



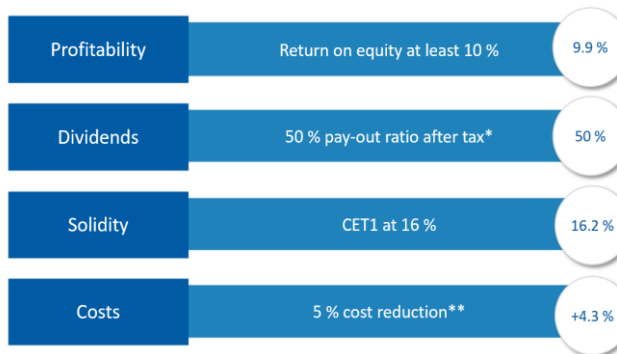
Financial results

First Quarter 2018

27 April 2018

Solid performance in first quarter 2018

- First customer dividend has been paid
- We teach parents and children digital economy
- Innovative focus on digital education for young people
- Increasing economic activity in the region
- Housing prices rebounding with high activity
- Meets financial targets
- Solid lending growth and more competition
- Deposit growth and increasing margins
- Core equity tier 1 ratio in line with target
- Debut benchmark issuance in EUR





Strategy and ambitions

A long and profitable 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 154 billion.

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

Head office in Hamar, 38 branches and 1,111 FTEs.

Approximately 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.

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	1.9 %

Oppland

Population	189,000
Market share RM	4 %
Market share CM	8 %
Position	growth market
Unemployment	1.7 %

Oslo

Population	669,000
Market share RM	11 %
Market share CM	2 %
Position	growth market
Unemployment	2.6 %

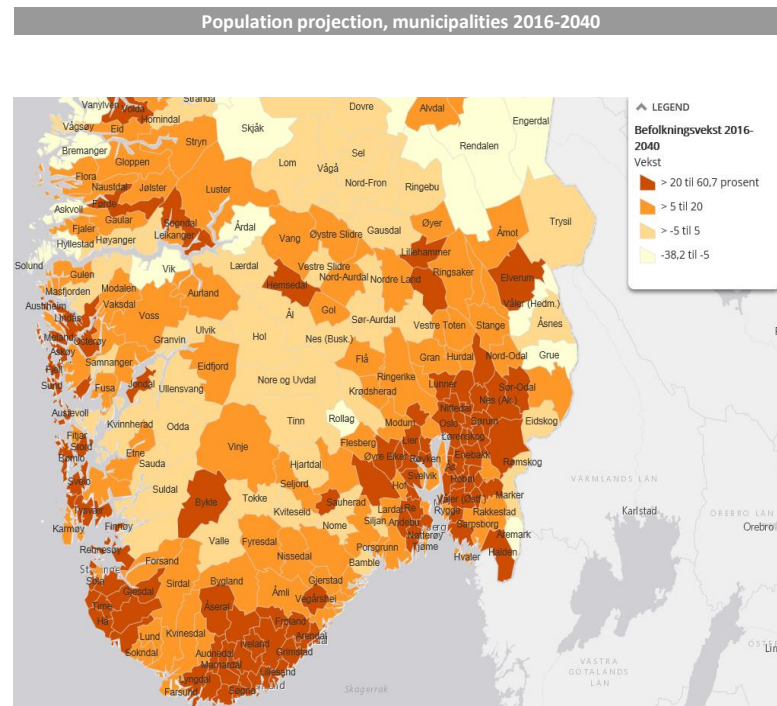
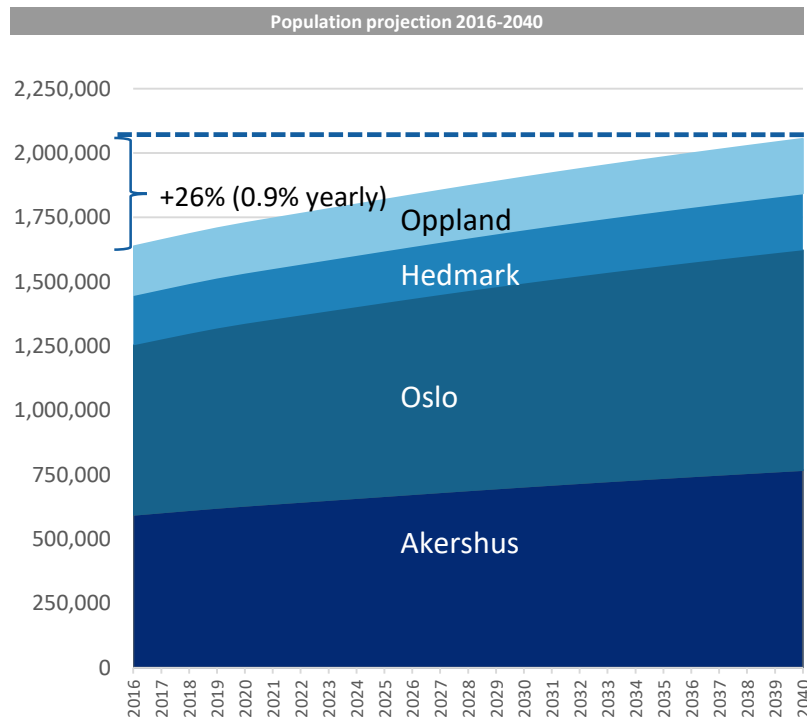
Akershus

Population	610,000
Market share RM	7 %
Market share CM	4 %
Position	growth market
Unemployment	2.0 %



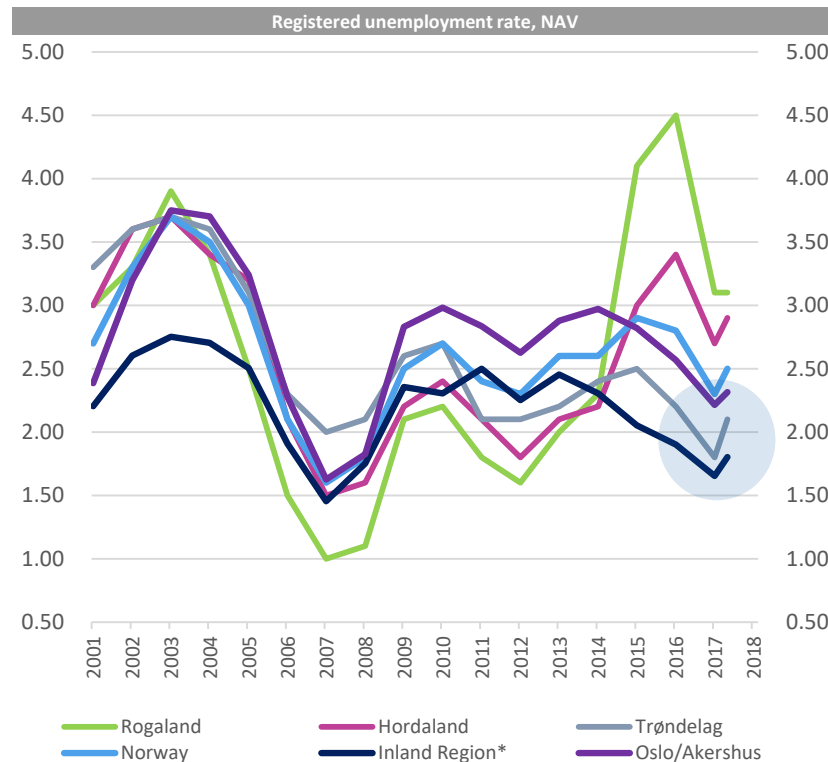
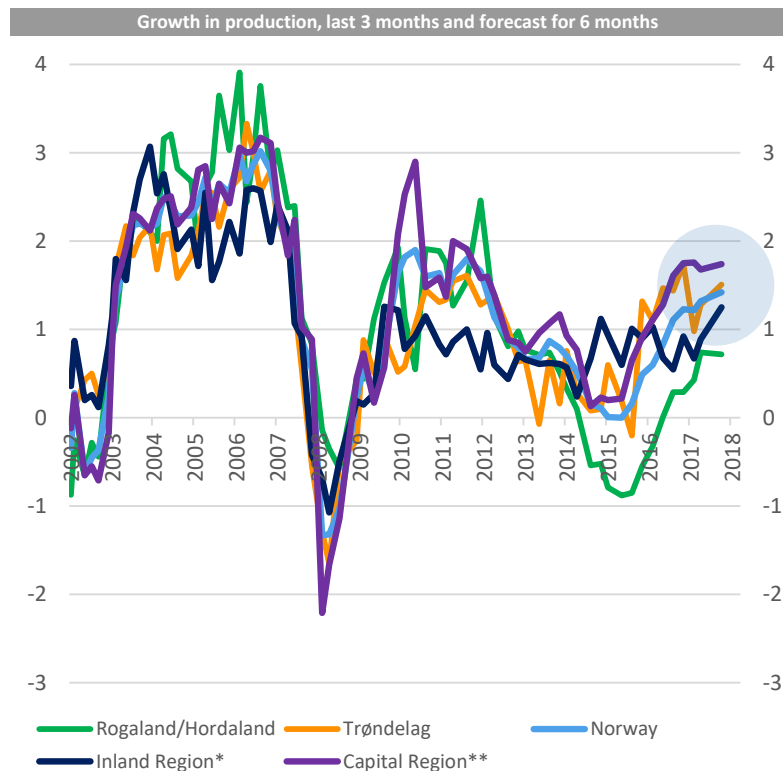
A market area with long term growth potential

