

Second quarter report 2018

SPAREBANK 1 ØSTLANDET



'Plastdugnaden' - a large-scale voluntary plastic cleanup on waterways with funding from SpareBank 1 Østlandet and Sparebankstiftelsen Hedmark.

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Key figures

Summary (NOK mill and per cent of average assets)	01.01-30.06 2018		01.01-30.06 2017		Year 2017	
	Amount	Per cent ¹⁾	Amount	Per cent ¹⁾	Amount	Per cent ¹⁾
Net interest income	1,006	1.78 %	956	1.86 %	1,956	1.86 %
Net commission and other operating income	657	1.16 %	624	1.21 %	1,263	1.20 %
Net income from financial assets and liabilities	194	0.34 %	34	0.07 %	277	0.26 %
Total income	1,858	3.29 %	1,614	3.14 %	3,496	3.32 %
Total operating expenses	918	1.62 %	915	1.78 %	1,898	1.81 %
Operating profit before losses on loans and guarantees	940	1.66 %	698	1.36 %	1,598	1.52 %
Impairment losses on loans and guarantees	12	0.02 %	-21	-0.04 %	-20	-0.02 %
Pre-tax operating profit	928	1.64 %	719	1.40 %	1,618	1.54 %
Tax expense	198	0.35 %	171	0.33 %	356	0.34 %
Profit after tax	730	1.29 %	548	1.07 %	1,263	1.20 %
Interest expenses on hybrid capital after tax	6	0.01 %	6	0.01 %	13	0.01 %
Net profit after tax incl. interest hybrid capital	724	1.28 %	542	1.05 %	1,250	1.19 %
Profitability						
Return on equity capital ²⁾	11.4%		9.1%		10.2%	
Cost-income-ratio ²⁾	49.4%		56.7%		54.3%	
From the balance sheet						
Gross loans to customers	96,040		87,528		90,460	
Gross loans to customers including loans transferred to covered bond companies ²⁾	135,495		124,393		129,535	
Growth in loans during the last 12 months ²⁾	9.7%		10.4%		9.1%	
Growth in loans including loans transferred to covered bond companies in the last 12 months ²⁾	8.9%		8.0%		8.4%	
Deposits from customers	70,645		66,653		65,985	
Deposit-to-loan-ratio ²⁾	73.6%		76.2%		72.9%	
Deposit-to-loan-ratio incl. loans transferred to covered bond companies ²⁾	52.1%		53.6%		50.9%	
Growth in deposits in the last 12 months ²⁾	6.0%		6.4%		4.6%	
Average total assets	114,000		103,585		105,157	
Total assets	119,592		107,652		108,321	
Total assets including loans transferred to covered bond companies ²⁾	159,047		144,517		147,396	
Losses and commitments in default						
Losses on loans as a percentage of gross loans ²⁾	0.0%		0.0%		0.0%	
Commitments in default, percentage of gross loans ²⁾	0.3%		0.3%		0.3%	
Other doubtful commitments, percentage of gross loans ²⁾	0.2%		0.3%		0.3%	
Net commitments in default and other doubtful commitments, percentage of gross loans ²⁾	0.4%		0.4%		0.4%	
Financial strength						
Common equity Tier 1 capital ratio	16.1%		16.7%		16.8%	
Tier 1 capital ratio	16.9%		17.6%		17.7%	
Capital adequacy ratio	19.3%		19.9%		20.5%	
Total eligible capital	14,288		13,440		14,138	
Equity ratio ²⁾	11.2%		11.7%		12.3%	
Leverage Ratio	7.3%		7.5%		7.1%	
LCR ³⁾	164.7%		121.0%		114.0%	
LCR in NOK ³⁾	199.3%		113.0%		113.0%	
LCR i EUR ^{3) 5)}	68.3%		I.A.		N.A.	
Staff						
Number of fulltime equivalents	1,137		1,114		1,109	
Equity capital certificates						
Market price (NOK)	87.00		79.25		90.50	
Market capitalisation (NOK million)	9,325		8,494		9,700	
Book equity per EC ²⁾	81.56		75.46		81.14	
Earnings per EC, NOK ⁴⁾	4.58		3.46		7.92	
Price/Earnings per EC ²⁾	9.43		11.37		11.43	
Price/book equity ²⁾	1.07		1.03		1.12	

1) Calculated as a percentage of average total assets.

2) See attachment regarding Alternative performance measures.

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

4) Profit after tax for controlling interests * Equity capital certificate ratio as at 30.06.18 / number of EC's as at 30.06.2018.

5) Breach of the LCR requirement in Euro at the end of the month and until July 5, 2018.

Board of Directors' report

Second quarter of 2018 (Consolidated figures. Figures in brackets concern the corresponding period in 2017)

- Profit after tax: NOK 416 (274) million
- Return on equity: 12.9 (9.0) per cent
- Net interest income: NOK 511 (491) million
- Net commissions and other operating income: NOK 334 (316) million
- Net income from financial assets and liabilities: NOK 149 (34) million
- Total operating costs: NOK 468 (478) million
- Impairment losses on loans and quarantees: NOK 7 (5) million
- NOK 204 million paid out as customer dividends on 20 April.
- Gain of NOK 59 million from merger of Vipps AS, BankAxept AS and BankID Norge AS

First half year 2018 (Consolidated figures. Figures in brackets concern the corresponding period in 2017)

- Profit after tax: NOK 730 (548) million
- Return on equity: 11.4 (9.1) per cent
- Earnings per equity certificate: NOK 4.58 (3.46)
- Net interest income: NOK 1,006 (956) million
- Net commissions and other operating income: NOK 657 (624) million
- Net income from financial assets and liabilities: NOK 194 (34) million
- Total operating costs: NOK 918 (915) million
- Impairment losses on loans and quarantees: NOK 12 million (reversal of NOK 21 million)
- Core equity tier 1 ratio: 16.1 (16.7) per cent.

SpareBank 1 Østlandet is the first bank in Norway to share its profits with its customers and on 20 April it paid NOK 204 million in customer dividends to the Bank's loan and deposit customers. The Bank's vision is *Creating together*. Giving back to our customers in the form of customer dividends is in line with SpareBank 1 Østlandet's core values.

In connection with the merger of Vipps AS, BankAxept AS and BankID Norge AS, a valuation was conducted of the latter two companies, which resulted in a net gain of NOK 59 million.

On 20 June, SpareBank 1 Gruppen AS and DNB ASA signed a letter of intent concerning to merge their

insurance activities. This will create one of the largest insurance companies in Norway. The merger is scheduled for 1 January 2019, subject to the approval of the authorities.

On 16 May, SpareBank 1 Østlandet and the owners of TheVIT AS established a joint holding company, SpareBank 1 Østlandet VIT AS. SpareBank 1 Østlandet owns 70.7 per cent of the shares. The newly established company has taken over 100 per cent of the shares in SpareBank 1 Regnskapshuset Østlandet AS and TheVIT AS. Together, the companies will be a major player in its industry in Eastern Norway with expertise in finance function, HR and accounting.

The SpareBank 1 Østlandet Group

The Group comprises SpareBank 1 Østlandet and the wholly owned subsidiaries EiendomsMegler 1 Hedmark Eiendom AS, EiendomsMegler 1 Oslo Akershus AS, EiendomsMegler 1 Oslo AS (second tier subsidiary), Youngstorget 5 AS and Vato AS, as well as the 95 per cent owned subsidiary SpareBank 1 Finans Østlandet AS. The Group also includes the 70.7 per cent owned holding company SpareBank 1 Østlandet VIT AS, which in turn owns 100 per cent of the shares in SpareBank 1 Regnskapshuset Østlandet

AS and TheVIT AS. The accounts of the aforementioned companies are fully consolidated into SpareBank 1 Østlandet's financial statements.

SpareBank 1 Østlandet owns 12.4 per cent of SpareBank 1 Gruppen AS, 18.0 per cent of SpareBank 1 Banksamarbeidet DA, 20.5 per cent of SpareBank 1 Kredittkort AS, 20.0 per cent of SMB Lab AS, 23.7 per cent of KOMM-IN AS and 20.0 per cent of Betr AS, as well as 21.2 per cent of SpareBank 1 Betaling

AS. The Bank also owns 21.1 per cent of SpareBank 1 Boligkreditt AS and 12.4 per cent of SpareBank 1 Næringskreditt AS (the covered bond companies). The results from the above companies are recognised in the Bank's consolidated financial

statements in proportion to the Bank's stake in the companies.

The Group prepares its financial statements in accordance with international accounting standards as adopted by the EU (IAS 34).

Consolidated results for the second quarter of 2018

The SpareBank 1 Østlandet Group's profit after tax amounted to NOK 416 (274) million, compared with NOK 314 million in the first quarter of 2018. The return on equity was 12.9 (9.0) per cent, an increase from 9.9 per cent in the first quarter of 2018.

Net interest income amounted to NOK 511 (491) million, compared with NOK 495 million in the first quarter of 2018. Net interest income as a percentage of average total assets was 1.75 (1.88) per cent, compared with 1.81 per cent in the first quarter of 2018.

Net commissions and other operating income amounted to NOK 334 (316) million, compared with NOK 323 million in the first quarter of 2018. Commissions from the covered bond companies amounted to NOK 88 (91) million, compared with NOK 107 million in the first quarter of 2018. The NOK 19 million reduction compared with the first quarter of 2018 was primarily attributable to higher borrowing costs for the covered bond companies. Income from real estate services amounted to NOK 96 (83) million, up from NOK 67 million in the first quarter of 2018. Income from accounting services amounted to NOK 45 (41) million, up from NOK 37 million in the first quarter of 2018.

The net income from financial assets and liabilities amounted to NOK 149 (34) million, up from NOK 45 million in the first quarter of 2018. The increase was

largely due to a NOK 59 million write-up of accounting values in SpareBank 1 Østlandet in connection with the merger of Vipps AS, BankAxept AS and BankID Norge AS. The sale of the shares in Torggata 22 AS gave a net gain of NOK 9 million, while the restructuring of SpareBank 1 Regnskapshuset Østlandet AS resulted in a loss of NOK 13 million.

Total operating costs amounted to NOK 468 (478) million, up from NOK 449 million in the first quarter of 2018. The NOK 19 million increase from the first quarter of 2018 was mainly due to increased costs in subsidiaries. Costs in EiendomsMegler 1 Oslo Akershus increased by NOK 11 million, mainly due to write-downs of an IT project in the EM1 alliance and increased staff and commission costs due to increased activity.

Costs in the holding company SpareBank 1 Østlandet VIT AS were NOK 8 million higher than costs in SpareBank 1 Regnskapshuset Østlandet AS in the first quarter. This was due to a NOK 4 million increase in costs in Regnskapshuset Østlandet in addition to NOK 4 million in costs in the newly acquired company TheVit.

Impairment losses on loans and guarantees amounted to NOK 7 (5) million, compared with NOK 5 million in the first quarter of 2018.

Consolidated results for the first half year 2018

The group profit after tax for the first half of the year was NOK 730 (548) million. The return on equity was 11.4 (9.1) per cent.

Specification of the consolidated profit after tax in NOK millions:	30.06.18	30.06.17
Parent Bank's profit after tax	931	563
Dividends received from subsidiaries/associated companies	-368	-243
Share of the result from:		
SpareBank 1 Gruppen AS	75	86
Bank 1 Oslo Akershus AS (Q1-17)	0	119
SpareBank 1 Boligkreditt AS	-5	-43
SpareBank 1 Næringskreditt AS	1	1
EiendomsMegler 1 Hedmark Eiendom AS	8	10
EiendomsMegler 1 Oslo Akershus AS - Konsern	4	3
SpareBank 1 Finans Østlandet AS	73	62
SpareBank 1 Østlandet VIT AS ¹⁾	-2	3
SpareBank 1 Kredittkort AS	13	8
SpareBank 1 Betaling AS	-6	-15
Other associated companies/joint ventures	7	-4
Consolidated profit after tax	730	548

¹⁾ The results for the first half-year 2017 are for SpareBank 1 Regnskapshuset Østlandet AS only.

Net interest income

Net interest income amounted to NOK 1,006 (956) million. Net interest income must be viewed in conjunction with commissions from mortgages transferred to partly-owned covered bond companies (recognised as commissions) totalling NOK 194 (167) million. Net interest income and commissions from the covered bond companies totalled NOK 1,200 (1,123) million. The increase was mainly due to growth in lending and deposits, as well as higher commission income from the covered bond companies. Net interest income as a percentage of average total assets was 1.78 (1.86) per cent.

Net commissions and other operating income

Net commissions and other operating income amounted to NOK 657 (624) million. The increase was mainly due to increased commissions from covered bond companies and the real estate brokerage business.

NOK million	30.06.18	30.06.17
Net money transfer fees	63	53
Commissions revenues from insurance and savings	98	95
Commissions revenues from covered bonds companies	194	167
Commission revenues from credit cards	34	30
Real estate broker commission	162	154
Accounting services	83	87
Other income	23	38
Net commissions and other (non interest) income	657	624

For more detailed information about the various profit centres in the Group, reference is made to Note 3 "Segment information".

Net income from financial assets and liabilities

The net income from financial assets and liabilities was NOK 194 (34) million.

