Investor presentation
September 2018

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CFO  Head of Treasury  Portfolio manager/IR

- Norway’s fastest growing region is our home market
Executive summary

SpareBank 1 Østlandet

- Norway’s fourth largest savings bank
- The best capitalised regional savings bank in Norway - CET1 16.1%, Capital ratio of 19.3%, Leverage ratio 7.3%
- 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 73.6%
- Liquidity coverage ratio (LCR) 164.7%
- Access to covered bond financing through SpareBank 1 Boligkreditt (SPABOL)

Norwegian economy

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

Home market

- The fastest growing region of Norway
- Low unemployment and high economic activity
- Market leader in the inland region, challenger in the capital region
Transaction rationale
The Bank’s ambitions have implications for our funding strategy

- The Bank’s revised business strategy has implications for the funding strategy going forward
- Deposits are and will continue to be the Bank’s most important funding source
- The Bank exclusively uses SPABOL for covered bond funding
- Senior unsecured in NOK will still be the most important source for senior funding

**Senior unsecured in EUR will be important going forward**
- The inaugural EUR 500 million senior unsecured was very well received by the market
- In addition the Bank has high activity in EUR private placements
- Planning at least one EUR benchmark issue per year going forward

*SpareBank 1 Østlandet rated A1 (outlook neg.) by Moody's has mandated BNP Paribas, Deutsche Bank, LBBW and Nordea to arrange a roadshow in Europe commencing on the 17th September. A short-dated EUR sub-benchmark senior unsecured transaction in fixed or floating rate format will follow 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 10 September 2018
Introduction to SpareBank 1 Østlandet
SpareBank 1 Østlandet at a glance
Norway's fourth largest savings bank with a broad and diversified 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 159 billion.
- Operations in Hedmark, Oppland, Oslo and Akershus counties – our home market with more than 1.7 million inhabitants.
- Head office in Hamar, 38 branches and 1,137 FTEs.
- Approximately 327,000 customers with a retail lending 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.

Sources: Annual/interim reports, SpareBank 1 Gruppen || Comments (*): Total assets on own balance sheet, plus mortgages transferred to SB1 Boligkreditt and SB1 Næringskreditt
### Diversified main activities

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

<table>
<thead>
<tr>
<th>Operational divisions*</th>
<th>Selected key subsidiaries</th>
<th>Selected other ownership interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Segment</td>
<td>EiendomsMegler 1 Hedmark Eiendom AS</td>
<td>Totens Sparebank</td>
</tr>
<tr>
<td>~370 employees</td>
<td>Real estate agent</td>
<td>Savings bank</td>
</tr>
<tr>
<td>Corporate Segment</td>
<td>EiendomsMegler 1 Oslo Akershus AS</td>
<td>~25% KOMM-IN AS</td>
</tr>
<tr>
<td>~125 employees</td>
<td>Real estate agent</td>
<td>Local venture capital</td>
</tr>
<tr>
<td>Organisations &amp; Capital Markets</td>
<td>SpareBank 1 Finans Østlandet AS</td>
<td>100% Vato AS</td>
</tr>
<tr>
<td>~20 employees</td>
<td>Financing/Leasing</td>
<td>Property management</td>
</tr>
<tr>
<td>Administration &amp; Support</td>
<td>SpareBank 1 Østlandet VIT AS</td>
<td>100% Youngstorget 5 AS</td>
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<tr>
<td>~190 employees</td>
<td>Accounting/financial advisory</td>
<td>Real estate SPV</td>
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<td>20% Proaware AS (BETR AS)</td>
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<td></td>
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<td>Application development/consulting</td>
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</tbody>
</table>

Note*: FTE in the parent bank was 693 as of 2Q18 and 714 in 2Q17.
**Part of the SpareBank 1 Alliance**

