Third quarter report 2018

SPAREBANK 1 ØSTLANDET

Talent festival 2018 - 2.5 million kroner awarded to
90 young talents within arts, culture and sports.

SpareBank 1 ØSTLANDET

Content

Key figures Group

Summary (NOK mill and per cent of average assets)	01.01-30.09 2018 Amount	Per cent [1]	01.01-30.09 2017 Amount	Per cent [1]	Year 2017 Amount	Per cent [1]
Net interest income	1,530	1.77 %	1,454	1.86 %	1,956	1.86 %
Net commission and other operating income	973	1.12 %	949	1.22 %	1,263	1.20 %
Net income from financial assets and liabilities	284	0.33 %	134	0.17 %	277	0.26 %
Total income	**2,787**	**3.22 %**	**2,537**	**3.25 %**	**3,496**	**3.32 %**
Total operating expenses	**1,375**	**1.59 %**	**1,348**	**1.73 %**	**1,898**	**1.81 %**
Operating profit before losses on loans and guarantees	**1,412**	**1.63 %**	**1,190**	**1.53 %**	**1,598**	**1.52 %**
Impairment on loans and guarantees	24	0.03 %	-7	-0.01 %	-20	-0.02 %
Pre-tax operating profit	**1,388**	**1.60 %**	**1,196**	**1.53 %**	**1,618**	**1.54 %**
Tax expense	297	0.34 %	270	0.35 %	356	0.34 %
Profit after tax	**1,092**	**1.26 %**	**926**	**1.19 %**	**1,263**	**1.20 %**
Interest expenses on hybrid capital after tax	10	0.01 %	9	0.01 %	13	0.01 %
Net profit after tax incl. interest hybrid capital	1,082	1.25 %	916	1.17 %	1,250	1.19 %
Profitability						
Return on equity capital [2]	11.1%		10.1%		10.2%	
Cost income ratio [2]	49.3%		53.1%		54.3%	
Balance sheet and ratios						
Gross loans to customers	98,259		88,945		90,460	
Gross loans to customers including loans transferred to covered bond companies [2]	138,153		126,919		129,535	
Growth in loans during the last 12 months [2]	10.5%		9.4%		9.1%	
Growth in loans including loans transferred to covered bond companies in the last 12 months [2]	8.9%		7.9%		8.4%	
Deposits from customers	70,251		65,268		65,985	
Growth in deposits in the last 12 months [2]	7.6%		5.1%		4.6%	
Deposit to loan ratio [2]	71.5%		73.4%		72.9%	
Deposit to loan ratio incl. loans transferred to covered bond companies [2]	50.9%		51.4%		50.9%	
Average total assets	115,830		104,267		105,157	
Total assets	121,319		106,312		108,321	
Total assets including loans transferred to covered bond companies [2]	161,212		144,286		147,396	
Losses and commitments in default						
Impairment on loans as a percentage of gross loans [2]	0.0%		0.0%		0.0%	
Commitments in default, percentage of gross loans [2]	0.4%		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%	
Solidity and liquidity						
CET 1 capital ratio	15.9%		16.9%		16.8%	
Tier 1 capital ratio	16.7%		17.8%		17.7%	
Capital adequacy ratio	18.7%		19.9%		20.5%	
Total eligible capital	14,077		13,423		14,138	
Equity ratio [2]	11.4%		12.2%		12.3%	
Leverage Ratio	7.2%		7.3%		7.1%	
LCR [3]	157.6%		111.7%		114.0%	
LCR in NOK [3]	157.9%		113.4%		113.0%	
LCR i EUR [3]	703.9%		N.A		N.A	
Staff						
Number of fulltime equivalents	1,146		1,102		1,109	
Equity capital certificates						
Market price (NOK)	90.20		85.50		90.50	
Market capitalisation (NOK million)	9,668		9,164		9,700	
Book equity per EC [2]	83.84		79.46		81.14	
Earnings per EC, NOK [4]	6.85		5.83		7.92	
Price/Earnings per EC [2]	9.85		10.97		11.43	
Price/book equity [2]	1.08		1.08		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 30.09.18 / number of EC's as at 30.09.2018.

Board of directors' report

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

- Profit after tax: NOK 362 (377) million
- Return on equity: 10.8 (12.0) per cent
- Net interest income: NOK 524 (498) million
- Net commissions and other operating income: NOK 316 (325) million
- Net income from financial assets and liabilities: NOK 90 (100) million
- Total operating costs: NOK 457 (433) million
- Impairment losses on loans and guarantees: NOK 12 (14) million

Year to date as of 30 September 2018 (Consolidated figures. Figures in brackets concern the corresponding period in 2017)

- Profit after tax: NOK 1,092 (926) million
- Return on equity: 11.1 (10.1) per cent
- Earnings per equity certificate: NOK 6.85 (5.83)
- Net interest income: NOK 1,530 (1,454) million
- Net commissions and other operating income: NOK 973 (949) million
- Net income from financial assets and liabilities: NOK 284 (134) million
- Total operating costs: NOK 1,375 (1,348) million
- Impairment losses on loans and guarantees: NOK 24 million (reversal of NOK 7 million)
- Common equity tier 1 ratio: 15.9 (16.9) per cent

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

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 these companies are fully consolidated into SpareBank 1 Østlandet's financial statements.

SpareBank 1 Østlandet owns 12.4 per cent of SpareBank 1 Gruppen AS, 18.0 per cent of SpareBank 1 Banksamarbeidet DA, 20.5 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 stakes in these companies. The Group prepares its financial statements in accordance with international accounting standards as adopted by the the EU (IAS 34).

Financial performance for the third quarter of 2018

The SpareBank 1 Østlandet Group's profit after tax amounted to NOK 362 (377) million, compared with NOK 416 million in the second quarter of 2018. The return on equity was 10.8 (12.0) per cent, compared to 12.9 percent in the second quarter of 2018.

Net interest income amounted to NOK 524 (498) million, an increase from NOK 511 million in the second quarter of 2018. Net interest income as a percentage of average total assets was 1.73 (1.85) per cent, compared with 1.75 per cent in the second quarter of 2018.

Net commission and other operating income amounted to NOK 316 (325) million, compared with NOK 334 million in the second quarter of 2018. Commissions from the covered bond companies amounted to NOK 82 (100) million, compared with NOK 88 million in the second quarter of 2018.

The NOK 6 million reduction compared with the second quarter of 2018 was primarily attributable to higher borrowing costs for the covered bond companies. Income from real estate brokerage amounted to NOK 83 (74) million, compared with NOK 96 million in the second quarter of 2018. Income from accounting services amounted to NOK 39 (29) million, compared with NOK 45 million in the second quarter of 2018.