NOK million	30.06.18	30.06.17
Dividends from other than Group companies	13	11
Net profit from ownership interests	84	36
Net profit from other financial assets and liabilities	98	-13
Net commission and other operating income	194	34

Dividends of NOK 13 (11) million consist mainly of dividends from Totens Sparebank of NOK 12 (9) million.

The net profit from ownership interests amounted to NOK 84 (36) million.

Contribution from Associated companies and joint ventures	30.06.18	30.06.17
SpareBank 1 Gruppen AS	75	86
SpareBank 1 Boligkreditt AS	-5	-43
SpareBank 1 Næringskreditt AS	1	1
SpareBank 1 Kredittkort AS	13	8
SpareBank 1 Betaling AS	-6	-15
Other associated companies/joint ventures	7	0
Net profit from ownership interests	84	36

The increase of NOK 48 million was due to the improvement in the profitability of SpareBank 1 Boligkreditt AS, SpareBank 1 Betaling AS and SpareBank 1 Kredittkort AS compared with last year. Last year SpareBank 1 Boligkreditt AS' profits were especially affected by negative value adjustments for basis swaps.

The net profit from other financial assets and liabilities was NOK 98 (-13) million. The merger of Vipps AS, BankAxept AS and BankID Norge AS resulted in a net gain of NOK 59 million due to a write-up of accounting values of SpareBank 1 Østlandet's stake in the latter two companies.

The Group's fixed-income securities, derivatives, fixed-rate loans to customers and equity investments are assessed at fair value through profit or loss, in accordance with IFRS 9. Last year's net profit from other financial assets and liabilities also included value adjustments on issued securities at fair value through profit or loss, in accordance with IAS 39. Issued securities under IFRS 9 are mainly classified at amortised cost. Fair value through profit or loss is not a relevant classification under IFRS 9, unless the financial liability is held for trading purposes. Upon the transition from IAS 39 to IFRS 9, issued securities that were previously classified as fair value through profit or loss (NOK 11.5 billion) were reclassified. NOK 5.5 billion was reclassified to amortised cost and NOK 6.0 billion was reclassified to fair value with changes from own credit risk through other comprehensive income and other fair value changes through profit or loss of the total NOK 23.6 billion of issued securities, NOK 17.6 was classified as amortised cost after reclassification.

Reference is also made to Note 7 "Net income from financial assets and liabilities". Reference is made to Note 43 in the 2017 Annual Report for a further description of the implementation of IFRS 9.

Operating costs

Total operating costs were NOK 918 (915) million and amounted to 49.7 (56.7) per cent of net income.

NOK million	30.06.18	30.06.17
Personnel expenses	505	469
Depreciation/amortization	55	41
IT expenses	134	130
Marketing	57	57
Operating expenses from real estate	45	48
Other expenses	122	169
Total operating expenses	918	915

The NOK 3 million rise in operating costs was primarily due to NOK 41 million in net reversals of pensions costs in the first quarter of 2017.

The net reversals were a consequence of the discontinued defined-benefit pension scheme in former Bank 1 Oslo Akershus AS (B1OA), with a gain of NOK 53 million, and a NOK 12 million adjustment to the former Sparebanken Hedmark's calculated pension costs for 2016. Furthermore, costs associated with the merger and listing process were reduced from NOK 65 million in the first half of 2017 to NOK 2 million in first half of 2018.

Adjusted for the aforementioned pension costs and merger and listing costs, the Group's operating costs increased by NOK 24 million compared with the first half of 2017. The rise in costs was largely attributable to the subsidiaries' expansions and increased activity levels.

As at 30 June 2018, the Group had 1,137 (1,114) full-time equivalents (FTEs). The increased of staff is a reflection of the restructuring and increased activity levels in the subsidiaries. The Parent Bank has reduced its staff from 714 FTEs to 693 FTEs the last years and from 786 FTE since the acquisition of B1OA was announced year-end 2015.

Impairment losses on loans and guarantees

As from 1 January 2018, a new loss model in accordance with IFRS 9 was implemented, replacing the previous loss model in accordance with IAS 39. Reference is made to Note 43 in the 2017 Annual Report for a description of the new loss model.

The Group's provisions for losses in the first half of the year amounted to NOK 12 million (reversal of NOK 21 million). The net reversal of losses in the first half of 2017 was primarily due to a NOK 25 million reduction in collective impairments.

Impairment losses on loans and guarantees are distributed as follows:

Specification of total losses on loans and guarantees in the period, NOK million	Totalt	PM	BM	SBIFF
Change in impairments in the period	-1	-1	-3	2
Realised losses on commitments for which earlier impairment provisions have been made	7	3	3	0
Realised losses on commitments for which no earlier impairment provisions has been made	14	3	3	8
-Recoveries on loans and guarantees previously impaired	7	1	0	6
Total impairment losses on loans and guarantees in the period	12	4	3	4

74 per cent of the SpareBank 1 Østlandet Group's total lending, including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, are loans to the retail market, primarily consisting of mortgages. The corporate market portfolio has no exposure to the oil and gas industry and is otherwise characterised by low risk.

Credit risk

As at 30 June 2018, gross non-performing commitments totalled NOK 314 (262) million. This

corresponded to 0.3 (0.3) per cent of gross lending. Gross other doubtful commitments amounted to NOK 218 (262) million. This corresponded to 0.2 (0.3) per cent of gross lending.

At the end of the first half of the year, capitalised loan loss impairments amounted to NOK 408 million, compared to NOK 409 million as at 1 January 2018. For more detailed information about the loan loss impairments, reference is made to Note 6 "Impairment losses on loans and guarantees".

Credit quality, measured as total problem loans in relation to total lending, was improved from the corresponding period last year. Overall, the Group's problem loans accounted for 0.5 (0.6) per cent of gross lending. When the loans transferred to covered bond companies are included, the ratio of problem loans is unchanged at 0.4 (0.4) per cent. From a forward-looking perspective, the risk profile has improved the last year. There are positive developments in both the probability of default (PD) and loss given default (LGD). This also implies that the portfolio's expected loss is reduced. The Board of Directors' assessment is that the Group's credit risk is low.

Total assets

Total assets as at 30 June 2018 amounted to NOK 119.6 (107.7) billion. Adjusted total assets, defined as total assets including loans transferred to the covered bond companies, amounted to NOK 159.0 (144.5) billion.

Lending to customers

Gross lending to customers, including mortgages transferred to the covered bond companies, totalled NOK 135.5 (124.4) billion. At the end of the quarter, mortgages for NOK 37.9 (35.5) billion had been transferred to SpareBank 1 Boligkreditt AS, and mortgages totalling NOK 1.5 (1.3) billion had been transferred to SpareBank 1 Næringskreditt AS.

Growth in lending during the past 12 months, including mortgages transferred to the covered bond companies, was NOK 11.1 (9.2) billion, equivalent to 8.9 (8.0) per cent. The growth in the retail lending was NOK 8.5 billion, while the growth in the corporate lending was NOK 2.6 billion.

Deposits from customers

As at 30 June 2018, deposits from customers totalled NOK 70.6 (66.7) billion. The growth in deposits during the last 12 months was NOK 4.0 (4.0) billion, equivalent to 6.0 (6.4) per cent. The growth in retail deposits was NOK 3.1 billion, while the growth in the corporate deposits was NOK 0.9 billion.

The deposit coverage ratio in the Group was 73.6 (76.2) per cent. The deposit coverage ratio in the Group, inclusive of mortgages transferred to the covered bond companies, was 52.1 (53.6) per cent.

Liquidity

Borrowing from credit institutions and issued securities (including subordinated loan capital) totalled NOK 33.9 (26.8) billion, 24.0 per cent of which is Euro-denominated. The average term to maturity of the Group's long-term funding was 4.6 (3.7) years. The average term to maturity for all borrowing was 4.1 (3.3) years.

As at 30 June 2018, the Group had sufficient liquidity reserves to maintain normal operations, without market funding, for more than 18 (18) months. The liquidity coverage ratio (LCR) was 164.7 (121.0) per cent. The significant increase in LCR is a natural consequence of the Bank's euro-denominated funding with large individual issues. The Board of Directors considers the Group's liquidity risk to be low.

Equity certificates

As at 30 March 2018, the equity share capital comprises 107,179,987 equity certificates.

Book value per equity certificate at the end of the quarter was NOK 81.56 (75.46) and earnings per equity certificate were NOK 4.58 (3.46). At the end of the quarter, the price per equity certificate was NOK 87.00 (79.25).

Financial strength and total capital adequacy ratio

The Group's equity of NOK 13.4 (12.6) billion amounted to 11.2 (11.7) per cent of total capital. The leverage ratio was 7.3 (7.5) per cent. A simplified

audit of the income statement and balance-sheet was carried out according to the regulations. The profit for the period after expected tax and dividends is included in the capital adequacy calculation.

The Group's capital and core capital adequacy ratios at the end of the first half of the year were 19.3 (19.9) per cent and 16.9 (17.6) per cent, respectively. The core equity tier 1 ratio was 16.1 (16.7) per cent. The reduced capital adequacy levels are due to growth in lending, proportional consolidation of SpareBank 1 Næringskreditt AS, increased stakes in joint ventures, and a larger liquidity portfolio.

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

Rating

SpareBank 1 Østlandet's deposits and senior unsecured debt are rated A1 (negative outlook) by Moody's Investor Service. SpareBank 1 Østlandet is thereby rated at the level of the best-rated savings banks in Norway.

In the latest credit opinion from Moody's (14 June 2018), the previous rating of A1 is maintained and the rating outlook is still negative. The negative outlook is a consequence of the bill presented by the Norwegian Ministry of Finance on 21 June 2017, which is intended to transpose the EU's crisis management directives, the Bank Recovery and Resolution Directive (BRRD) and the Deposit Guarantee Directive, into Norwegian law. The rating outlook expresses Moody's assessment of the probability of public support being reduced as a consequence of this.

Parent Bank

Reported profit and loss

The Parent Bank's profit after tax for the first half of the year was NOK 931 (563) million. Besides the merger with B1OA, the increase is mainly due to growth in lending, increased commission rates from the covered bond companies, increased dividend payments, and improved net income from other financial assets and liabilities.

The former B1OA was merged into the Parent bank on 1 April 2017. The parent bank's accounts for the first half of 2018 are therefore not directly comparable with the figures for the same period last year.

A simplified audit of the income statement and balance-sheet was carried out according to the regulations. The profit for the period after expected tax and dividends is included in the capital adequacy calculation.

The core equity tier 1 ratio was 22.0 (22.4) per cent at the end of the first half of the year.

The Parent Bank's equity amounted to NOK 12.7 (11.8) billion, which was equivalent to 10.7 (11.1) per cent of the total capital at the end of the first half of the year.

As at 30 June 2018, the Parent Bank had 693 (714) FTEs. The reduction in staffing of 21 FTEs was mainly due to the realisation of synergies from the merger with B1OA.

Underlying banking operations are defined as the result before losses on loans, excluding securities and dividend. Costs related to the merger and the IPO process are also excluded.

Underlying banking operations, MNOK	30.06.18	30.06.17	Change
Net interest income	842	668	26.1 %
Net commission and other income	433	317	36.5 %
Total operating cost	-641	-568	12.8 %
Adjustments: Merger and stock exchange listing process costs	2	50	-95.6 %
Operating profit underlying banking operations	637	468	36.2 %

The operating profit from underlying banking operations amounted to NOK 637 (468) million as at 30 June 2018. Underlying banking operations increased by NOK 169 million compared with the year before, which is equivalent to 36.2 per cent. Besides the merger with B1OA, the increase is mainly related to growth in lending and increased commission rates from the covered bond companies.

Adjusted profit and loss

As the reported result is not directly comparable with the previous year's figures, the adjusted profit or loss is also stated in order to present directly comparable figures, which means the figures

assume a 100 per cent ownership of B1OA as at 1 January 2017.

Adjusted Parent Bank (Inkl. B1OA)	30.06.18	30.06.17
Net interest income	842	805
Net commission and other operating income	433	406
Net income from financial assets and liabilities	475	246
Total net income	1,750	1,457
Total operating expenses	641	661
Operating profit before losses on loans and guarantees	1,109	796
Losses on loans and guarantees	8	-32
Pre-tax operating profit	1,101	828
Total profit and loss items recognised in equity	171	146
Total profit/loss for the accounting year	931	681

The adjusted profit after tax for the first half of the year was NOK 931 million, compared with NOK 681 million for the first half of 2017.

SpareBank 1 Østlandet's stated ambition is to cut costs for 2018 by 5 per cent compared to the costs of the adjusted Parent Bank for 2017. As at 30 June 2018, the reduction amounted to 3.1 per cent compared to last year.

The NOK 20 million reduction in operating costs was primarily attributable to a combination of one-off effects in the first half of 2017 with costs from the merger and listing process, as well as income recognition in relation to pension costs stemming from the merger and listing process amounted to NOK 2 (50). Moreover, the adjusted costs for the first half of 2017 contained net revenue recognition in relation to pension costs of NOK 41 million.