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

**Key comments**

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

**Key joint ventures**

«SpareBank 1 Alliance» = 14 cooperating independent savings banks

<table>
<thead>
<tr>
<th>Category</th>
<th>Name</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External product offering</strong></td>
<td>SPAREBANK 1 GRUPPEN AS</td>
<td>12.4%</td>
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<tr>
<td></td>
<td>SpareBank 1 Forsikring AS</td>
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<td></td>
<td>Life insurance</td>
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<td></td>
<td>SpareBank 1 Skadeforsikring AS</td>
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<td>Non-life insurance</td>
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<td>ODIN Forvaltning AS</td>
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<td>Fund management</td>
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<td>Conecto AS</td>
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<td></td>
<td>Debt collection</td>
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<td></td>
<td>SpareBank 1 Gruppen Finans AS</td>
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<td></td>
<td>Factoring/Debt purchase</td>
<td></td>
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<tr>
<td><strong>Internal services</strong></td>
<td>SPAREBANK 1 BANKSAMARBEIDET DA</td>
<td>18.0%</td>
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<td></td>
<td>EiendomsMegler 1 Norge AS</td>
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<td></td>
<td>Real estate</td>
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<td></td>
<td>SpareBank 1 Kundesenter AS</td>
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<tr>
<td></td>
<td>Customer service</td>
<td></td>
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<tr>
<td></td>
<td>SpareBank 1 Verdipapirservice AS</td>
<td>Securities settlement</td>
</tr>
</tbody>
</table>

**Key associated companies**

- **SpareBank 1 Betaling AS** (Vipps ***)
  - 21.2%
- **SpareBank 1 Kredittkort AS**
  - Credit cards
  - 20.5%
- **SpareBank 1 Boligkreditt AS**
  - Covered bond issuer
  - 21.1%
- **SpareBank 1 Næringskreditt AS**
  - Covered bond issuer
  - 12.4%
- **SpareBank 1 Markets AS**
  - Investment bank
  - 6.2%

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

Source: Bank reports and SpareBank 1 Markets. As of 4Q 2017
Long history of low loan losses
Lower and more stable than peer average in Norway

Loan loss provisions, (% of lending*)

Source: Bank reports and SpareBank 1 Markets. Peers: NONG, SRBANK, MING, MORG, SVEG
(*) Included loans transferred to covered bond companies
Solid performance in several business areas
Second quarter 2018

• High activity levels in all business areas
• Strong regional growth
• High income and lending growth
• Reduction in operating costs en route to meet target
• Effective restructurings of subsidiaries EiendomsMegler 1 OA and SpareBank 1 Regnskapshuset Østlandet
• Low and stable loan losses
• Capital solidity, above CET1 target
Financial results for the second quarter of 2018
(Last year's figures in brackets)

- **Higher profitability**
  - Pre-tax profit in 2Q-18 isolated at NOK 416 million (NOK 274 million).
  - Pre-tax profit in 1H-18 at NOK 730 million (NOK 548 million).

- **Good return on equity**
  - ROE in 2Q-18 at 12.9% (9.0%).
  - ROE in 1H-18 at 11.4% (9.1%).

- **Solid capitalization**
  - CET 1 ratio at 16.1% (16.7%).
  - Leverage ratio at 7.3% (7.5%).

- **High lending growth**
  - Lending growth of 8.9% (8.0) last 12 months.
  - Lending growth in 2Q-18 of 2.3%.

- **Stable deposit growth**
  - Deposit growth of 6.0% (6.4) last 12 months.

- **Low losses on loans**
  - Impairment losses on loans NOK 7 million in 2Q-18.
  - Impairment losses on loans NOK 12 million in 1H-18.
The financial targets are met in 1H-2018

Financial targets 2018 and performance as of 1H-2018

- **Profitability**: Return on equity at least 10%
  - Achieved: 11.4%

- **Dividends**: 50% pay-out ratio after tax*
  - Achieved: 50%

- **Solidity**: CET 1 at 16%
  - Achieved: 16.1%

- **Costs**: 5% cost reduction**
  - Achieved: -3.1%

(*) Profit after tax before minority interests
(**) Nominal costs pro-forma parent bank compared with 2017 (accumulated)
Region, strategy and ambitions
Continuous development of the Bank
Recent merger and IPO basis for future growth

2014
Decision to evaluate

2015
Evaluation, conversion, and implementation

2016
Equity issue to B1OA* owners

2017
Merger between B1OA and SH** to SpareBank 1 Østlandet

2017
IPO

2017->
Revised strategy
Deliver on targets and potential

Foundation
Foundation
Foundation
Foundation

Owners B1OA
Owners B1OA
Owners B1OA
Free flow

Free flow

Customer dividend ensures a stable ECC ratio***

(*) B1OA - Bank 1 Oslo Akershus
(**) SH - Sparebanken Hedmark
(*** ) ECC ratio = Equity Capital Certificate owners capital/(ECC owners capital + Total Primary Capital)
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.
## Solid position and growth opportunities