Considerable population growth in the Greater Capital Area



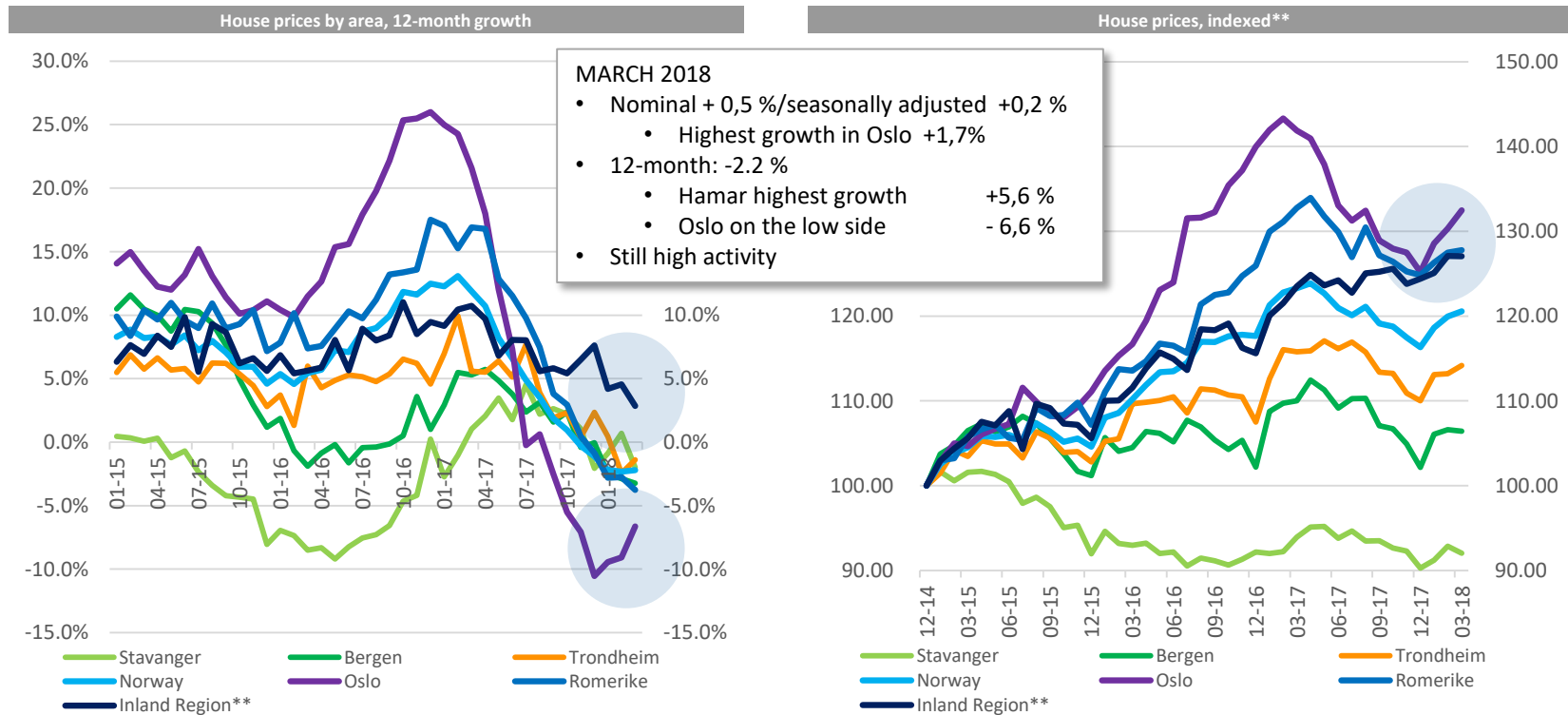
Increasing economic activity in the region

Stable production growth and low unemployment



Housing prices rebounding with high activity

House price developments for relevant areas compared with Norway



Strategic destination

By the end of 2021



Are we 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

First customer dividend paid out

Our customers received NOK 204 million in customer dividend 20 April 2018

- SpareBank 1 Østlandet is the first bank that introduced customer dividend
- Both retail and commercial customers receive dividend
- Based on the daily balance for loans and deposits
 - Loans up to NOK 2 million + deposits up to NOK 2 million
- Maximum pay-out for customers in former Sparebanken Hedmark NOK 7,896
- Maximum pay-out for customers in former Bank 1 Oslo Akershus NOK 5,950 (from 1 April 2017)



Endelig! Tur til Roma – rett på konto
Bytte til banken med **kundeutbytte?**

Les mer

SpareBank 1 ØSTLANDET



Mmmm!
Pizzalunsj – rett på konto
Bytte til banken med **kundeutbytte?**

Les mer

SpareBank 1 ØSTLANDET



Yesss!
Spennende opplevelse – rett på konto
Bytte til banken med **kundeutbytte?**

Les mer

SpareBank 1 ØSTLANDET

Lysaker Stasjon, ØSTLUM (1100336MU)
Drammensveien 325 - Før Trapp Mot Spor 1 Og 2



Anne får kundeutbytte på sparepengerne



Trond får kundeutbytte på sparepengerne

Lysaker Stasjon, ØSTLUM (1100336MU)
Drammensveien 325 - Før Trapp Mot Spor 1 Og 2



Trond får kundeutbytte på sparepengerne



Anne får kundeutbytte på sparepengerne

Digital campaign for customer dividends

Over 4 million views in digital channels

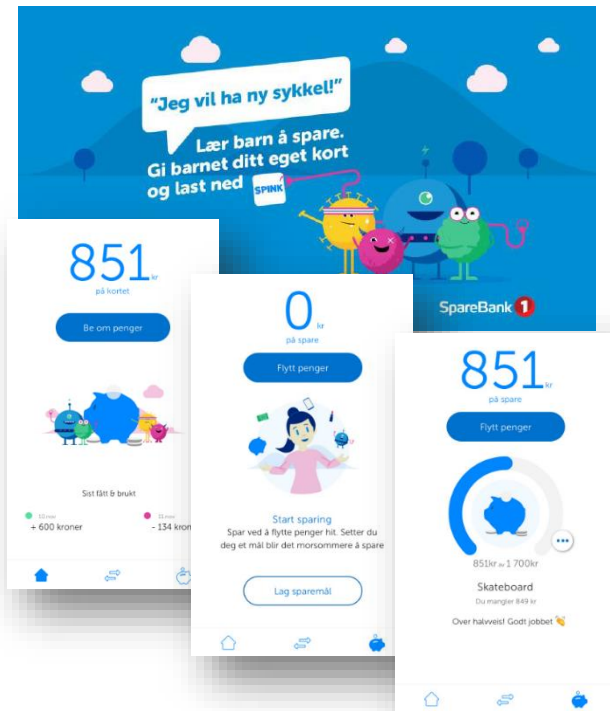
- Facebook
 - Range: 550,000
 - Over 2 million views
 - Involvements 54,677 (likes, share, comments)
 - 1,000 more followers after the campaign
- Display/ Banners
 - Views: 4,329,414
 - Click: 31,690
 - CTR, the share clicking on an advertisement is 0.73 %
%. Everything above 0.25 % is good!



SPINK – increased focus on family

New mobile banking app for children and young people under 15 years

- Spink is a contribution to improve children's and young people's economics understanding
 - Spink gives the child an overview on how the money is spent and what the account balance is
 - With their own debit card, they will learn about money, safety and savings
 - The child will have a personal savings account, with savings objectives in the Spink-app.
- Spink helps the parents manage the family economy
 - Request money from the parents directly in the app
 - Send money directly to the account



SPINK – the campaign

Good response in all channels

- Television, internet and direct channels used for marketing
- E-mail used as activating channel
 - High opening and click rate
- In total 4,322 downloads
 - 3,156 on IOS and 1,166 on Android
 - 2,321 onboardings since 23rd of March
 - 5,465 have requested money
 - 722 have defined a savings objective
 - About 25 % have established a savings account



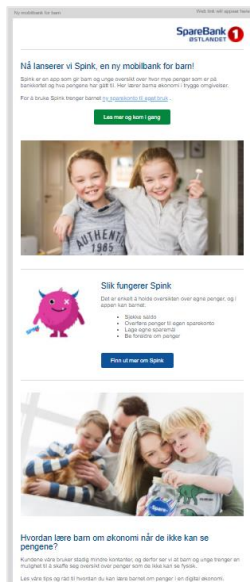
Hjelp barna å forstå penger.

Gi barnet eget kort og last ned appen SPINK.

Start her



SpareBank ØSTLANDET 1



Nå lanserer vi Spink, en ny mobilbank for barn!

Spink er en app som gir barn og unge oversikt over hvor mye penger som er på kontoen og hva pengene kan gå til. Her kan barna økonomi i trygge omgivelser.

For å bruke Spink trenger barnet en påmeldt og godkjent konto.

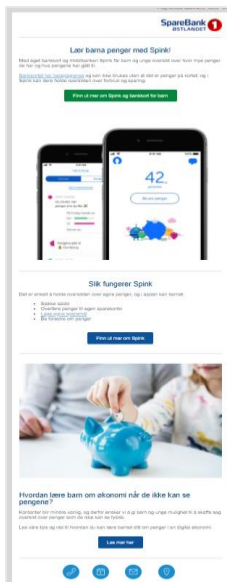
Lær mer og last ned appen

Slik fungerer Spink:

- Barna kan
- Se hvor mye penger de har på kontoen
- Se hva pengene kan brukes til
- Se hvordan de kan spare

Spink er en app som gir barn og unge oversikt over hvor mye penger som er på kontoen og hva pengene kan gå til. Her kan barna økonomi i trygge omgivelser.

For å bruke Spink trenger barnet en påmeldt og godkjent konto.



Lær barna penger med Spink!

Mest spennende og viktigste for barn og unge er å forstå hva penger er og hva de kan brukes til. Spink er en app som gir barn og unge oversikt over hvor mye penger som er på kontoen og hva pengene kan gå til. Her kan barna økonomi i trygge omgivelser.

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Slik fungerer Spink:

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For å bruke Spink trenger barnet en påmeldt og godkjent konto.



«Jeg vil ha en hest!»



SpareBank ØSTLANDET 1



Lær barnet ditt mer om penger!



SpareBank ØSTLANDET 1

Jesper on wheels 2.0 makes economics education digital

Economics made fun and interactive with VR

- Jesper on wheels
 - The Bank's contribution to improve young people's understanding for economics.
 - Our youth advisor, Jesper Foss, is touring the secondary schools in the region teaching economics.
 - Awarded by FNO and contributes to good future banking customers.
- Jesper on wheels 2.0
 - The next step combines physical and digital education – in line with the Bank's customer communication
 - The education utilizes AV/VR technology and gamification in combination with Jesper in the class rooms





Financial results

First Quarter 2018

Financial results for the first quarter of 2018

(Last year's figures in brackets)

Profitable

After-tax profit in Q1-18 at NOK 314 million (NOK 274 million).

Good return on equity

ROE in Q1-18 at 9.9 % (9.3 %).

Solid capitalization

CET 1 ratio 16.2 % (16.7 %).
Leverage ratio at 7.3 % (7.5 %).