Subsidiaries

The financing company SpareBank 1 Finans Østlandet AS (95 per cent stake) posted a profit after tax of NOK 73 (62) million for the first half of 2018. The increase is related to lending growth and lower losses. The financing company's gross lending totalled NOK 7.6 (6.8) billion as at 30 June 2018. Lending growth over the past 12 months was 12.1 (13.3) per cent.

The real estate broker EiendomsMegler 1 Hedmark Eiendom AS posted earnings of NOK 56 (52) million and achieved a profit after tax of NOK 8 (10) million. The decrease in the profit was primarily due to higher costs, mainly due to write-downs of an IT project in the EM1 alliance and increased staff and commission costs due to increased activity.

The real estate broker EiendomsMegler 1 Oslo Akershus Group posted earnings of NOK 108 (102) million and achieved a profit after tax of NOK 4 (3) million. The increase is mainly due to increased sales

volumes. In the opposite direction, increased costs result from write-downs of an IT project in the EM1 alliance and increased staff and commission costs due to increased activity levels.

On 16 May, SpareBank 1 Østlandet and the owners of TheVIT AS established a joint holding company, SpareBank 1 Østlandet VIT AS. SpareBank 1 Østlandet owns 70.7 per cent of the shares. The newly established company acquired 100 per cent of the shares in SpareBank 1 Regnskapshuset Østlandet AS and TheVIT AS. Together, the companies will be a major player in its industry within Eastern Norway with expertise in finance function, HR and accounting. The profit after tax was NOK -2 (3) million. Last year's figures are for SpareBank 1 Regnskapshuset Østlandet AS only and are thus not directly comparable. The decrease in profits is mainly due to reduced turnover in Regnskapshuset Østlandet in the first quarter and costs related to the ongoing digitisation of previously manual processes.

Associated Companies and Joint Ventures

SpareBank 1 Gruppen AS (12.4 per cent stake) includes the SpareBank 1 Alliance's joint product companies within insurance, fund management, claims management and collection. The company posted a consolidated profit after tax of NOK 601 (711) million for the first half of the year. The lower profit was mainly due to lower financial income, as well as a weaker insurance result in the non-life insurance company due to the harsh winter. The return on equity was 15.4 (18.8) per cent.

On June 20, SpareBank 1 Gruppen AS og DNB ASA signed a letter of intent to merge their non-life insurance activities. The merger of the insurance activities will be done by merging DNB Forsikring AS with SpareBank 1 Skadeforsikring AS and establishing a new company under a common ownership. The goal is for the new company to provide a near complete offering of non-life insurance products within the retail and SME markets. SpareBank 1 Gruppen AS will have a 60 per cent holding and DNB a 40 per cent holding in the new company. The merged company will be a subsidiary of SpareBank 1 Gruppen AS. The letter of intent assumes an exchange ratio with approximately 80 per cent for SpareBank 1 Gruppen and with approximately 20 per cent for DNB. The exchange ratio is based on the assumed values of the two companies' non-life insurance activities. Fair market value will be the basis when DNB will increase its ownership share to 40 per cent. At the time of the merger the new company will have an expected market share for non-life insurance above 15 per cent and be the third largest insurance company in Norway and the largest with bank distribution. The company will continue SpareBank 1's distribution of insurance products to 930,000 union members under the brand LOFavør according to the agreement with The Norwegian Confederation of Trade Unions (LO). The SpareBank 1 banks will continue to distribute insurance under the SpareBank 1 brand, while DNB will distribute insurance products under its own DNB brand. The merger is scheduled for 1 January 2019, subject to regulatory approval.

SpareBank 1 Boligkreditt AS (21.1 per cent stake) was established by the banks in SpareBank 1 Alliance to take advantage of the market for covered bonds. The banks sell well-collateralised mortgages to the company and achieve lower funding costs. The company posted a profit after tax of NOK 26 (-195) million, inclusive of interest on hybrid capital. The improvement in profits was primarily attributable to the fact that last year's figures were heavily affected by a negative change in value for basis swaps linked to its own borrowing. From 1 January 2018, the company has, following the implementation of IFRS 9, changed its accounting policy for recognising the effects of basis swaps. Changes in the value of basis swaps are now recognised through other comprehensive income in SpareBank 1 Boligkreditt AS and thus do not affect the company's profit before tax or the Group's share of the profit.

SpareBank 1 Næringskreditt AS (12.4 per cent stake) was established according to the same model, and with the same management, as SpareBank 1 Boligkreditt AS to utilise the market for commercial real estate covered bonds. The company posted a profit after tax of NOK 24 (36) million, inclusive of interest on hybrid capital.

SpareBank 1 Kredittkort AS (20.5 per cent stake) is the SpareBank 1 Alliance's joint credit card company. The company posted a profit after tax of NOK 65 (39) million.

SpareBank 1 Betaling AS (21.2 per cent stake) is the SpareBank 1 Alliance's joint payment infrastructure and mobile phone payment company. In autumn 2017, the company was the second largest owner of Vipps AS with a stake of 25 per cent. In the second half of 2018, Vipps will merge with BankAxept AS and BankID Norge AS. After the merger, the SpareBank 1 banks will own a total combined stake of 22.04 per cent. The company posted a result after tax of NOK -31 (-34) million.

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

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

On 29 June 2018, the Financial Supervisory Authority of Norway published a proposed amendment to the Financial Institutions Act concerning the establishment of the MREL requirement in Norway. Although the MREL requirement will come into effect from 2019, the subordination requirement for capital that must be included in the recapitalisation amount (subordinated liabilities/tier 3) does not have to be met before the year end 2022. The final consequences of the regulations still need to be clarified, but preliminary calculations indicate that SpareBank 1 Østlandet will need to issue NOK 7 billion in tier 3 capital. This requirement is considered manageable and is probably moderate relative to other Norwegian banks. This is due to factors such as the Bank's solid capital adequacy and

moderate Pillar 2 requirement. Tier 3 capital is expected to represent more expensive funding for the Bank than senior unsecured bonds issued on the same date and with the same maturity. Given current market prices, and the Bank's historic funding costs, the replacement of senior unsecured funding with tier 3 capital is not expected to have a significant impact on the Bank's average funding costs as historic funding costs are higher than the current levels. Comments on the consultation paper must be submitted by 14 September and the Financial Supervisory Authority of Norway will present its final policy proposal concerning the MREL requirement to the Norwegian Ministry of Finance by 1 November 2018.

Outlook

SpareBank 1 Østlandet's home market comprises the counties of Hedmark, Oppland, Oslo and Akershus. The Interior Region, the counties of Hedmark and Oppland, has traditionally been less cyclically sensitive than other regions, in part due to industry in the region not being particularly exposed to the oil and gas industry. In recent years, growth in this region has outpaced growth in the rest of Norway. The activity in the capital region, with the counties of Oslo and Akershus, largely reflects the rest of the country, partly because the region accounts for a large proportion of Norway's wealth creation.

The macro situation in Norway is stable, although increased international uncertainty due to the risk of a trade war and an undecided Brexit situation could impact the Norwegian economy and thus the general conditions for Norwegian bank customers. Regionally, the trends in a number of key economic indicators are positive, such as rising housing prices, falling unemployment and profitability and investment in the businesses. The Board regards this

as favourable for the Group with respect to its operations, credit risk and losses going forward.

The rise in housing prices slowed down from the beginning of 2017, due in part to the government's new Mortgage Regulation of 1 January 2017. As from April 2017, the growth in housing prices was negative in the Oslo area, while the picture was more nuanced for the rest of the Bank's market area. The fall in housing prices in Oslo was more pronounced than in the other districts.

The Board of Directors believes that the Group is well-positioned for further profitable growth, with a strong position in the Bank's traditional home market and with good opportunities in the Bank's new areas. Further development of the business will be based on continued prudent lending practice and providing relevant products and services to customers from all of the Group's business areas. Given its high capital adequacy, good liquidity situation and the merged, efficient organisation, the Board believes that the Group is well-prepared to take a stronger position in the Bank's market area.

The Board of Directors of SpareBank 1 Østlandet

Hamar, 7 August 2018

Income statement

Parent Bank						Group					
Year	01.04-30.06		01.01-30.06		Notes	01.01-30.06		01.04-30.06		Year	
2017	2017	2018	2017	2018 (NOK million)		2018	2017	2018	2017	2017	
0	0	537	0	1,098	Interest income, amortized cost	1,098	0	457	0	0	
2,642	740	222	1,174	391	Other interest income	556	1,610	387	823	3,238	
1,134	331	332	506	647	Interest expense	649	654	333	331	1,282	
1,508	409	427	668	842	Net interest income	1,006	956	511	491	1,956	
807	219	215	325	453	Commission income	614	574	310	297	1,197	
57	15	21	22	37	Commission expenses	50	48	27	26	102	
31	6	8	15	17	Other operating income	93	98	51	45	168	
782	210	202	317	433	Net commission and other operating income	657	624	334	316	1,263	
11	2	0	11	13	Dividends from other than Group companies	13	11	0	2	11	
275	160	178	252	364	Net profit from ownership interests	84	36	54	30	194	
48	19	95	-37	98	Net profit from other financial assets and liabilities	98	-13	95	2	72	
334	180	274	226	475	Net income from financial assets and liabilities	194	34	149	34	277	
2,624	799	902	1,211	1,750	Total net income	1,858	1,614	994	841	3,496	
684	177	163	293	329	Personnel expenses	505	469	247	237	1,010	
57	15	17	25	34	Depreciation	55	41	32	21	84	
548	165	142	249	278	Other operating expenses	358	405	190	221	804	
1,289	356	322	568	641	Total operating expenses	918	915	468	478	1,898	
1,335	443	580	644	1,109	Operating profit before losses on loans and guarantees	940	698	525	363	1,598	
-39	1	6	-24	8	Impairment losses on loans and guarantees	12	-21	7	5	-20	
1,373	442	574	668	1,101	Pre-tax operating profit	928	719	518	358	1,618	
272	69	85	105	171	Tax expense	198	171	102	84	356	
1,102	372	489	563	931	Profit after tax	730	548	416	274	1,263	
Majority interest						726	545	414	272	1,257	
Minority interest						4	3	2	2	6	
Earnings per equity certificate (in NOK)						4.58	3.46			7.92	

Statement of other comprehensive income

Parent Bank					Group					
Year	01.04-30.06		01.01-30.06		Notes	01.01-30.06		01.04-30.06		Year
2017	2017	2018	2017	2018 (NOK million)		2018	2017	2018	2017	2017
1,102	372	489	563	931		730	548	416	274	1,263
				Profit after tax						
-7	0	0	0	0 Actuarial gains/losses on pensions		0	0	0	0	-7
2	0	0	0	0 Tax effects of actuarial gains/losses on pensions		0	0	0	0	2
				Fair value changes on financial liabilities designated at fair value due						
0	0	0	0	-9 to the Bank's own credit risk		-9	0	0	0	0
0	0	0	0	2 Tax effects related to the above		2	0	0	0	0
				Share of other comprehensive income from associated companies						
0	0	0	0	0 and joint ventures		1	-1	2	0	3
-6	0	0	0	-6 Total items that will not be reclassified through profit or loss		-6	-1	2	-1	-3
				Change in value of financial assets available for sale			23	0	21	77
75	9	0	21	Financial assets available for sale transferred to profit and loss						
				on write-down due to permanent impairment of value			9	0	9	-1
-1	9	0	9	Financial assets available for sale transferred to profit and loss						
				on realisation			0	0	0	11
11	0	0	0	Net fair value adjustments on loans at fair value through other						
				3 comprehensive income		3	0	0	0	0
0	0	0	0	-1 Tax effects related to the above		-1	0	0	0	0
0	0	0	0	Fair value changes on hedge derivatives due to changes in the						
0	0	-15	0	-33 currency basis spread		-33	0	-15	0	0
0	0	4	0	8 Tax effects related to the above		8	0	4	0	0
				Share of other comprehensive income from associates and						
0	0	0	0	0 joint ventures		-11	0	-17	0	2
86	18	-11	30	-23 Total items that will be reclassified through profit or loss		-34	32	-28	30	90
80	18	-11	30	-29 Total profit and loss items recognised in equity		-40	31	-26	30	87
1,182	390	478	593	902 Total profit/loss for the accounting year		690	579	390	304	1,350
				Majority interest		686	576	-2,312	304	1,344
				Minority interest		4	3	2	0	6

