00
 - Market price as of 31 December 2017
NOK 90.50
 - Market price as of 31 January 2018
NOK 94.60
- Technical merger
 - Successful implementation weekend
13-15 October 2017
 - All banking systems integrated into a
common platform
- Synergies
 - Initial goal of NOK 75 million in annual
cost reductions
 - Will deliver NOK 82 million with full year
effect in 2018
 - Integration costs of NOK 103 million in
total for the period 2016-2018.

2017 was another solid year

(Last year's figures in brackets)

Profitable

Pre-tax profit in Q4-17 at NOK 422 million (NOK 294 million).
Pre-tax profit in 2017 at NOK 1,618 million (NOK 1,371 million).

Good return on equity

ROE in Q4-17 at 10.4 % (9.4 %).
ROE in 2017 at 10.2 % (10.5 %).

Solid capitalization

CET 1 ratio 16.8 % (16.9 %).
Leverage ratio at 7.1 % (7.4 %).

High lending growth

Lending growth of 8.4 % (incl. the covered bond companies) last 12 months (9.3 %).

Lower deposit growth

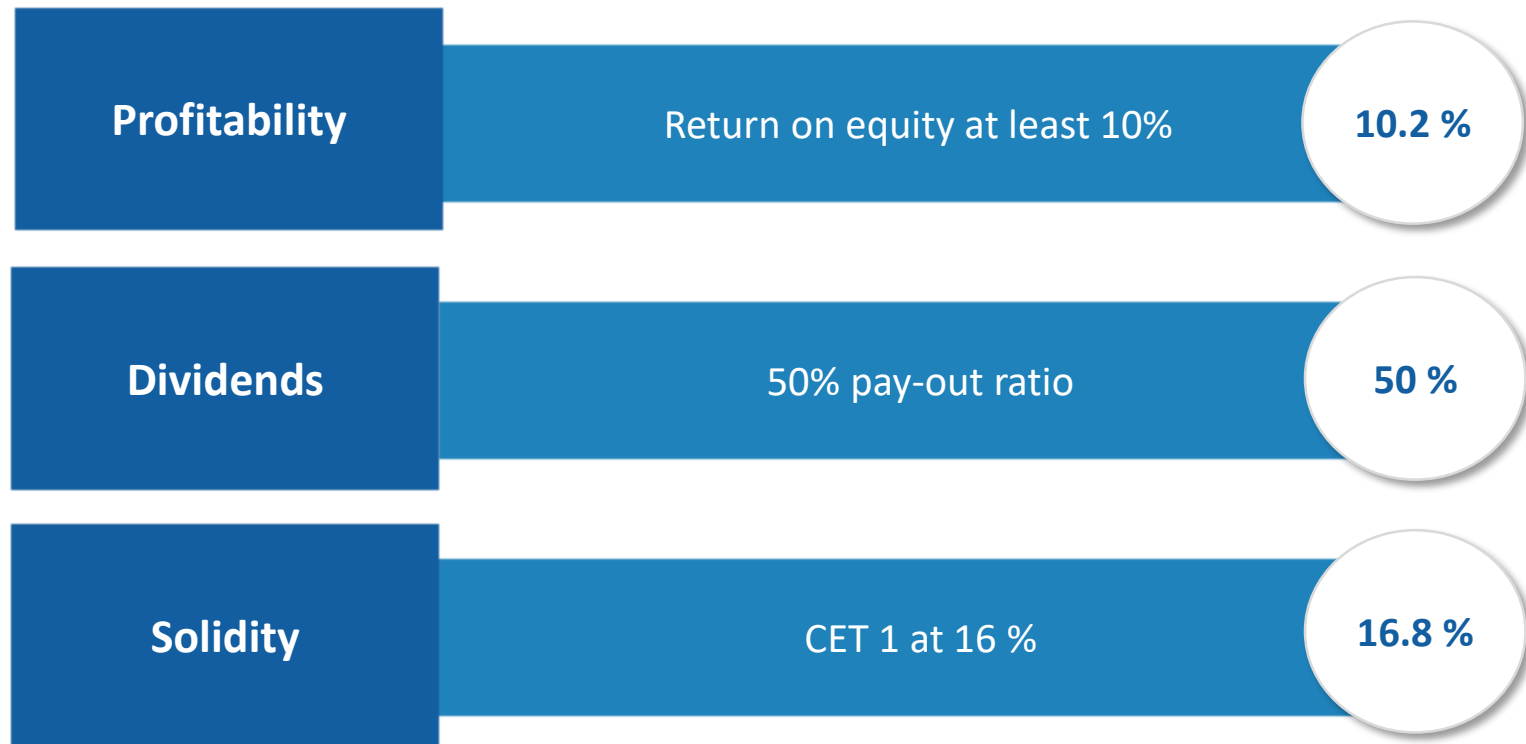
Deposit growth of 4.6 % in the last 12 months (10.7 %).

Net reversals on losses

Net reversals on losses of NOK 13 million in Q4-17, equivalent to -0.1 % of gross loans*.
Net reversals on losses of NOK 20 million in 2017, equivalent to -0.02 % of gross loans.

The Bank delivered on its financial targets

Targets and performance 2017

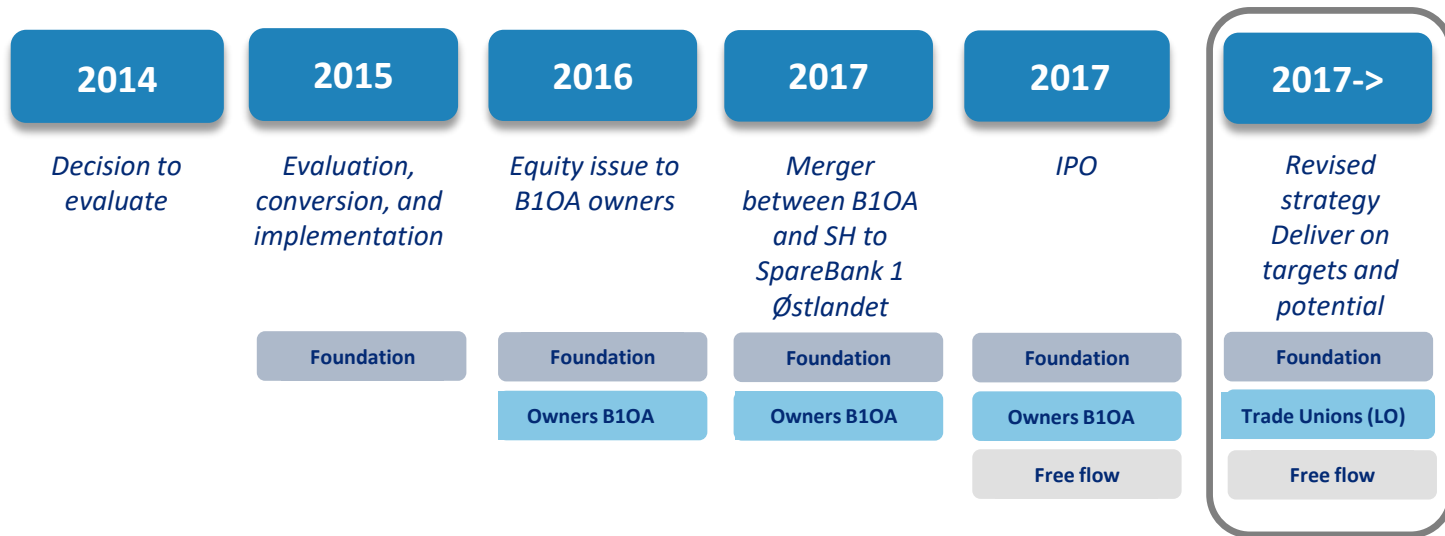




Region, strategy and ambitions

Continuous development of the Bank

Merger and IPO basis for future growth



Customer dividend ensures a stable EEC ratio

Solid position and growth opportunities

Market leader in Hedmark, market challenger in other counties

Hedmark

Population	197,000
Market share* RM	49 %
Market share CM	45 %
Position	market leader
Unemployment	1.7 %

Oppland

Population	189,000
Market share RM	4 %
Market share CM	8 %
Position	growth market
Unemployment	1.6 %

Oslo

Population	669,000
Market share RM	11 %
Market share CM	2 %
Position	growth market
Unemployment	2.5 %

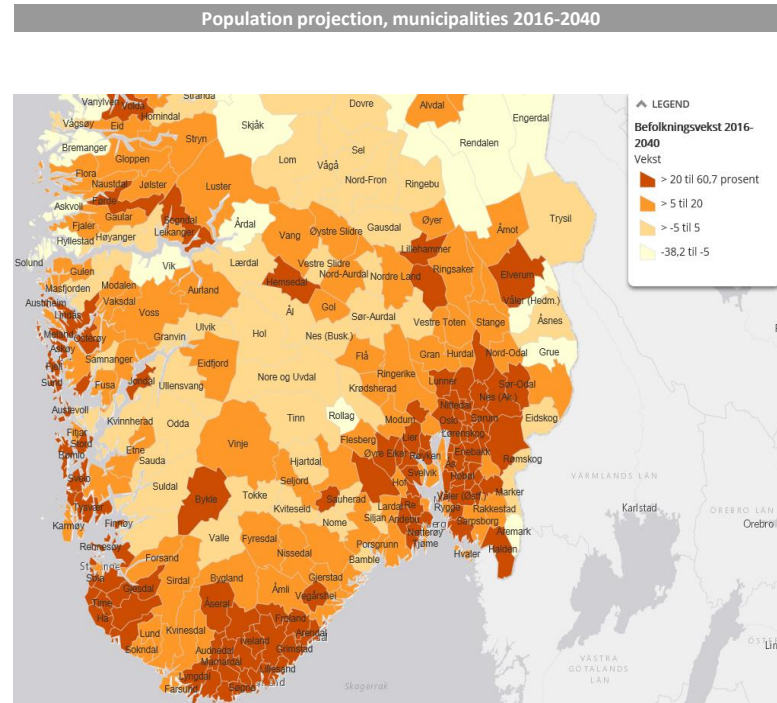
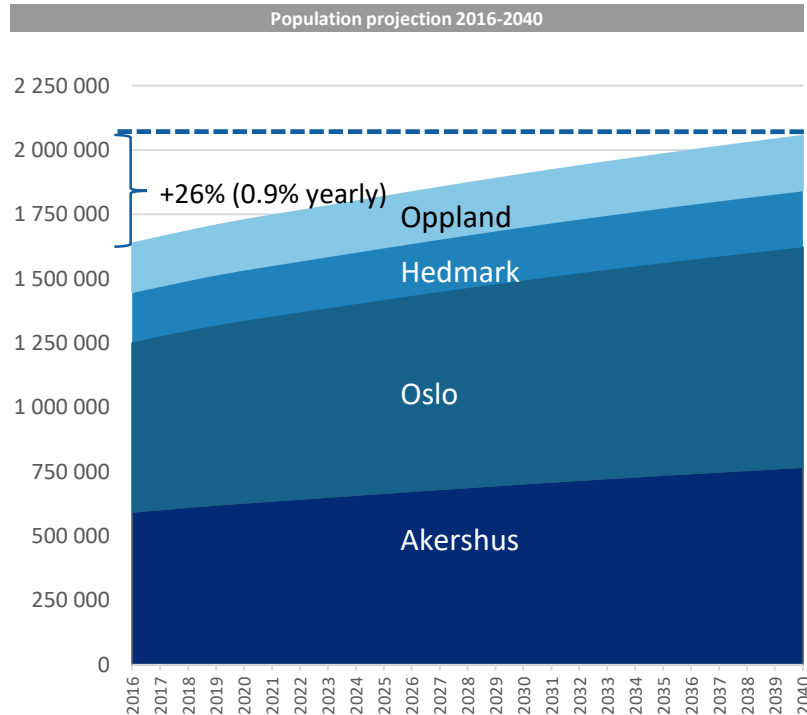
Akershus

Population	610,000
Market share RM	7 %
Market share CM	4 %
Position	growth market
Unemployment	1.9 %



A market area with long term growth potential

Expected long-term population growth



Financial targets 2018

Remaining solid and continue the focus on profitability

Profitability	Return on equity at least 10%
Dividends	50% pay-out ratio
Solidity	CET1 at 16%
Costs	5 % cost reduction*

Our market position gives ample opportunities to grow the bank

By the end of 2021 – our strategy pillars



We are the third largest savings bank in Norway



We have one of the most attractive equity certificates on Oslo Stock Exchange



We have differentiated ourselves from the main competition and have increased our market share



We have made banking easy for our customers and employees



Best at cross-sales in the alliance and have utilised the profitable potential in the Group