High lending growth

Lending growth of 8.8 % (incl. the covered bond companies) last 12 months (5.1 %).
Lending growth of 2.2 % last quarter

Increasing deposit growth

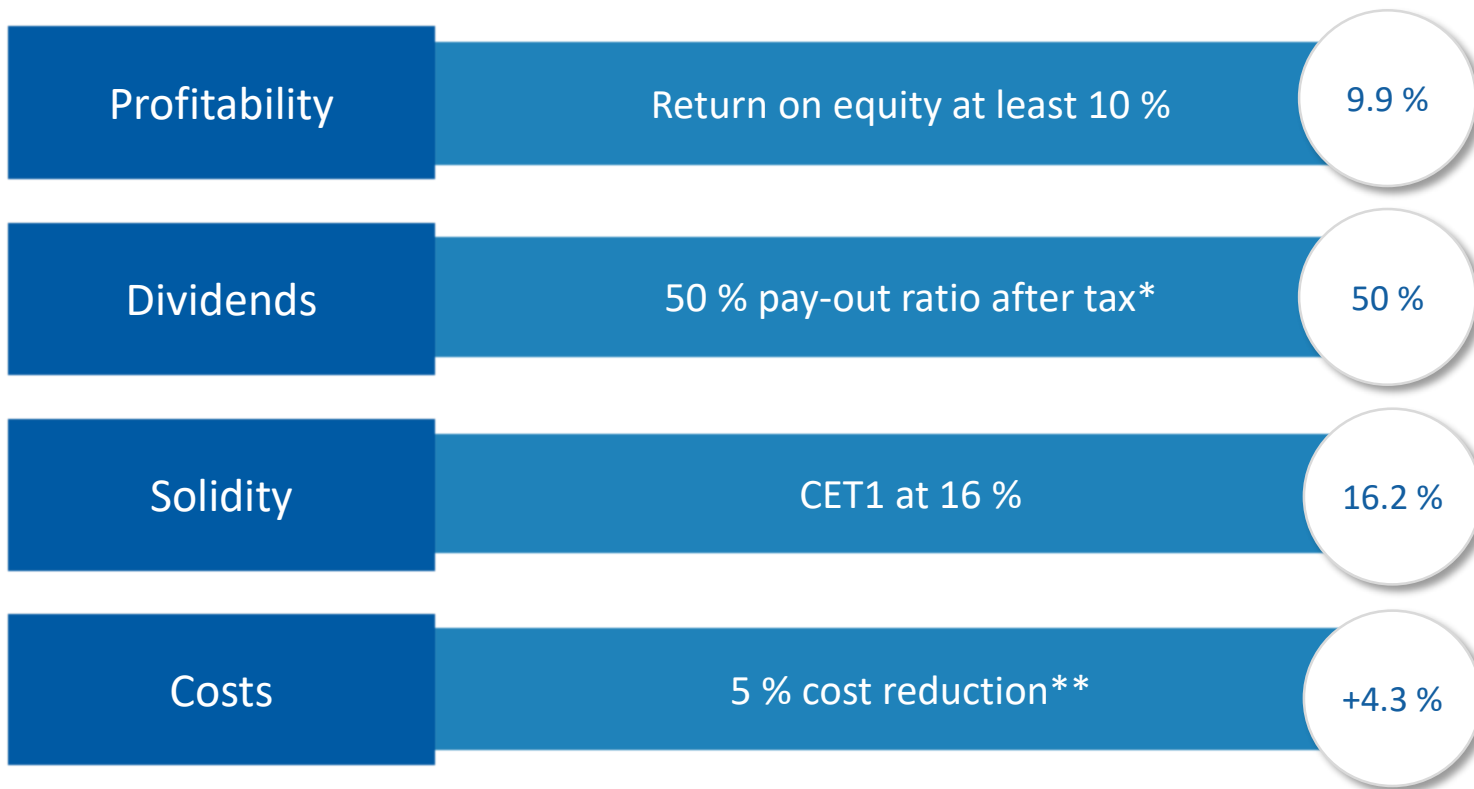
Deposit growth of 5.3 % in the last 12 months (3.6 %).

Low losses on loans

Losses on loans NOK 5 million in Q1-18, equivalent to 0.02 % of gross loans*.

Financial targets 2018

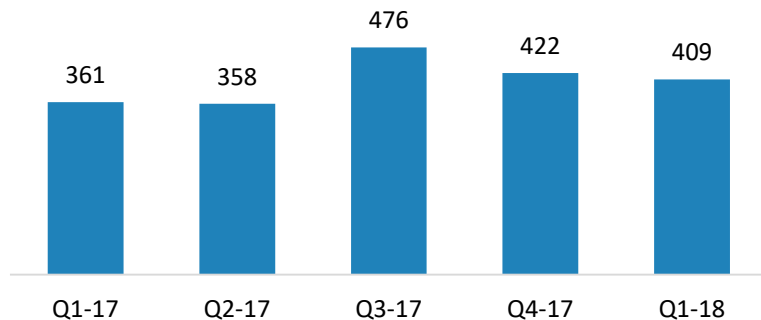
Financial targets 2018 and performance 1Q 2018



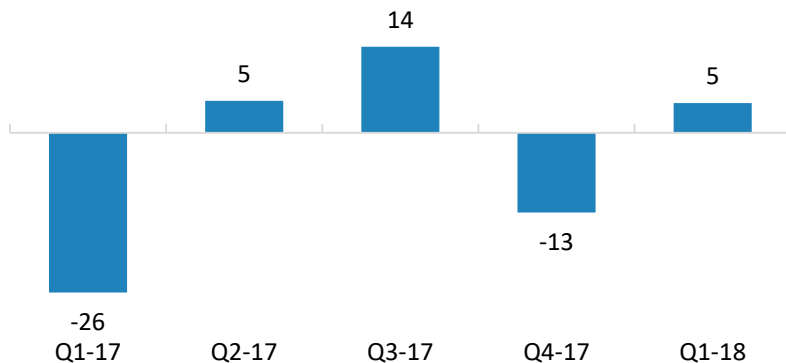
Key financials – quarterly

(1)

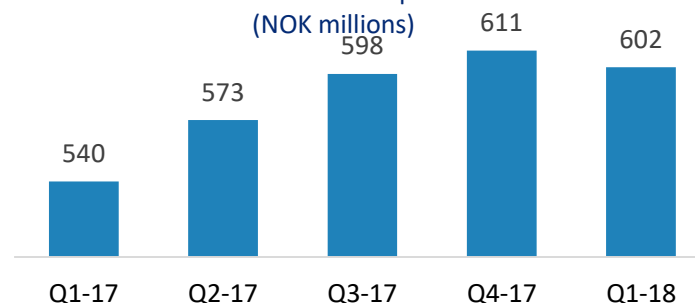
Pre-tax profit (NOK millions)



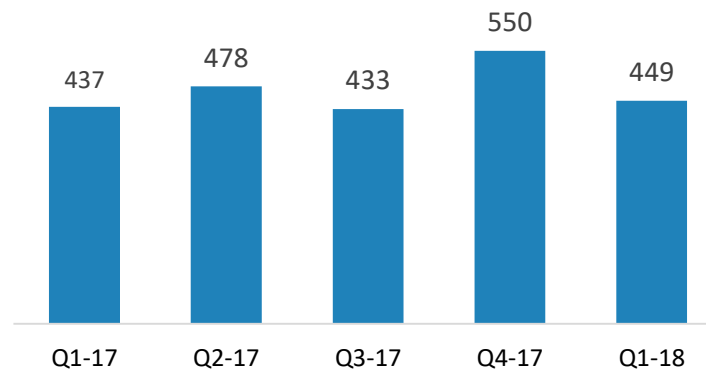
Losses on loans and guarantees (NOK millions)



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



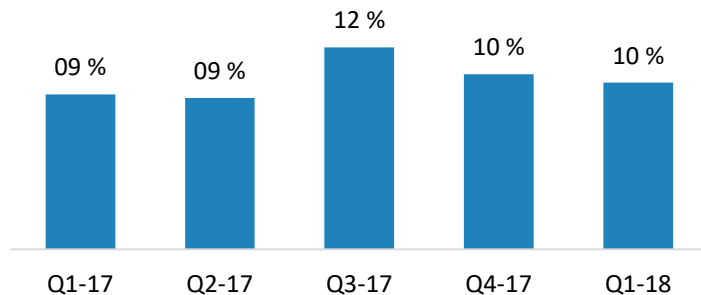
Total operating costs (NOK millions)



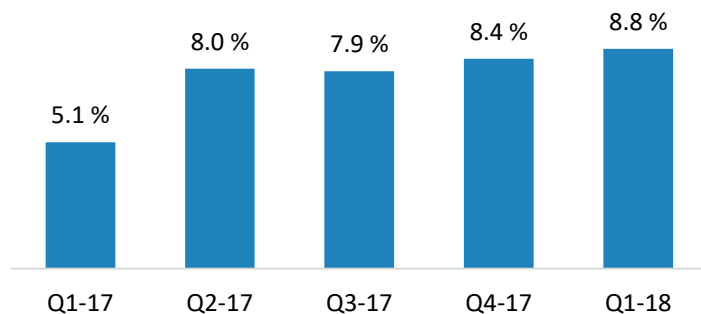
Key financials – quarterly

(2)

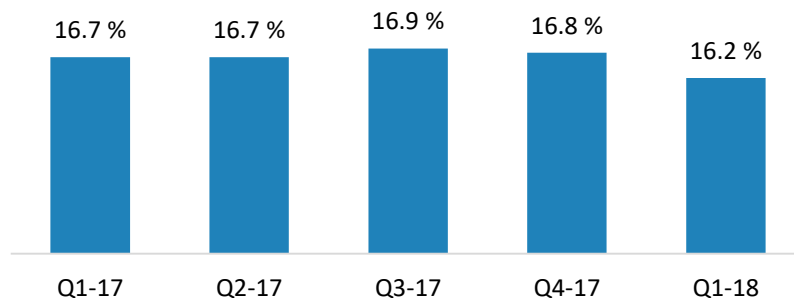
Return on equity capital



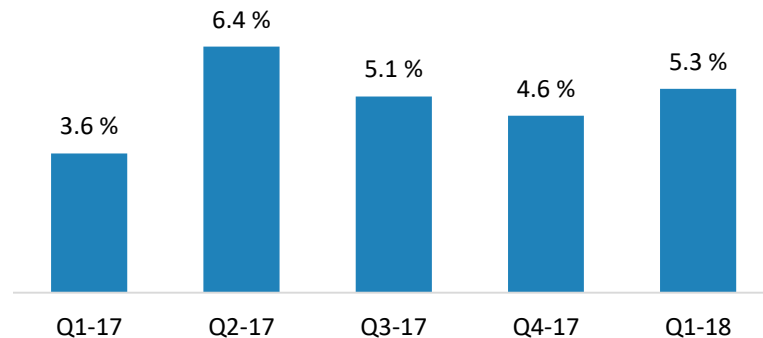
Growth in loans including loans transferred to covered bond companies in the last 12 months