Parent Bank				Group			
2017	30.06.2017	30.06.2018	NOK million	Notes	30.06.2018	30.06.2017	2017
			ASSETS				
672	664	639	Cash and deposits with central banks		639	665	673
7,669	9,011	10,714	Loans to and receivables from credit institutions		4,301	3,197	1,808
83,030	80,408	88,156	Loans to and receivables from customers	5,6	95,681	87,155	90,098
8,883	8,726	11,913	Certificates, bonds and fixed-income funds	10	11,913	8,726	8,883
582	612	436	Financial derivatives	8,10,11	436	612	582
494	430	549	Shares and other equity interests	10	554	431	495
3,336	3,057	3,508	Investments in associates and joint ventures		3,912	3,529	3,929
1,370	1,218	1,369	Investments in subsidiaries		0	0	0
0	0	0	Assets held for sale		0	5	0
365	383	350	Property, plant and equipment		553	589	578
100	0	102	Goodwill and other intangible assets		406	365	366
3	117	0	Deferred tax asset		0	0	0
645	2,038	861	Other assets	12	1,196	2,379	910
107,149	106,663	118,596	Total assets		119,592	107,652	108,321
			LIABILITIES				
2,288	2,334	2,519	Deposits from and liabilities to credit institutions		2,517	2,333	2,286
66,013	66,678	70,667	Deposits from and liabilities to customers	13	70,645	66,653	65,985
23,686	23,298	29,957	Liabilities arising from issuance of securities	10,14	29,957	23,298	23,686
307	302	362	Financial derivatives	8,10,11	362	302	307
314	158	245	Current tax liabilities		295	183	358
0	0	2	Deferred tax liabilities		137	106	122
431	851	740	Other debt and liabilities recognised in the balance sheet	15	856	981	541
1,706	1,205	1,403	Subordinated loan capital	10,14	1,403	1,205	1,706
94,743	94,828	105,895	Total liabilities		106,172	95,061	94,990
			EQUITY CAPITAL				
5,359	5,359	5,359	Equity capital certificates	18	5,359	5,359	5,359
547	547	547	Premium fund	18	547	547	547
1,584	1,707	2,216	Dividend equalisation fund	18	2,216	1,707	1,584
424	0	0	Dividend		0	0	424
3,432	3,407	3,735	Primary capital		3,735	3,407	3,432
165	154	166	Other paid-up equity		166	172	165
20	27	19	Provision for gifts		19	27	20
279	238	278	Fund for unrealised gains		279	238	281
204	0	0	Dividend customers return		0	0	204
400	400	400	Hybrid capital		400	400	400
-8	-4	-19	Interest expense for hybrid capital		-37	705	-30
0	0	0	Other equity		643	-22	883
			Minority interests		93	51	62
12,406	11,835	12,701	Total equity capital		13,420	12,591	13,331
107,149	106,663	118,596	Total equity capital and liabilities		119,592	107,652	108,321

The board of SpareBank 1 Østlandet
Hamar, August 7th, 2018

Changes in equity capital

Parent Bank (NOK million)	Paid-up equity			Earned equity capital					Dividends	Hybrid-capital	Total equity capital
	Equity certificates	Premium fund	Other paid-up equity	Primary capital ¹⁾	Dividend equalisation funds ²⁾	Provision for gifts	Fund for unrealised gains	Other equity			
Equity capital as of 01.01.2017	5,310	520	0	3,313	974	33	134	0	148	0	10,430
ECs transferred Foundation	49	27									76
Equity inflated by merger with B10A			172		353						525
Hybrid capital										400	400
Interest on hybrid capital								-22			-22
Profit after tax				101	380		83				563
Change revaluation reserve							21				21
Dividend paid									-148		-148
Donations distributed from profit 2016				-6							-6
Grants from provision for gifts in 2017						-5					-5
Equity capital as of 30.06.2017	5,359	547	172	3,407	1,707	27	238	-22	0	400	11,835
Equity capital as of 01.01.2017	5,310	520	0	3,313	974	33	134	0	148	0	10,430
ECs issued and transferred to owners	49	27									76
Equity inflated by merger with B10A			165		338						503
Hybrid capital										400	400
Interest on hybrid capital								-8			-8
Profit after tax				335	696		70				1,102
Actuarial gains after tax on pensions				-6							-6
Change revaluation reserve							75				75
Dividend paid									-148		-148
Donations distributed from profit 2016				-6							-6
Grants from provision for gifts in 2017						-13					-13
Equity capital as of 31.12.2017	5,359	547	165	3,636	2,008	20	279	0	0	400	12,406
Equity capital as of 01.01.2018	5,359	547	165	3,636	2,008	20	279	-8	0	400	12,406
OB Corr. related to transitional rules IFRS 9				11	23						35
Reposting of interest on hybrid capital					3			-4			0
Reposting of actuarial gains after tax on pensions				4	-4						0
Adjusted equity capital at 01.01.2018	5,359	547	166	3,652	2,031	20	279	-12	0	400	12,440
ECs issued and transferred to owners											0
Hybrid capital											0
Interest after tax on hybrid capital								-6			-6
Profit after tax				303	630		-1				931
Value changes on creditspread and basisswap				-10	-21						-31
Value change on loans measured at fair value				1	1						2
Dividend paid				-204	-424						-629
Donations distributed from profit 2017				-6							-6
Grants from provision for gifts in 2018						-1					-1
Equity capital as of 30.06.2018	5,359	547	166	3,735	2,216	19	278	-19	0	400	12,701

Group (NOK million)	Paid-up equity			Earned equity capital					Dividends	Hybrid-capital	Minority intersets	Total equity
	Equity certificates	Premium fund	Other paid-up equity	Primary capital ¹⁾	Dividend equalisation	Provision for gifts	Fund for unrealised	Other equity				
Equity capital as of 01.01.2017	5,310	520	0	3,313	974	33	134	1,228	148	400	47	12,107
OB Correction: Correction of previous years's errors												
in associated companies and joint ventures ¹⁾								-9				-9
Adjusted equity capital at 01.01.2017	5,310	520	0	3,313	974	33	134	1,220	148	400	47	12,098
ECs issued and transferred to owners	49	27									5	81
Profit after tax				100	380		83	-15				548
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss								-1				-1
Change revaluation reserve							21	10				31
Share of other comprehensive income from associated companies and joint ventures reclassified through profit or loss								0				0
Interest after tax on hybrid capital								-9				-9
Change in ownership shareholdings								4			3	7
Dividend paid									-148		-4	-152
Donations distributed from profit 2016				-6							0	-6
Grants from provision for gifts in 2017						-5						-5
Equity capital as of 30.06.2017	5,359	547	0	3,407	1,354	27	238	1,209	0	400	52	12,591
Equity capital as of 01.01.2017	5,310	520	0	3,313	974	33	134	1,228	148	400	47	12,107
OB Correction: Correction of previous years's errors												
in associated companies and joint ventures ¹⁾								-8				-8
Adjusted equity capital at 01.01.17	5,310	520	0	3,313	974	33	134	1,220	148	400	47	12,099
ECs issued and transferred to owners	49	27						0			13	89
Equity inflated by merger with B10A			165		338			-503				0
Profit after tax				335	696		70	155			6	1,263
Actuarial gains after tax on pensions				-6								-6
associated companies and joint ventures not								3				3
Change revaluation reserve							77					77
associated companies and joint ventures								11				11
Interest expense for hybrid capital								-17				-17
Change in Group companies ³⁾								-16				-16
Dividend paid									-148		-4	-152
Donations distributed from profit 2016												-6
Grants from provision for gifts in 2017						-13						-13
Equity capital as of 31.12.2017	5,359	547	165	3,636	2,008	20	281	853	0	400	62	13,331
Equity capital as of 01.01.2018	5,359	547	165	3,636	2,008	20	281	853	0	400	62	13,331
OB Corr Parent bank			1	15	23			-4				35
OB Corr. Subsidiary								-19				-19
OB Corr. In Group companies								-3				-3
Adjusted equity capital at 01.01.2018	5,359	547	166	3,651	2,031	20	281	826	0	400	62	13,343
ECs issued and transferred to owners												0
Profit after tax				303	630		-1	-205			4	730
Value changes on creditspread and basisswap				-10	-21							-31
Value change on loans measured at fair value				1	1							2
Share of other comprehensive income from associated companies and joint ventures								-11				-11
Transferred from new minority interest										33		33
Change revaluation reserve								0				0
Interest expense after tax for hybrid capital					0			-6				-6
Dividend paid				-204	-424						-6	-634
Donations distributed from profit 2017				-6								-6
Grants from provision for gifts in 2018						-1						-1
Equity capital as of 30.06.2018	5,359	547	166	3,735	2,216	19	279	606	0	400	93	13,420

1) Amounts transferred to primary capital include dividend payments.

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

3) OB Corrections is connected to changes from preliminary accounts to final accounts in SpareBank 1 Gruppen.

4) Changes in Group companies are mainly due the fact that SpareBank 1 Gruppen over years has allocated to little to fund for self-sustaining

Cash Flow Statement

Parent Bank				Group		
2017	30.06.2017	30.06.2018	(NOK million)	30.06.2018	30.06.2017	2017
-5,965	-3,332	-5,100	Change in gross lending to customers	-5,578	-4,618	-7,486
2,256	978	1,304	Interest receipts from lending to customers	1,521	1,442	2,916
2,825	3,490	4,654	Change in deposits from customers	4,659	3,582	2,915
-503	-215	-294	Interest payments on deposits from customers	-294	-284	-577
-399	-766	-2,910	Change in receivables and debt from credit institutions	-2,268	-426	-101
101	52	54	Interest on receivables and debt to financial institutions	3	5	9
910	773	-3,061	Change in certificates and bonds	-3,061	1,013	1,517
246	119	116	Interest receipts from commercial papers and bonds	116	151	277
782	317	433	Net commission receipts	657	624	1,271
25	18	26	Capital gains from sale on trading	26	25	27
-1,269	-542	-607	Payments for operations	-863	-874	-1,862
-189	-189	-195	Taxes paid	-199	-245	-245
-864	-975	191	Other accruals	122	-729	-589
-2,043	-270	-5,387	Net change in liquidity from operations A)	-5,159	-333	-1,927
-49	-29	-19	Investments in tangible fixed assets	-30	-43	-65
13	7	0	Receipts from sale of tangible fixed assets	7	7	13
-401	-75	-123	Change in long-term investments in equities	-130	-45	-392
276	253	380	Dividends from long-term investments in equities	258	158	182
-161	156	238	Net cash flow from investments (B)	105	76	-263
5,043	2,876	8,321	Debt raised by issuance of securities	8,321	3,361	5,113
500	0	400	Debt raised by subordinated loan capital	400	0	500
-2,603	-1,400	-2,050	Repayments of issued securities	-2,050	-2,000	-3,203
0	0	-700	Repayments of issued subordinated loan capital	-700	0	0
63	63	0	Payments arising from issuance of equity capital certificates	0	63	63
-523	-254	-318	Interest payments on securities issued	-318	-326	-592
-32	-14	-21	Interest payments on subordinated loans	-21	-19	-38
0	-148	-629	Payment of dividend	-634	-148	0
-13	-11	-1	Donations	-1	-11	-13
2,435	1,113	5,004	Net cash flow from financing (C)	4,997	920	1,831
458	458	0	Cash and cash equivalents taken over from B10A (D)	0	0	0
-247	-95	0	Payments arising from placements in subsidiaries (E)	0	0	13
0	0	17	Liquidity effect of acquisition and sale of other subsidiaries (F)	17	0	0
441	1,362	-128	CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D+E+F)	-40	663	-346
382	382	824	Cash and cash equivalents at 1 January	736	1,082	1,082
824	1,744	696	Cash and cash equivalents at the end of the period	696	1,745	736
Cash and cash equivalents at comprise:						
672	664	639	Cash and deposits with central banks	639	665	673
152	1,080	57	Deposits etc. at call with banks	57	1,080	63
824	1,744	696	Cash and cash equivalents at the end of the period	696	1,745	736

Notes to the accounts

Note 1 Accounting principles

1.1 Basis for preparation

The quarterly accounts for SpareBank 1 Østlandet cover the period 1 January - 30 June 2018. The quarterly accounts have been prepared in accordance with IAS 34 'Interim reporting'. These quarterly financial statements have been prepared in accordance with the current IFRS standards and IFRIC interpretations. The quarterly financial statements do not include all information required in full annual financial statements and should be read in conjunction with the financial statements for 2017. In this quarterly report, the Group has used the same accounting policies and methods of calculation as in the last financial statements with the following exceptions:

New standards and interpretations applied from 2018:

IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" are implemented with effect from 1 January 2018.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments was implemented 1 January 2018 and replaces IAS 39 Financial Instruments - Recognition and Measurement. IFRS 9 deals with recognition, classification, measurement, and derecognition of financial assets and obligations, as well as hedge accounting.

SpareBank 1 Østlandet has collaborated with other SpareBank 1 banks on modelling work, as well as analyses relating to valuation, classification, etc. over the past few years. The Group has calculated impairment losses based on IFRS 9 regulations as of 1 January 2018. For further information, see note 43 on IFRS 9 Financial Instruments in the annual financial statements for 2017, and note 6 in the first half year 2018 interim report.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers was implemented 1 January 2018 and did not have significant consequences for the Group.

1.2 Important accounting estimates and discretionary assessments

In drawing up the consolidated financial statements, Group management applies estimates and discretionary assessments and makes assumptions that determine the effect of applying accounting principles. These will therefore affect reported amounts for assets and liabilities, income and expenses. The annual financial statements for 2016 provide more details of critical estimates and assessments in relation to the use of accounting principles in note 3.

Note 2 Change in the composition of the Group

2018

On 16 May, SpareBank 1 Østlandet and the owners of TheVIT AS established a joint holding company, SpareBank 1 Østlandet VIT AS. SpareBank 1 Østlandet owns 70.7 per cent of the shares. The newly established company has taken over 100 per cent of the shares in SpareBank 1 Regnskapshuset Østlandet AS and TheVIT AS. Together, the companies will be a major actor in Eastern Norway with expertise in finance, HR, advice and accounting.