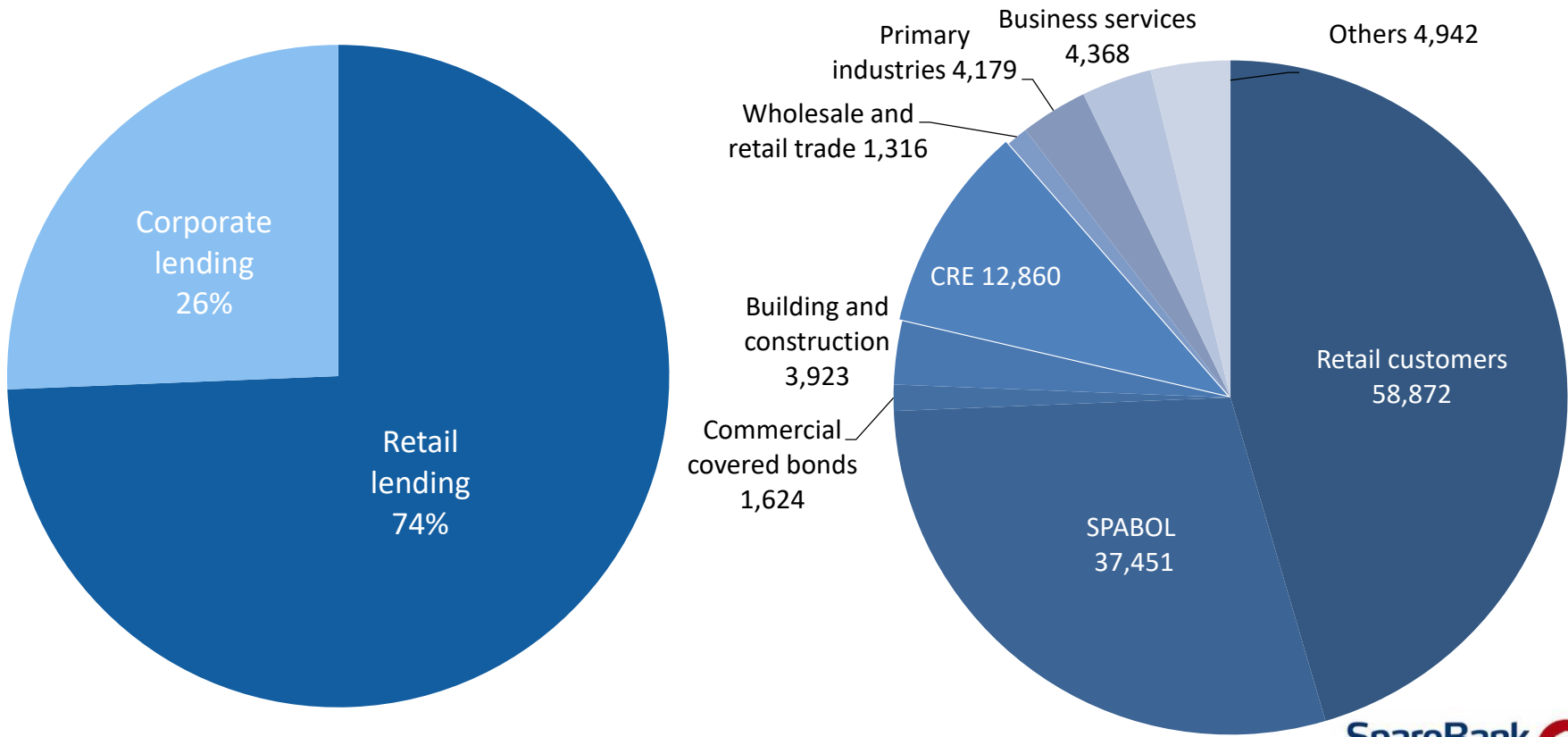
We have established ourselves as a bank with a distinct ESG profile



Asset quality, rating and funding plans

Loan portfolio with a high proportion of retail market customers and SMEs

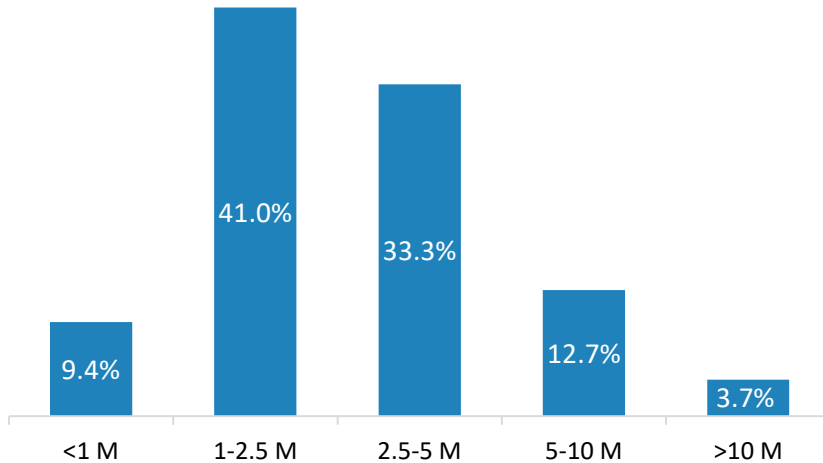
Lending to customers per sector (NOK millions)



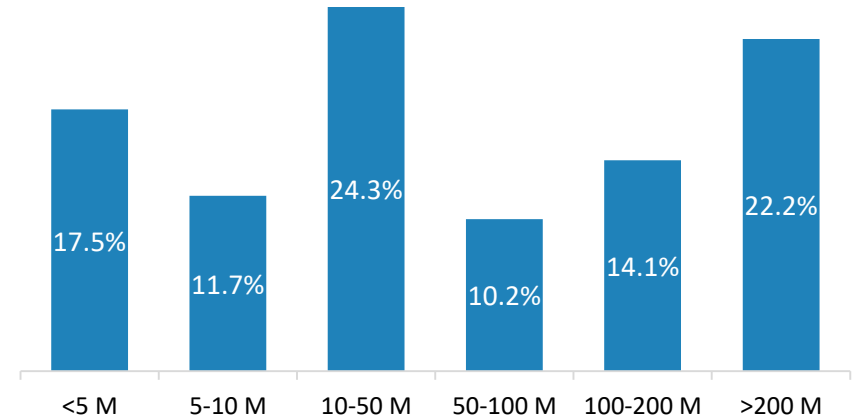
Diversified portfolio

Mortgages and corporate loans by size (% share)*

Residential mortgages



Corporate lending



A stricter mortgage regulation* was introduced in 2017

The Bank uses the flexibility quota to service existing and desirable new customers

Utilisation of flexibility quota in the fourth quarter of 2017

City of Oslo

7.4 %

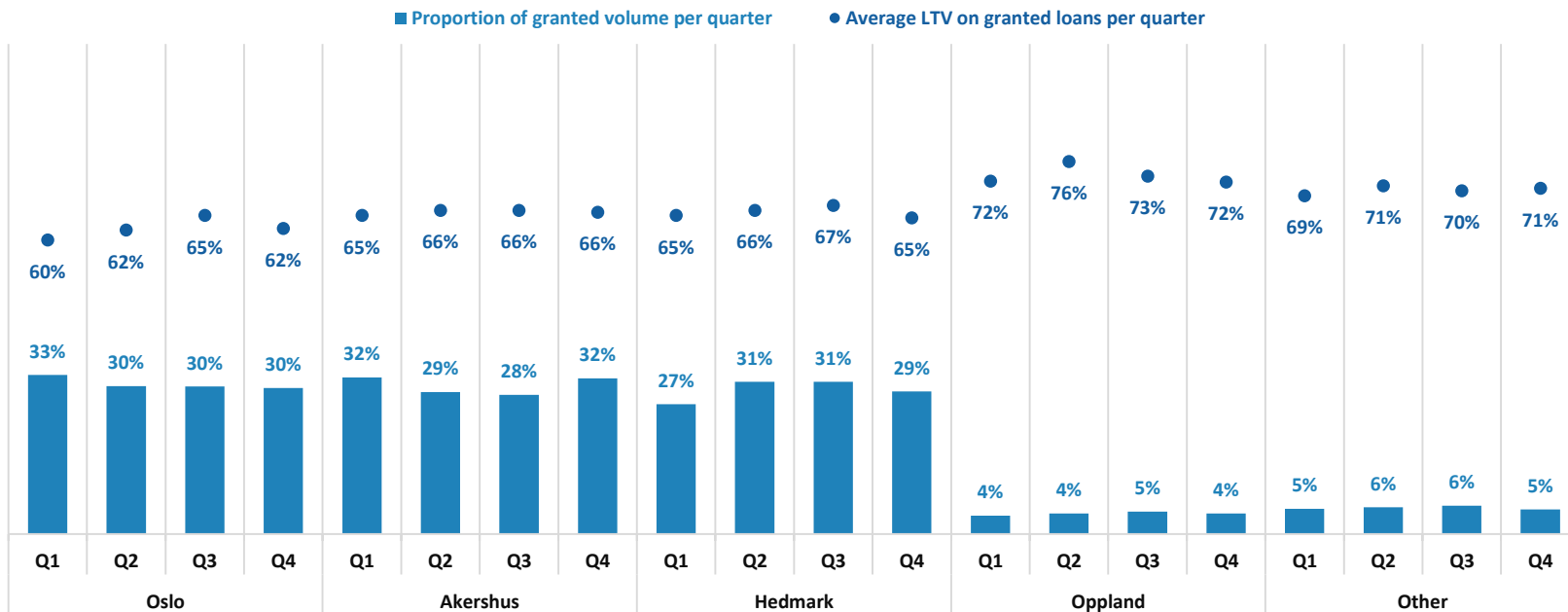
Other areas

4.2 %

- The banks have a limited flexibility quota to allow exceptions to defined criteria. Criteria are:
 - Loan to Value (LTV) max 85 % (75 % legal limit for cover pool)
 - Secondary housing and flexible repayment mortgages must not exceed 60 % LTV in Oslo
 - A 5 pp rise in interest rates must be used when assessing the customer's debt servicing capacity
 - Total debt must not exceed five times gross annual income
 - Exceptions are possible for up to 10 % (8 % for Oslo) of the value of granted loans each quarter
 - Flexibility quota
 - Daily follow-up ensures that utilisation remains within the permitted quota

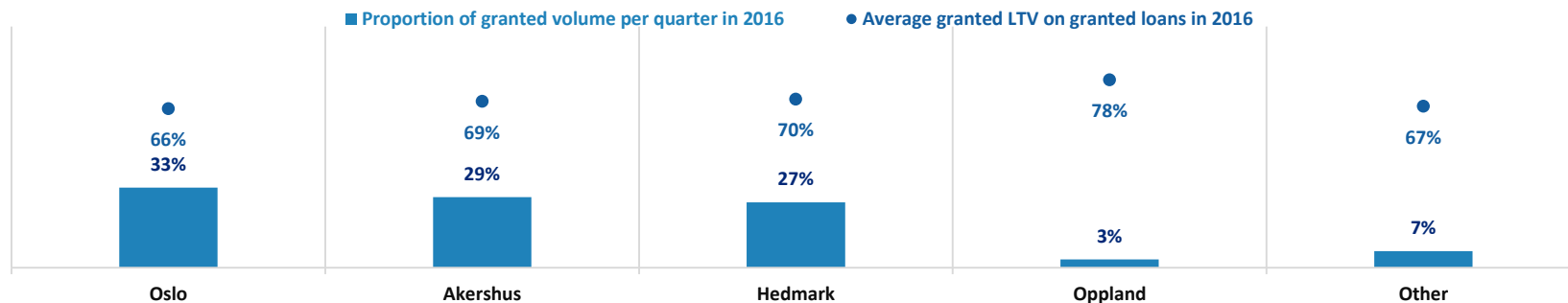
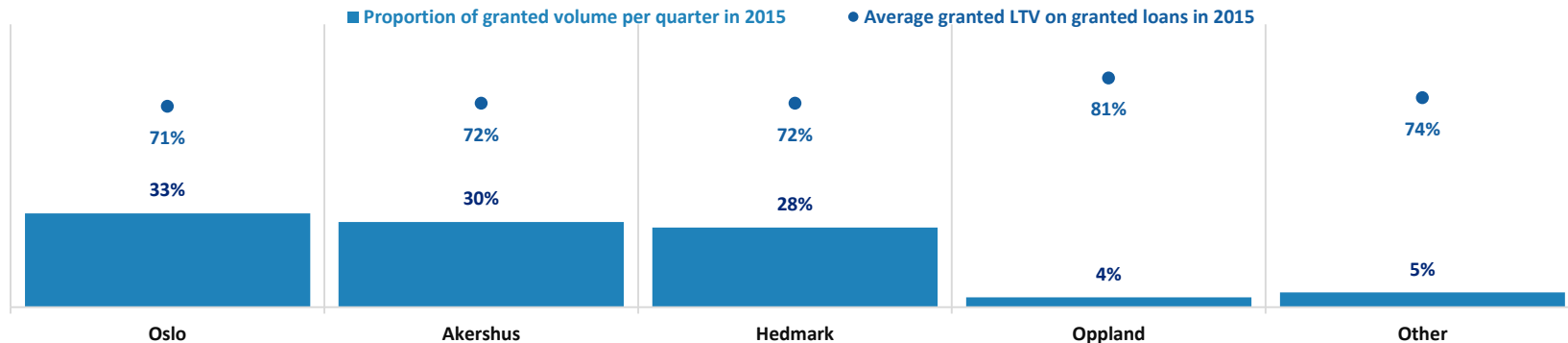
The Bank has reduced its LTVs during 2017...