The net income from financial assets and liabilities amounted to NOK 90 (100) million, compared with NOK 149 million in the second quarter of 2018. The reduction from the second quarter of 2018 was largely due to a NOK 59 million write-up of book values in connection with the merger of Vipps AS, BankAxept AS and BankID Norge AS in the second quarter.

Total operating costs were NOK 457 (433) million, compared withNOK 468 million in the second quarter of 2018. The NOK 11 million reduction from the second quarter of 2018 was due to reduced costs both in the Parent Bank and in the subsidiaries. The Parent Bank reduced its costs by NOK 5 million, mainly due to lower marketing costs following the customer dividend campaign in the second quarter. EiendomsMegler 1 Oslo Akershus saw a NOK 8 million reduction in costs, mainly because of a one-off in the second quarter related to write-downs of an IT project in the Alliance.

Impairment losses on loans and guarantees amounted to NOK 12 (14) million, compared with NOK 7 million in the second quarter of 2018.

Financial performance as of 30 September 2018

The consolidated profit after tax for the year to date at 30 September was NOK 1,092 (926) million. The return on equity was 11.1 (10.1) per cent.

Specification of the consolidated profit after tax in NOK millions:	30.09.18	30.09.17
Parent Bank's profit after tax	1,194	826
Dividends received from subsidiaries/associated companies	-368	-243
Share of profit from:		
SpareBank 1 Gruppen AS	120	137
Bank 1 Oslo Akershus AS (Q1-17)	0	119
SpareBank 1 Boligkreditt AS	2	-34
SpareBank 1 Næringskreditt AS	2	1
EiendomsMegler 1 Hedmark Eiendom AS	13	15
EiendomsMegler 1 Oslo Akershus - Group	4	-1
SpareBank 1 Finans Østlandet AS	107	91
SpareBank 1 Østlandet VIT - Group [1]	-3	1
SpareBank 1 Kredittkort AS	20	12
SpareBank 1 Betaling AS	-8	3
Other associated companies/joint ventures	9	1
Consolidated profit after tax	**1,092**	**926**

1) The results at 30 September 2017 are for SpareBank 1 Regnskapshuset Østlandet AS only.

Net interest income

Net interest income amounted to NOK 1,530 (1,454) 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 276 (267) million. Net interest income and commissions from the covered bond companies totalled NOK 1,806 (1,721) 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 percentage of average total assets was 1.77 (1.86) per cent.

Net commissions and other operating income

Net commissions and other operating income amounted to NOK 973 (949) million. The increase was mainly due to increased commissions from covered bond companies and the real estate brokerage business.

NOK million	30.09.18	30.09.17
Net money transfer fees	103	99
Commissions revenues from insurance and savings	146	145
Commissions revenues from covered bonds companies	276	267
Commission revenues from credit cards	50	46
Real estate broker commision	246	227
Accounting services	121	116
Other income	31	48
Net commissions and other (non interest) income	**973**	**949**

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

Net income from financial assets and liabilities

The net income from financial assets and liabilities was NOK 284 (134) million.

NOK million	30.09.18	30.09.17
Dividends from other than Group companies	13	11
Net profit from ownership interests	141	118
Net profit from other financial assets and liabilities	131	6
Net commission and other operating income	**284**	**134**

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 141 (118) million.

Contribution from Associated companies and joint ventures	30.09.18	30.09.17
SpareBank 1 Gruppen AS	120	137
SpareBank 1 Boligkreditt AS	2	-34
SpareBank 1 Næringskreditt AS	2	1
SpareBank 1 Kredittkort AS	20	12
SpareBank 1 Betaling AS	-8	3
Other associated companies/joint ventures	6	0
Net profit from ownership interests	**141**	**118**

The increase of NOK 23 million was due to higher profits from SpareBank 1 Boligkreditt AS and SpareBank 1 Kredittkort AS compared with last year. Last year, SpareBank 1 Boligkreditt AS' profits were heavily affected by negative value adjustments for basis swaps.

The net profit from other financial assets and liabilities was NOK 131 (6) million. 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.

Refer also 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 expenses

Total operating expenses were NOK 1,375 (1,348) million and amounted to 49.3 (53.1) per cent of net income.

NOK million	30.09.18	30.09.17
Personnel expenses	764	702
Depreciation/amortization	79	62
IT expenses	197	196
Marketing	91	82
Operating expences from real estate	63	68
Other expenses	180	238
Total operating expenses	**1,375**	**1,348**

The NOK 27 million increase in operating expenses compared to last year is to a large extent explained to the Group's reversals of NOK 41 million in pension costs in 2017. Last year's reversal was due to the former Bank 1 Oslo Akershus (B1OA) discontinuing its defined-benefit pension plan with a gain of NOK 53 million, combined with a NOK 12 million adjustment to Sparebanken Hedmark's calculated pension costs for 2016. Expenses associated with the merger and listing processes were also reduced from NOK 65 last year to NOK 3 million in 2018.

Adjusted for the aforementioned items, the Group's operating expenses increased by NOK 48 million compared to the previous year. The increase in expenses was largely attributable to expansion of business and increased activity levels in the subsidiaries.

As of 30 September 2018, the Group employed 1,146 (1,102) full-time equivalents. The increased headcount is related to the subsidiaries (mainly the SpareBank 1 Østlandet VIT Group).

Impairment losses on loans and quarantees

At 1 January 2018, a new loan loss model in accordance with IFRS 9 was implemented, replacing the previous loan loss model in accordance with IAS 39. Please refer to Note 43 in the 2017 Annual Report for a description of the new loan loss model.

The Group's impairment losses year to date as of 30 September 2018 amounted to NOK 24 million (reversal of NOK 7 million). Last year's net reversals were primarily due to a NOK 24 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	SB1FØ
Change in impairments in the period	5	3	-4	6
Realised losses on commitments for which earlier impairment provisions have been made	7	3	4	0
Realised losses on commitments for which no earlier impairment provisions has been made	21	3	3	14
-Recoveries on loans and guarantees previously impaired	9	2	0	8
Total impairment losses on loans and guarantees in the period	**24**	**8**	**4**	**12**

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 to retail customers. The corporate portfolio has no exposure to the oil and gas industry and is otherwise characterised by high granularity and low risk.

Credit risk

At 30 September 2018, gross non-performing commitments totalled NOK 351 (284) million. This corresponded to 0.4 (0.3) per cent of gross lending. Gross other doubtful commitments amounted to NOK 151 (250) million. This corresponded to 0.2 (0.3) per cent of gross lending.

The loan loss impairment ratio, measured as total individual write-downs as a percentage of non-performing loanswas 18 (19) per cent and other doubtful commitments 42 (39) per cent. The loan loss impairment ratio will vary over time depending on the valuation of the commitments' collateral.