Common equity Tier 1 capital ratio



Growth in deposits in the last 12 months



Profit contributions from subsidiaries

1Q 2018 (1Q 2017)



SpareBank 1 Finans Østlandet

- Profit before tax NOK 44.6 million (NOK 36.9 million)
- Solid growth and increasing profitability



EiendomsMegler 1 Hedmark

- Profit before tax NOK -2.1 million (NOK 3.1 million)
- Solid market position, increased commercial brokerage and new dwellings
- High activity, but seasonal effects from the Easter holiday



EiendomsMegler 1 Oslo Akershus

- Profit before tax NOK -2.0 million (NOK -0.3 million)
- Solid market position, but unsatisfactory performance
- Increased activity and profitability measures implemented



SpareBank 1 Regnskaphuset

- Profit before tax NOK -3.8 million (NOK 2.7 million)
- Unsatisfactory performance
- New CEO to be recruited

Contribution from joint ventures

2017 (2016)



SpareBank 1 Gruppen

- Profit before tax NOK 278 million (NOK 447 million)
- Ownership 12.4 %



SpareBank 1 Boligkreditt AS

- Profit before tax NOK 34.7 million (NOK -169.2 million)
- Ownership 21.1 %



SpareBank 1 Næringskreditt

- Profit before tax NOK 18.5 million (NOK 27.9 million)
- Ownership 12.4 %



SpareBank 1 Kredittkort

- Profit before tax NOK 40.6 million (NOK 12.6 million)
- Ownership 20.5 %

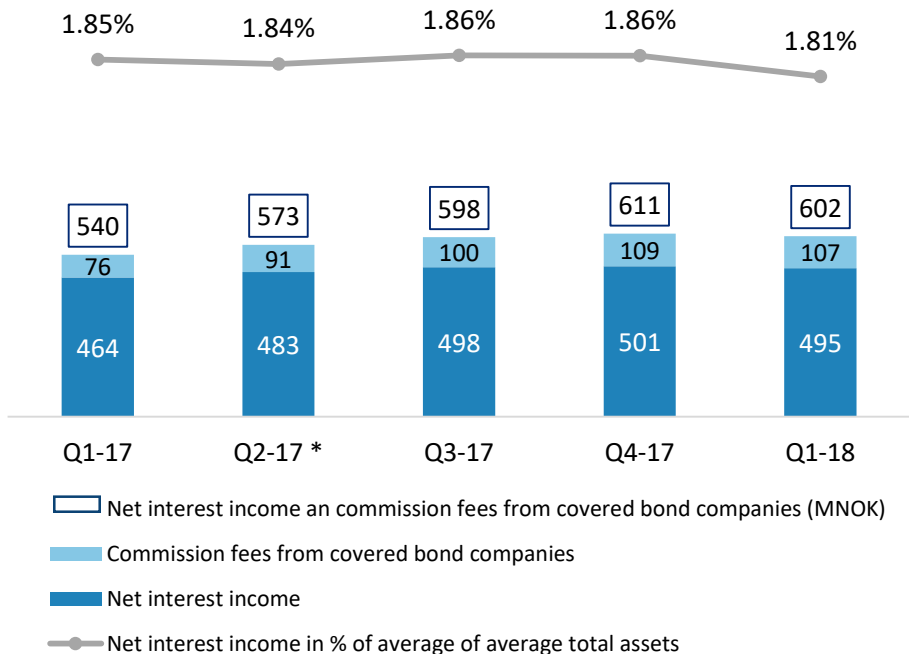
Income statement Q1-2018

Group

	01.01.2018- 31.03.2018	01.01.2017- 31.03.2017	2017
Net interest income	495	464	1,956
Net commission income	282	255	1,095
Other income	42	53	168
Total operating expenses	449	437	1,898
Result bank operation before losses	369	335	1,321
Losses on loans and guarantees	5	-26	-20
Result bank operation after losses	364	361	1,341
Dividends	12	9	11
Net profit from ownership interest	30	6	194
Net income from financial assets/liabilities	4	-14	72
Profit/loss before tax	409	361	1,618
Tax charge	96	88	356
Profit/loss after tax	314	274	1,263
Return on equity capital after tax	9.9 %	9.3 %	10.2 %
Total operating costs in relation to total income	52.0 %	56.6 %	54.3 %
Losses on loans as a percentage of gross loans	0.0 %	0.0 %	0.0 %

Net interest income

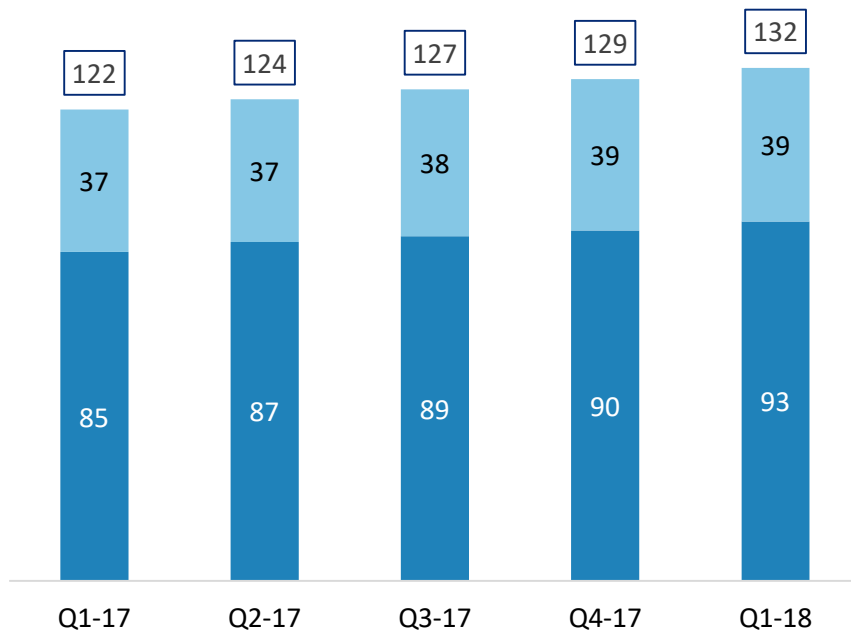
Net interest income incl. commissions from covered bond companies



- Minor reduction in net interest income last quarter
- Still strong growth compared to last year
- Reduction mainly due to increased Nibor in the last quarter
- Reduction in NII to a certain degree counteracted by solid lending growth

Still solid lending growth

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



■ Loans transferred to cover bond companies

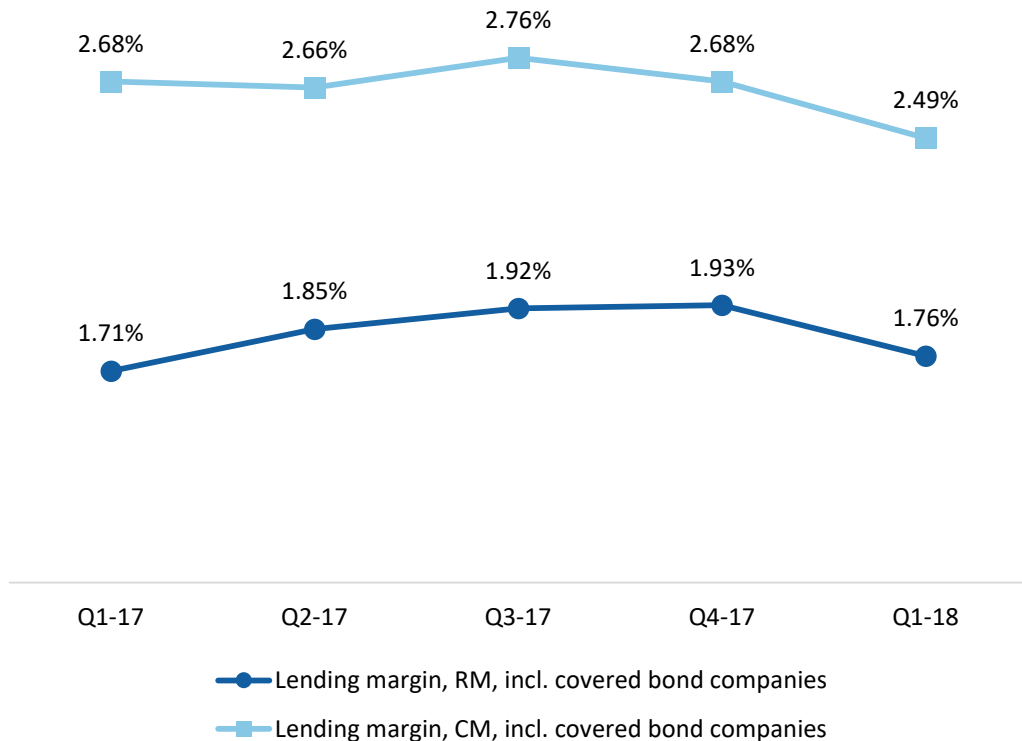
■ Gross loans to customers (own balance sheet)

□ Gross loans to customers including loans transferred to covered bond companies

- Total lending in the Group, including loans transferred to covered bond companies, increased last quarter with NOK 2.9 bn
- This is equivalent to a 2.2 % growth last quarter
- Lending growth in the Group in the last 12 months was 8.8 %
 - Lending growth retail 9.2 %
 - Lending growth corporates 7.8 %

Lending margins

Retail market and corporate market (parent bank) over Nibor 3M



- Decreasing lending margins in the parent bank last quarter
- The lower margins is partly due to the increase in Nibor, and partly a more competitive environment for high qualitative customers
- Average Nibor 3M 1Q 18 0.95 %, against 0.81 in 4Q 17

Good utilisation of quotas in the mortgage regulation*

Daily follow-up ensures that utilisation remain within the permitted quota

Utilisation of flexibility quota in 1Q 2018:

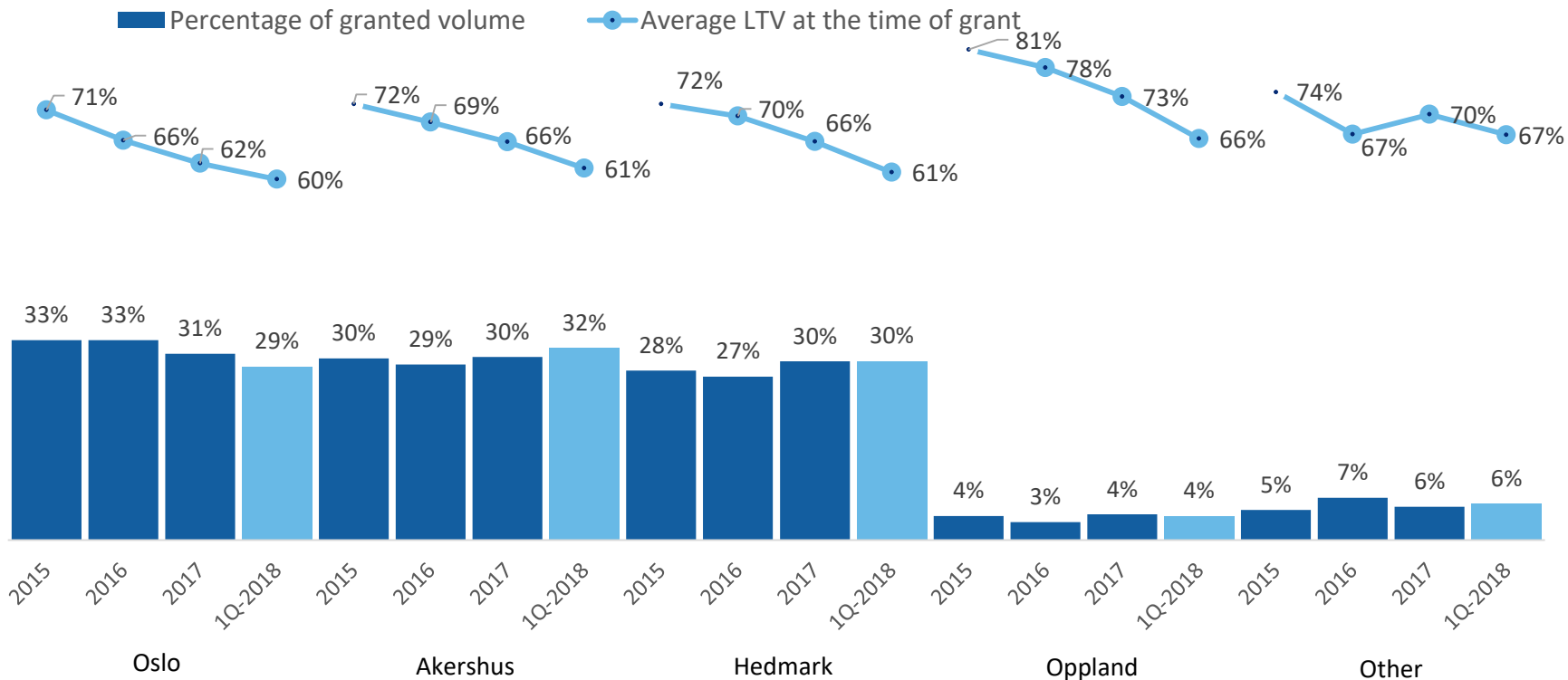
City of Oslo
4.2 %

Other areas
4.1 %

- Loan to Value (LTV): 85 %
 - 75 % legal limit for cover pool
- Secondary housing and flexible repayment mortgages must not exceed 60 % LTV in Oslo
- A 5 % 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

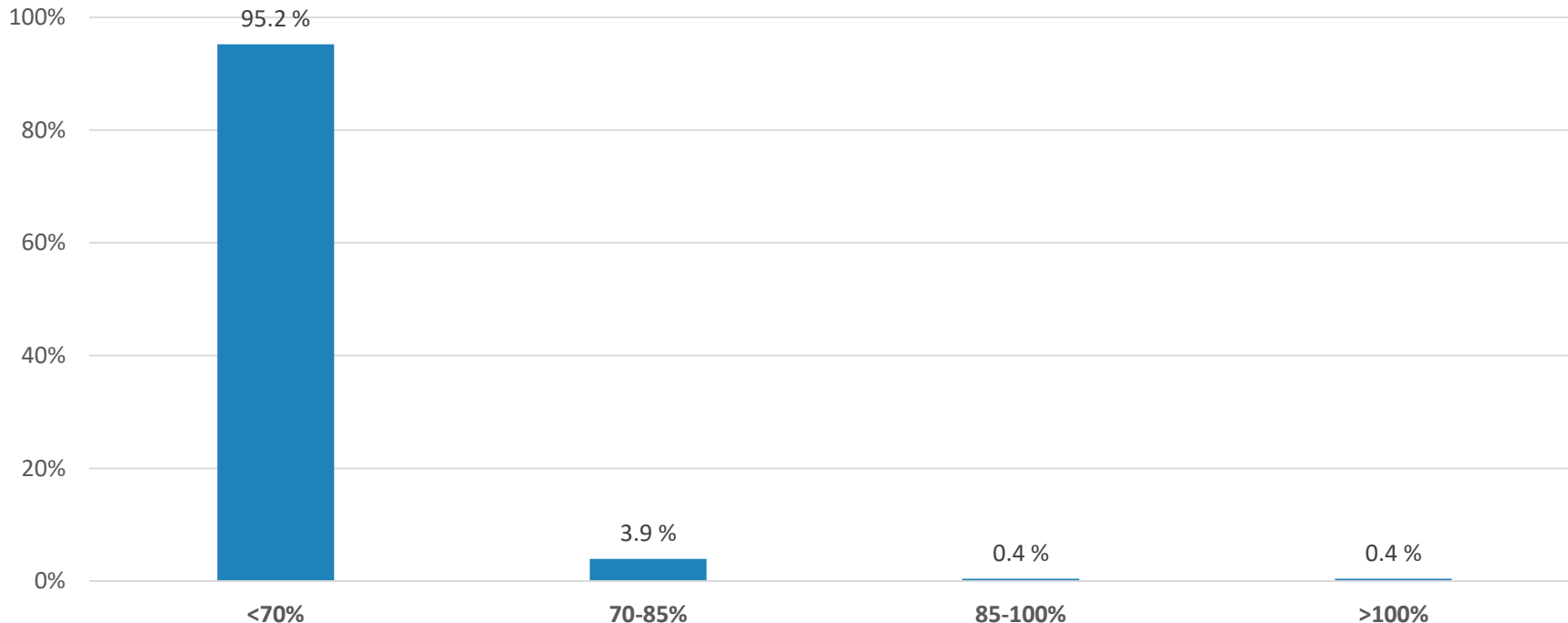
High quality credit process – falling LTV in all counties

Percentage of granted mortgages and average LTV per county



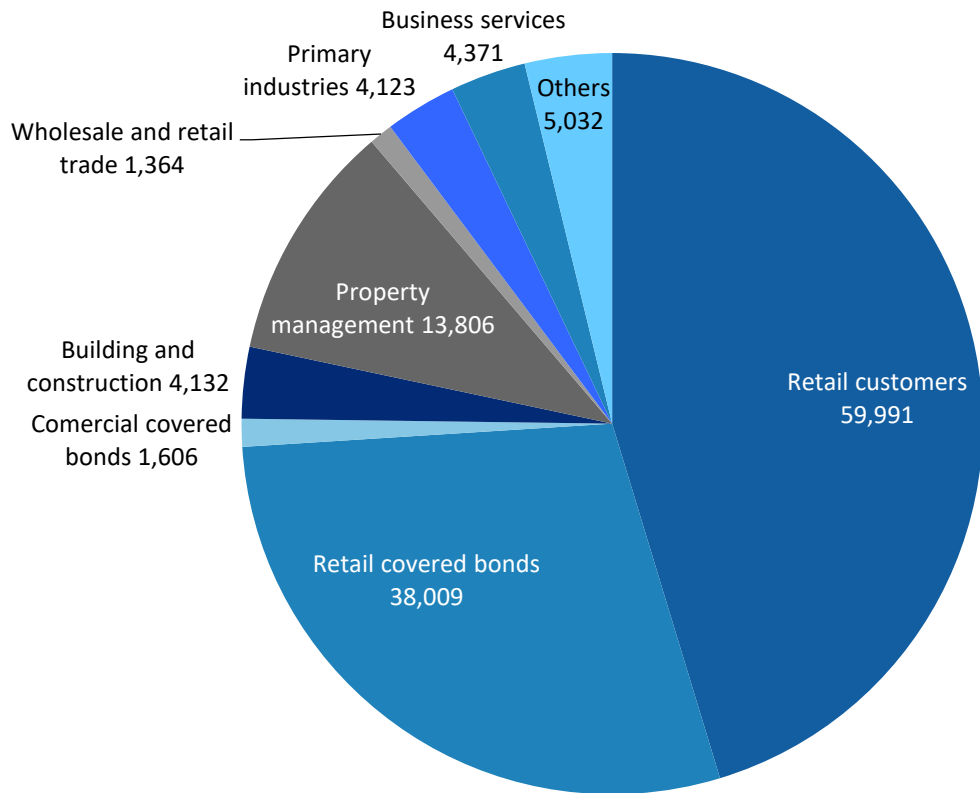
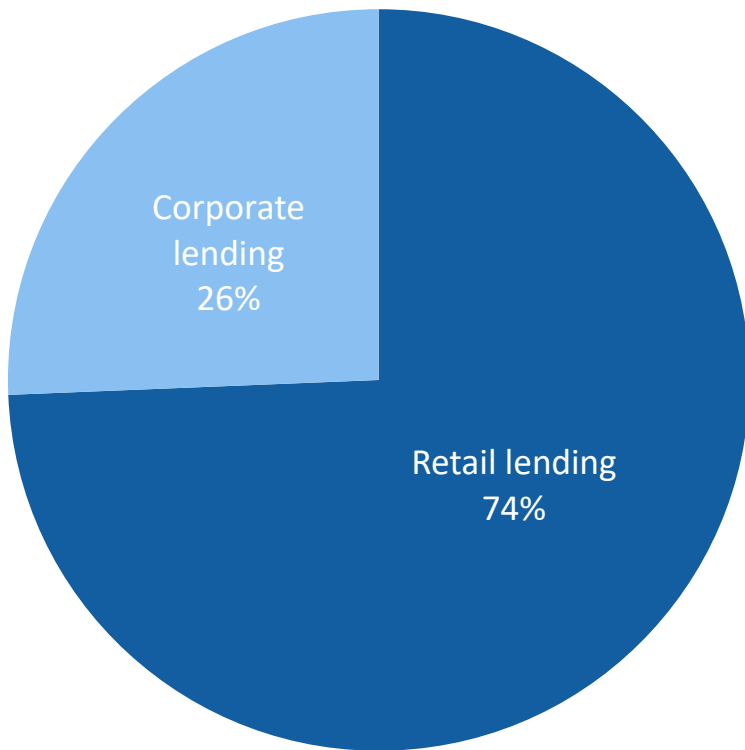
High quality retail portfolio