Market leader in Hedmark, market challenger in other counties

<table>
<thead>
<tr>
<th>Region</th>
<th>Population</th>
<th>Market share RM</th>
<th>Market share CM</th>
<th>Position</th>
<th>Unemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hedmark</strong></td>
<td>197,032</td>
<td>49%</td>
<td>45%</td>
<td>market leader</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Oppland</strong></td>
<td>189,761</td>
<td>4%</td>
<td>8%</td>
<td>challenger</td>
<td>1.6%</td>
</tr>
<tr>
<td><strong>Oslo</strong></td>
<td>676,462</td>
<td>11%</td>
<td>2%</td>
<td>challenger</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>Akershus</strong></td>
<td>619,440</td>
<td>7%</td>
<td>4%</td>
<td>challenger</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

(*) Customers who consider SpareBank 1 Østlandet as their main bank  | Unemployment: % of workforce, registered with NAV, Q2 2018  
| Main bank share: TNS Gallup H1 2017, position survey
A market area with long term growth potential
Considerable population growth in the Greater Capital Area

Øvre Romerike – national champion in job creation
Job creation in the region

• Øvre Romerike has for a long time been the national champion in population growth.

• The region is now also the national champion in job creation.

• In the period of 2015-2017, businesses in Øvre Romerike created 3,519 new jobs.
  – A growth of 8.5 per cent.
  – Compared with a 0.3 per cent growth in Norway.

Source: Statistics Norway – Percentage change in development of employees per region from 2000-2017 (index 2000=100)
The bank is strengthening its ESG focus

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

SpareBank 1 Østlandet has signed up for the United Nations Global Compact

- Ensures all 10 principles of sustainability are integrated in day-to-day operations
- The bank is since 2017 reporting ESG performance according to the GRI reporting standard (*)

The SpareBank 1 Alliance is a member of the Norwegian Green Building Council

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

SpareBank 1 Østlandet established a CSR strategy in 2014

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

The SpareBank 1 Alliance’s asset manager and insurance company are guided by sustainability in their investments

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

SpareBank 1 Østlandet’s branch offices are certified as ‘Eco-lighthouses’ in Norway

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

SpareBank 1 Østlandet introduced a «green mortgage» in 2017

- Increase energy efficiency in existing buildings
- Complete refurbishments of older buildings
- Construct new passive houses
  Terms: 0% – year 1 (money market rate is 0,5%, normal mortgage rate 2,50%)
  0,5% – year 2, increasing 0,5% annually to maximum 1,5%)

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

- Calculated specific energy related CO₂ emissions (kg CO₂e/m²)

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(*) https://www.sparebank1.no/nb/ostlandet/om-oss/samfunnsansvar.html
Financial targets 2018

Remaining solid and continuing focus on profitability

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

(*) Nominal costs pro-forma parent bank compared with 2017
Asset quality, rating and funding plans
Loan book dominated by retail and SME lending

Lending to customers per sector (per cent*)

Retail lending 74%

Corporate lending 26%

- Retail lending 46.1%
- Transferred to Boligkreditt 28.0%
- Transferred to Næringskreditt 1.1%
- Real estate 10.2%
- Commercial services 3.3%
- Building and construction 3.4%
- Wholesale and retail trade 0.9%
- Primary industries 3.2%
- Other 3.8%

(*) As per cent of gross loans to customers including loans to covered bond companies = NOK 135,495 million
The typical mortgage is small or moderate in size

Retail and corporate loans by size (% share)*

Retail market

- <1 M: 9.9%
- 1-2.5 M: 39.5%
- 2.5-5 M: 33.4%
- 5-10 M: 13.2%
- >10 M: 4.0%

Corporate market

- <5 M: 19.0%
- 5-10 M: 12.0%
- 10-50 M: 23.0%
- 50-100 M: 11.1%
- 100-200 M: 11.6%
- > 200 M: 23.2%

(*) Including loans transferred to the covered bond companies
Underwriting within the quotas of the mortgage regulation*

Daily follow-up ensures optimal utilisation of the permitted quota

Utilisation of flexibility quota in 2Q-2018:

City of Oslo
3.6% (8% quota)

Other areas
4.1% (10% quota)

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

(*) Regulation on the requirements for new lending with collateral in housing
High quality credit process – falling LTV

Percentage of granted mortgages and average LTV per county

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

Percentage of granted volume:
- Oslo: 33%
- Akershus: 33%
- Hedmark: 31%
- Oppland: 30%
- Others: 30%

Average LTV at the time of grant:
- Oslo: 71%
- Akershus: 66%
- Hedmark: 62%
- Oppland: 60%
- Others: 59%
Predominantly low LTV in the residential mortgage lending

Exposure per LTV bucket in the residential mortgage portfolio

Below 70% LTV: 95.0%
70-85% LTV: 4.0%
85-100% LTV: 0.5%
Over 100% LTV: 0.5%
Low and decreasing levels of problem loans
Non-performing and other doubtful commitments*

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross doubtful commitments (not in default)</th>
<th>Gross defaulted commitments for more than 90 days</th>
<th>Gross doubtful (not in default) and gross defaulted commitments as % of gross loans incl. loans transferred to covered bond companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>339</td>
<td>209</td>
<td>1.37%</td>
</tr>
<tr>
<td>2015</td>
<td>234</td>
<td>257</td>
<td>1.12%</td>
</tr>
<tr>
<td>2016</td>
<td>233</td>
<td>272</td>
<td>0.61%</td>
</tr>
<tr>
<td>2017</td>
<td>287</td>
<td>254</td>
<td>0.59%</td>
</tr>
<tr>
<td>Q2-2018</td>
<td>314</td>
<td>218</td>
<td>0.55%</td>
</tr>
</tbody>
</table>

- The proportion of problem loans decreases further

(*) NOK million and percentage of total lending
Still very low losses on loans

Losses on loans and guarantees (NOK million) in 2Q-2018

- Losses on loans and guarantees were NOK 7
- Equals an annualised loss rate of 0.03% of gross lending
Continued strong lending growth

Lending volume (Group, NOK billion)

- Total lending in the Group, including loans transferred to covered bond companies, increased by NOK 3.5 billion during the quarter.
- This is equivalent to a 2.7% growth during the quarter.
- Lending growth in the Group the last 12 months was 8.9% (8.0%)
  - Retail lending increased 9.3%
  - Corporate lending increased 7.9%
Satisfactory deposit coverage
Deposit volume (Group, NOK billion)

• Deposit growth last 12 months 6.0%
  • Deposit growth - retail 8.1%
  • Deposit growth - corporates 3.2%

• Deposit coverage ratio 73.6%

• Deposit coverage ratio, including mortgages transferred to the covered bond companies, 52.1%
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”
- “Strengthened franchise following the acquisition of Bank 1 Oslo Akershus”
- “However, the expected implementation of the official resolution regime in Norway in the coming months, will likely cause us to reconsider/lower our government support assumptions for all rated savings banks in Norway, including SpareBank 1 Østlandet, as reflected by the current negative rating outlook.”

• Latest development: System Outlook from Moody’s 28 August 2018 upgraded the Norwegian banking system from negative to stable.
The bank’s ambitions for the funding strategy (1)

Today’s funding mix and thoughts on funding going forward

- The Bank’s revised business strategy leads to higher funding activity going forward
- Deposits are and will continue to be the Bank’s most important funding source
- The Bank exclusively uses SPABOL for covered bond funding
- Senior unsecured in NOK will still be the most important source for senior funding
- Senior unsecured in EUR will be important going forward
  - The inaugural EUR 500 million senior preferred was very well received by the market
  - In addition the Bank has high activity in EUR private placements
  - Planning at least one EUR benchmark issue per year going forward

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

- Equity: 9%
- Deposits: 45%
- Covered bonds: 25%
- Loans from banks: 1%
- Senior NOK: 14%
- Senior EUR: 5%
- Subordinated: 1%
The bank’s ambitions for the funding strategy (2)

Funding profile as of August 2018 (NOK million)

- Well diversified funding profile
- Average time to maturity 4.0 years
- Total maturities of NOK 33.6 billion
- Mortgages of NOK 39.4 billion transferred to SPABOL as of 2Q-2018
Minimum Requirement for Own Funds and Eligible Liabilities
MREL – The proposal from the Norwegian FSA 29 June 2018

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

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

(*) Based on 2Q 2018
The Group’s common equity tier 1 ratio in 2Q-18 was 16.1%.