Total provisions for loan losses were NOK 415 million as of 30 September 2018, compared to NOK 409 million as of 30 September 2018. For more detailed information about the total provisions, refer to Note 6 'Loan loss provisions'.

Credit quality, measured as total problem loans in relation to total lending, improved from the corresponding period last year. Overall, the Group's problem loans accounted for 0.5 (0.6) per cent of gross lending. When the mortgages transferred to the covered bond companies are included, the ratio of problem loans is unchanged at 0.4 (0.4) per cent. In a forward-looking perspective, the credit risk profile is virtually unchanged from last year, as the underlying risk parameters have been stable for the Bank as a whole. There has been a slight increase in the risk weights in the retail portfolio, and a small decrease in the corporate portfolio since last year. The Board of directors' assessment is that the Group's credit risk is low.

Total assets
Total assets as of 30 September 2018 amounted to NOK 121.3 (106.3) billion. Adjusted total assets, defined as total assets including mortgages transferred to the covered bond companies, amounted to NOK 161.2 (144.3) billion.

Lending to customers
Gross lending to customers, including mortgages transferred to the covered bond companies, totalled NOK 138.2 (126.9) billion. At the end of the quarter, mortgages for NOK 38.4 (36.7) 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 11.2 (9.3) billion, equivalent to 8.9 (7.9) per cent. The growth in retail lending was NOK 8.2 (6.3) billion, while the growth in corporate lending was NOK 3.1 (3.0) billion.

Deposits from customers
As of 30 September 2018, deposits from customers totalled NOK 70.3 (65.3) billion. The growth in deposits during the last 12 months was NOK 5.0 (3.2) billion, equivalent to 7.6 (5.1) per cent. The growth in retail deposits was NOK 2.8 (0.3) billion, while the growth in corporate deposits was NOK 2.1 (2.9) billion. The Group's deposit coverage ratio was 71.5 (73.4) per cent. The Group's deposit coverage ratio, inclusive of mortgages transferred to the covered bond companies, was 50.9 (51.4) per cent.

Liquidity
Borrowing from credit institutions and issued securities (including subordinated capital) totalled NOK 35.7 (26.7) billion, 33.0 per cent of which is euro-denominated. The average term to maturity of the Group's long-term funding was 4.2 (3.8) years. The average term to maturity for all borrowing was 4.0 (3.2) years.

As of 30 September 2018, the Group had sufficient reserves to maintain normal operations, without access to market funding, for more than 18 (12) months. The liquidity coverage ratio (LCR) was 157.6 (111.7) per cent. The significant increase is a natural consequence of the Bank's euro-denominated funding with larger individual loans. The Board of directors considers the Group's liquidity risk to be low.

Equity certificates
As of 30 September 2018, the equity share capital comprises 107,179,987 equity certificates. The book value per equity certificate at the end of the quarter was NOK 83.81 (79.46) and earnings per equity certificate were NOK 6.85 (5.83). At the end of the quarter, the price per equity certificate was NOK 90.20 (85.50).

Financial strength and total capital adequacy ratio
The Group's equity of NOK 13.8 (13.0) billion amounted to 11.4 (12.2) per cent of total capital. The leverage ratio was 7.2 (7.3) per cent. A simplified audit of the income statement and balance sheet was carried out according to regulations and the profit for the period after expected tax and dividends is included in the capital adequacy calculation.

At the end of the third quarter, the common equity tier 1 ratio was 15.9 (16.9) per cent. The tier 1 capital ratio and capital adequacy ratios were 16.7 (17.8) percent and 18.7 (19.9) per cent respectively. The reduced capital ratios are due to growth in lending in line with the Bank's strategy. Increased deductions in eligible capital due to larger investment holdings in the financial sector and the consolidation of SpareBank 1 Næringskreditt AS also contributed. The Group's long-term capital target for the common 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 same level as 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.

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

Parent Bank

Reported profit and loss

The Parent Bank's profit after tax as of 30 September 2018 was NOK 1,194 (826) million. Apart from the impact of the merger with B1OA, the improved profitability compared withthe same period last year is mainly explained by growth in lending, increased commission income from the covered bond companies, increased dividend payments from financial holdings and improved net income from other financial assets and liabilities.

The former B1OA merged with the Parent Bank on 1 April 2017. The Parent Bank's accounts as of 30 September 2018 are therefore not directly comparable with the reported accouncts from the same period last year.

A simplified audit of the income statement and balance-sheet was carried out according to regulations and the profit for the period after expected tax and dividends is included in the capital adequacy calculation. The common equity tier 1 ratio was 21.7 (22.5) per cent at 30 September 2018. The tier 1 capital ratio was 22.5 (23.3) per cent and the capital adequacy ratio was 24.5 (25.5) per cent.

The Parent Bank's equity amounted to NOK 13.0 (12.1) billion, which is equivalent to 10.8 (11.5) per cent of the total capital at the end of the quarter.

The Parent Bank has reduced headcount from 705 to 693 FTEs in the last 12 months, and from 763 FTEs since the acquisition of Bank 1 Oslo Akershus was announced in December 2015.

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

Underlying banking operations, MNOK	30.09.18	30.09.17	Change
Net interest income	1,279	1,085	17.8 %
Net commission and other income	636	549	15.8 %
Total operating expenses	-959	-879	9.1 %
Adjustments: Merger and stock exchange listing process expenses	3	53	-94.9 %
Operating profit underlying banking operations	**958**	**808**	**18.5 %**

The operating profit from underlying banking operations amounted to NOK 958 (808) million as of 30 September 2018. Profit from the underlying banking operations was increased by NOK 150 million compared with the year before, which is equivalent to an improvement of 18.5 per cent. Apart from the merger with B1OA, the improved profitability is mainly related to growth in lending and increased commission rates from the covered bond companies.

Adjusted profit and loss

As the reported profit is not directly comparable with the previous year's, the adjusted profit and loss is presented in order to provide more directly comparable numbers. The adjusted accounts show the profit for the Parent Bank as it would have been if B1OA had been a part of the Parent Bank throughout 2017 ('adjusted Parent Bank').

Adjusted Parent Bank (Inkl. B1OA)	30.09.18	30.09.17
Net interest income	1,279	1,222
Net commissions and other operating income	636	637
Net income from financial assets and liabilities	507	264
Total net income	**2,422**	**2,123**
Total operating expenses	959	972
Operating profit before losses on loans and guarantees	**1,463**	**1,152**
Losses on loans and guarantees	12	-26
Pre-tax operating profit	**1,451**	**1,178**
Taxes	257	234
Ajusted after tax profit	**1,194**	**944**

The after tax profit as of 30 September 2018 was NOK 1,194 million, compared with an adjusted after tax profit of NOK 944 million as of 30 September 2017.