Percentage of granted mortgages per county and average LTV per quarter 2017



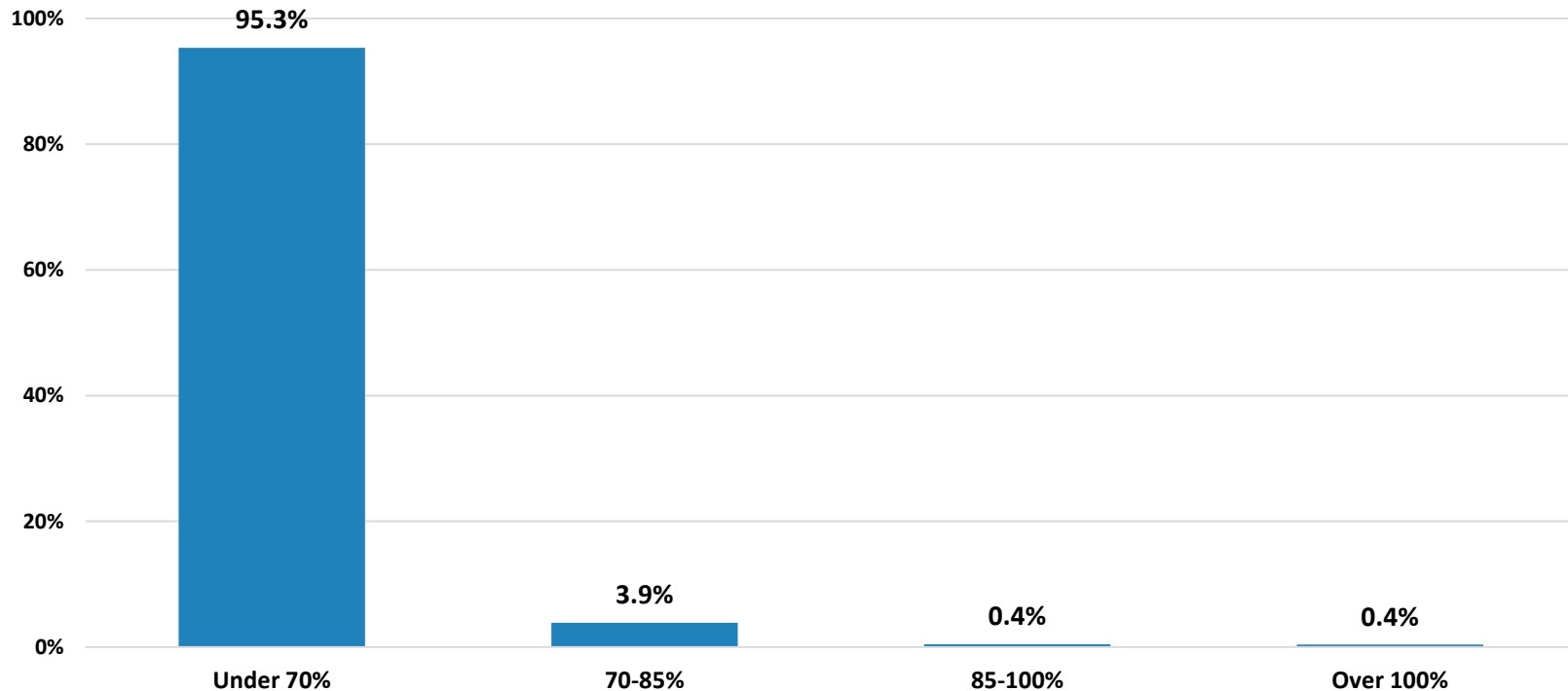
...compared to previous years

Percentage of granted mortgages and average LTV per county in 2015 and 2016



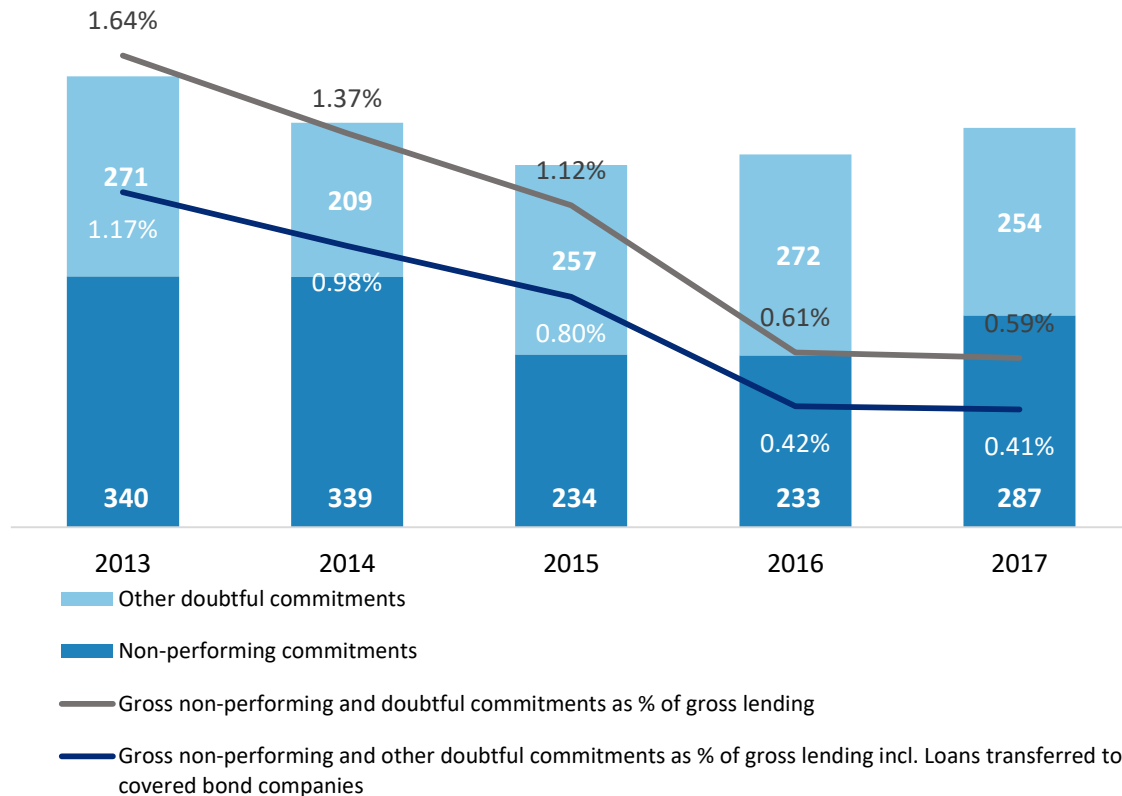
High quality retail portfolio

Loan to Value by exposure in the mortgage portfolio



Low levels of problem loans

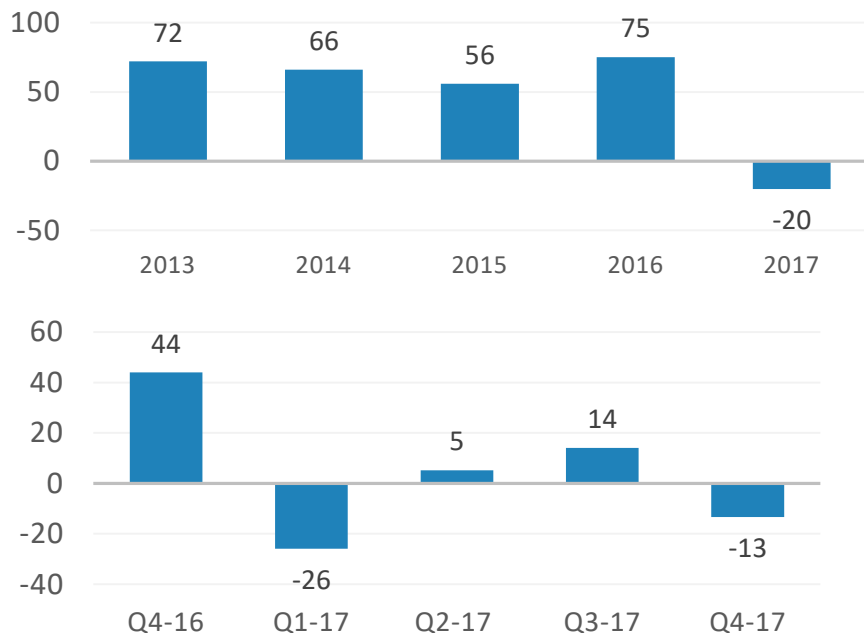
Non-performing and other doubtful commitments*



- The proportion of problem loans is stable at low levels

Net reversals on losses in 2017

Net loan loss provisions (NOK millions)



- Net reversals on losses NOK 13 million in the fourth quarter
 - Equal to - 0.1 % of gross lending*.
 - Reversal of collective provisions by NOK 23 million in the corporate division due to improved credit quality.
- Net reversals on losses NOK 20 million in 2017
 - Equals -0.02 % of gross lending.
 - Reversal of collective provisions by NOK 46 million in the corporate division due to improved credit quality.

A1 Moody's Senior Unsecured rating

Provisional as of rating action 22 January 2018

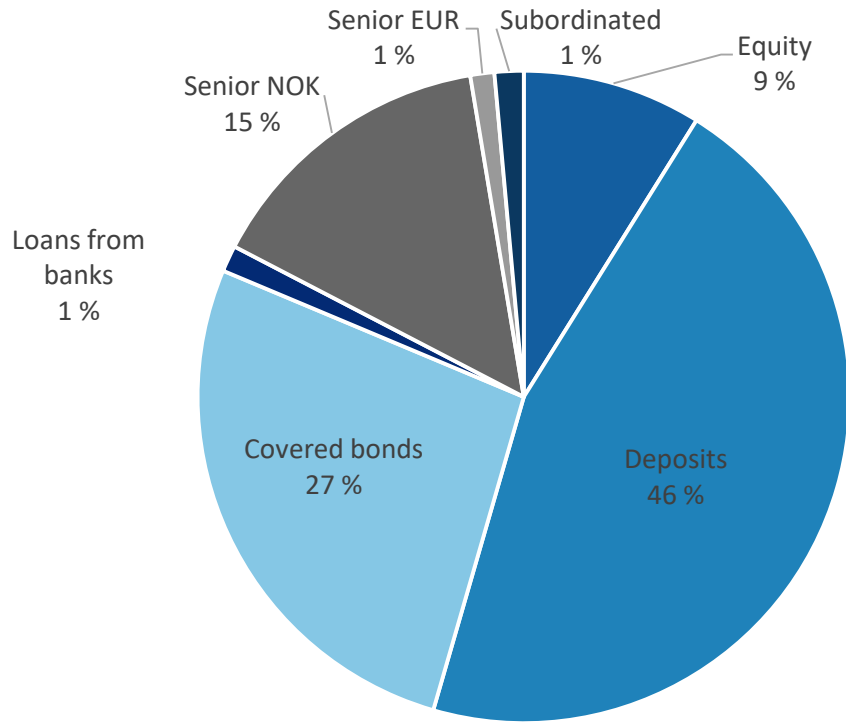
Main take aways

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

Senior Unsecured MTN	(P) A1	
LT Bank deposits	A1/P-1	Neg (*)
BCA	baa1	

The Bank's ambitions have consequences for the funding strategy

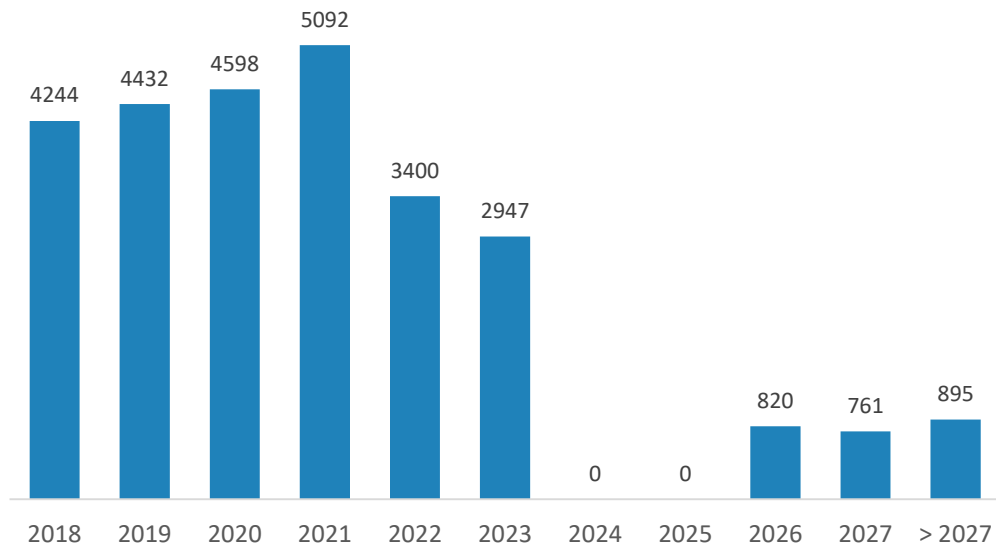
Today's funding mix and thoughts on funding going forward



- Deposits are, and will be the most important funding source
- Will continue to use SPABOL for covered bond funding
- Senior unsecured in NOK will be the most important source for senior funding
- Senior unsecured in EUR:
 - Private placements so far
 - Planning one EUR benchmark issue per year going forward
 - Within the strategy period 40 % of senior funding will be in EUR