The target for CET 1 is 16.0%.

The reduction in CET 1 in Q2 was due to strong lending growth in the period.

The leverage ratio was 7.3% 2Q.
Norwegian and regional outlook
## Norwegian economy at a glance

Balanced growth and strong public finances

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

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

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

Turnaround in oil, growth on trend and falling unemployment

Source: Thompson Reuters Datastream
The sovereign wealth fund is almost 3 times GDP

- All petroleum related income – oil taxes and direct revenue flows into the fund

- 3% of the fund’s size may be spent in the National Budget
  - Could be used as a countercyclical buffer through the cycle
  - In 2016 and 2017, total government expenditure was slightly above its income (before oil income)
  - The countercyclical buffer is used in these years

- The fund is restricted from investing in Norwegian assets or banks

- The return from the fund outweighs the reduction in buffer
  - Positive net return
High economic activity in our market area (1)
Increasing productivity and low unemployment

Source 1: Norges Bank Regional Network 03/18
| (*) Includes Hedmark and Oppland | (**) Includes Oslo, Akershus, Østfold and Buskerud

Source 2: Statistics Norway, NAV, Thompson Reuters Datastream
High economic activity in our market area (2)
Investment leveling out on higher profitability

Source 1: Norges Bank Regional Network 03/18
| (*) Includes Hedmark and Oppland | (**) Includes Oslo, Akershus, Østfold and Buskerud
Source 2: Statistics Norway, NAV, Thompson Reuters Datastream
Mortgage market: key characteristics

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

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

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

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

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

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

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

Source: Norwegian FRA «Regulation on the requirements for new lending with collateral in housing “ and Statistics Norway
Moderate housing price growth and high construction activity

House price developments for relevant areas compared with Norway

AUGUST 2018
- Nominal +0.8%/seasonally adjusted -0.1%
  - Highest growth in Kristiansand +1.9%
  - Lowest in Bergen -0.9%
- 12-month growth: +2.2%
  - Oslo +3.4%
  - Inland Region* +3.3%
- Record high activity

Source: Eiendom Norge Housing Prices August 2018 | (*) Includes: Oppland and Hedmark | (**Index 31 December 2014 = 100
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Runar Hauge
Portfolio Manager/IR
Phone: +47 482 95 659
runar.hauge@sb1ostlandet.no
Appendix
### Income statement 1H-2018

#### Group

<table>
<thead>
<tr>
<th></th>
<th>1H 2018</th>
<th>1H-2017</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net interest income</strong></td>
<td>1,006</td>
<td>956</td>
<td>1,956</td>
</tr>
<tr>
<td><strong>Net commission income</strong></td>
<td>564</td>
<td>526</td>
<td>1,095</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>93</td>
<td>98</td>
<td>168</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>918</td>
<td>915</td>
<td>1,898</td>
</tr>
<tr>
<td><strong>Result bank operation before losses</strong></td>
<td>745</td>
<td>665</td>
<td>1,321</td>
</tr>
<tr>
<td><strong>Impairment losses on loans and guarantees</strong></td>
<td>12</td>
<td>-21</td>
<td>-20</td>
</tr>
<tr>
<td><strong>Result bank operation after losses</strong></td>
<td>733</td>
<td>686</td>
<td>1,341</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>13</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Net profit from ownership interest</strong></td>
<td>84</td>
<td>36</td>
<td>194</td>
</tr>
<tr>
<td><strong>Net income from financial assets/liabilities</strong></td>
<td>98</td>
<td>-13</td>
<td>72</td>
</tr>
<tr>
<td><strong>Profit/loss before tax</strong></td>
<td>928</td>
<td>719</td>
<td>1,618</td>
</tr>
<tr>
<td><strong>Tax charge</strong></td>
<td>198</td>
<td>171</td>
<td>356</td>
</tr>
<tr>
<td><strong>Profit/loss after tax</strong></td>
<td>730</td>
<td>548</td>
<td>1,263</td>
</tr>
</tbody>
</table>