SpareBank 1 Østlandet's ambition is to reduce operating expenses in the Parent bank in 2018 by 5 per cent compared to the operating expenses for the adjusted Parent Bank for 2017. As of 30 September 2018, total operating expenses were NOK 959 (972) million. The NOK 12 million reduction equals 1.3 per cent. The Bank expects the target 5 per cent reduction to be achieved by the end of 2018, as significant expenses were incurred in the fourth quarter of 2017 related to the technical merger and severance pay agreements.

The NOK 12 million reduction in operating expenses as of 30 September 2018 was primarily attributable to one-time effects in 2017 combined with expenses related to the merger and listing processes, net reversals of pension costs. Expenses in connection with the merger and listing processes amounted to NOK 3 (65) million as of 30 September. Moreover, the adjusted expenses for 2017 included net revenue recognition in relation to pension costs of NOK 41 million.

Subsidiaries

The leasing company SpareBank 1 Finans Østlandet AS (95 per cent ownership interest) posted a profit after tax of NOK 107 (91) million as of 30 September 2018. The increase in profit is related to growth in lending and lower loan losses. The leasing company's gross lending as of 30 September 2018 was NOK 7.8 (7.0) billion. Lending growth over the past 12 months was 11.6 (12.9) per cent.

The real estate broker EiendomsMegler 1 Hedmark Eiendom AS posted earnings of NOK 91 (84) million as of 30 September 2018 and achieved a profit after tax of NOK 13 (15) million. The reduction in profit was due to higher costs following write-downs of an IT project in the EiendomsMegler 1 Alliance

The real estate broker EiendomsMegler 1 Oslo Akershus Group posted earnings of NOK 160 (147) million as of 30 September 2018 and achieved a profit after tax of NOK 4 (-1) million. The improved profitability is mainly due to increased activity and volume of brokered housing. In the opposite direction, increased costs result from write-downs of an IT project in the EiendomsMegler 1 Alliance.

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 in the holding company. 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 Eastern Norway with expertise in finance, HR, management advisory and accounting. The profit after tax as of 30 September 2018 for the SpareBank 1 Østlandet VIT Group was NOK -3 (+1) million. Last year's figures are for SpareBank 1 Regnskapshuset Østlandet AS only and are thus not directly comparable. The reduction in profits is mainly due to reduced turnover in Regnskapshuset Østlandet, while TheVIT shows satisfactory underlying profitability.

Associated companies and joint ventures

SpareBank 1 Gruppen AS (12.4 per cent stake) comprises the SpareBank 1 Alliance's joint product companies within insurance, fund management, claims management and collection. The company posted a consolidated profit after tax of NOK 970 (1,122) million as of 30 September 2018. The reduced profits were mainly due to lower financial income, as well as a weaker insurance result in the general insurance company due to the harsh winter in Norway. The return on equity was 16.1 (19.4) per cent.

On 24 September, SpareBank 1 Gruppen AS and DNB ASA agreed to merge their insurance activities. The merger of the insurance activities will be done by merging DNB Forsikring AS with SpareBank 1 Skadeforsikring AS. The merged company will have a virtually complete portfolio of non-life insurance products for the retail and SME markets.

The agreement assumes ownership shares of approximately 80 per cent for SpareBank 1 Gruppen and approximately 20 per cent for DNB. These ownership shares rate are based on the value of the two non-life insurance companies, including the value of the transferred non-life products. SpareBank 1 Gruppen AS will have a 65 per cent ownership interest and DNB ASA 35 per cent in the new company. DNB has also acquired an option to acquire up to a 40 per cent interest. The company will remain a subsidiary of SpareBank 1 Gruppen AS.

In the transaction, the new non-life company is valued at NOK 19.75 billion, including the value of non-life products transferred from the respective life companies to the new company. This valuation will be used when DNB increases its stake from 20 to 35 per cent. The purchase price for 15 per cent of the shares will therefore be NOK 2.96 billion. Based on figures for 31 December 2017 and pro-forma consolidated accounts, the merger and the above transactions will lead to an increase in the equity for the Sparebank 1 Group of approx. NOK 6.9 billion.

Sparebank 1 Østlandet's share of this increase is approximately NOK 528 million and will be posted as income or directly to equity in the consolidated accounts. However, this produces an almost unchanged core equity tier 1 capital ratio for the Group.

SpareBank 1 Gruppen AS (the parent company) will also post a tax-free profit of approx. NOK 2.65 billion as a result of the subsequent sale of shares in the company to DNB ASA. SpareBank 1 Gruppen AS will strengthen its dividend capacity as a consequence and SpareBank 1 Østlandet's share of possible dividends of NOK 2.65 billion (12.4 per cent) equal NOK 329 million. Such dividens will reduce the book value of the Group's investment in SpareBank 1 Gruppen, and thereby also reduce the deduction in common equity tier 1 capital in the capital adequacy calculation. The Group's capital adequacy will thus increase. Based on the Group's accounting figures at 30 June 2018, the common equity tier 1 ratio will increase by an estimated 0.4 percentage point. Any dividends from SpareBank 1 Gruppen AS will be contingent on the capital situation and decisions by the company's governing bodies and cannot be implemented until the second quarter of 2019 at the earliest.

The Financial Supervisory Authority of Norway recently published a letter to the Ministry of Finance suggesting changes to the regulations which would prevent financial institutions paying dividends based on interim accounts. If this is passed, then the possible dividends from SpareBank 1 Gruppen to the owner banks mentioned above could not be paid until 2020. Similarly, potential increased dividends to the Bank's owners based on the sale could not be paid until 2021.

SpareBank 1 Boligkreditt AS (21.1 per cent stake) was established by the banks in SpareBank 1 Alliance to utilise the market for covered bonds. The banks sell prime mortgages to the company and achieve lower funding costs through the company's issuance of covered bonds. The company posted a net profit after tax of NOK 39 (-138) million as of 30 September 2018. The improvement in profitability 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, following the implementation of IFRS 9, the company has 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 after 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. SpareBank 1 Næringskreditt has two classes of shares with differing rights to dividends. SpareBank 1 Østlandet includes 6.25 per cent of the company's results in its consolidated financial statements, equivalent to the Bank's share of the company's dividend payments. The company posted a profit after tax of NOK 36 (50) million for the first three quarters of the year, including 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 achieved a profit after tax in the first three quarters of the year of NOK 96.2 (58) million.

SpareBank 1 Betaling AS (21.2 per cent stake) is the SpareBank 1 Alliance's joint payment infrastructure and mobile payment company. In autumn 2017, the company was the second largest shareholder in Vipps AS. The company posted a loss after tax of NOK -39 (-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 start of 2023.