The merger has lead to higher funding activity

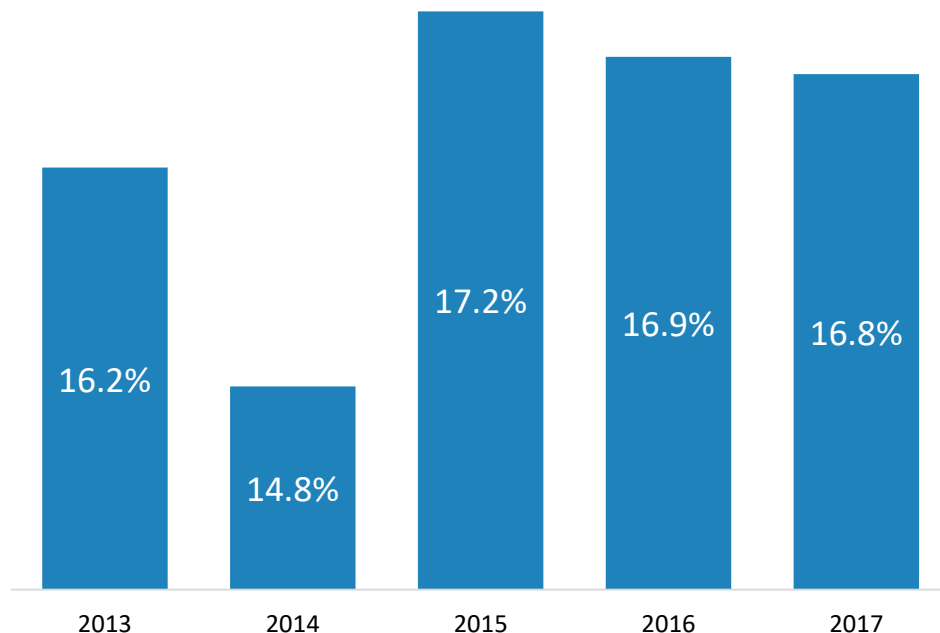
Funding profile as of 4Q-2017 (MNOK)



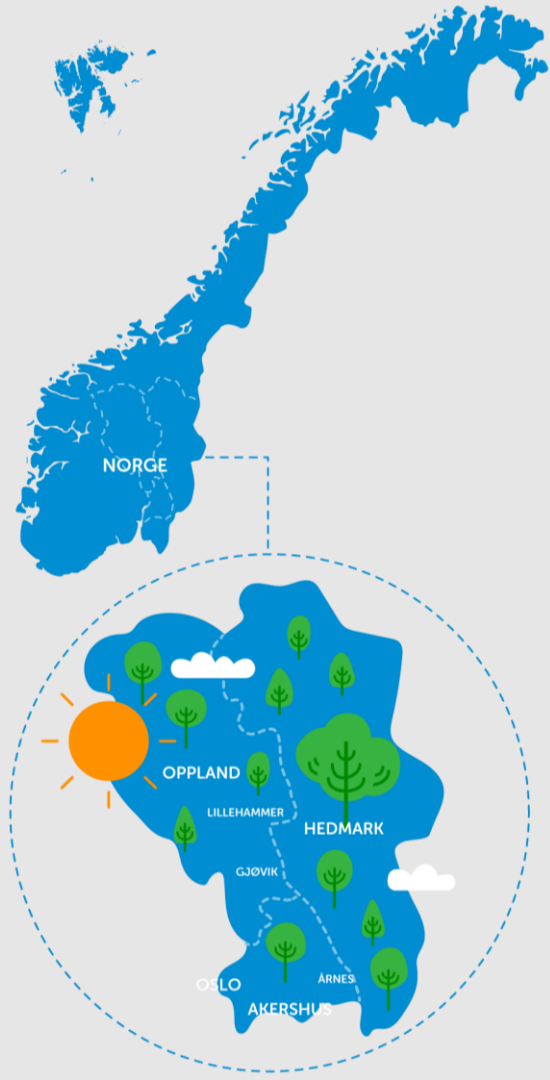
- Well diversified funding profile
- Average time to maturity 3.6 years
- Total maturities of NOK 27.2 bn
- Mortgages of NOK 39 bn transferred to SPABOL as of year end 2017

Solidity and capital adequacy

Core equity tier 1 ratio, Group (%)



- The Bank's target core equity tier 1 ratio is 16.0 %
- As of 31 December 2017, the core equity tier 1 ratio was 16.8 %
- The regulatory requirement is 13.7 %, including a Pillar 2 requirement of 1.7%
- The Financial Supervisory Authority of Norway has imposed a revised Pillar 2 requirement of 1.8 % with effect from 31 March 2018. The new total requirement for core equity tier 1 capital will then be 13.8 %.
- The leverage ratio was 7.1 % (7.4 %) as of 31 December 2017.



Norway and regional outlook

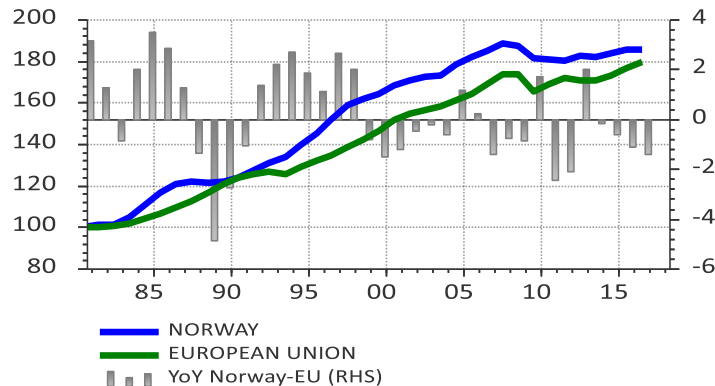
Norwegian economy at a glance

Economic Indicators (real growth or level in per. cent)	2013	2014	2015	2016	2017P	2018E
GDP growth - mainland	2.3	2.2	1.4	1	1.9	2.5
Household consumption growth	2.7	1.9	2.6	1.5	2.5	2.5
Investment growth (mainland*)	2.9	0.4	-0.2	6.1	6.7	1.6
Investment growth offshore oil and gas	19.3	-3.2	-12.2	-16.9	-3.4	7.2
Inflation rate (CPI)	2.1	2	2.1	3.6	1.8	1.9
3 month NIBOR / mortgage rate	1.8 / 4.0	1.7 / 3.9	1.3 / 3.2	1.1/ 2.6	0.9/2.6	0.8/2.5
Household savings ratio	7.4	8.2	10.3	7.0	6.1	6.9
Unemployment rate (survey)	3.5	3.5	4.4	4.7	4.2	3.9
HH sector real disp. income growth	3.8	2.8	5.2	-1.6	1.8	3.1
Current account surplus / GDP	10.3	10.5	7.9	3.9	6.5	6.4
Gov. budget surplus / GDP	12	10	7	4	3	4
Sovereign Wealth Fund / GDP	164	204	238	241	273	270

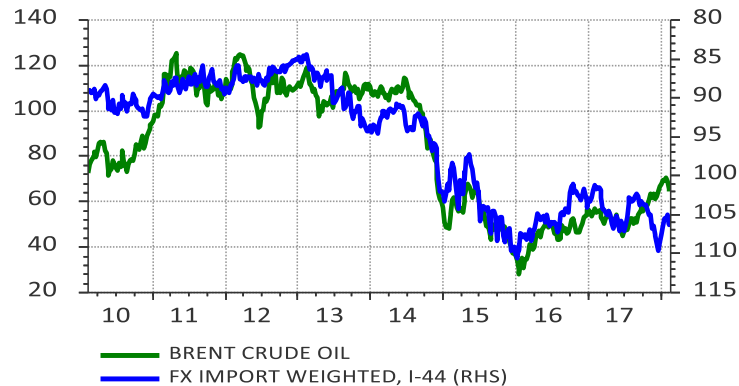
Norway: Positive economic conditions and outlook

Turnaround in oil, growth on trend and falling unemployment

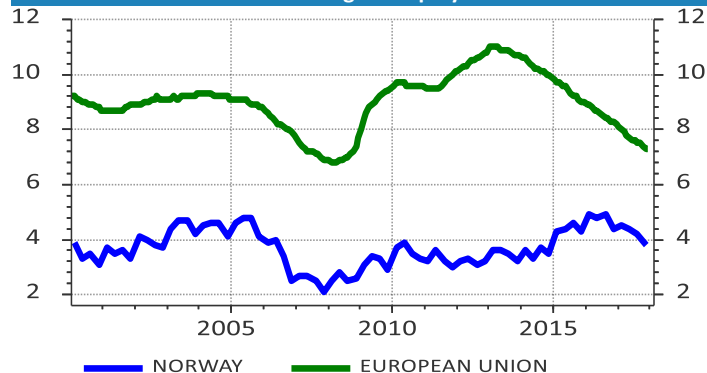
Major improvement in GDP/capita – low global correlation



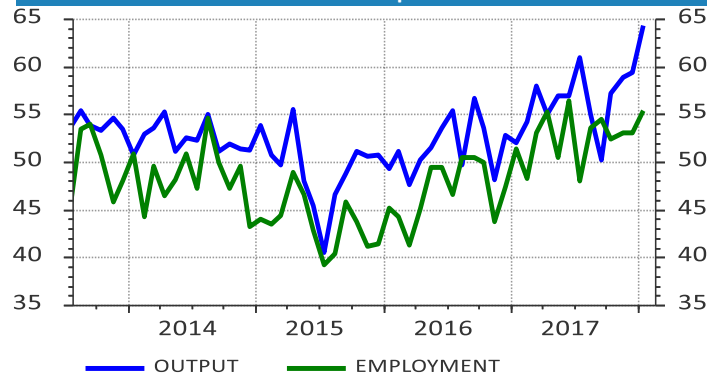
NOK normally moves with oil – but divergence this time



Low and falling unemployment



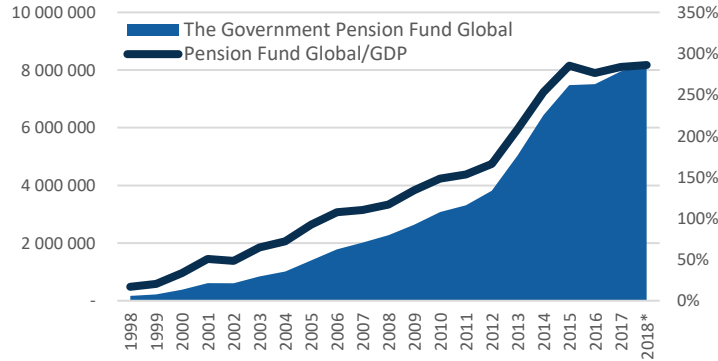
PMI – Positive expectations



Norway: Strong Public sector finances

The Norwegian oil fund is currently 300 % of GDP

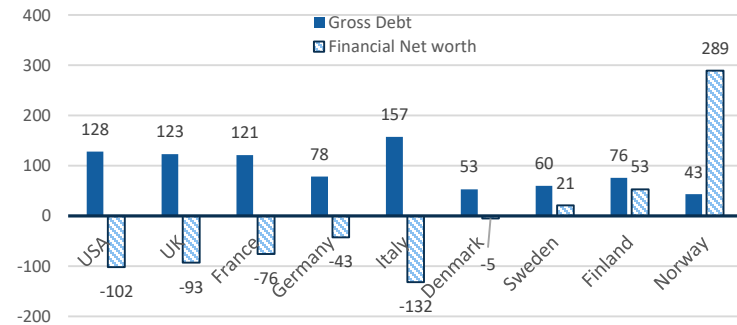
The sovereign wealth fund relative to GDP



The sovereign wealth fund -

- All petroleum related income – oil taxes and direct revenue flows into the fund
- 3 % of the fund's size may be spent in the national budget
 - Average over time
 - Can be used as a countercyclical measure
- The fund is prohibited from investing in Norwegian assets or banks

Government gross debt and financial net worth (% of GDP)