- **Return on equity**
  - 1H 2018: 11.4%
  - 1H-2017: 9.1%
  - 2017: 10.2%

- **Total operating costs in relation to total income**
  - 1H 2018: 49.4%
  - 1H-2017: 56.7%
  - 2017: 54.3%

- **Impairment losses as percentage of gross loans**
  - 1H 2018: 0.0%
  - 1H-2017: 0.0%
  - 2017: 0.0%
### Special items 2Q-2018

#### Description and effects

<table>
<thead>
<tr>
<th>Entity</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Vipps**                     | • The merger of BankAxept, BankID and Vipps led to a write-up of book values.  
                                 | • Net gain of NOK 59 million.                                                                                                                                                                             |
| **Torggata 22 AS**            | • The bank sold 50% of the shares in Torggata 22 AS in Hamar.  
                                 | • Net gain of NOK 9 million.                                                                                                                                                                             |
| **SB1 Regnskapshuset Østlandet AS** | • Restructuring of the company with the merger with TheVIT.  
                                 | • Loss of NOK 13 million.                                                                                                                                                                               |
| **EiendomsMegler 1**          | • The real estate brokers terminated a development agreement linked to a new core system.  
                                 | • Loss of NOK 5 million.                                                                                                                                                                                 |
Key financials – quarterly

(1)

Pre-tax profit (NOK million)

<table>
<thead>
<tr>
<th></th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
<th>Q1-18</th>
<th>Q2-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>358</td>
<td>476</td>
<td>422</td>
<td>409</td>
<td>518</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
<th>Q1-18</th>
<th>Q2-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>573</td>
<td>598</td>
<td>611</td>
<td>602</td>
<td>599</td>
</tr>
</tbody>
</table>

Impairments on loans and guarantees (NOK million)

<table>
<thead>
<tr>
<th></th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
<th>Q1-18</th>
<th>Q2-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairments</td>
<td>5</td>
<td>14</td>
<td>-13</td>
<td>5</td>
<td>7</td>
</tr>
</tbody>
</table>

Total operating costs (NOK million)

<table>
<thead>
<tr>
<th></th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
<th>Q1-18</th>
<th>Q2-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>478</td>
<td>433</td>
<td>550</td>
<td>449</td>
<td>468</td>
</tr>
</tbody>
</table>
Key financials – quarterly

(2)

Return on equity

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017 Q2</th>
<th>2017 Q3</th>
<th>2017 Q4</th>
<th>2018 Q1</th>
<th>2018 Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity</td>
<td>9.0%</td>
<td>12.0%</td>
<td>10.4%</td>
<td>9.9%</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

CET 1 ratio

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017 Q2</th>
<th>2017 Q3</th>
<th>2017 Q4</th>
<th>2018 Q1</th>
<th>2018 Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>CET 1 ratio</td>
<td>16.7%</td>
<td>16.9%</td>
<td>16.8%</td>
<td>16.2%</td>
<td>16.1%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017 Q2</th>
<th>2017 Q3</th>
<th>2017 Q4</th>
<th>2018 Q1</th>
<th>2018 Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending growth</td>
<td>8.0%</td>
<td>7.9%</td>
<td>8.4%</td>
<td>8.8%</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

Deposit growth last 12 months

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017 Q2</th>
<th>2017 Q3</th>
<th>2017 Q4</th>
<th>2018 Q1</th>
<th>2018 Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit growth</td>
<td>6.4%</td>
<td>5.1%</td>
<td>4.6%</td>
<td>5.3%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>
Profit contributions from subsidiaries
1H-2018 (1H-2017)

SpareBank 1 Finans Østlandet
- Profit before tax NOK 96.9 million (NOK 87.8 million).
- Good growth and increasing profitability.
- Increased focus on innovation and business development.

EiendomsMegler 1 Hedmark
- Profit before tax NOK 9.9 million (NOK 12.9 million).
- Solid market position, expanded project and CRE brokerage increase market share.
- High activity level, but increased cost from termination of IT contract and new recruitment.

EiendomsMegler 1 Oslo Akershus
- Profit before tax NOK 4.7 million (NOK 3.8 million).
- Restructuring completed, higher activity and cross-selling.
- Accounting effects from termination of an IT contract and new recruitment.