Loan to Value by exposure in the mortgage portfolio



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

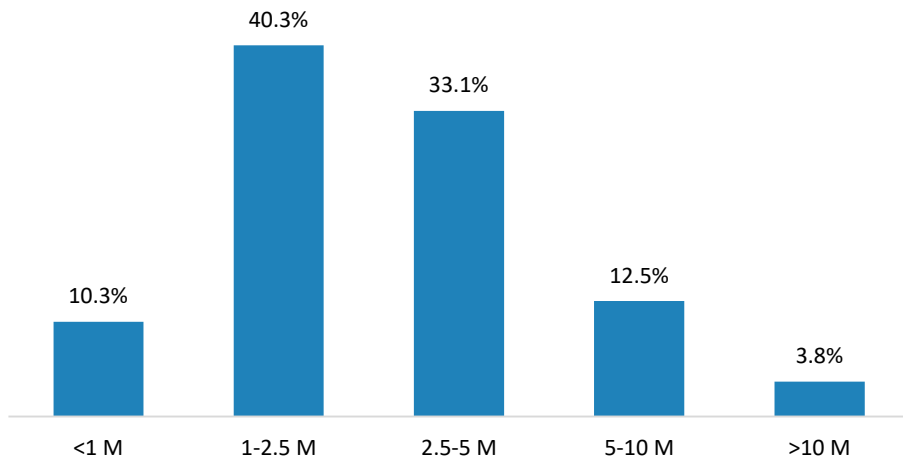
Lending to customers per sector (% and NOK millions)



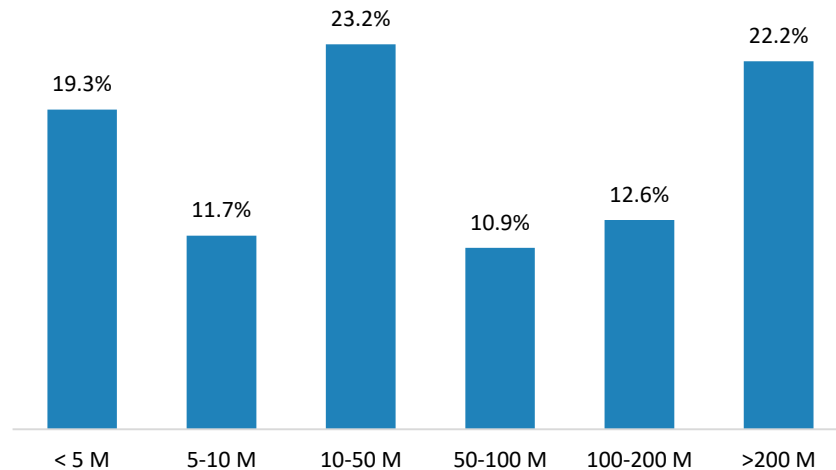
Diversified portfolio

Retail and corporate loans by size (% share)*

Retail market

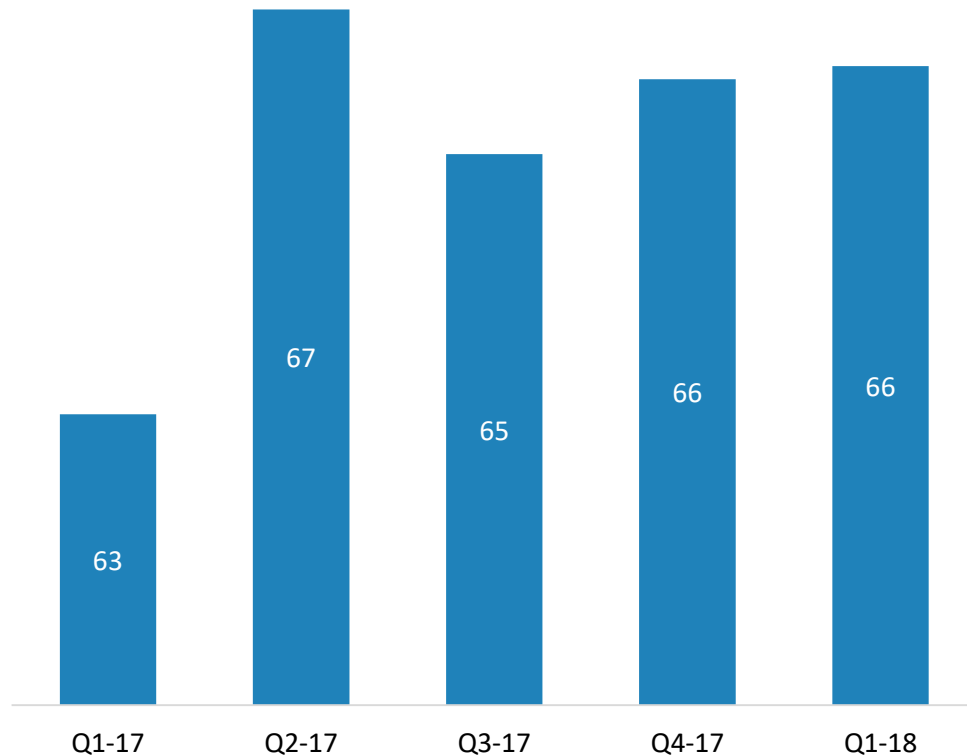


Corporate market



Satisfactory deposit coverage

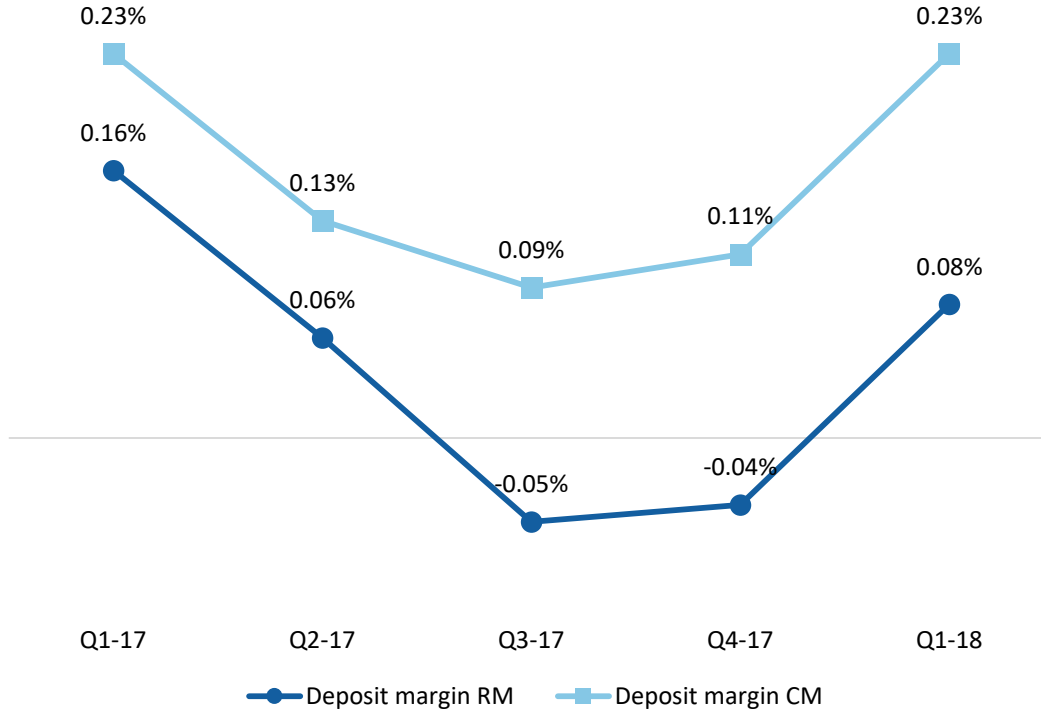
Deposit volume, Group (NOK billions)



- Deposit growth last 12 months 5.3 %
- Deposit growth - retail 7.3 %
- Deposit growth - corporates 2.6 %
- Deposit coverage ratio 71.2 %
- Deposit coverage ratio - including mortgages transferred to the covered bond companies - 49.9 %

Deposit margins

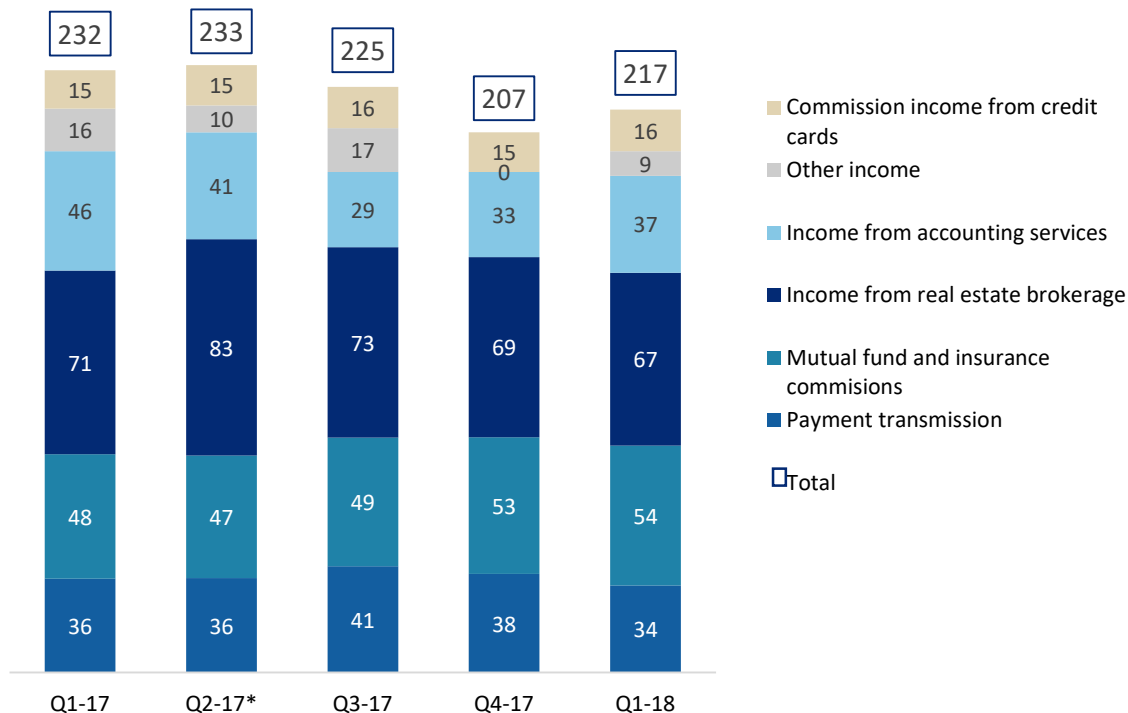
Retail market and corporate market (parent bank)