Shares in Torggt 22 AS was sold during the second quarter.

Proaware AS has changed its name to Betr AS.

2017

SpareBank 1 Østlandet has become owner of 20.0 per cent of the shares in Proware AS and 20 per cent of the shares in SMB Lab AS.

In the third quarter SpareBank 1 Østlandet acquired 21.2 per cent of the shares in SpareBank 1 Betaling AS and classified this company as an associated company. SpareBank 1 Betaling AS owns 25 per cent of the shares in Vipps AS.

On 17 January 2017, Sparebanken Hedmark became the 100 per cent owner of the newly established company Youngstorget 5 AS after the assets and liabilities belonging to Bank 1 Oslo Akershus AS (B1OA) were transferred to the shareholder in B1OA. A reallocation of shares in SpareBank 1 Kredittkort AS pursuant to the shareholder agreement resulted in the Sparebanken Hedmark Group increasing its stake in the company from 18.9 per cent to 19.6 per cent with effect from 1 January 2017.

Sparebanken Hedmark and Bank 1 Oslo Akershus AS merged operations with effect from 1 April 2017. The new name of the merged bank became SpareBank 1 Østlandet.

Note 3 Segment information

This segment information is linked to the way the Group is run and followed up internally in the entity through reporting on performance and capital, authorisations and routines. Reporting on segments is divided into following areas: Retail banking, corporate banking, property, financing, accounting and other activities.

Prerequisites:

- Property brokerage, leasing, financing and accounting are organised as independent companies.
- Tax is calculated by 25 per cent for the retail- and corporate banking.
- Net commission and other income in retail- and corporate banking contain their share of indirect income.
- Operating expenses in retail- and corporate banking contain their share of indirect costs
- The result of the elimination of companies appears with other activities in a separate column.

30.06.2018	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms- Megler 1 Hedmark Eiendom	Megler 1 Oslo Akershus Group	SpareBank 1 Østlandet VIT Group	Other operations/ eliminations	Total
Income statement								
Net interest income	471	384	164	0	1	-1	-14	1,006
Net commissions and other income	392	97	-20	56	109	83	-59	657
Net income from financial assets and liabilities	0	0	0	0	0	0	194	194
Total operating expenses	435	196	42	46	106	84	8	918
Profit before losses by segment	427	286	102	10	5	-2	113	940
Impairment losses on loans and guarantees	4	3	5	0	0	0	0	12
Pre-tax operating profit	423	283	97	10	5	-2	113	928
Tax expense	106	71	24	2	1	-1	-5	198
Profit/loss per segment after tax	317	212	73	8	4	-2	119	730
Balance sheet								
Gross lending to customers	59,532	28,849	7,624	1	0	2	673	96,681
Allowance for credit losses	-64	-231	-64	0	0	0	0	-359
Other assets	2,687	415	182	76	86	135	19,690	23,270
Total assets per segment	62,155	29,033	7,742	77	86	137	20,364	119,592
Deposits from and liabilities to customers	41,973	28,598	0	0	0	0	74	70,645
Other liabilities and equity	20,182	435	7,742	77	86	137	20,290	48,947
Total equity capital and liabilities per segment	62,155	29,033	7,742	77	86	137	20,364	119,592

*) Holding company with the subsidiaries SpareBank 1 Regnskapshuset AS and TheVIT AS in 2018.

30.06.2017	Retail banking Sparebanken Hedmark	Corporate banking Sparebanken Hedmark	Bank 1 Oslo Akershus Group	SpareBank 1 Finans Østlandet	Eiendoms- Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other operations/ eliminations	Total
Income statement								
Net interest income	462	367	151	0	1	-1	-24	956
Net commissions and other income	332	73	-18	52	103	87	-6	624
Net income from financial assets and liabilities	0	0	0	0	0	0	34	34
Total operating expenses	363	131	39	40	100	83	160	915
Profit before losses by segment	431	309	94	13	4	4	-156	698
Impairment losses on loans and guarantees	0	-31	11	0	0	0	0	-21
Pre-tax operating profit	431	340	83	13	4	4	-156	719
Tax expense	108	85	21	3	1	1	-47	171
Profit/loss per segment after tax	323	255	62	10	3	3	-109	548

Balance sheet								
Gross lending to customers	54,030	26,087	6,803	0	0	0	608	87,528
Individual impairments to cover losses on loans	-32	-88	-16	0	0	0	0	-136
Collective impairments to cover losses on loans	-69	-147	-21	0	0	0	0	-238
Other assets	1,258	1,667	192	66	100	147	17,069	20,497
Total assets per segment	55,187	27,519	6,957	66	100	147	17,677	107,652
Deposits from and liabilities to customers	39,495	19,632	0	0	0	0	7,527	66,653
Other liabilities and equity	15,692	6,387	6,957	66	100	147	11,650	40,999
Total equity capital and liabilities per segment	55,187	26,019	6,957	66	100	147	19,177	107,652

2017	Retail banking Sparebanken Hedmark	Corporate banking Sparebanken Hedmark	Bank 1 Oslo Akershus Group	SpareBank 1 Finans Østlandet	Eiendoms- Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other operations/ eliminations	Total
Income statement								
Net interest income	938	751	312	0	2	-2	-46	1,956
Net commissions and other income	767	216	-39	108	192	148	-130	1,263
Net income from financial assets and liabilities	0	0	0	0	0	0	277	277
Total operating expenses	929	399	89	95	206	150	30	1,898
Profit before losses by segment	777	569	184	14	-12	-3	71	1,598
Impairment losses on loans and guarantees	7	-54	26	0	0	0	0	-20
Pre-tax operating profit	769	622	158	14	-12	-3	71	1,618
Tax expense	192	156	39	3	0	-1	-34	356
Profit/loss per segment after tax	577	467	118	10	-12	-3	105	1,263

Balance sheet								
Gross lending to customers	56,208	27,046	7,131	0	0	0	75	90,460
Individual loan write-downs	-31	-95	-16	0	0	0	0	-142
Collective loan write-downs	-75	-124	-22	0	0	0	0	-221
Other assets	1,538	448	154	61	84	130	15,808	18,224
Total assets per segment	57,641	27,275	7,247	61	84	130	15,883	108,321
Deposits from and liabilities to customers	39,260	26,645	0	0	0	0	81	65,985
Other liabilities and equity	18,382	629	7,247	61	84	130	15,802	42,336
Total equity capital and liabilities per segment	57,641	27,275	7,247	61	84	130	15,883	108,321

Note 4 Capital Adequacy

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

- Pillar 1: Minimum regulatory capital requirements
- Pillar 2: Evaluation of the overall capital requirements and supervisory follow-up
- Pillar 3: Disclosure Requirements

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

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

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

The current requirement for common equity tier 1 (CET1) capital consists of a minimum requirement of 4.5 per cent and a buffer requirement totaling 7.5 per cent, of which the Bank's countercyclical capital buffer requirement was 2 per cent at 31. December 2017. SpareBank 1 Østlandet is also subject to a Pillar II requirement of 1.8 per cent as at 30.06.2018. The total capital requirement for common equity tier 1 capital was thus 13.8 per cent at 30 June 2018. In addition to this, a further 2 per cent is to be covered by additional Tier 1 capital and 1.5 per cent to be covered by Tier 2 capital.

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

Parent Bank				Group		
Basel III	Basel III	Basel III		Basel III	Basel III	Basel III
31.12.2017	30.06.2017	30.06.2018		30.06.2018	30.06.2017	31.12.2017
6,078	5,906	6,072	Paid-up equity	6,105	5,800	6,111
5,928	5,529	6,229	Earned equity capital	6,822	6,340	6,758
400	400	400	Hybrid capital	400	400	400
0	0	0	Minority interests	93	51	62
12,406	11,835	12,701	Total equity carried	13,420	12,591	13,331
			Common equity tier 1 capital			
-629	-284	-365	Results for the accounting year not included	-365	-274	-629
-400	-400	-400	Hybrid capital	-400	-400	-400
0	0	0	Minority interests that is not eligible as CET1 capital	-9	-14	-21
93	106	44	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	44	106	93
0	0	0	Cash flow hedge reserve	4	0	8
-103	-117	-102	Goodwill and other intangible assets	-406	-365	-380
-189	-199	-206	Positive value of expected losses under the IRB approach	-174	-222	-231
0	0	0	CET 1 instruments of financial sector entities where the institution does have a significant investment	-193	-73	-154
-28	-36	-25	Value adjustments due to the requirements for prudent valuation (AVA)	-33	-51	-35
11,150	10,904	11,647	Common equity tier 1 capital	11,887	11,299	11,583
			Additional Tier 1 capital			
400	400	400	Hybrid capital	627	619	616
400	400	400	Tier 1 capital	627	619	616
			Supplementary capital in excess of Tier 1 capital			
1,700	1,198	1,400	Subordinated loan capital	1,774	1,523	2,068
0	0	0	T2 instruments of financial sector where the institution does not have a significant investment	0	0	0
-130	0	0	T2 instruments of financial sector where the institution does have a significant investment	0	0	-130
1,570	1,198	1,400	Total supplementary capital	1,774	1,523	1,939
13,120	12,503	13,447	Total eligible capital	14,288	13,440	14,138
5,154	4,891	5,347	Corporates - SME	5,347	4,891	5,154
9,776	10,993	10,172	Corporates - Specialised Lending	10,172	10,993	9,776
633	681	658	Corporates - Other	658	681	633
1,020	981	1,061	SME exposure	1,245	1,141	1,203
14,507	14,277	16,000	Retail mortgage exposure	23,082	20,669	21,840
1,701	1,654	1,406	Other retail exposure	1,445	1,689	1,723
32,792	33,476	34,644	Credit exposures calculated using IRB-approach	41,948	40,063	40,330
10,869	11,254	12,100	Credit exposures calculated using the standardised approach	16,600	15,581	14,936
207	280	337	Counterparty credit risk	1,462	1,163	1,267
0	0	0	Market risk	0	0	0
3,343	3,343	3,433	Operational risk	5,222	4,503	4,503
2,577	360	2,465	Basel I	8,722	6,230	7,884
49,787	48,714	52,979	Risk-weighted assets	73,955	67,541	68,920
3,983	3,897	4,238	Capital requirements (8%)	5,916	5,403	5,514
846	828	954	Pillar 2 (1.8 %, 1.7 % previously)	1,331	1,148	1,172
0	0	0		0	0	0
			Buffer requirements			
1,245	1,218	1,324	Capital conservation buffer (2.5%)	1,849	1,689	1,723
996	731	1,060	Countercyclical capital buffer (2 %, 1.5 % at 31.03.2017)	1,479	1,013	1,378
1,494	1,461	1,589	Systemic risk buffer (3%)	2,219	2,026	2,068
3,734	3,410	3,973	Total buffer requirements for common equity (7.5 %)	5,547	4,728	5,169
4,329	4,474	4,336	Available common equity (12 %)	1,681	2,384	2,141
			Capital ratios			
22.4 %	22.4 %	22.0 %	CET 1 capital ratio	16.1 %	16.7 %	16.8 %
23.6 %	22.6 %	23.1 %	CET 1 capital ratio (excluding Basel 1-floor)	18.2 %	18.4 %	19.0 %
23.2 %	23.2 %	22.7 %	Tier 1 Capital ratio	16.9 %	17.6 %	17.7 %
26.4 %	25.7 %	25.4 %	Capital adequacy ratio	19.3 %	19.9 %	20.5 %
10.6 %	10.4 %	10.0 %	Leverage Ratio	7.3 %	7.5 %	7.1 %

Note 5 Loans to and receivables from customers

Parent Bank

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance at 01.01.2018	78,682	4,203	470	83,355
Transfers in (out) to Stage 1	810	-797	-13	0
Transfers in (out) to Stage 2	-881	893	-12	0
Transfers in (out) to Stage 3	-6	-63	69	0
Purchases and originations	10,806	349	-2	11,153
Derecognitions and maturities	-8,453	-498	-23	-8,973
Remeasurements	0	0	0	0
Write-offs	0	0	-5	-5
Exchange rate and other	0	0	0	0
Balance at 31.03.2018	80,959	4,087	485	85,530
Transfers in (out) to Stage 1	987	-979	-8	0
Transfers in (out) to Stage 2	-1,586	1,604	-18	0
Transfers in (out) to Stage 3	-48	-57	104	0
Purchases and originations	15,373	179	-3	15,549
Derecognitions and maturities	-11,968	-562	-88	-12,618
Remeasurements	0	0	0	0
Write-offs	0	0	-7	-7
Exchange rate and other	0	0	0	0
Balance at 30.06.2018	83,715	4,273	465	88,454
Loan and advances to customers at amortised cost				26,845
Loan and advances to customers at fair value				61,609