SpareBank 1 Østlandet VIT AS (SpareBank 1 Regnskapshuset AS og TheVIT AS)
- Profit before tax NOK -2.5 million (NOK 3.2 million*).
- The merged company is well positioned with value adding offerings.
- Strengthened presence in Greater Oslo and continued digitalisation of key processes.

(*) Last year’s figures is SpareBank 1 Regnskapshuset Østlandet AS
<table>
<thead>
<tr>
<th>Company</th>
<th>Profit before tax (NOK)</th>
<th>Ownership %</th>
</tr>
</thead>
<tbody>
<tr>
<td>SpareBank 1 Gruppen</td>
<td>-773 million (904 million)</td>
<td>12.4%</td>
</tr>
<tr>
<td>SpareBank 1 Boligkreditt AS</td>
<td>-6.9 million (259.9 million)</td>
<td>21.1%</td>
</tr>
<tr>
<td>SpareBank 1 Næringskreditt</td>
<td>35.6 million (47.9 million)</td>
<td>12.4%</td>
</tr>
<tr>
<td>SpareBank 1 Kredittkort</td>
<td>86.5 million (45.9 million)</td>
<td>20.5%</td>
</tr>
</tbody>
</table>
Net interest income
Net interest income incl. commissions from covered bond companies

- Higher NII last quarter due to strong lending growth
- Reduction in NII in per cent of average assets mainly due to increased Nibor
- Reduction in commission fees from the covered bond companies due to increased funding cost

<table>
<thead>
<tr>
<th></th>
<th>Q2-17 *</th>
<th>Q3-17</th>
<th>Q4-17</th>
<th>Q1-18</th>
<th>Q2-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income and commission fees from covered bond companies (MNOK)</td>
<td>483</td>
<td>498</td>
<td>501</td>
<td>495</td>
<td>511</td>
</tr>
<tr>
<td>Commission fees from covered bond companies</td>
<td>91</td>
<td>100</td>
<td>109</td>
<td>107</td>
<td>88</td>
</tr>
<tr>
<td>Net interest income</td>
<td>573</td>
<td>598</td>
<td>611</td>
<td>602</td>
<td>599</td>
</tr>
<tr>
<td>Net interest income in % of average of average total assets (accumulated)</td>
<td>1.84%</td>
<td>1.86%</td>
<td>1.86%</td>
<td>1.81%</td>
<td>1.78%</td>
</tr>
</tbody>
</table>

* The statement deviates from previously reported figures by NOK 9 million due to repostings to show comparable figures, this is corrected against international payments.
Continued strong lending growth

Lending volume (Group, NOK billion)

- Total lending in the Group, including loans transferred to covered bond companies, increased by NOK 3.5 billion during the quarter.
- This is equivalent to a 2.7% growth during the quarter.
- Lending growth in the Group the last 12 months was 8.9% (8.0%)
  - Retail lending increased 9.3%
  - Corporate lending increased 7.9%
• Decreasing retail lending margins last quarter, due mainly to the increase in Nibor, but also competitive pressure for low risk customers.

• Increased corporate lending margins last quarter as a consequence of targeted repricing of defined customer segments and an increased focus on the pricing of new customers.
Satisfactory deposit coverage
Deposit volume (Group, NOK billion)

• Deposit growth last 12 months 6.0%
  • Deposit growth - retail 8.1%
  • Deposit growth - corporates 3.2%

• Deposit coverage ratio 73.6%

• Deposit coverage ratio, including mortgages transferred to the covered bond companies, 52.1%

Q2-17: 67
Q3-17: 65
Q4-17: 66
Q1-18: 66
Q2-18: 71
Deposit margins
Retail and corporate markets (parent bank)

- Increasing deposits margins in parent bank last quarter.
- The higher margins are mainly explained by the increased Nibor.
### Increased income in subsidiaries