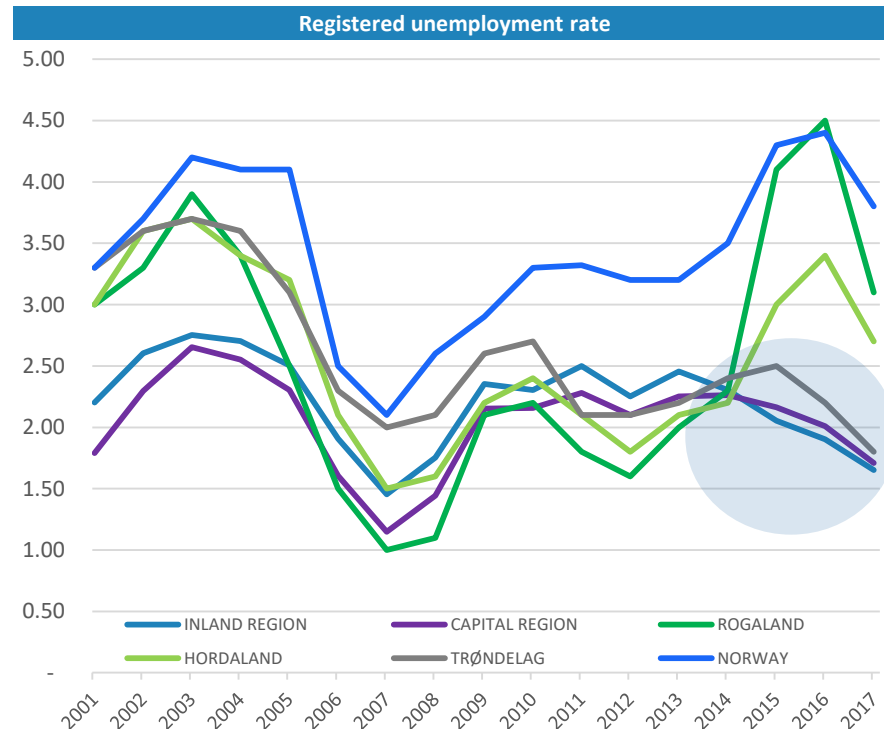
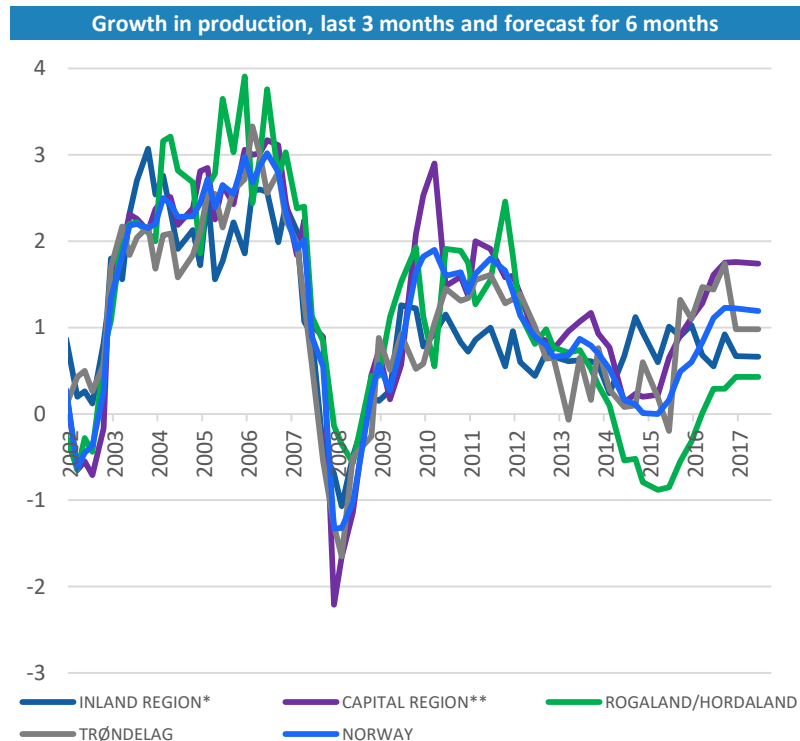


National budget

- In 2016 and 2017, total government expenditure was slightly above its income (before oil income)
- The countercyclical buffer is used in these years
- The return from the fund outweighs the reduction in buffer
 - Positive net return

Stable activity and low unemployment regionally

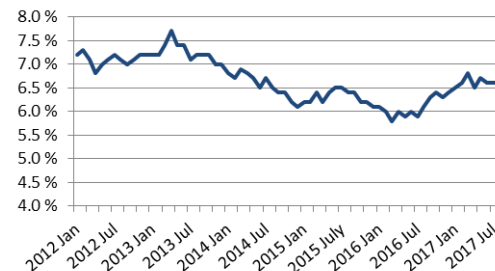
Home market with low spillover from oil downturn



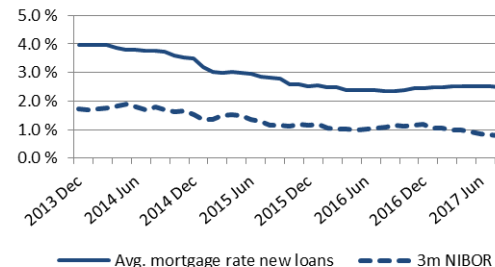
Mortgage market: key characteristics

Mortgage Market	<ul style="list-style-type: none"> • Total size approximately NOK 3,000 billion (USD 375bn, €330bn) • Private banks (incl. savings banks) are the dominant suppliers of mortgages with over 95% market share • Scheduled repayment mortgages: 83.4%, flexible: 16.6% • Typical maturity: 25 years • First priority security market with thorough documentation vetting
Home Ownership	<ul style="list-style-type: none"> • Over 80% of households owner occupied (little buy to let) • Between 50 and 60% are detached one-family houses
Social security	<ul style="list-style-type: none"> • Unemployment benefits represents ca 60% of salary for 2 years
Personal Liability	<ul style="list-style-type: none"> • Borrowers are personally liable for their debt • Swift foreclosure regime upon non-payment • Transparent information about borrowers
Regulation	<ul style="list-style-type: none"> • Loan to value: 85% (75% legal limit for cover pool) • Flexible repayment mortgages: max 60% LTV • 5% mortgage interest rate increase as stress test • High risk weighting for banks for mortgage lending (20-25%) • Maximum 5x debt / gross income for borrowers
Interest Payments	<ul style="list-style-type: none"> • 90-95% of mortgages are variable rate • Interest rates can be reset at the lender's discretion, by giving the debtor 6 weeks notice
Tax Incentives	<ul style="list-style-type: none"> • 24% of interest paid is tax deductible (equal to the basic rate of tax) • Low effective real estate tax (lower net worth tax on real estate than financial assets)

Household credit growth
(12 months growth rate)

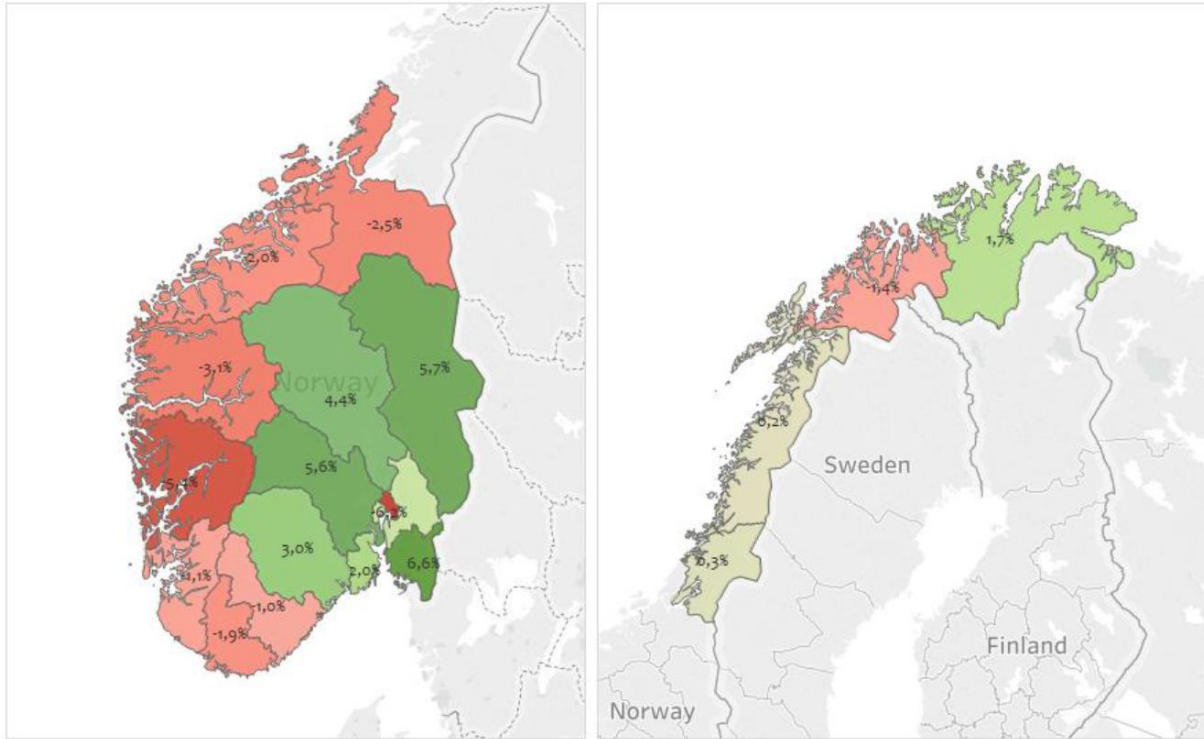


Avg. variable interest rate for new mortgages



Diversified housing market in the region

12-month price growth – by county as of 31 December 2017

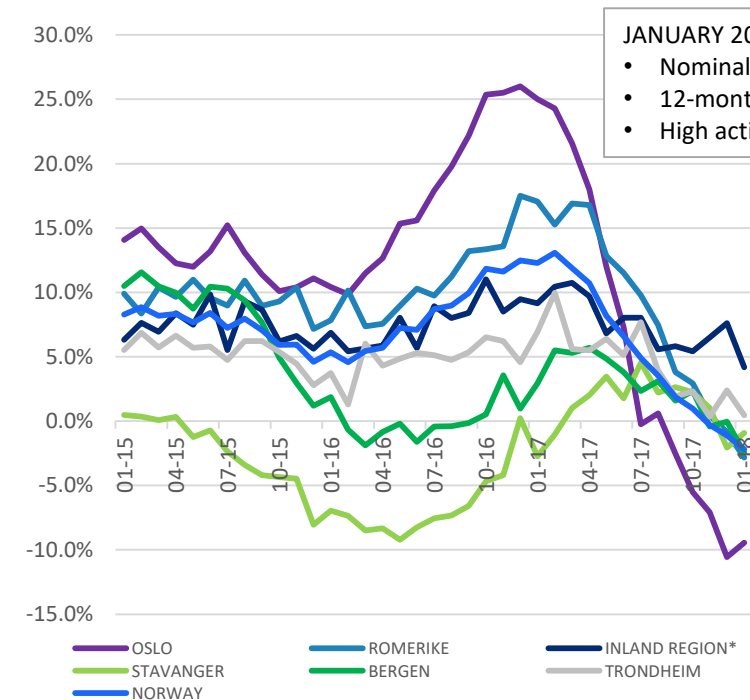


- Growth in all counties surrounding Oslo
 - Oslo - 6.2 %
 - Hedmark + 5.7 %
 - Akershus + 0.8 %
 - Oppland + 4.4 %
- Sales records in Hedmark, Akershus and Oppland in 2017
- Turnover time up in Oslo and Akershus but was down in Hedmark and Oppland.
- Number of unsold homes falling in all counties
 - Drop in inventory

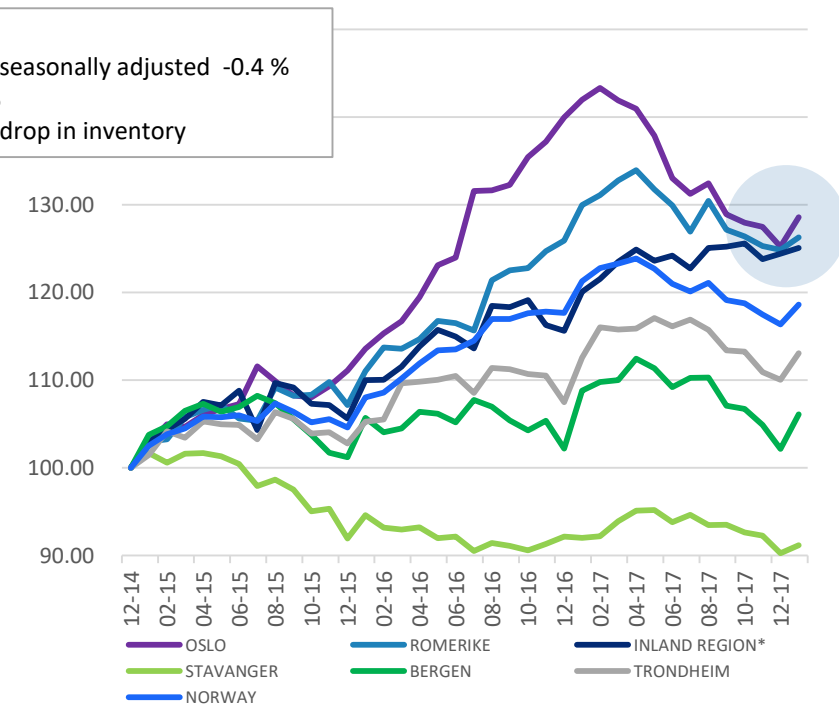
Housing prices levelling off

House price developments outside Oslo has seen moderate and stable growth

House prices by area, 12-month growth



House prices, indexed**



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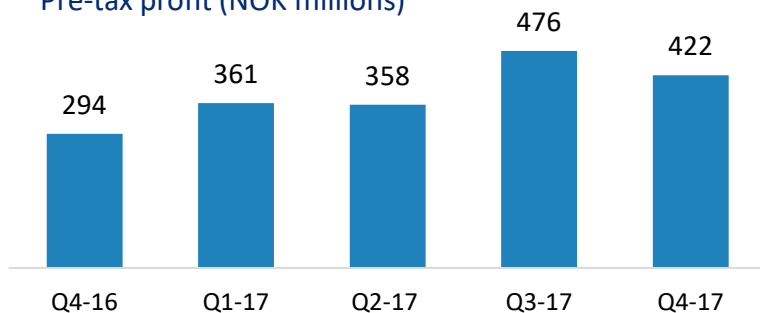