The final impact of the regulations has still to be clarified, but preliminary calculations indicate that SpareBank 1 Østlandet will need to issue NOK 7-8 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 requirements.

Tier 3 capital is expected to represent more expensive funding for the Bank than senior 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 bonds with tier 3 capital is not expected to have a significant impact on the Bank's overall funding costs. Comments on the consultation paper had to be submitted by 14 September 2018 and the Financial Supervisory Authority of Norway is expected to present its final policy proposal concerning the MREL requirement to the Norwegian Ministry of Finance by 1 November 2018.

Outlook

Although increased international uncertainty due to fears of trade wars and an undecided Brexit situation could impact the Norwegian economy, the macroeconomic situation in Norway is good. The Norwegian economy is robust, with great adaptability, innovation and strong government finances.

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

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

Since the merger with Bank 1 Oslo Akershus AS in April 2017, SpareBank 1 Østlandet has seen a steady increase in the number of customers, strong growth in lending and increased profitability. The Bank's distribution model with leading digital offerings combined with a well-developed network of local offices in central hubs and towns has proven to be a good driver for profitable growth. The growth rate in this period shows that the Bank has increased its market share in line with its strategic objectives.

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

The Board of directors of SpareBank 1 Østlandet

Hamar, 25 October 2018

Income statement

Parent Bank							Group				
Year	01.07-30.09		01.01-30.09				01.01-30.09		01.07-30.09		Year
2017	**2017**	**2018**	**2017**	**2018**	*(NOK million)*	Notes	**2018**	**2017**	**2018**	**2017**	**2017**
0	0	464	0	1,452	Interest income, fair value		1,452	0	464	0	0
2,642	729	312	1,903	814	Interest income, amortized cost		1,067	2,419	400	809	3,238
1,134	312	340	818	987	Interest expense		989	964	340	310	1,282
1,508	**417**	**437**	**1,085**	**1,279**	**Net interest income**		**1,530**	**1,454**	**524**	**498**	**1,956**
807	240	216	565	669	Commission income		913	885	299	311	1,197
57	17	22	38	58	Commission expenses		73	75	23	27	102
31	7	9	23	25	Other operating income		132	140	40	42	168
782	**231**	**202**	**549**	**636**	**Net commission and other operating income**		**973**	**949**	**316**	**325**	**1,263**
11	0	0	11	13	Dividends from other than Group companies	7	13	11	0	0	11
275	0	1	252	364	Net profit from ownership interests	7	141	118	58	82	194
48	18	32	-18	131	Net profit from other financial assets and liabilities	7	131	6	32	19	72
334	**19**	**33**	**244**	**507**	**Net income from financial assets and liabilities**		**284**	**134**	**90**	**100**	**277**
2,624	667	672	1,879	2,422	**Total net income**		2,787	2,537	930	923	3,496
684	167	168	460	498	Personnel expenses		764	702	259	233	1,010
57	15	17	40	51	Depreciation		79	62	24	21	84
548	128	133	379	410	Other operating expenses		531	584	173	179	804
1,289	**311**	**318**	**879**	**959**	**Total operating expenses**		**1,375**	**1,348**	**457**	**433**	**1,898**
1,335	**356**	**354**	**1,000**	**1,463**	**Operating profit before losses on loans and guarantees**		**1,412**	**1,190**	**473**	**491**	**1,598**
-39	6	4	-19	12	Impairment on loans and guarantees	6	24	-7	12	14	-20
1,373	**6**	**350**	**-19**	**1,451**	**Pre-tax operating profit**		**1,388**	**1,196**	**461**	**476**	**1,618**
272	88	86	193	257	Tax expense		297	270	99	99	356
1,102	**263**	**264**	**826**	**1,194**	**Profit after tax**		**1,092**	**926**	**362**	**377**	**1,263**
					Majority interest		1,086	920	360	375	1,257
					Minority interest		5	6	1	1	6
					Earnings per equity certificate (in NOK)		6.85	5.83			7.92

Statement of other comprehensive income

Parent Bank Year 2017	01.07-30.09 2017	01.07-30.09 2018	01.01-30.09 2017	01.01-30.09 2018	(NOK million)	Notes	Group 01.01-30.09 2018	01.01-30.09 2017	01.07-30.09 2018	01.07-30.09 2017	Year 2017
1,102	**263**	**264**	**826**	**1,194**	**Profit after tax**		**1,092**	**926**	**362**	**377**	**1,263**
-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
0	0	12	0	3	Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk		3	0	12	0	0
0	0	-3	0	-1	Tax effects related to the above		-1	0	-3	0	0
0	0	0	0	0	Share of other comprehensive income from associated companies and joint ventures		1	0	0	1	3
-6	**0**	**9**	0	**2**	**Total items that will not be reclassified through profit or loss**		**3**	**0**	**9**	**1**	**-3**
75	27	0	48	0	Change in value of financial assets avaiable for sale		0	58	0	35	77
-1	0	0	9	0	Financial assets avaiable for sale transferred to profit and loss on write-down due to permanent impairment of value		0	9	0	0	-1
11	0	0	0	0	Financial assets avaiable for sale transferred to profit and loss on realisation		0	0	0	0	11
0	0	-2	0	1	Net fair value adjustments on loans at fair value through other comprehensive income		1	0	-2	0	0
0	0	0	0	0	Tax effects related to the above		0	0	0	0	0
0	0	-9	0	-42	Fair value changes on hedge derivatives due to changes in the currency basis spread		-42	0	-9	0	0
0	0	2	0	10	Tax effects related to the above		10	0	2	0	0
0	0	0	0	0	Share of other comprehensive income from associates and joint ventures		-15	7	-3	7	2
86	**27**	**-8**	**57**	**-30**	**Total items that will be reclassified through profit or loss**		**-45**	**73**	**-11**	**42**	**90**
80	**27**	**1**	**57**	**-28**	**Total profit and loss items recognised in equity**		**-42**	**74**	**-2**	**43**	**87**
1,182	**290**	**265**	**883**	**1,166**	**Total profit/loss for the period**		**1,050**	**1,000**	**360**	**420**	**1,350**
					Majority interest		1,045	994	358	418	1,344
					Minority interest		5	6	1	1	6