Group

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance at 01.01.2018	84,913	4,958	527	90,398
Transfers in (out) to Stage 1	945	-931	-14	0
Transfers in (out) to Stage 2	-1,018	1,037	-19	0
Transfers in (out) to Stage 3	-19	-90	109	0
Purchases and originations	11,649	368	-2	12,016
Derecognitions and maturities	-8,993	-565	-33	-9,591
Remeasurements	0	0	0	0
Write-offs	0	0	-5	-5
Exchange rate and other	0	0	0	0
Balance at 31.03.2018	87,477	4,778	562	92,818
Transfers in (out) to Stage 1	1,036	-1,028	-7	0
Transfers in (out) to Stage 2	-1,757	1,773	-16	0
Transfers in (out) to Stage 3	-56	-71	127	0
Purchases and originations	16,111	274	0	16,385
Derecognitions and maturities	-12,327	-600	-229	-13,156
Remeasurements	0	0	0	0
Write-offs	0	0	-7	-7
Exchange rate and other	0	0	0	0
Balance at 30.06.2018	90,485	5,125	430	96,040
Loan and advances to customers at amortised cost				34,431
Loan and advances to customers at fair value				61,609

Parent Bank				Group		
2017	30.06.2017	30.06.2018		30.06.2018	30.06.2017	2017
4	4	257	Public sector	541	224	295
3,850	4,262	3,946	Primary industries	4,367	4,571	4,179
926	1	997	Paper and pulp industries	1,019	18	946
795	911	877	Other industry	1,109	1,172	1,030
2,936	2,042	3,398	Building and constructions	4,553	2,884	3,923
250	210	199	Power and water supply	342	400	427
1,053	1,031	987	Wholesale and retail trade	1,263	1,384	1,316
489	473	563	Hotel and restaurants	576	489	505
12,767	14,423	13,732	Real estate	13,809	14,511	12,861
3,823	2,915	3,965	Commercial services	4,476	3,535	4,368
681	496	515	Transport and communication	1,503	1,482	1,730
0	484	0	Other	0	492	8
27,573	27,251	29,436	Gross corporate loans by sector and industry	33,558	31,163	31,589
55,782	53,493	59,018	Private customers	62,481	56,365	58,872
83,355	80,744	88,454	Total gross loans by sector and industry	96,040	87,528	90,461
0	0	-237	Loan loss allowance for loans at amortised cost	-298	0	0
0	0	-61	Fair value adjustments for loans at fair value through OCI	-61	0	0
-126	-119	0	Individual loan impairments to cover losses on loans	0	-136	-142
-198	-216	0	Collective loan impairments to cover losses on loans	0	-238	-221
83,030	80,408	88,156	Total loans to customers	95,681	87,155	90,098
37,451	35,532	37,944	Loans transferred to SpareBank 1 Boligkreditt AS	37,944	35,532	37,451
1,624	1,333	1,508	Loans transferred to SpareBank 1 Næringskreditt AS	1,508	1,333	1,624
122,105	117,273	127,608	Total loans including loans transferred to covered bond companies	135,133	124,020	129,173

Note 6 Impairment losses on loans and guarantees

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

Parent Bank

30.06.2018

(Millions of Norwegian Kroner)	Provision for credit			30.06.2018
	01.01.2018	losses	Net write-offs	
Allowance for loan and guarantee losses at amortised cost	273	0	0	273
Allowance for loan losses at fair value over OCI	78	2	-5	75
Total allowance for credit losses	351	2	-5	347
Presented as:				
Assets: Allowance for loan losses - decrease of assets	308	-1	-8	298
Liabilities: Allowance for loan losses - increase of liabilities	23	3	0	26
Equity: Fair value adjustment of losses	20	3	0	23

Allowance for credit losses	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Balance at 01.01.2018	101	117	133	351
<i>Provision for credit losses</i>				
Transfers in (out) to Stage 1	26	-16	-10	0
Transfers in (out) to Stage 2	-2	2	0	0
Transfers in (out) to Stage 3	0	-7	7	0
Net remeasurement of loss allowances	-24	19	6	2
Purchases and originations	15	5	0	21
Derecognitions and maturities	-8	-14	-4	-26
Remeasurements	0	0	4	4
Write-offs	0	0	-3	-3
Charges in models/risk parameters	0	0	0	0
Balance at 31.03.2018	108	107	133	348
<i>Provision for credit losses</i>				
Transfers in (out) to Stage 1	20	-20	0	0
Transfers in (out) to Stage 2	-5	7	-2	0
Transfers in (out) to Stage 3	0	-3	3	0
Net remeasurement of loss allowances	-17	28	0	11
Purchases and originations	21	2	1	25
Derecognitions and maturities	-11	-16	-8	-34
Remeasurements	0	0	3	3
Write-offs	0	0	-5	-5
Charges in models/risk parameters	0	0	0	0
Balance at 30.06.2018	117	105	126	347

Group
30.06.2018

(Millions of Norwegian Kroner)	Provision for credit			30.06.2018
	01.01.2018	losses	Net write-offs	
Allowance for loan and guarantee losses at amortised cost	331	3	0	333
Allowance for loan losses at fair value over OCI	78	2	-5	75
Total allowance for credit losses	409	5	-5	408
Presented as:				
Assets: Allowance for loan losses - decrease of assets	366	2	-8	359
Liabilities: Allowance for loan losses - increase of liabilities	23	3	0	26
Equity: Fair value adjustment of losses	20	3	0	23

Allowance for credit losses	Lifetme ECL not 12-month ECL credit-impaired			Total
	Stage 1	Stage 2	Stage 3	
Balance at 01.01.2018	117	144	149	409
<i>Provision for credit losses</i>				
<i>Transfers in (out) to Stage 1</i>	30	-20	-10	0
<i>Transfers in (out) to Stage 2</i>	-3	4	-1	0
<i>Transfers in (out) to Stage 3</i>	0	-8	9	0
<i>Net remeasurement of loss allowances</i>	-27	21	11	5
<i>Purchases and originations</i>	15	5	0	21
<i>Derecognitions and maturities</i>	-6	-15	-2	-23
<i>Remeasurements</i>	0	0	4	4
<i>Write-offs</i>	0	0	-3	-3
<i>Charges in models/risk parameters</i>	0	0	0	0
Balance at 31.03.2018	124	131	156	412
<i>Provision for credit losses</i>				
<i>Transfers in (out) to Stage 1</i>	21	-21	0	0
<i>Transfers in (out) to Stage 2</i>	-5	7	-2	0
<i>Transfers in (out) to Stage 3</i>	0	-4	4	0
<i>Net remeasurement of loss allowances</i>	-21	28	1	8
<i>Purchases and originations</i>	26	5	2	32
<i>Derecognitions and maturities</i>	-14	-17	-10	-41
<i>Remeasurements</i>	0	0	3	3
<i>Write-offs</i>	0	0	-5	-5
<i>Charges in models/risk parameters</i>	0	0	0	0
Balance at 30.06.2018	130	130	148	408

Note 7 Net income from financial assets and liabilities

Parent Bank			Group		
01.01-30.06			01.01-30.06		
2017	2017	2018	2018	2017	2017
11	11	13	13	11	11
11	11	13	13	11	11
265	242	368	84	36	194
1	0	-4			
10	10	0			
275	252	364	84	36	194
16	21	1	1	38	33
13	10	3	3	9	12
29	30	4	4	46	45
19	-50	64	64	-42	28
-73	-28	-51	-51	-41	-86
-53	-79	14	14	-83	-58
0	0	5	5	0	0
5	0	-26	-26	8	12
2	2	16	16	0	0
10	3	66	66	3	10
15	-8			-7	17
40	14	19	19	20	46
48	-37	98	98	-13	72
334	226	475	194	34	277

Note 8 Financial derivatives

Parent Bank and Group

	30.06.2018		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	2,676	22	26
Currency swaps	513	7	6
Total currency instruments	3,190	29	32
Interest rate instruments			
Interest rate swaps (including cross-currency)	32,359	407	330
Other interest rate contracts	0	0	0
Total interest rate instruments	32,359	407	330
Total currency instruments	3,190	29	32
Total interest rate instruments	32,359	407	330
Total financial derivatives	35,548	436	362

	30.06.2017		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	913	12	7
Currency swaps	2,327	16	11
Total currency instruments	3,240	28	19
Interest rate instruments			
Interest rate swaps (including cross-currency)	21,966	584	284
Other interest rate contracts	0	0	0
Total interest rate instruments	21,966	584	284
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	0	0
Total currency instruments	3,240	28	19
Total interest rate instruments	21,966	584	284
Total other financial instruments	20	0	0
Total financial derivatives	25,226	612	302

	2017		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	1,263	12	14
Currency swaps	1,576	4	29
Total currency instruments	2,838	16	42
Interest rate instruments			
Interest rate swaps (including cross-currency)	23,631	566	264
Other interest rate contracts	0	0	0
Total interest rate instruments	23,631	566	264
Total currency instruments	2,838	16	42
Total interest rate instruments	23,631	566	264
Total financial derivatives	26,469	582	307

Note 9 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations and finance its assets, without an increase in funding cost. The banks's framework for managing liquidity risk shall reflect the bank's conservative risk profile. The board has approved internal limits to achieve as balanced maturity structure for its borrowing as possible. Stress testing is conducted for the various terms of maturities for bank-specific crises, system crises and a combination of these. A contingency plan has also been put in place to manage liquidity crises. The average remaining term to maturity in the portfolio of the banks borrowing was 4.1 years at the end of the first half year of 2018.

Note 10 Financial instruments at fair value

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

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

Group				
30.06.2018	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value				
- Derivatives	0	436	0	436
- Certificates, bonds and fixes-income funds	0	11,913	0	11,913
- Fixed-rate loans to customers	0	0	5,506	5,506
- Equity instruments	257	54	243	554
- Other financial assets	0	0	45	45
- Mortgages (FVOCI)	0	0	56,103	56,103
Total assets	257	12,403	61,896	74,556
Liabilities				
Financial liabilities at fair value				
- Derivatives	0	362	0	362
- Securities issued	0	5,756	0	5,756
Total liabilities	0	6,118	0	6,118
30.06.2017	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives	0	612	0	612
- Bonds and certificates	0	8,726	0	8,726
- Fixed-rate loans to customers	0	0	5,771	5,771
- Equity instruments	0	0	0	0
Financial assets available for sale				
- Equity instruments	216	0	215	431
- Other financial assets	0	0	31	31
Total assets	216	9,337	6,018	15,571
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives	0	302	0	302
- Securities issued	0	19,148	0	19,148
- Subordinated loan capital	0	505	0	505
- Fixed-rate deposits from customers	0	779	0	779
- Term deposit	0	0	56	56
Total liabilities	0	20,734	56	20,790

2017	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives	0	582	0	582
- Bonds and certificates	0	8,883	0	8,883
- Fixed-rate loans to customers	0	0	5,254	5,254
- Equity instruments	0	0	0	0
Financial assets available for sale				
- Equity instruments	258	0	237	495
- Other financial assets	0	0	40	40
Total assets	258	9,465	5,531	15,254
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives	0	307	0	307
- Securities issued	0	11,543	0	11,543
- Subordinated loan capital	0	503	0	503
- Fixed-rate deposits from customers	0	406	0	406
- Term deposit	0	0	9	9
Total liabilities	0	12,758	9	12,767

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

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

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

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

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

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

	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit	Mortgages (FVOCI)	Other financial assets	Total
31.12.2017-30.06.2018							
Opening balance	5,254	237	0	-9	0	40	5,522
IFRS 9 implementing	0	0	0	9	51,244	0	51,253
Investments in the period	1,399	6	0	0	18,177	0	19,582
Sales/redemption in the period	-1,121	-1	0	0	-13,317	0	-14,439
Gains/losses recognised through profit and loss	-26	1	0	0	-4	4	-24
Gains/losses recognised through other comprehensive income	0	0	0	0	3	0	3
Closing balance	5,506	243	0	0	56,103	45	61,896
Gains/losses for the period included in the profit for assets owned on the balance sheet day	-26	1	0	0	-4	4	-24

	Fixed-rate loans to customers (only B10A)	Equity instruments	Derivatives	Term deposit		Other financial assets	Total
31.12.2016-30.06.2017							
Opening balance	5,913	204	2	-107		32	6,044
Investments in the period	371	9	0	-10		0	370
Sales / redemption in the period	-521	0	-3	61		0	-463
Gains / losses recognised through profit and loss	8	-9	1	0		0	0
Gains/losses recognised through other comprehensive income	0	11	0	0		-1	10
Closing balance	5,771	215	0	-56		31	5,961
Gains / losses for the period included in the profit for assets owned on the balance sheet day	8	-9	0	0		0	-1

	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit		Other financial assets	Total
31.12.2016-31.12.2017							
Opening balance	5,913	204	2	-107		32	6,044
Investments in the period	629	26	0	-10		4	650
Sales/redemption in the period	-1,301	0	-5	108		0	-1,198
Gains/losses recognised through profit and loss	13	-10	2	0		0	5
Gains/losses recognised through other comprehensive income	0	17	0	0		4	21
Closing balance	5,254	237	0	-9		40	5,522
Gains/losses for the period included in the profit for assets owned on the balance sheet day	13	0	0	0		0	12

Specification of fair value, instruments classified in level 3:

	Fixed-rate loans to customers	Equity instruments		Mortgages (FVOCI)	Other financial assets	Total
30.06.2018						
Nominal value including accrued interest (fixed income instruments)/cost (shares)	5,468	171		56,161	4	61,805
Fair value adjustment	38	72		-58	40	92
Closing balance	5,506	243		56,103	45	61,896

	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit		Other financial assets	Total
30.06.2017							
Nominal value including accrued interest (fixed income instruments)/cost (shares)	5,712	161	0	-56		0	5,816
Fair value adjustment	60	55	0	0		31	146
Balanceført verdi	5,771	215	0	-56		31	5,961

	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit		Other financial assets	Total
31.12.2017							
Nominal value including accrued interest (fixed income instruments)/cost (shares)	5,190	167	0	-9		4	5,351
Fair value adjustment	64	71	0	0		36	171
Closing balance	5,254	237	0	-9		40	5,522

Sensitivity, instruments classified as level 3

The valuation of fixed-rate loans to customers is based on an agreed rate with the customer. The loans are discounted by the current yield curve plus a discretionary market premium. An increase in the discount rate by ten basis points would have resulted in a negative change in fair value of MNOK 15.