**Commissions and other operating income (NOK million)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Other income</th>
<th>Commission income from credit cards</th>
<th>Income from accounting services</th>
<th>Income from real estate brokerage</th>
<th>Mutual fund and insurance commissions</th>
<th>Payment transmission</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2-17*</td>
<td>233</td>
<td>10</td>
<td>15</td>
<td>41</td>
<td>83</td>
<td>47</td>
<td>225</td>
</tr>
<tr>
<td>Q3-17</td>
<td>225</td>
<td>17</td>
<td>16</td>
<td>29</td>
<td>73</td>
<td>49</td>
<td>207</td>
</tr>
<tr>
<td>Q4-17</td>
<td>217</td>
<td>0</td>
<td>15</td>
<td>33</td>
<td>69</td>
<td>53</td>
<td>16</td>
</tr>
<tr>
<td>Q1-18</td>
<td>217</td>
<td>12</td>
<td>18</td>
<td>9</td>
<td>67</td>
<td>51</td>
<td>96</td>
</tr>
<tr>
<td>Q2-18</td>
<td>246</td>
<td>12</td>
<td>18</td>
<td>12</td>
<td>96</td>
<td>46</td>
<td>246</td>
</tr>
</tbody>
</table>

- Commissions and other operating income increased with 14% from last quarter, and 6% from last year.
- The increase is mainly due to higher activity levels in the accounting services and the real estate brokerage as the restructuring of these companies starts to take effect.

(*) Deviates from reported figures by 9 million due to repostings, this has been corrected for against net interest income.
Group operating costs
Operating costs per quarter (NOK millions)

- The operating costs are down 1.9% compared to last year.
- Personnel expenses have increased due to in the subsidiaries.
- Write-downs of an IT project in the EM1 alliance amounted to NOK 4.9 million.
Increased staffing in subsidiaries

Headcount (FTE)

- Stable level of staffing in the Parent Bank after the merger downsizing has been completed
- Increased staffing in the subsidiaries due to higher ambitions and activity levels in real estate brokerage and accounting services.
The operating costs in the first half year of 2018 were NOK 21 million lower than in the same period in 2017.

This is equivalent to a -3.1% cost reduction in the pro-forma parent bank compared with last year.

The ambition of a 5% cost reduction in absolute terms for the pro-forma parent for the year 2018 compared with 2017 is maintained.

(*) The analysis takes into account the fact that former Bank 1 Oslo Akershus As was merged into the parent bank as of Q2-18. «Adjusted» or «Pro-forma» numbers are calculated as if the merger took place at the beginning of 2017 making the comparison of operating costs more relevant.
The contribution from financial items has increased

Net result from financial assets and liabilities (NOK million)

- Issued debt securities were in 1H-2017 generally assessed at fair value (IAS 39) and showed, mainly due to lower credit spreads, a loss of NOK 83 million.
- Issued debt securities are after 1 January 2018 generally assessed at amortised costs (reclassification due to transfer to IFRS 9).
- The remaining improvement in “net change on securities issues...” compared with last year is mainly explained by positive value adjustments in H1-18, of NOK 14 million, on a minor portfolio of securities funding fixed interest lending to customers.
- Increased profit from ownership interest – see previous slides.
Low losses and reduced net exposure in stage 3
Specification of impairment losses and net exposure per stage (NOK million)

Impairment losses per segment

<table>
<thead>
<tr>
<th></th>
<th>2Q-18</th>
<th>1Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal customers</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Corporate customers</td>
<td>5</td>
<td>-2</td>
</tr>
<tr>
<td>SB 1 Finans Østlandet</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>

- Stage 1 – Initial recognition and no significant deterioration of credit quality – 12-month expected credit losses
- Stage 2 – Significant deterioration of credit quality – Lifetime expected credit losses
- Stage 3 – Significant deterioration of credit quality and objective credit losses – Lifetime expected credit losses

Maximum exposure (on and off-balance sheet items), net of accumulated impairment

<table>
<thead>
<tr>
<th></th>
<th>Net exposure</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q-18</td>
<td>2Q-18</td>
<td>1Q-18</td>
<td>2Q-18</td>
<td></td>
</tr>
<tr>
<td>Personal customers</td>
<td>87,353</td>
<td>90,355</td>
<td>4,647</td>
<td>4,995</td>
<td>92,406</td>
</tr>
<tr>
<td>Corporate customers</td>
<td>406</td>
<td>282</td>
<td>406</td>
<td>282</td>
<td>95,632</td>
</tr>
<tr>
<td>Total</td>
<td>92,406</td>
<td>95,632</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- 94.5% Stage 1
- 5.0% Stage 2
- 0.4% Stage 3

Net exposure Stage 1 Stage 2 Stage 3 Total
1Q-18 87,353 4,647 406 92,406
2Q-18 90,355 4,995 282 95,632
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