Balance sheet

Parent Bank					Group		
2017	**30.09.2017**	**30.09.2018**	*NOK million*	Notes	**30.09.2018**	**30.09.2017**	**2017**
			ASSETS				
672	658	288	Cash and deposits with central banks		288	658	673
7,669	7,720	8,615	Loans to and receivables from credit institutions		2,057	1,712	1,808
83,030	81,599	90,156	Loans to and receivables from customers	5,6	97,896	88,565	90,098
8,883	8,838	14,242	Certificates, bonds and fixed-income funds	10	14,242	8,838	8,883
582	578	377	Financial derivatives	8,10,11	377	578	582
494	455	601	Shares and other equity interests	10	606	456	495
3,336	3,122	3,539	Investments in associates and joint ventures		3,998	3,680	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	375	340	Property, plant and equipment		544	580	578
100	95	98	Goodwill and other intangible assets		402	362	366
3	20	0	Deferred tax asset		0	0	0
645	534	574	Other assets	12	907	878	910
107,149	**105,209**	**120,198**	**Total assets**		**121,319**	**106,312**	**108,321**
			LIABILITIES				
2,288	1,442	2,192	Deposits from and liabilities to credit institutions		2,191	1,438	2,286
66,013	65,298	70,277	Deposits from and liabilities to customers	13	70,251	65,268	65,985
23,686	24,077	32,358	Liabilities arising from issuance of securities	10,14	32,358	24,077	23,686
307	305	442	Financial derivatives	8,10,11	442	305	307
314	246	331	Current tax liabilities		396	282	358
0	0	2	Deferred tax liabilities		136	106	122
431	519	535	Other debt and liabilities recognised in the balance sheet	15	670	640	541
1,706	1,205	1,102	Subordinated loan capital	10,14	1,102	1,205	1,706
94,743	**93,092**	**107,238**	**Total liabilites**		**107,546**	**93,321**	**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	1,884	2,406	Dividend equalisation fund	18	2,406	1,869	1,584
424	0	0	Dividend		0	0	424
3,432	3,509	3,826	Primary capital		3,826	3,509	3,432
165	172	166	Other paid-up equity		166	165	165
20	24	17	Provision for gifts		17	24	20
279	247	261	Fund for unrealised gains		263	257	281
204	0	0	Dividend customers return		0	0	204
400	400	400	Hybrid capital		400	400	400
-8	-26	-22	Interest expense for hybrid capital		-40	-26	-30
0	0	0	Other equity		734	833	883
			Minority interests		94	53	62
12,406	**12,117**	**12,960**	**Total equity capital**		**13,773**	**12,991**	**13,331**
107,149	**105,209**	**120,198**	**Total equity capital and liabilities**		**121,319**	**106,312**	**108,321**

The board of SpareBank 1 Østlandet

Hamar, October 25th, 2018

Changes in equity capital

Parent Bank

(NOK million)	Paid-up equity			Earned equity capital							
	Equity certicates	Premium fund	Other paid-up equity	Primary capital [1]	Dividend equalisation funds [2]	Provision for gifts	Fund for unrealised gains	Other equity	Dividends	Hybrid-capital	Total equity capital
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 B1OA			172		353						**525**
Hybrid capital										400	**400**
Interest on hybrid capital								-26			**-26**
Profit after tax				203	557		66				**826**
Change revaluation reserve							48				**48**
Dividend paid									-148		**-148**
Donations distributed from profit 2016				-6							**-6**
Grants from provision for gifts in 2017						-9					**-9**
Equity capital as of 30.09.2017	**5,359**	**547**	**172**	**3,509**	**1,884**	**24**	**247**	**-26**	**0**	**400**	**12,117**
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 B1OA			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 intereset on hybrid capital					3			-4			**0**
Reposting of acturaial gains after tas 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								-10			**-10**
Profit after tax				394	819		-18				**1,194**
Value changes on creditspread and basisswap				-9	-20						**-29**
Value change on loans measured at fair value				0	1						**1**
Dividend paid				-204	-424						**-629**
Donations distributed from profit 2017				-6							**-6**
Grants from provision for gifts in 2018						-3					**-3**
Equity capital as of 30.09.2018	**5,359**	**547**	**166**	**3,826**	**2,406**	**17**	**261**	**-22**	**0**	**400**	**12,960**

Group

(NOK million)	Paid-up equity			Earned equity capital								
	Equity certicates	Premium fund	Other paid-up equity	Primary capital [1]	Dividend equalisation	Provision for gifts	Fund for unrealised	Other equity	Dividends	Hybrid-capital	Minority intersets	Total equity
Equity capital as of 01.01.12017	**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 01.01.2017	**5,310**	**520**	**0**	**3,313**	**974**	**33**	**134**	**1,220**	**148**	**400**	**47**	**12,099**
ECs issued and transferred to owners	49	27									5	**81**
Equity inflated by merger with B1OA			165		338			-503				**0**
Profit after tax				203	557		66	96			5	**926**
Share of other comprehensive income from associated companies and joint ventures not reclassified through profit or loss								0				**0**
Change revaluation reserve							58	0				**58**
Share of other comprehensive income from associated companies and joint ventures reclassified through profit or loss								7				**7**
Interest after tax on hybrid capital								-13				**-13**
Change in ownership shareholdings								-1			0	**-1**
Dividend paid									-148		-4	**-152**
Donations distributed from profit 2016				-6								**-6**
Grants from provision for gifts in 2017						-9						**-9**
Equity capital as of 30.09.2017	**5,359**	**547**	**165**	**3,509**	**1,869**	**24**	**257**	**807**	**0**	**400**	**53**	**12,991**
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									13	**89**
Equity inflated by merger with B1OA			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								**-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				394	819		-18	-108			5	**1,092**
Value changes on creditspread and basisswap				-9	-20							**-29**
Value change on loans measured at fair value				0	1							**1**
Share of other comprehensive income from associated companies and joint ventures								-14				**-14**
Transferred from new minority interest											33	**33**
Change revaluation reserve												**0**
Interest expense after tax for hybrid capital								-10				**-10**
Dividend paid				-204	-424						-6	**-634**
Donations distributed from profit 2017				-6								**-6**
Grants from provision for gifts in 2018						-3						**-3**
Equity capital as of 30.09.2018	**5,359**	**547**	**166**	**3,826**	**2,406**	**17**	**263**	**695**	**0**	**400**	**94**	**13,773**

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 facth that SpareBank 1 Gruppen over years has allocated to little to fund for self-sustaining