- Increasing deposits margins in parent bank last quarter
- The higher margins is mainly due to higher Nibor last quarter
- Average Nibor 3M 1Q 18 0.95 %, against 0.81 in 4Q 17

Net commissions and other income

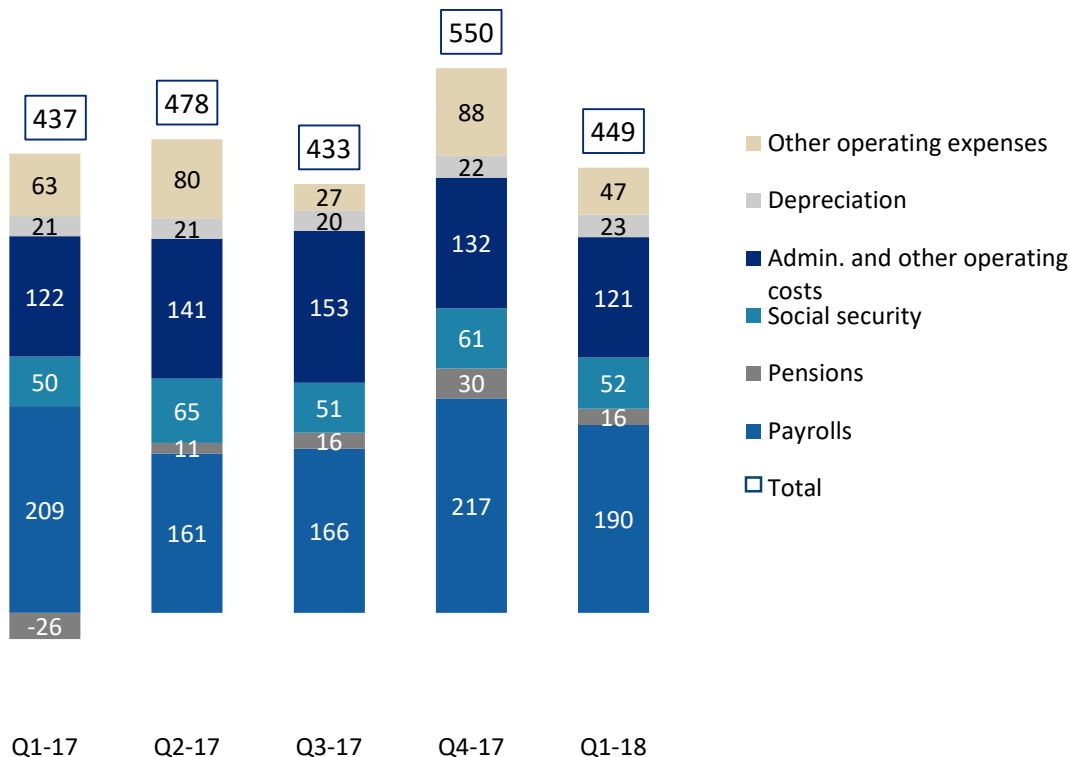
Commissions and other operating income by type (NOK millions)



- Marginal increase in commissions from last quarter
- Revenues from accounting services and estate agency services are weaker than expected
 - Seasonal effects from the Easter holiday affects the estate agency services
 - Revenues from accounting services is higher than 4Q 17, but weaker than expected based on a seasonally strong first quarter

Group operating costs

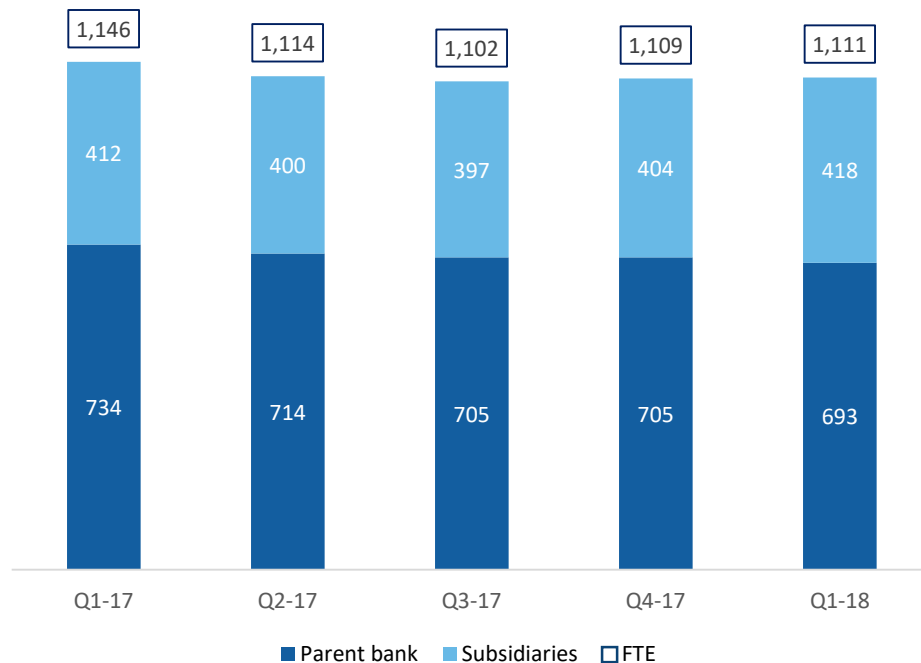
Operating costs per quarter (NOK millions)



- The cost development in the Group was positive last quarter, as the previous quarter was characterized by significant costs related to the completion of the merger project in the parent bank
- The operating costs in 1Q 18 are marginally higher than 1Q 17. This is due to a Group reversal of NOK 26 million from the benefit pension scheme.

Number of fulltime equivalents

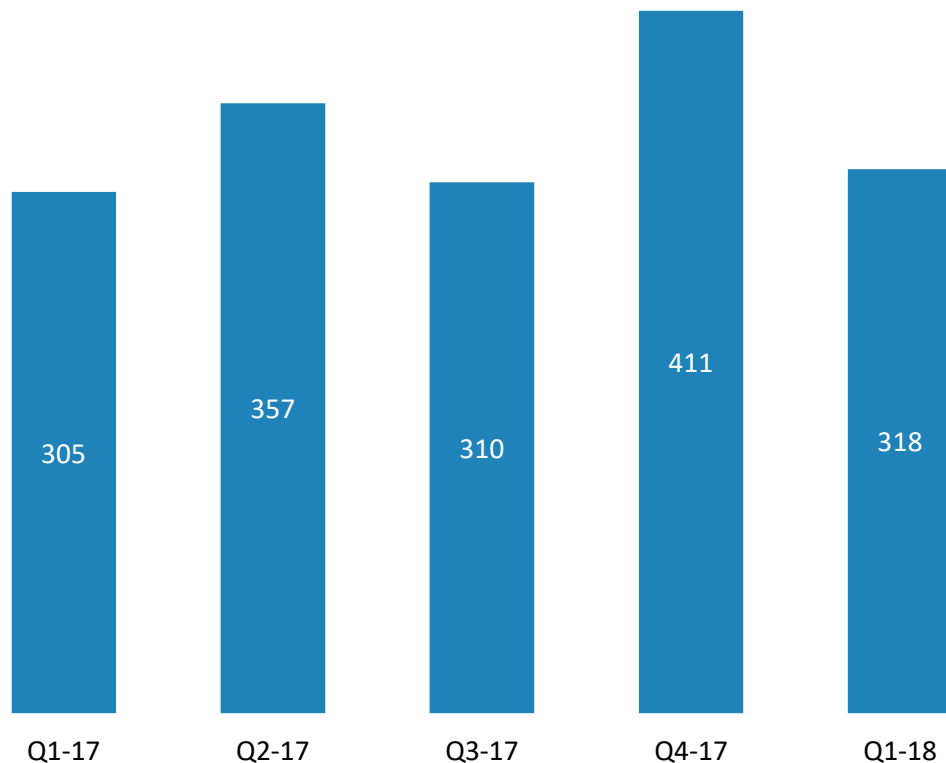
Parent Bank and Group



- 23 employees in the Parent Bank have accepted severance pay in 4Q 17. These employees have all been on the payroll list in 1Q 18. Most resigned at the end of the quarter, while some resigns during the second quarter.
- Increased staffing in the subsidiaries is mainly related to EM 1 Oslo Akershus and SpareBank 1 Finans Østlandet as a result of increased focus and activity.

Expenses Parent Bank (adjusted)

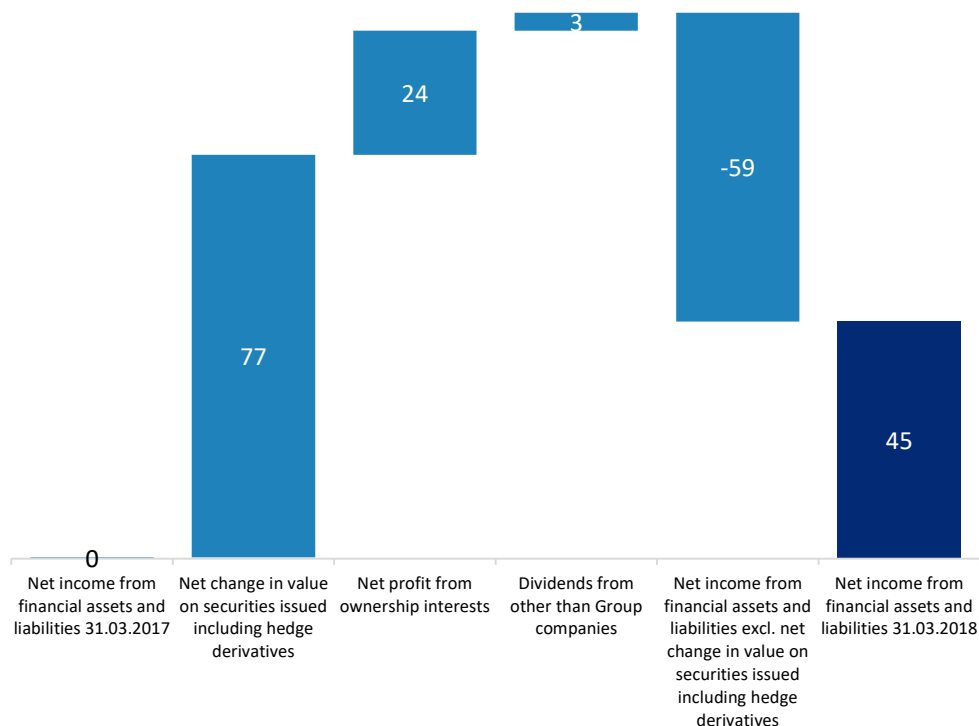
Operating Costs per quarter (NOK million)