Equity instruments in Level 3 consists of the significant shareholdings in Oslo Kongressenter Folkets Hus BA (MNOK 54), Eksportfinans ASA (MNOK 77) and SpareBank 1 Markets AS (NOK 39 million). The valuation of the two former is based on the book value of their equity adjusted for surplus and deficit values. Based on several external valuations, it is considered to be significant added value in the property mass belonging to Oslo Kongressenter Folkets Hus BA (P/B 4.2). Based on an external valuation in connection with a demerger in 2012 and subsequent results, the value of Eksportfinans ASA is considered to be smaller than book value (P/B 0.85). The value of the shareholding in SpareBank 1 Markets are based on current issue price.

Floating rate mortgages classified at fair value through other comprehensive income (OCI) are valued bases on carrying amounts and expected credit losses. Mortgages that do not have a significantly higher credit risk than they did upon initial recognition, are valued at nominal amount. For loans with a significant increase in credit risk since initial recognition, expected credit loss will be calculated as for assets at amortised cost. Estimated fair value on these mortgages are the carrying amount less lifetime expected credit losses. With the current assumptions on expected credit loss, the fair value adjustment amounts to MNOK 58. Change in fair value will mainly relate to estimates on probability of default (PD) and loss given default (LGD), both at portfolio level and for individual loans.

Other financial assets are mainly a remaining settlement for Visa Norway's sale of Visa Europe Ltd to Visa Inc. This consists of an agreed cash consideration settled in 2019 as well as preference shares in Visa Inc that will be converted into tradable shares no later than 2028. The valuation of this assets is based on the closing exchange rates (EUR and USD), the share price of tradable Visa Inc stocks, purchase agreement conversion factor for the preference shares and the adopted settlement share of Visa Norway FLI to the member banks. The value of this record will change with the aforementioned assumptions.

Note 11 Financial instruments and offsetting

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

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

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

The assets and liabilities below may be offset.

						Amounts not presented on the balance sheet on a net basis
Parent Bank and Group						
	Gross financial assets/(liabilities)	Recognised on a net basis	Net financial assets/(liabilities) on the balance sheet	Financial instruments	Cash collateral given/(received)	Net amount
30.06.2018						
Derivatives as assets	436	0	436	-187	-129	120
Derivatives as liabilities	-362	0	-362	187	130	-45
30.06.2017						
Derivatives as assets	612	0	612	-155	-177	280
Derivatives as liabilities	-302	0	-302	155	89	-58
2017						
Derivatives as assets	582	0	582	-212	-218	152
Derivatives as liabilities	-307	0	-307	212	73	-22

Note 12 Other assets

Parent Bank				Group		
2017	30.06.2017	30.06.2018		30.06.2018	30.06.2017	2017
273	238	273	Capital payments into pension fund	273	238	273
54	31	33	Accrued income, not yet received	34	32	55
66	85	65	Prepaid costs, not yet incurred	150	167	135
2	1,528	226	Unsettled trades	226	1,528	2
249	156	264	Other assets	512	414	445
645	2,038	861	Total other assets	1,196	2,379	910

Note 13 Deposits from and liabilities to customers

Parent Bank				Group		
2017	30.06.2017	30.06.2018		30.06.2018	30.06.2017	2017
38,682	38,309	41,403	Private customers	41,403	38,309	38,682
4,329	5,211	5,087	Public sector	5,087	5,211	4,329
874	1,054	999	Primary industries	999	1,054	874
266	4	235	Paper and pulp industries	235	4	266
826	779	776	Other industry	776	779	826
1,602	1,267	1,542	Building and construction	1,542	1,267	1,602
139	172	78	Power and water supply	78	172	139
1,388	1,183	1,418	Wholesale and retail trade	1,418	1,183	1,388
267	264	265	Hotel and restaurants	265	264	267
3,549	4,408	4,391	Real estate	4,391	4,408	3,549
12,993	12,276	13,655	Commercial services	13,633	12,251	12,965
1,013	609	817	Transport and communications	817	609	1,013
84	1,143	0	Other operations	0	1,143	84
66,013	66,678	70,667	Total deposits by sector and industry	70,645	66,653	65,985

Note 14 Debt securities issued

Parent Bank

Change in liabilities from issuance of securities	30.06.2018	Issued	Due/redeemed	Other Changes	31.12.2017
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	29,659	8,187	-2,050	413	23,109
Subordinated loan capital, nominal value	1,400	400	-700	0	1,700
Accrued interest	222	0	0	14	207
Adjustments	79	0	0	-296	375
Total debt raised through issuance of securities and subordinated loan capital, book value	31,360	8,587	-2,750	132	25,391

Change in liabilities from issuance of securities	30.06.2017	Issued	Due/redeemed	Other Changes	31.12.2016
Certificate-based debt, nominal value	0	0	0	0	0
Bond debt, nominal value	22,743	3,887	-1,400	8,162	12,093
Subordinated loan capital, nominal value	1,200	0	0	700	500
Accrued interest	196	0	0	73	123
Adjustments	365	0	0	176	189
Total debt raised through issuance of securities and subordinated loan capital, book value	24,503	3,887	-1,400	9,111	12,906

Change in liabilities from issuance of securities	31.12.2017	Issued	Due/redeemed	Other Changes	31.12.2016
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	23,109	5,764	-2,603	7,854	12,093
Subordinated loan capital, nominal value	1,700	500	0	700	500
Accrued interest	207	0	0	84	123
Adjustments	375	0	0	186	189
Total debt raised through issuance of securities and subordinated loan capital, book value	25,391	6,264	-2,603	8,824	12,906

Group

Change in liabilities from issuance of securities	30.06.2018	Issued	Due/redeemed	Other Changes	31.12.2017
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	29,659	8,187	-2,050	413	23,109
Subordinated loan capital, nominal value	1,400	400	-700	0	1,700
Accrued interest	222	0	0	14	207
Adjustments	79	0	0	-296	375
Total debt raised through issuance of securities and subordinated loan capital, book value	31,360	8,587	-2,750	132	25,391

Change in liabilities from issuance of securities (B10A included in opening balance)	30.06.2017	Issued	Due/redeemed	Other Changes	31.12.2016
Certificate-based debt, nominal value	0	0	0	0	0
Bond debt, nominal value	22,743	3,887	-2,000	-343	21,199
Subordinated loan capital, nominal value	1,200	0	0	0	1,200
Accrued interest	196	0	0	-25	221
Adjustments	365	0	0	-155	520
Total debt raised through issuance of securities and subordinated loan capital, book value	24,503	3,887	-2,000	-523	23,140

Change in liabilities from issuance of securities (B10A included in opening balance)	31.12.2017	Issued	Due/redeemed	Other Changes	31.12.2016
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	23,109	5,764	-3,203	-651	21,199
Subordinated loan capital, nominal value	1,700	500	0	0	1,200
Accrued interest	207	0	0	-14	221
Adjustments	375	0	0	-145	520
Total debt raised through issuance of securities and subordinated loan capital, book value	25,391	6,264	-3,203	-810	23,140

Note 15 Other debt and liabilities recognized in the balance sheet

Parent Bank				Group		
2017	30.06.2017	30.06.2018		30.06.2018	30.06.2017	2017
120	82	108	Accrued expenses and prepaid revenue	154	118	135
4	10	26	Garantee provisions	26	10	4
84	60	84	Pension liabilities	86	63	87
81	52	27	Accounts payable	38	59	88
0	330	200	Unsettled trades	200	330	0
142	317	295	Other liabilities ¹⁾	352	401	227
431	851	740	Total other debt and liabilities recognised in the balance sheet	856	981	541

Note 16 Equity capital certificates and owner structur

Parent Bank	31.03.2018 ¹⁾	30.06.2017	2017
Equity capital certificates	5,359	5,359	5,359
Dividend equalisation fund	2,216	1,707	1,584
Dividends	0	0	424
Premium fund	547	547	547
A. Equity capital certificate owners' capital	8,122	7,613	7,914
Primary capital	3,735	3,407	3,432
Dividends to customers	0	0	204
Other paid-up equity	166	154	165
B. Total primary capital	3,901	3,561	3,801
Fund for unrealised gains	278	238	279
Provision for gifts	19	27	20
Total other equity	297	265	299
Other equity	0	0	0
Hybrid capital	400	400	400
Total interest expence on hybrid capital	-19	-4	-8
Total equity	12,701	11,835	12,406
Total equity for distribution:			
Equity capital certificate ratio (A/(A+B)) after distribution	67.6 %	68.1 %	67.6 %
Equity certificates issued	107,179,987	107,179,987	107,179,987

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

20 largest owners of equity certificates:	No. Of EC's	Share in %
Sparebankstiftelsen Hedmark	58,654,893	54.73 %
Landsorganisasjonen LO sentralt	10,322,584	9.63 %
Tredje AP-Fonden	2,810,699	2.62 %
Fellesforbundet	1,950,901	1.82 %
Danske Invest Norske	1,815,233	1.69 %
ODIN Norge	1,421,218	1.33 %
Norsk Nærings og Nytelsesmiddelarbeiderforbund	1,219,526	1.14 %
Fidelity PUR.TRUST:F Intrinsic Opportunit	1,000,000	0.93 %
Danske Invest Norske aksjer	954,100	0.89 %
VPF EIKA Egenkapitalbevis	902,385	0.84 %
Landkreditt Utbytte	850,000	0.79 %
Sparebank 1 Østfold Akershus	839,930	0.78 %
SpareBank 1 BV	839,930	0.78 %
SEB Nordenfond	836,843	0.78 %
JPMorgan Chase Bank	761,854	0.71 %
State Street Bank an A/C Client Omnibus	753,199	0.70 %
State Street Bank an S/A SSB Client Omnibus	700,217	0.65 %
Skandinaviska Enskilda Banken	641,920	0.60 %
Industri energi	445,123	0.42 %
Sparebanken Telemark	419,968	0.39 %