Cash flow statement

Parent Bank				Group		
2017	**30.09.2017**	**30.09.2018**	*(NOK million)*	**30.09.2018**	**30.09.2017**	**2017**
-5,965	-4,512	-7,100	Change in gross lending to customers	-7,798	-5,991	-7,486
2,256	1,614	1,992	Interest receipts from lending to customers	2,324	2,171	2,916
2,825	2,110	4,264	Change in deposits from customers	4,266	2,198	2,915
-503	-359	-449	Interest payments on deposits from customers	-450	-433	-577
-399	-1,149	-1,137	Change in receivables and debt from credit institutions	-351	-617	-101
101	78	83	Interest on receivables and debt to financial institutions	4	8	9
910	969	-5,329	Change in certificates and bonds	-5,329	1,569	1,517
246	181	166	Interest receipts from commercial papers and bonds	166	213	277
782	549	636	Net commission receipts	973	949	1,271
25	30	42	Capital gains from sale on trading	42	35	27
-1,269	-858	-908	Payments for operations	-1,295	-1,317	-1,862
-189	-189	-195	Taxes paid	-199	-245	-245
-864	99	663	Other accruals	593	-465	-589
-2,043	**-1,437**	**-7,273**	**Net change in liquidity from operations (A)**	**-7,056**	**-1,925**	**-1,927**
-49	-41	-26	Investments in tangible fixed assets	-45	-57	-65
13	9	0	Receipts from sale of tangible fixed assets	24	9	13
-401	-223	-251	Change in long-term investments in equities	-256	-214	-392
276	253	381	Dividends from long-term investments in equities	257	159	182
-161	**-2**	**103**	**Net cash flow from investments (B)**	**-20**	**-103**	**-263**
5,043	3,508	12,422	Debt raised by issuance of secutities	12,422	4,421	5,113
500	0	400	Debt raised by subordinated loan capital	400	0	500
-2,603	-1,503	-3,750	Repayments of issued securities	-3,750	-2,103	-3,203
0	0	-1,000	Repayments of issued subordinated loan capital	-1,000	0	0
63	63	0	Payments arising from issuance of equity capital certificates	0	63	63
-523	-387	-496	Interest payments on securities issued	-497	-448	-592
-32	-22	-30	Interest payments on subordinated loans	-30	-27	-38
0	0	-629	Payment of dividend	-634	0	0
-13	-9	-3	Donations	-3	-9	-13
2,435	**1,650**	**6,915**	**Net cash flow from financing (C)**	**6,908**	**1,897**	**1,831**
458	458	0	**Cash and cash equivalents taken over from B1OA (D)**	0	0	0
-247	-95	0	**Payments arising from placements in subsidiaries (E)**	0	5	13
0	0	5	**Liquidity effect of acquisition and sale of other subsidiaries (F)**	5	0	0
441	**574**	**-250**	**CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D+E+F)**	**-162**	**-126**	**-346**
382	382	824	Cash and cash equivalents at 1 January	736	1,082	1,082
824	**956**	**574**	**Cash and cash equivalents at the end of the period**	**574**	**956**	**736**
			Cash and cash equivalents at comprise:			
672	658	288	Cash and deposits with central banks	288	658	673
152	299	286	Deposits etc. at call with banks	285	299	63
824	**956**	**574**	**Cash and cash equivalents at the end of the period**	**574**	**956**	**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 September 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 implementet 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 aquired 21.2 per cent of the shares in SpareBank 1 Betaling AS and classifed this company as an accociated 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.

30.09.2018	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	731	615	252	0	2	-1	-71	1,530
Net commissions and other income	573	144	-23	91	160	121	-94	973
Net income from financial assets and liabilities	0	0	0	0	0	0	284	284
Total operating expenses	655	289	74	74	157	124	1	1,375
Profit before losses by segment	**650**	**471**	**155**	**17**	**5**	**-4**	**118**	**1,412**
Impairment on loans and guarantees	8	3	13	0	0	0	0	24
Pre-tax operating profit	**642**	**468**	**142**	**17**	**5**	**-4**	**119**	**1,388**
Tax expense	160	117	36	4	1	-1	-20	297
Profit/loss per segment after tax	**481**	**351**	**107**	**13**	**4**	**-3**	**139**	**1,092**
Balance sheet								
Gross lending to customers	61,018	29,407	7,842	0	0	0	-8	98,259
Allowance for credit losses	-69	-226	-68	0	0	0	0	-363
Other assets	2,683	461	182	82	82	132	19,800	23,423
Total assets per segment	**63,633**	**29,642**	**7,956**	**82**	**82**	**132**	**19,792**	**121,319**
Deposits from and liablilities to customers	41,330	28,863	0	0	0	0	58	70,251
Other liabilities and equity	22,303	778	7,956	82	82	132	19,734	51,068
Total equity capital and liabilities per segment	**63,633**	**29,642**	**7,956**	**82**	**82**	**132**	**19,792**	**121,319**

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

30.09.2017	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms-Megler 1 Hedmark Eiendom	Eiendoms-Megler 1 Oslo Akershus Group	SpareBank 1 Østlandet VIT Group *)	Other operations/ eliminations	Total
Income statement								
Net interest income	709	559	231	0	1	-1	-46	1,454
Net commissions and other income	530	98	-28	84	147	116	3	949
Net income from financial assets and liabilities	0	0	0	0	0	0	134	134
Total operating expenses	522	187	62	64	150	114	250	1,348
Profit before losses by segment	**718**	**470**	**141**	**20**	**-1**	**1**	**-159**	**1,190**
Impairment on loans and guarantees	4	-30	20	0	0	0	0	-7
Pre-tax operating profit	**714**	**500**	121	**20**	**-1**	**1**	**-159**	**1,196**
Tax expense	178	125	30	5	0	0	-69	270
Profit/loss per segment after tax	**535**	**375**	91	**15**	**-1**	**1**	**-90**	**926**
Balance sheet								
Gross lending to customers	55,047	26,260	7,028	0	0	0	611	88,945
Individual impairments to cover losses on loans	-34	-89	-18	0	0	0	0	-141
Collective impairments to cover losses on loans	-69	-147	-22	0	0	0	0	-239
Other assets	1,290	273	211	68	95	135	15,674	17,746
Total assets per segment	**56,233**	**26,297**	**7,199**	**68**	**95**	**135**	**16,285**	**106,312**
Deposits from and liablilities to customers	39,080	18,394	0	0	0	0	7,794	65,268
Other liabilities and equity	17,153	7,903	7,199	68	95	135	8,491	41,044
Total equity capital and liabilities per segment	**56,233**	**26,297**	**7,199**	**68**	**95**	**135**	**16,285**	**106,312**