Appendix

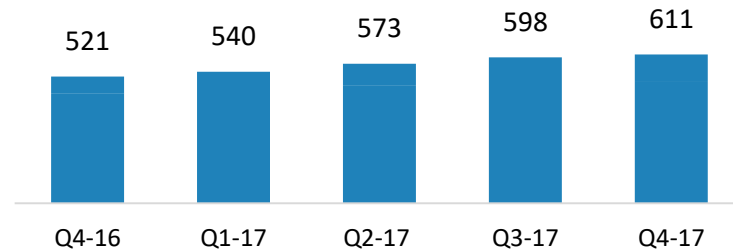
Key financials – quarterly

(1)

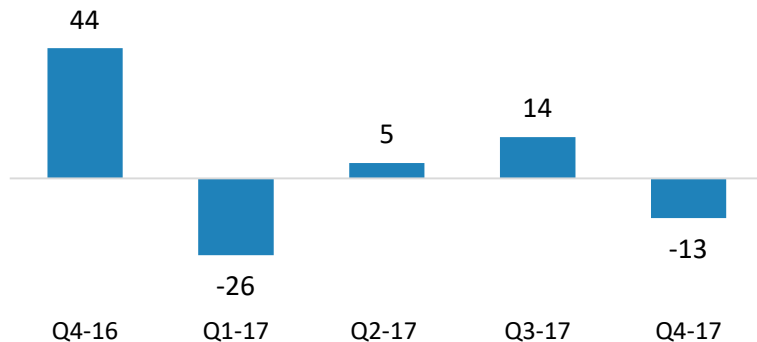
Pre-tax profit (NOK millions)



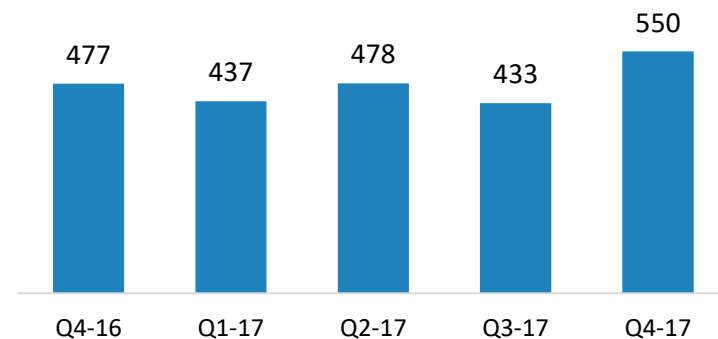
Net interest income and commission fees from the covered bond companies (NOK millions)



Losses on loans and guarantees (NOK millions)



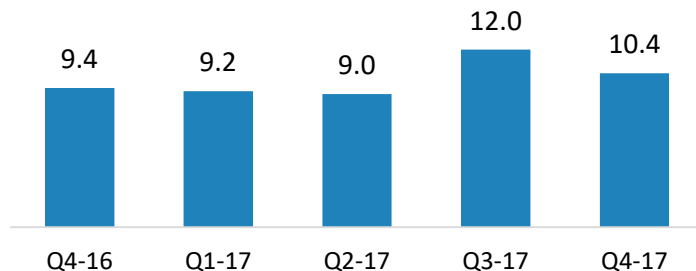
Total operating costs (NOK millions)



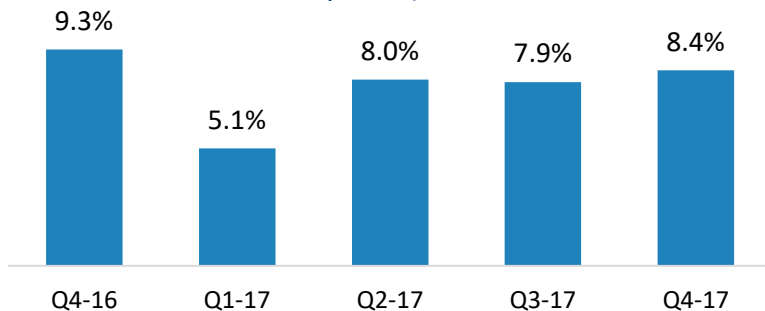
Key financials – quarterly

(2)

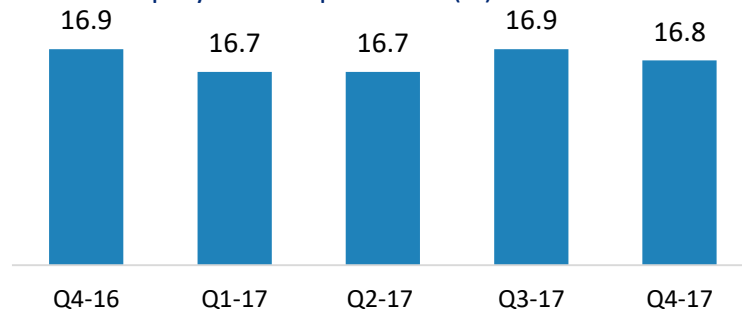
Return on equity (%)



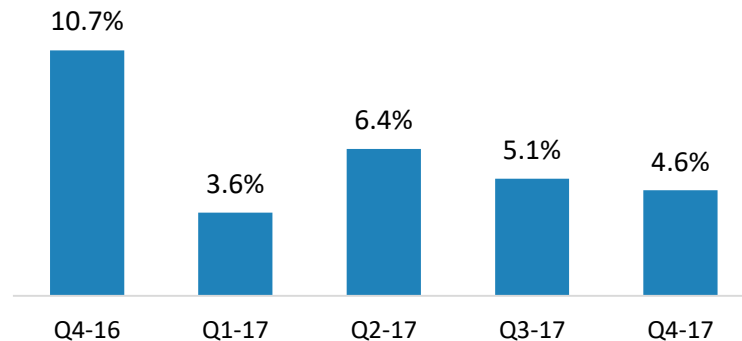
Lending growth 12 months (incl. covered bond companies)



Core equity tier 1 capital ratio (%)

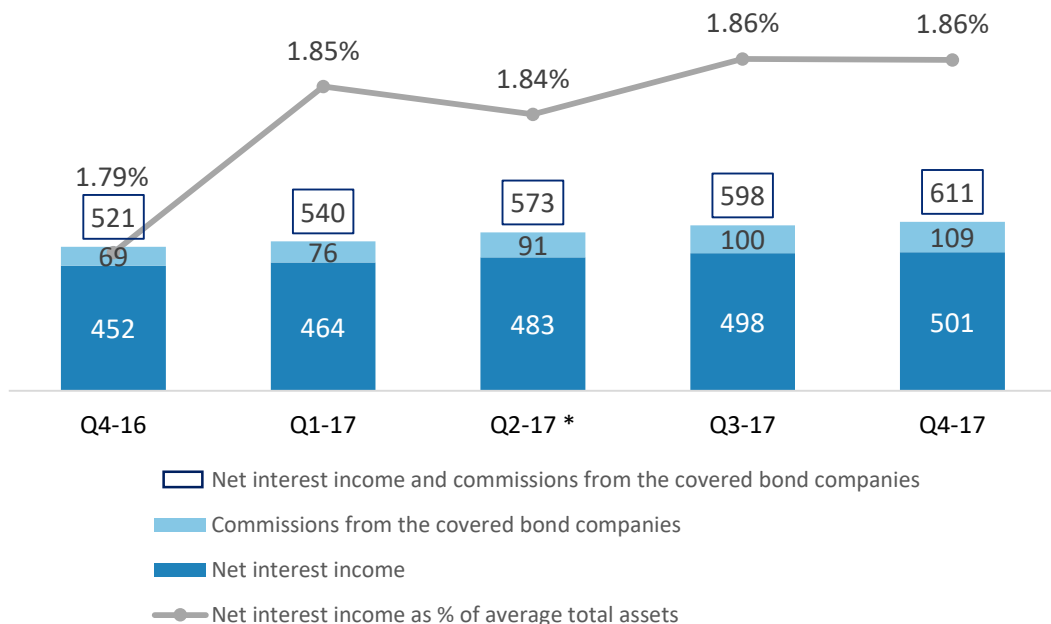


Deposit growth 12 months



Solid growth in net interest income

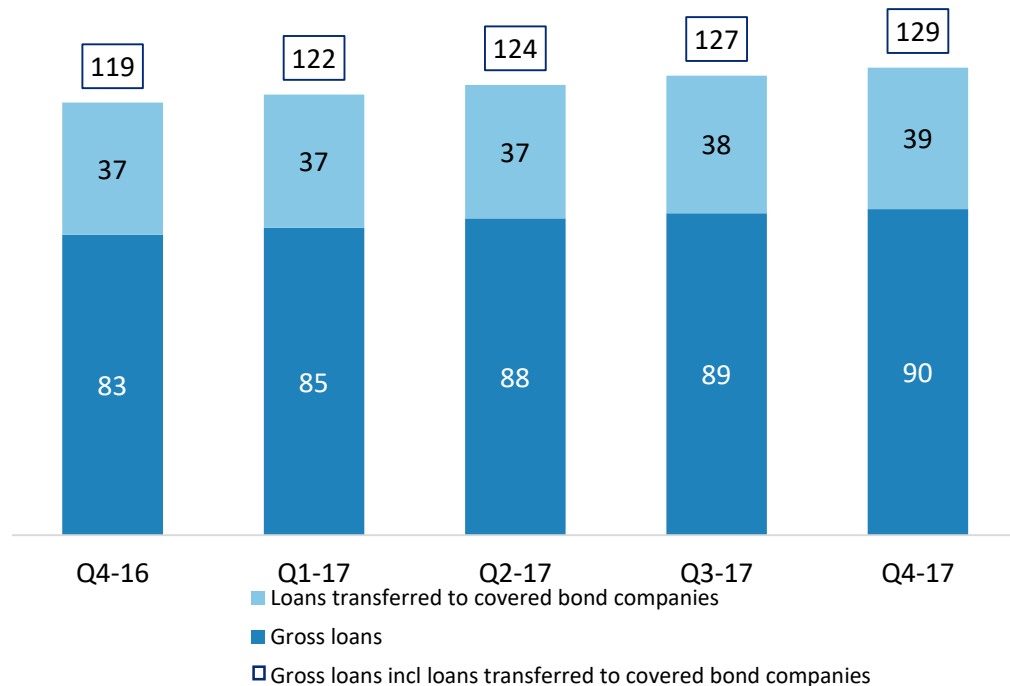
Net interest income incl. commissions from covered bond companies



- Strong development in net interest income in the last year
- Increase of NOK 90 million from Q4-16 to Q4-17
- The increase was due to a combination of interest rate margins and volume growth
- Stable net interest income in the fourth quarter of 2017

Solid lending growth in 2017 as well

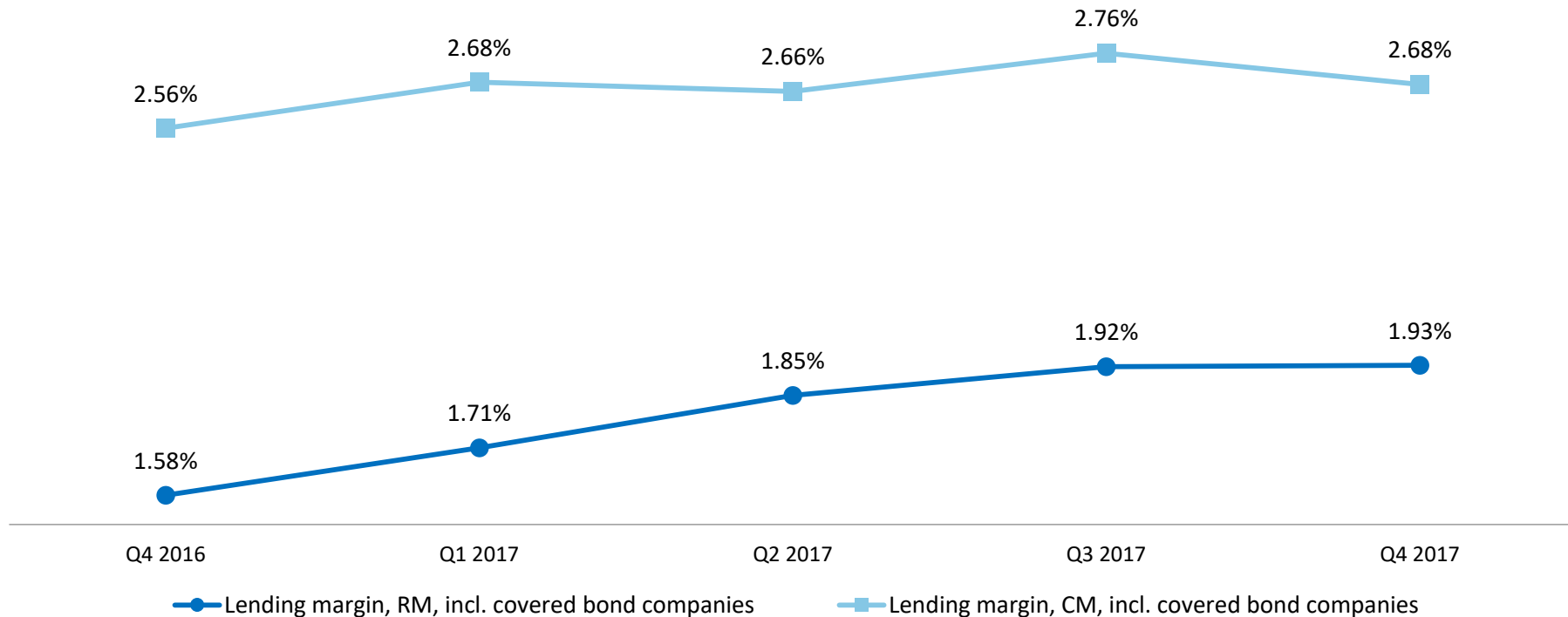
Lending volume, Group, incl. transferred to the covered bond companies (NOK billions)