Dividend policy

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

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

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

Note 17 Events occurring after the balance sheet date

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

Profit/loss from the Quarterly Accounts

	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
(NOK million, excluding percentages)	2018	2018	2017	2017	2017	2017	2016	2016	2016
Interest income	844	811	820	809	823	787	786	765	472
Interest expense	333	316	318	310	331	322	333	323	172
Net interest income	511	495	501	498	491	464	452	442	300
Commission income	310	304	312	311	297	277	275	295	137
Commission expenses	27	23	27	27	26	22	23	23	13
Other operating income	51	42	29	42	45	53	43	37	51
Net commission and other operating income	334	323	315	325	316	308	295	310	175
Dividends from other than Group companies	0	12	0	0	2	9	0	1	45
Net profit from ownership interests	54	30	77	82	30	6	49	21	96
Net profit from other financial assets and liabilities	95	4	67	19	2	-14	17	30	-47
Net income from financial assets and liabilities	149	45	143	100	34	0	66	53	94
Total income	994	864	959	923	841	773	813	805	569
Personnel expenses	247	258	308	233	237	232	253	27	145
Depreciation	32	23	22	21	21	21	22	19	12
Other operating expenses	190	169	220	179	221	184	201	168	102
Total operating expenses	468	449	550	433	478	437	477	214	259
Operating profit before losses on loans and guarantees	525	414	409	491	363	335	337	590	310
Impairment losses on loans and guarantees	7	5	-13	14	5	-26	43	3	20
Pre-tax operating profit	518	409	422	476	358	361	294	587	289
Tax expense	102	96	85	99	84	88	14	163	62
Profit after tax	416	314	337	377	274	274	281	424	227
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2018	2018	2017	2017	2017	2017	2016	2016	2016
Profitability	0								
Return on equity capital ¹⁾	12.9 %	9.9 %	10.4 %	12.0 %	9.0 %	9.3 %	9.6 %	15.3 %	9.2 %
Net interest income ²⁾	1.75 %	1.81 %	1.85 %	1.85 %	1.88 %	1.85 %	1.79 %	1.75 %	1.53 %
Cost-income-ratio ³⁾	47.6 %	52.0 %	57.4 %	46.9 %	56.8 %	56.6 %	58.6 %	26.6 %	45.6 %
From the balance sheet									
Gross loans to customers	96,040	92,818	90,460	88,945	87,528	84,901	82,945	81,336	79,286
Gross loans to customers including loans transferred to covered bond companies ¹⁾	135,495	132,433	129,535	126,919	124,393	121,701	119,450	117,625	115,224
Growth in loans during the last 12 months ¹⁾	9.7 %	9.3 %	9.1 %	9.4 %	10.4 %	91.6 %	89.5 %	90.1 %	88.4 %
Growth in loans including loans transferred to covered bond companies in the last 12 months ¹⁾	8.9 %	8.8 %	8.4 %	7.9 %	8.0 %	95.8 %	95.4 %	99.9 %	98.7 %
Deposits from customers	70,645	66,110	65,985	65,268	66,653	62,782	63,070	62,107	62,637
Deposit-to-loan-ratio ¹⁾	71.2 %	71.2 %	72.9 %	73.4 %	76.2 %	73.9 %	76.0 %	76.4 %	79.0 %
Deposit-to-loan-ratio including loans transferred to covered bond companies ¹⁾	52.1 %	49.9 %	50.9 %	51.4 %	53.6 %	51.6 %	52.8 %	52.8 %	54.4 %
Growth in deposits in the last 12 months	6.0 %	5.3 %	4.6 %	5.1 %	6.4 %	86.4 %	88.5 %	87.9 %	88.6 %
Average total assets	116,840	111,205	107,316	106,982	104,757	101,749	100,679	100,301	79,019
Total assets	119,592	114,088	108,321	106,312	107,652	101,861	101,640	99,720	100,883
Total assets including loans transferred to covered bond companies ¹⁾	159,047	153,703	147,396	144,286	144,517	138,661	138,145	136,009	136,821
Losses and commitments in default									
Losses on loans as a percentage of gross loans ¹⁾	0.0 %	0.0 %	-0.1 %	0.1 %	0.0 %	-0.1 %	0.2 %	0.0 %	0.1 %
Commitments in default, percentage of gross loans ¹⁾	0.3 %	0.2 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.4 %	0.3 %
Other doubtful commitments, percentage of gross loans ¹⁾	0.2 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %
Net commitments in default and other doubtful commitments, percentage of gross loans ¹⁾	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.5 %	0.4 %
Financial strength									
Common equity Tier 1 capital ratio	16.9 %	16.2 %	16.8 %	16.9 %	16.7 %	16.7 %	16.9 %	17.5 %	16.0 %
Tier 1 capital ratio	19.3 %	17.0 %	17.7 %	17.8 %	17.6 %	17.6 %	17.9 %	18.3 %	16.7 %
Capital ratio	1428833.5 %	19.4 %	20.5 %	19.9 %	19.9 %	19.3 %	20.3 %	20.2 %	18.6 %
Net subordinated capital	0	14,028	14,138	13,423	13,440	12,649	12,656	9,608	9,305

1) See attachment Alternative performance measures.

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

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

Statement from the Board of Directors and chief executive officer

We confirm that according to our firm belief the annual accounts for the period from 1 January to 30 June 2018 have been prepared in accordance with international standards for financial reporting (IFRS) and that the information in the annual report gives a true picture of the Parent Bank's and Group's assets, liabilities, financial position and result as a whole, and a correct overview of the information mentioned in the Securities Trading Act, § 5-6.

The Board of Directors of Sparebank 1 Østlandet

Hamar, 7. August 2018

Siri J. Strømmevold
Board Chair

Nina C. Lier

Erik Garaas

Espen Bjørklund Larsen

Guro Nina Vestvik

Vibeke Hanvold Larsen

Hans-Christian Gabrielsen

Morten Herud

Richard Heiberg
CEO

Alternative performance measures

SpareBank 1 Østlandet's alternative performance measures (APMs) are compliant with ESMA's Guidelines on Alternative Performance Measures and presents useful information that supplements the financial statements. These measures are either adjusted financial measures or measures not defined under IFRS or other legislation and may not be directly comparable with APMs presented by other companies. The APMs are not intended to be a substitute for, or superior to, any IFRS Measures of performance, but are included to provide insight into SpareBank 1 Østlandet's performance, as the APMs represent important measures for how management governs the company and its business activities.

Non-financial data and key financial ratios regulated by IFRS or other legislation are not considered as APMs. SpareBank 1 Østlandet's APMs are presented in the main figures and in the report of the board of directors, and in investor presentations and prospects. APMs are shown with comparable figures for earlier corresponding periods.

Lending and deposits margins for the Parent Bank are calculated using daily average of gross loans to customers and deposits from customers respectively. For all other key figures and APMs that are calculated using average balance sheet figures, average balance sheet figures are calculated as the average of the starting balance of the period and the ending balance of each of the quarters in the period.

Alternative performance measures	Definition
Return on equity capital	$\frac{(\text{Profit after tax} - \text{Interest expenses after tax on hybrid capital}) \times \left(\frac{\text{Act.}}{\text{Act.}}\right)}{\text{Average equity} - \text{Average hybrid capital}}$
Underlying banking operations	<i>Operating profit before losses on loans and guarantees – Net income from financial assets and liabilities – Notable items</i>
Cost-income-ratio	$\frac{\text{Total operating costs}}{\text{Total net income}}$
Lending margin	<i>Weighted average interest rate on lending to customers and loans transferred to covered bond companies – Average NIBOR 3 MND</i>
Deposit margin	<i>Average NIBOR 3 MND – Weighted average interest rate on deposits from customers</i>
Net interest income inclusive of commissions from covered bond companies	<i>Net interest income + Commissions from loans and credit transferred to covered bond companies</i>
Adjusted total assets	<i>Total assets + Loans transferred to covered bond companies</i>
Gross loans to customers including loans transferred to covered bond companies	<i>Loans to and receivables from customers + Loans transferred to covered bond companies</i>
Deposit to loan ratio	$\frac{\text{Deposit from and liabilities to customers}}{\text{Gross loans to customers}}$
Deposit to loan ratio including loans transferred to covered bond companies	$\frac{\text{Deposit from and liabilities to customers}}{\text{Gross loans to customers} + \text{Loans transferred to covered bond companies}}$

Growth in loans during the last 12 months	$\frac{\text{Gross loans to customers}}{\text{Gross loans to customers 12 months ago}} - 1$
Growth in loans including loans transferred to covered bond companies (CB) in the last 12 months	$\frac{\text{Gross loans to customers} + \text{Loans transferred to CB}}{\text{Gross loans to customers 12 months ago} + \text{Loans transferred to CB 12 months ago}} - 1$
Growth in deposits in the last 12 months	$\frac{\text{Deposits from and liabilities to customers}}{\text{Deposits from and liabilities to customers 12 months ago}} - 1$
Losses on loans as a percentage of gross loans	$\frac{(\text{Losses on loans and guarantees}) \times \left(\frac{\text{Act}}{\text{Act}}\right)}{\text{Gross loans to customers}}$
Commitments in default as percentage of gross loans	$\frac{\text{Gross defaulted commitments for more than 90 days}}{\text{Gross loans to customers}}$
Other doubtful commitments as percentage of gross loans	$\frac{\text{Gross doubtful commitments not in default}}{\text{Gross loans to customers}}$
Net commitments in default and other doubtful commitments in percentage of gross loans	$\frac{\text{Net defaulted commitments} + \text{Net doubtful commitments}}{\text{Gross loans to customers}}$
Loan loss impairment ratio for defaulted commitments	$\frac{\text{Individual write downs on defaulted commitments}}{\text{Gross defaulted commitments for more than 90 days}}$
Loan loss impairment ratio for doubtful commitments	$\frac{\text{Individual write downs on doubtful commitments}}{\text{Gross doubtful commitments not in default}}$
Equity ratio	$\frac{\text{Total equity capital}}{\text{Total assets}}$
Book equity per EC	$\frac{(\text{Tot. EC} - \text{Min. int.} - \text{Gifts} - \text{Hybrid cap.} + \text{Tot. interest expense on hybrid cap.}) \times \text{EC certi. ratio}}{\text{Number of Equity certificates issued}}$
Price/Earnings per EC	$\frac{\text{Listed price of EC}}{\text{Earnings per EC} \times \left(\frac{\text{Act}}{\text{Act}}\right)}$
Price/book equity	$\frac{\text{Listed price of EC}}{\text{Book equity per EC}}$
Average LTV (Loan to value)	$\frac{\text{Average amount on loans to customers}}{\text{Average market value of asset encumbrance}}$
Loans transferred to covered bond (CB) companies	Loans transferred to SpareBank 1 Boligkreditt AS og SpareBank 1 Næringskreditt AS and thus derecognised from the balance sheet
Act/Act	$\frac{\text{Total number of days in the year (365 or 366)}}{\text{Number of days so far this year}}$
Notable items	Identified costs considered to be non recurring

Financial Calendar 2018

Preliminary Annual Accounts 2017	Friday 9 February
Supervisory Board Meeting	Thursday 22 March
Ex. Dividend	Friday 23 March
Dividend payment date	Friday 6 April
Q1 2018	Friday 27 April
Q2 2018	Tuesday 7 August
Q3 2018	Friday 26 October

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

We reserve the right to change any dates of publication.

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

Contact details



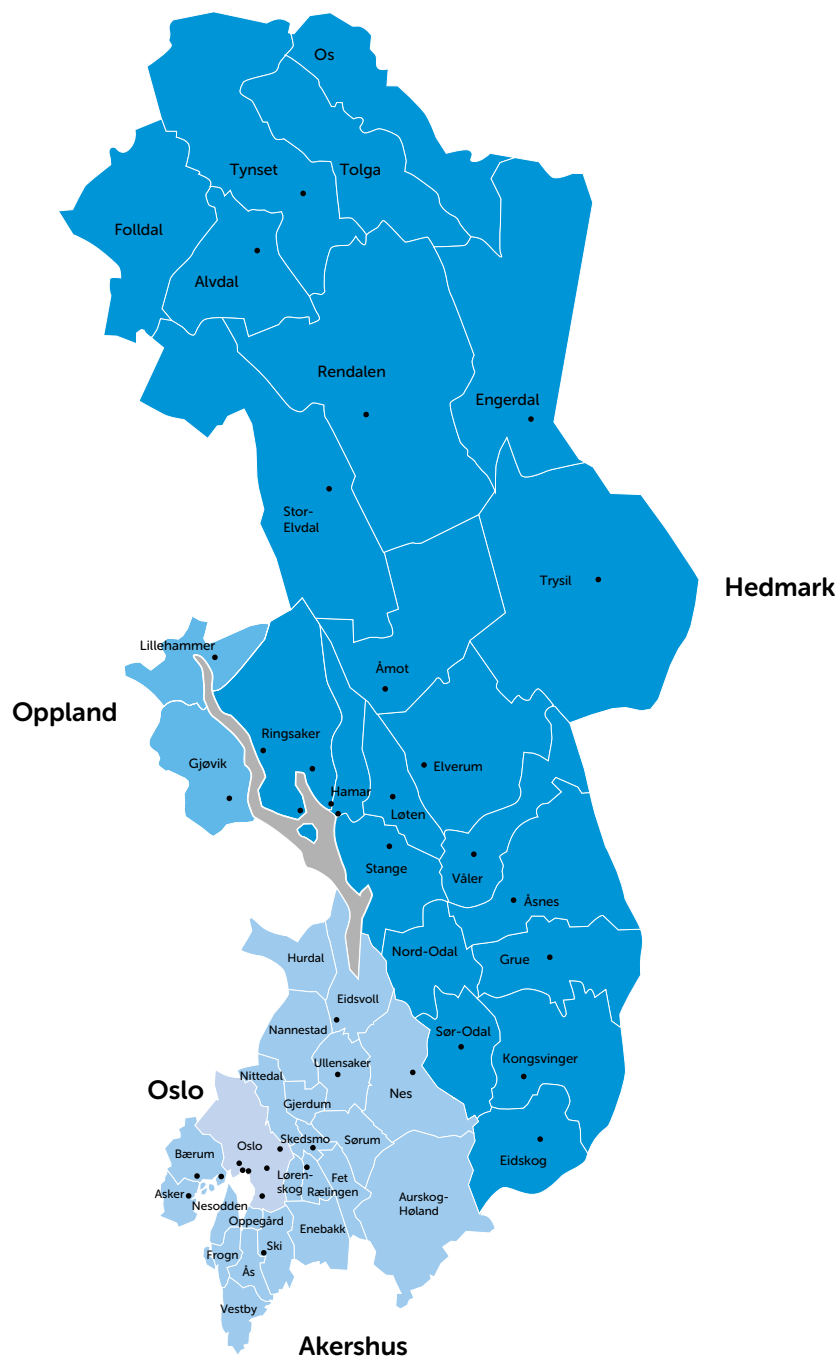
Richard Heiberg
Chief Executive Officer
Tel.: +47 902 06 018
richard.heiberg@sb1ostlandet.no



Geir-Egil Bolstad
Chief Financial Officer
Tel.: +47 918 82 071
geir-egil.bolstad@sb1ostlandet.no



Runar Hauge
IR-contact
Tel.: +47 482 95 659
Runar.hauge@sb1ostlandet.no



Corporate Management

Strandgata 15, Box 203, N-2302 Hamar

Organisation: NO 920 426 530

Phone

915 02999

Internet banking

sb1ostlandet.no