- The operating costs in 1Q 18 are NOK 13 million higher than in 1Q 17 - equivalent to 4.3 %
- The former Bank 1 Oslo Akershus closed its defined benefit pension scheme in 1Q 17, resulting in an adjusted gain in the Parent Bank by NOK 41 million
- Underlying cost development shows a 2 % reduction compared to 1Q 17
- The Bank has an ambition of a 5 % cost reduction in absolute terms for the Parent Bank (adjusted) by the end of 2018 (YoY)

The contribution from financial items has increased

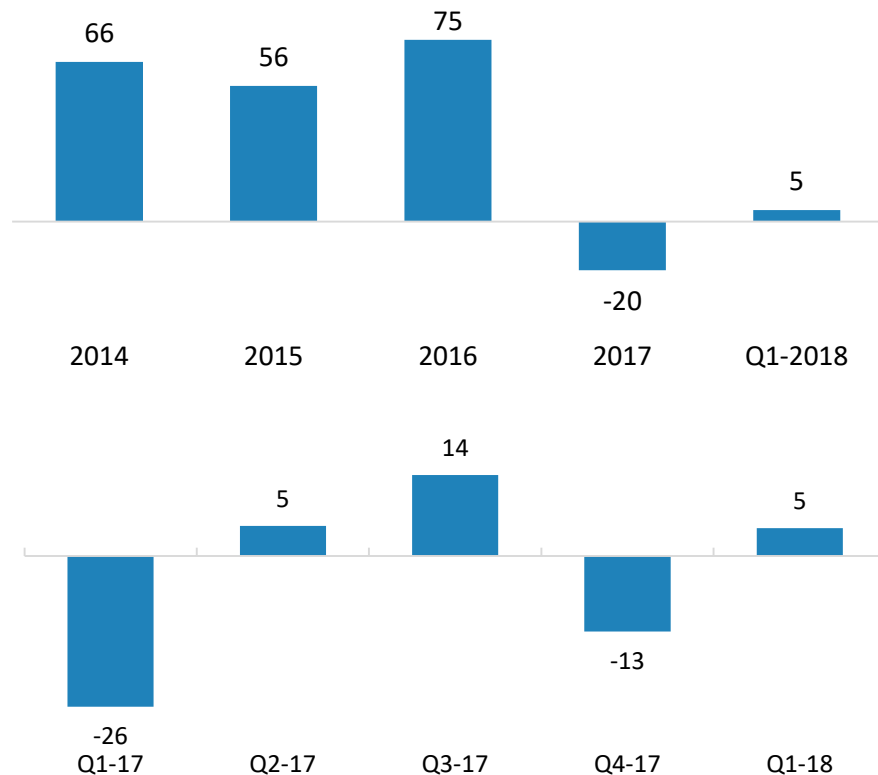
Net income from financial assets and liabilities (NOK millions)



- Securities issued as of 1Q 17 were substantially classified at fair value through P/L (IAS 39). Due to lower credit spreads in the quarter, the portfolio showed a loss of NOK 66 million.
- Securities issued as of 1Q 18 are generally classified at amortised cost (IFRS 9 from 1.1.18). Going forward, value changes through P/L, are expected to be insignificant. The NOK 11 million gain in 1Q 18 is caused by fair value changes, due to higher interest rates, on a minor portfolio of issued securities at fair value funding fixed interest mortgages to customers.

Still low losses on loans

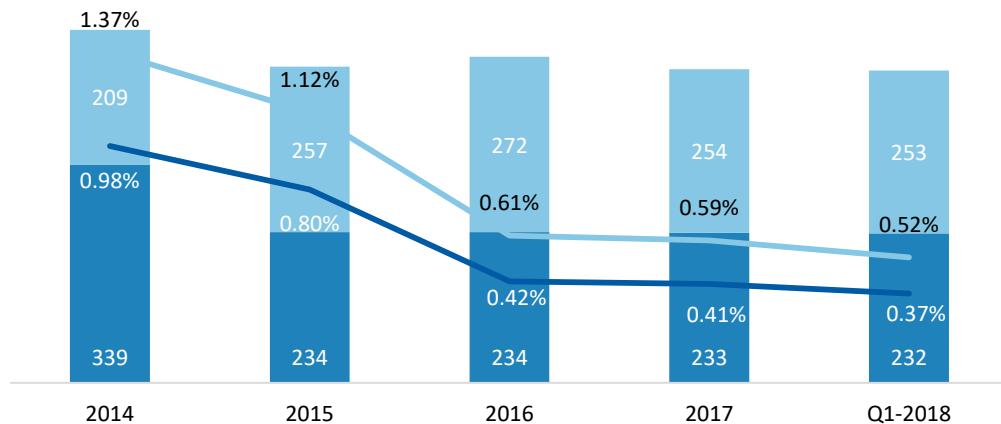
Net loan loss provisions (NOK million)



- Losses on loans were NOK 5 million in the first quarter
- Equal to 0.02% of gross lending*.

Low levels of problem loans

Non-performing and other doubtful commitments*



■ Gross doubtful commitments (not in default)

■ Gross defaulted commitments

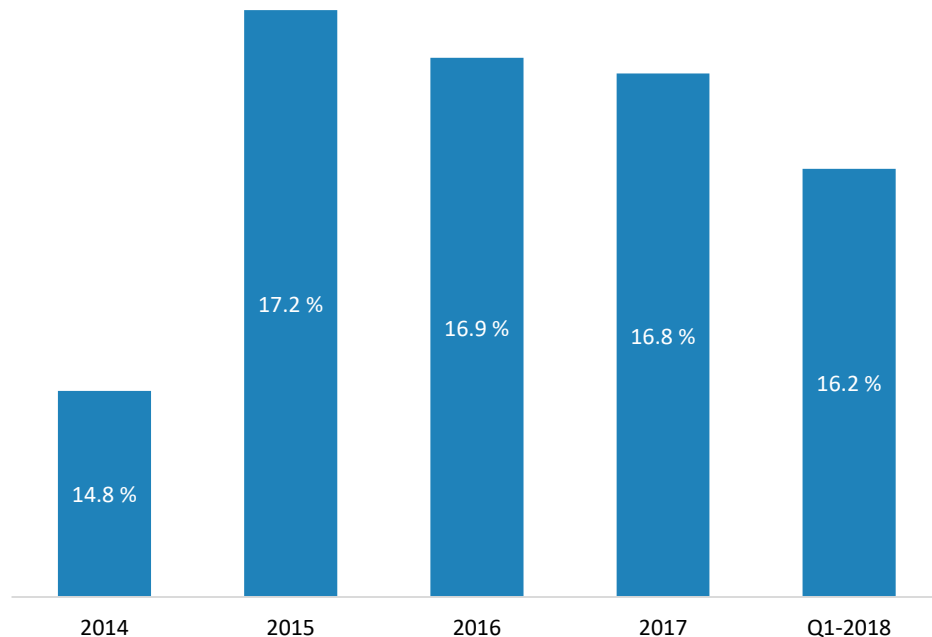
— Gross doubtful and Gross defaulted commitments as % of gross loans

— Gross doubtful and Gross defaulted commitments as % of gross loans incl. loans transferred to covered bond companies

- The proportion of problem loans is further reduced

Solidity and capital adequacy

Core equity tier 1 ratio, Group (%)

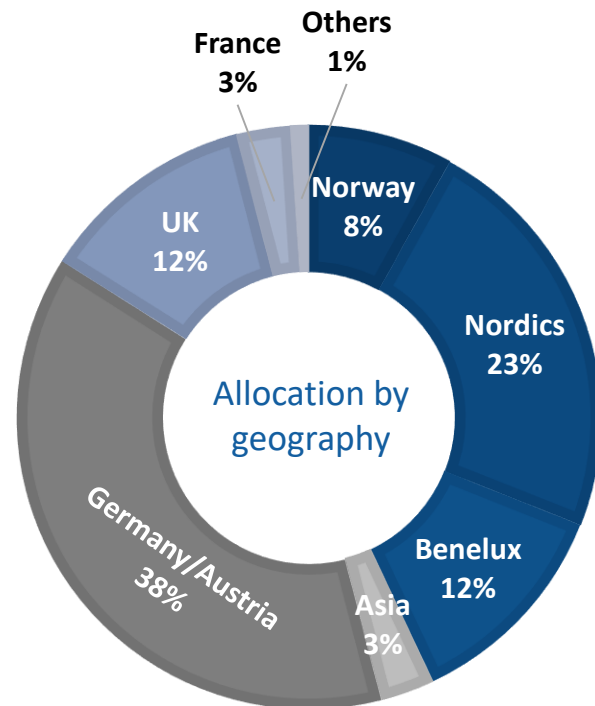


- The Bank's core equity tier 1 ratio in 1Q 18 was 16.2 % vs a target of 16.0 %.
- The reduction in CET1 from 4Q 17 is due to
 - Lending growth increasing the calculation basis
 - Higher calculation basis due to an increase in the liquidity portfolio following the Bank's inaugural benchmark issue in EUR (see next slide). This effect is expected to be temporary.
- The leverage ratio was 7.3 % (7.5 %)

SpareBank 1 Østlandet with inaugural EUR benchmark

The Bank issued EUR 500 million 5-year senior unsecured with a high quality orderbook

- After the merger, SpareBank 1 Østlandet is the largest issuer of bonds in the Norwegian market among the savings banks.
- This, together with the Bank's ambitions going forward, leads to a more diverse funding strategy targeting European investors to a greater extent
- A pan-European roadshow including Germany, France, Austria, England, Denmark, Netherlands and Finland was conducted in week 9.
- Good and constructive response from the investors lead to "open books" 6 March
 - The transaction had high granularity with allocation to 78 different accounts with high quality
 - Through the transaction, the Bank borrowed EUR 500 million, corresponding to NOK 4.8 bn to finance further growth.



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