- Lending growth in the Group in the last 12 months was 8.4 %
- Lending growth retail 8.7 %
- Lending growth corporates 7.7 %

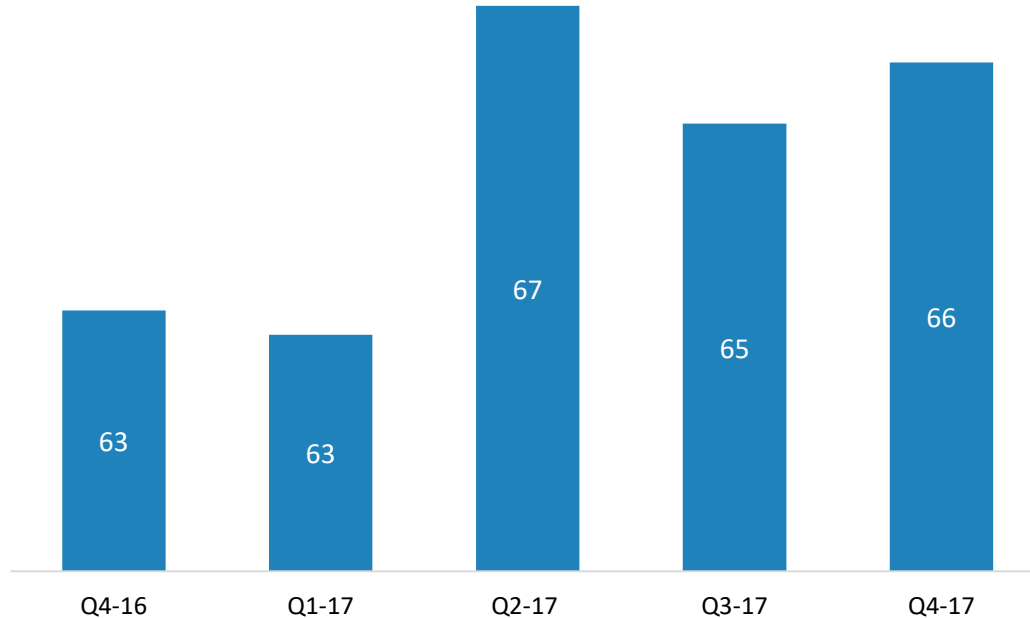
Lending margins

Retail market and corporate market (parent bank)



Satisfactory deposit coverage

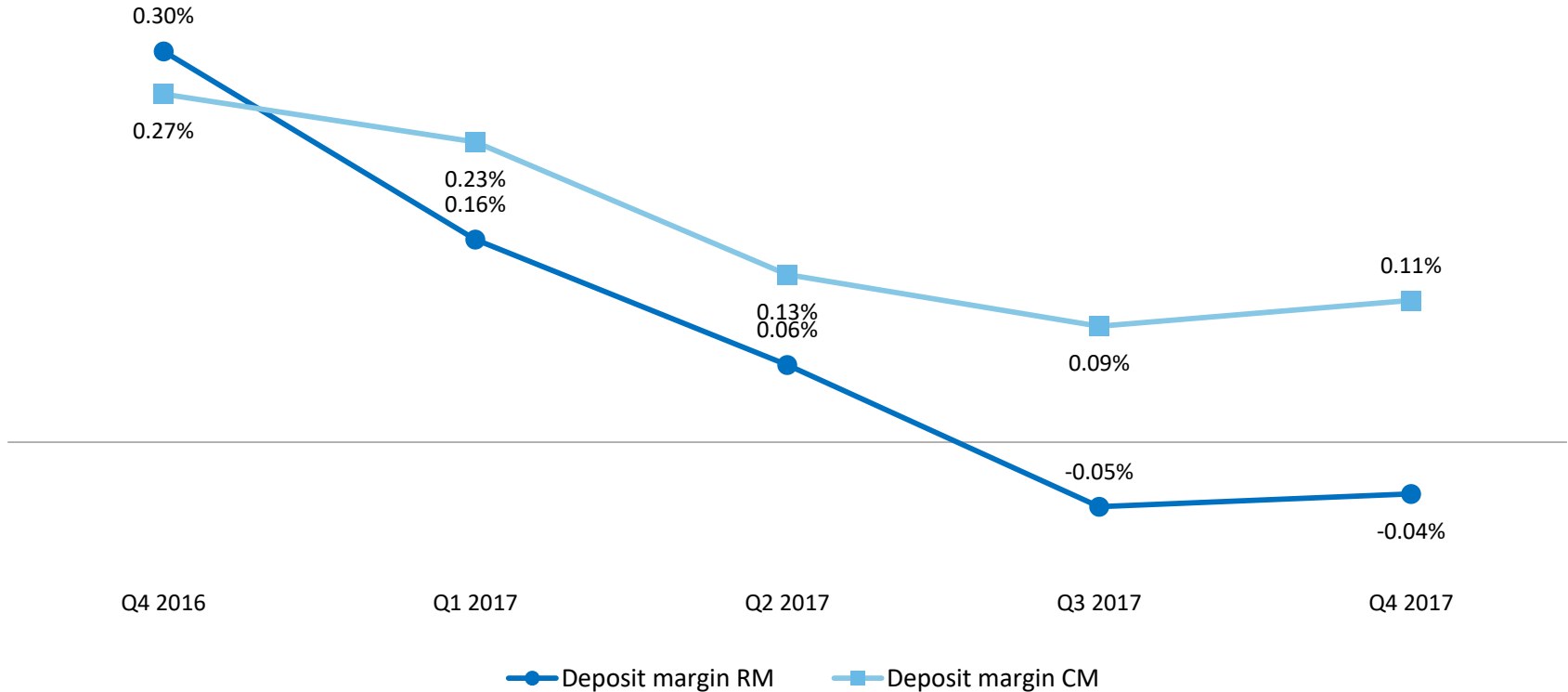
Deposit volume, Group (NOK billions)



- Deposit growth last 12 months 4.6 %
- Deposit growth - retail 0.6 %
- Deposit growth - corporates 10.9 %
- Deposit coverage ratio 72.9 %
- Deposit coverage ratio - including mortgages transferred to the covered bond companies - 50.9 %

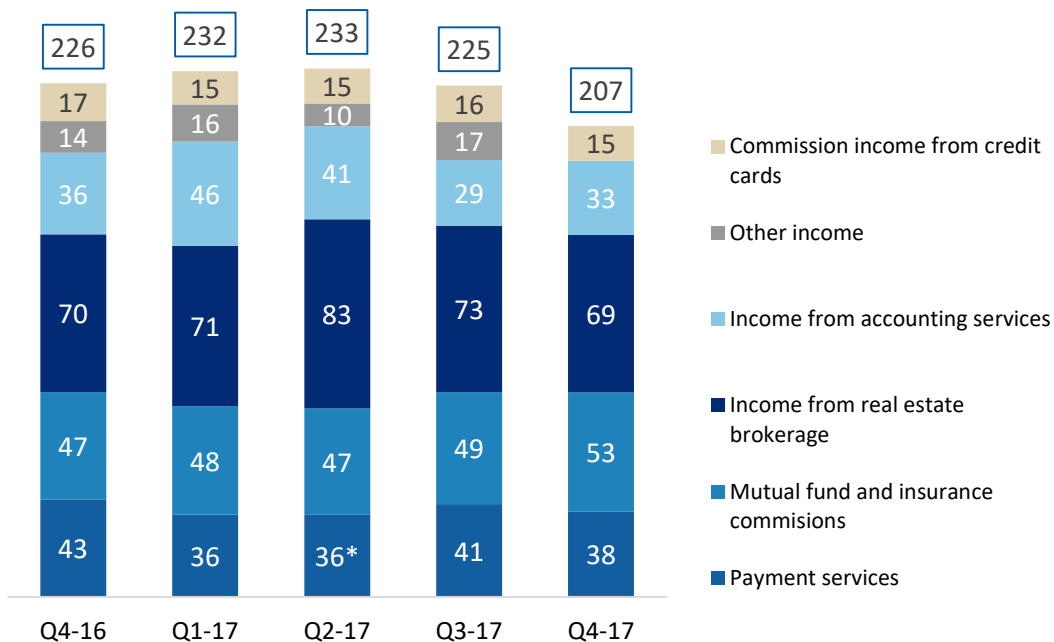
Deposit margins

Retail market and corporate market (parent bank)



Net commissions and other income

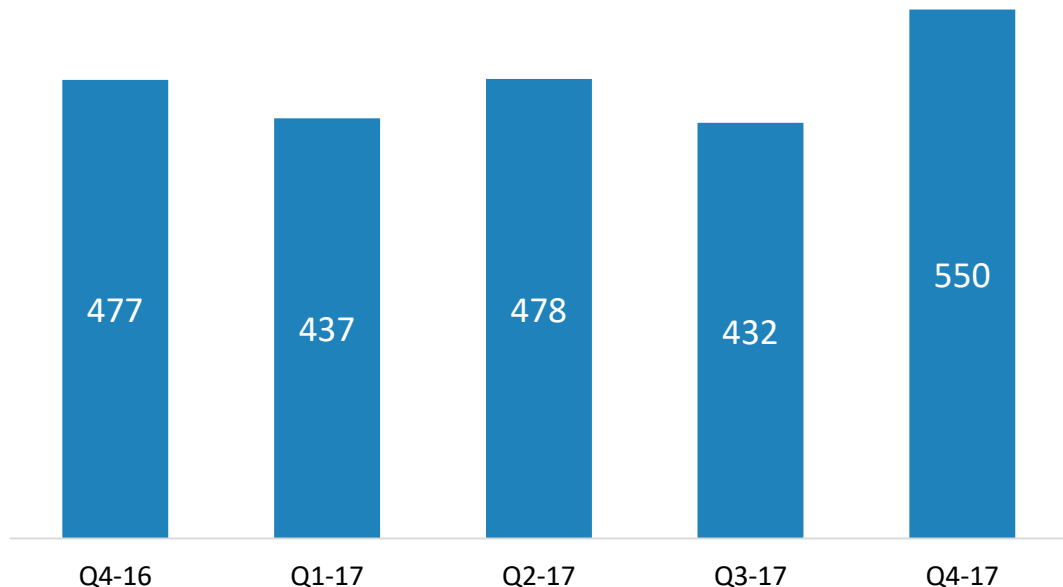
Commissions and other operating income by type (NOK millions)



- Stable development in commissions
- Revenues from accounting services and estate agency services dropped in the fourth quarter.
 - New management in EM 1 Oslo Akershus started in September.
 - A new CEO will be appointed in SB 1 Regnskapshuset

Fourth quarter - marked by restructuring costs

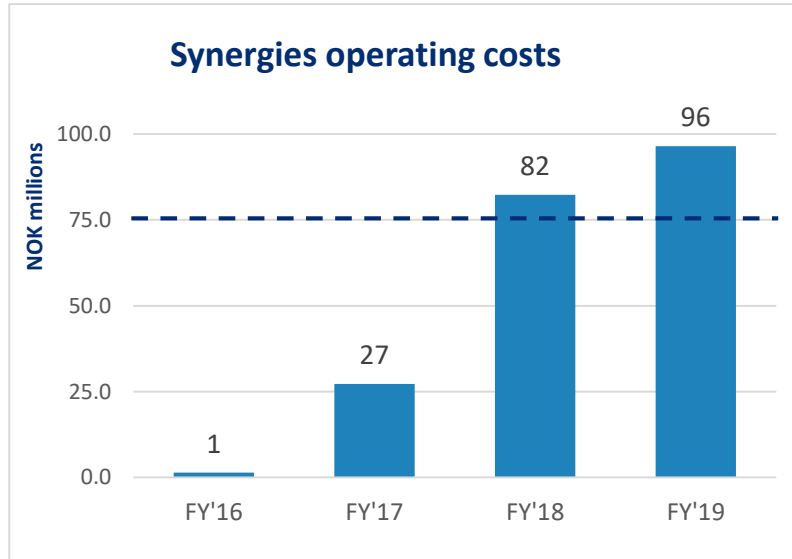
Operating costs per quarter (NOK millions)



- The merger was completed in the fourth quarter (see next page). NOK 47 million was charged in costs in connection with the merger in the quarter.
- Costs in EM1 rose by NOK 27 million compared with the previous quarter
 - Recruited new management and key personnel in EM1 OA
 - Increased variable pay in EM1 Hedmark
- Capital tax amounting to NOK 7 million for 2017 was recognised in its entirety in the quarter
- Charge of NOK 17 million in the quarter due to recalculation of pension costs of former CEO of Bank 1 Oslo Akershus AS

The merger project has been completed

Greater synergies identified and realised slightly ahead of schedule



Synergies

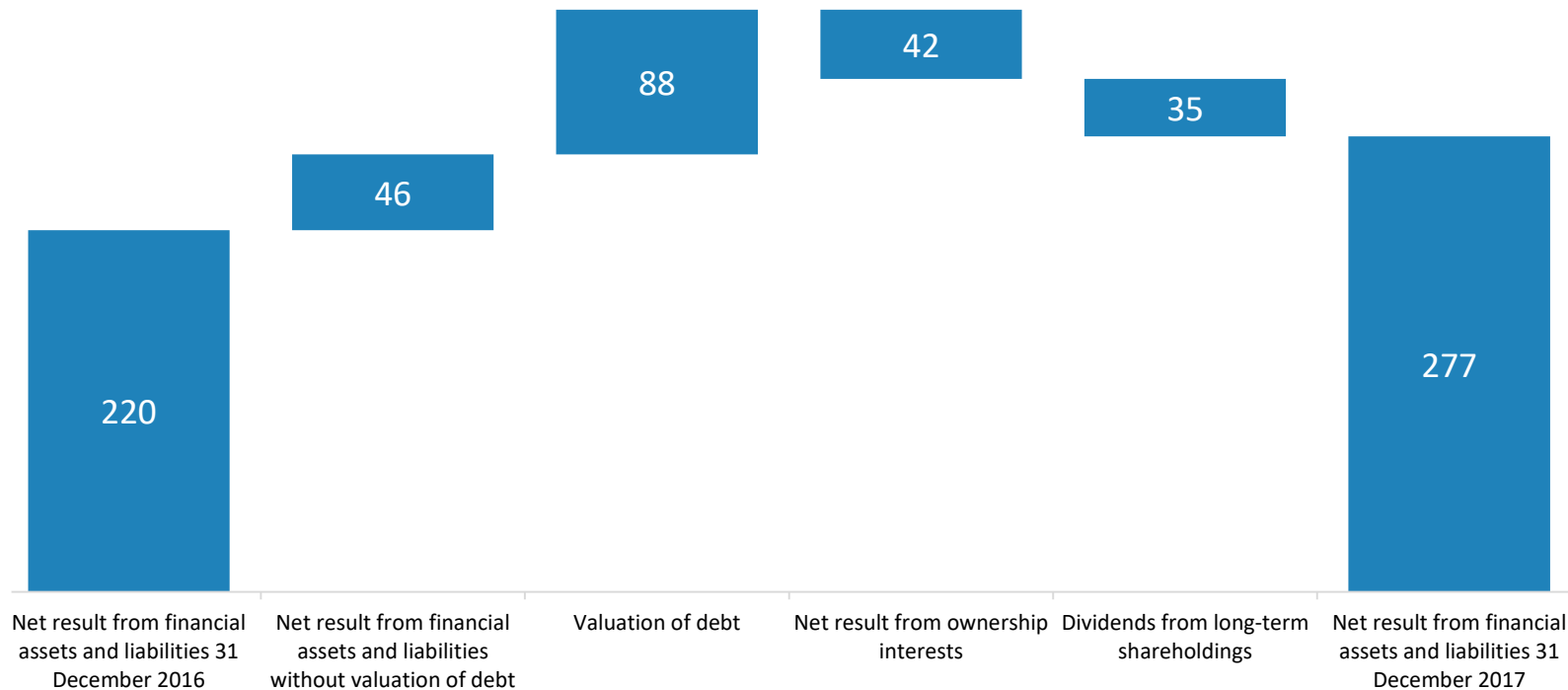
- Expected synergies of NOK 82 million in 2018 – compared with target of NOK 75 million
- Annual synergies are expected to rise to NOK 96 million from and including 2019
- 23 FTEs signed severance agreements in the fourth quarter
 - Most will leave in the first quarter of 2018
 - NOK 26 million was recognised in severance pay in the fourth quarter of 2017

Integration costs

- NOK 103 million in total integration costs
 - NOK 13 millions recognised in 2016
 - NOK 88 millions recognised in 2017, of which NOK 47 millions in the fourth quarter
 - NOK 2 millions will be recognised in 2018

The contribution from financial items has increased

Net result from financial assets and liabilities (NOK millions)



Regulations

IFRS 9 and Pillar 2

IFRS 9

NOK 22 million increase
in loss provisions

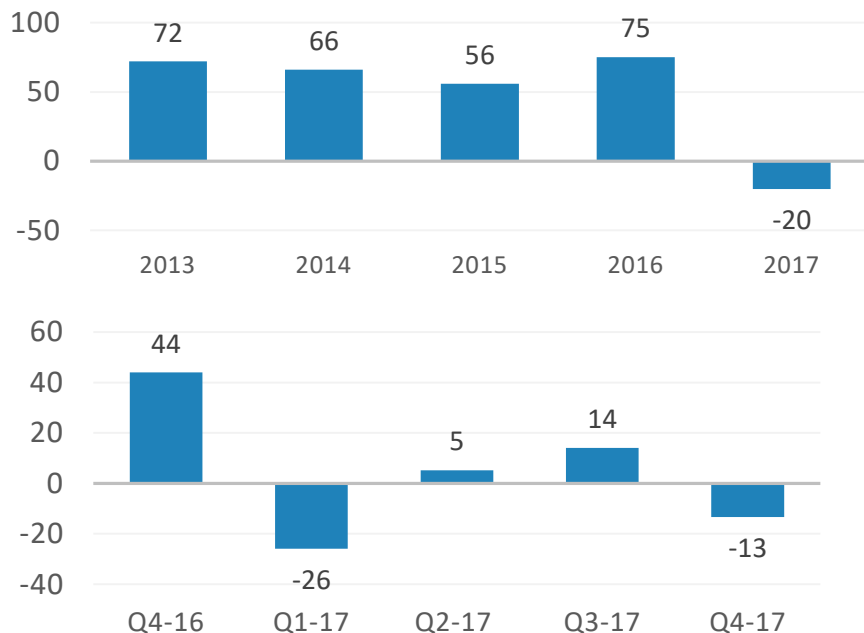
- The new loss model based on IFRS 9 has no significant effect on capital adequacy. Total loss provisions for the Group as of 1 January 2018 are estimated at NOK 389 million, NOK 22 million higher than the loss provisions as of 31 December 2017.
- The effect of changed classification and measurement is otherwise neutral from a regulatory perspective.
- The total implementation effect of IFRS 9 for the Group is estimated at a 0.03 percentage point reduction in the core equity tier 1 capital ratio.

**Pillar 2 requirement
increased
to 1.8 % effective
31 March 2018**

- On 2 February, the Financial Supervisory Authority of Norway set a Pillar 2 requirement of 1.8 % for SpareBank 1 Østlandet. This is 0.1 percentage points higher than the previous requirement.
- The increase is explained by the Financial Supervisory Authority of Norway's qualitative assessments of the merger risks in the Group. The Bank disagrees with the assessment, as the merger is finalised, but will not appeal the decision.

Net reversals on losses

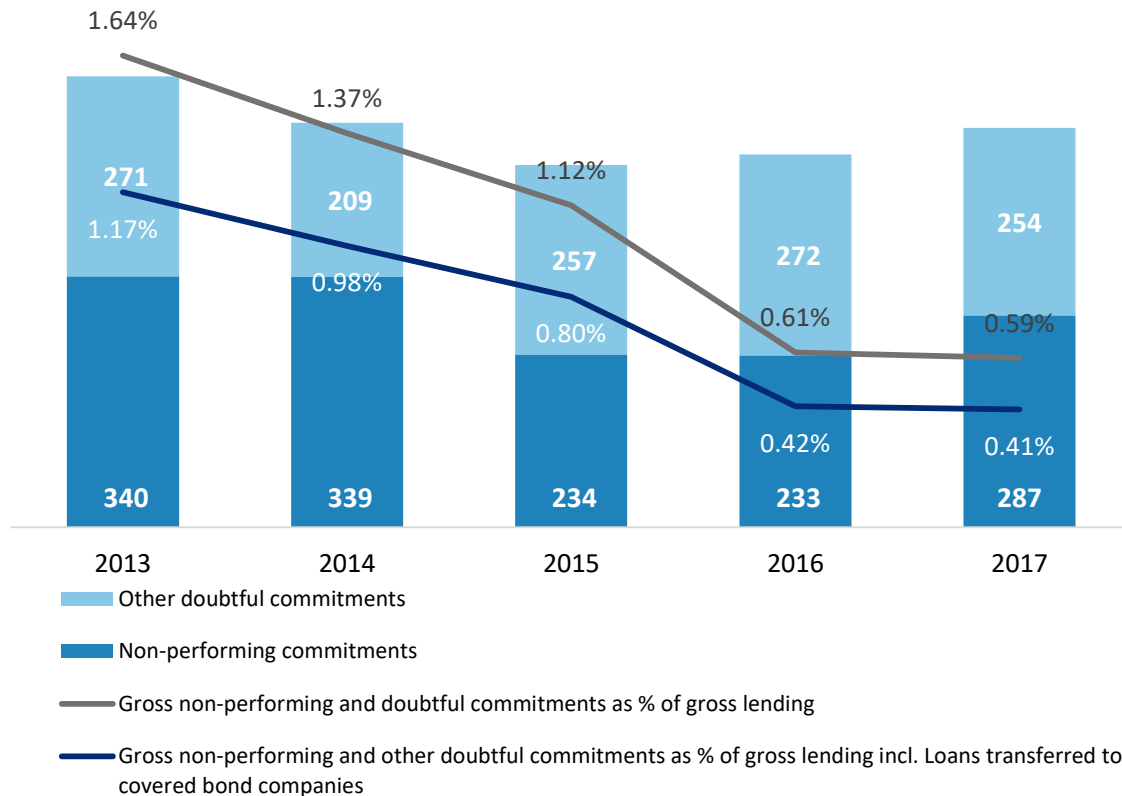
Net loan loss provisions (NOK millions)



- Net reversals on losses NOK 13 million in the fourth quarter
 - Equal to - 0.1 % of gross lending*.
 - Reversal of collective provisions by NOK 23 million in the corporate division due to improved credit quality.
- Net reversals on losses NOK 20 million in 2017
 - Equals -0.02 % of gross lending.
 - Reversal of collective provisions by NOK 46 million in the corporate division due to improved credit quality.

Low levels of problem loans

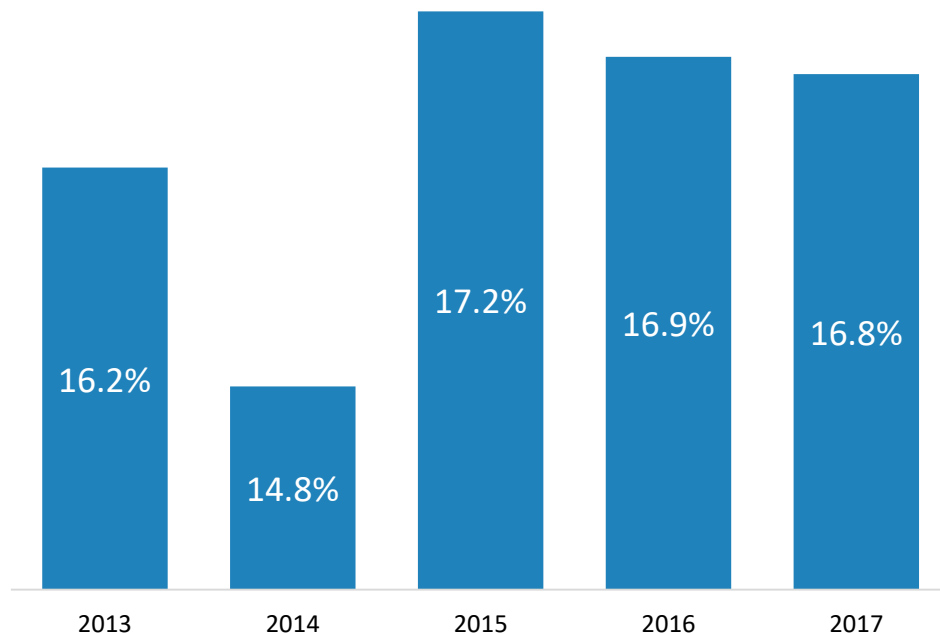
Non-performing and other doubtful commitments*



- The proportion of problem loans is stable at low levels

Solidity and capital adequacy

Core equity tier 1 ratio, Group (%)



- The Bank's target core equity tier 1 ratio is 16.0 %
- As of 31 December 2017, the core equity tier 1 ratio was 16.8 %
- The regulatory requirement is 13.7 %, including a Pillar 2 requirement of 1.7%
- The Financial Supervisory Authority of Norway has imposed a revised Pillar 2 requirement of 1.8 % with effect from 31 March 2018. The new total requirement for core equity tier 1 capital will then be 13.8 %.
- The leverage ratio was 7.1 % (7.4 %) as of 31 December 2017.

Disclaimer

- This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance.
- Although SpareBank 1 Østlandet believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.
- Important factors that may cause such a difference for SpareBank 1 Østlandet are, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.
- This presentation does not imply that SpareBank 1 Østlandet has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

End