2017	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms-Megler 1 Hedmark Eiendom	Eiendoms-Megler 1 Oslo Akershus Group	SpareBank 1 Østlandet VIT Group *)	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 liablilities 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 30.09.2018. SpareBank 1 Østlandet is also subject to a Pillar II requirement of 1.8 per cent as at 30.09.2018. The total capital requirement for common equity tier 1 capital was thus 13.8 per cent at 30 September 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
31.12.2016	30.09.2017	30.09.2018		30.09.2018	30.09.2017	31.12.2016
6,078	6,078	6,072	Paid-up equity	5,980	6,111	6,111
5,928	5,639	6,488	Earned equity capital	7,297	6,427	6,758
400	400	400	Hybridcapital	400	400	400
0	0	0	Minority interests	95	52	62
12,406	**12,117**	**12,960**	**Total equity carried**	**13,773**	**12,991**	**13,331**
			Common equity tier 1 capital			
-629	-463	-546	Results for the accounting year not included	-546	-463	-629
-400	-400	-400	Hybridcapital	-400	-400	-400
0	0	0	Minority interests that is not eligible as CET1 capital	-8	-12	-21
93	122	40	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	40	122	93
0	0	0	Cash flow hedge reserve	2	9	8
-103	-115	-98	Goodwill and other intangible assets	-416	-381	-380
-189	-192	-227	Positive value of expected losses under the IRB approach	-191	-208	-231
0	0	0	CET 1 instruments of financial sector entities where the institution does have a significant investement	-299	-225	-154
-28	-30	-26	Value adjustments due to the requirements for prudent valuation (AVA)	-33	-43	-35
11,150	**11,040**	**11,703**	**Common equity tier 1 capital**	**11,922**	**11,390**	**11,583**
			Additional Tier 1 capital			
400	400	400	Hybrid capital	659	619	616
400	**400**	**400**	**Tier 1 capital**	**659**	**619**	**616**
			Supplementary capital in excess of Tier 1 capital			
1,700	1,200	1,100	Subordinated loan capital	1,495	1,544	2,068
0	0	0	T2 instruments of financial sector where the institution does not have a significant investement	0	0	0
-130	-129	0	T2 instruments of financial sector where the institution does have a significant investement	0	-129	-130
1,570	**1,071**	**1,100**	**Total supplementary capital**	**1,495**	**1,415**	**1,939**
13,120	**12,511**	**13,203**	**Total eligible capital**	**14,077**	**13,423**	**14,138**
5,154	4,907	5,538	Corporates - SME	5,538	4,907	5,154
9,776	10,421	10,529	Corporates - Specialised Lending	10,529	10,421	9,776
633	674	945	Corporates - Other	945	674	633
1,020	946	1,122	SME exposure	1,309	1,113	1,203
14,507	14,361	16,622	Retail mortgage exposure	23,641	21,057	21,840
1,701	1,641	1,319	Other retail exposure	1,353	1,669	1,723
32,792	**32,950**	**36,075**	**Credit exposures calculated using IRB-approach**	**43,315**	**39,841**	**40,330**
10,869	10,571	12,002	Credit exposures calculated using the standardised approach	16,717	14,801	14,936
207	247	343	Counterparty credit risk	1,125	1,165	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	1,926	1,996	Basel I	8,825	7,067	7,884
49,787	**49,037**	**53,850**	**Risk-weighted assets**	**75,204**	**67,377**	**68,920**
3,983	**3,923**	**4,308**	**Capital requirements (8%)**	**6,016**	**5,390**	**5,514**
846	**834**	**969**	**Pillar 2 (1.8 %, 1.7 % previous periods)**	**1,354**	**1,145**	**1,172**
			Buffer requirements			
1,245	1,226	1,346	Capital conservation buffer (2.5%)	1,880	1,684	1,723
996	736	1,077	Countercyclical capital buffer (2 % at 30.09.2018, 1.5 % at 30.09.2017 and 31.12.2017)	1,504	1,011	1,378
1,494	1,471	1,616	Systemic risk buffer (3%)	2,256	2,021	2,068
3,734	**3,433**	**4,039**	**Total buffer requirements for common equity (7.5 % at 30.09.2018, 7.0 % at 30.09.2017 and 31.12.2017)**	**5,640**	**4,716**	**5,169**
4,329	**4,567**	**4,272**	**Available common equity (12 %)**	**1,544**	**2,496**	**2,141**
			Capital ratios			
22.4 %	**22.5 %**	**21.7 %**	CET 1 capital ratio	**15.9 %**	**16.9 %**	**16.8 %**
23.6 %	**23.4 %**	**22.6 %**	CET 1 capital ratio (excluding Basel 1-floor)	**18.0 %**	**18.9 %**	**19.0 %**
23.2 %	**23.3 %**	**22.5 %**	Tier 1 Capital ratio	**16.7 %**	**17.8 %**	**17.7 %**
26.4 %	**25.5 %**	**24.5 %**	Capital adequacy ratio	**18.7 %**	**19.9 %**	**20.5 %**
10.6 %	**10.6 %**	**9.8 %**	Leverage Ratio	**7.2 %**	**7.3 %**	**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**
Transfers in (out) to Stage 1	924	-891	-33	0
Transfers in (out) to Stage 2	-2,312	2,314	-3	0
Transfers in (out) to Stage 3	-9	-44	53	0
Purchases and originations	11,929	108	3	12,040
Derecognitions and maturities	-9,547	-448	-43	-10,038
Remeasurements	0	0	0	0
Write-offs	0	0	-2	-2
Exchange rate and other	0	0	0	0
Balance at 30.09.2018	**84,701**	**5,314**	**440**	**90,455**
Loan and advances to customers at amortised cost				27,343
Loan and advances to customers at fair value				63,112

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**
Transfers in (out) to Stage 1	953	-920	-33	0
Transfers in (out) to Stage 2	-2,509	2,513	-5	0
Transfers in (out) to Stage 3	-8	-49	57	0
Purchases and originations	13,001	230	10	13,241
Derecognitions and maturities	-10,504	-586	70	-11,021
Remeasurements	0	0	0	0
Write-offs	0	0	-2	-2
Exchange rate and other	0	0	0	0
Balance at 30.09.2018	**91,419**	**6,313**	**527**	**98,259**
Loan and advances to customers at amortised cost				35,147
Loan and advances to customers at fair value				63,112

Parent Bank				Group		
2017	30.09.2017	30.09.2018		30.09.2018	30.09.2017	2017
4	4	247	Public sector	529	251	295
3,850	4,469	4,056	Primary industries	4,425	4,793	4,179
926	1	1,006	Paper and pulp industries	1,022	19	946
795	865	1,113	Other industry	1,354	1,113	1,030
2,936	2,172	3,577	Building and constructions	4,733	3,066	3,923
250	245	191	Power and water supply	363	435	427
1,053	1,030	992	Wholesale and retail trade	1,290	1,377	1,316
489	482	597	Hotel and restaurants	614	499	505
12,767	14,351	13,758	Real estate	13,874	14,439	12,861
3,823	3,126	3,978	Commercial services	4,497	3,773	4,368
681	499	520	Transport and communication	1,641	1,507	1,730
0	154	0	Other	0	164	8
27,573	**27,396**	**30,034**	Gross corporate loans by sector and industry	**34,342**	**31,434**	**31,589**
55,782	54,542	60,421	Private customers	63,917	57,511	58,872
83,355	**81,938**	**90,455**	**Total gross loans by sector and industry**	**98,259**	**88,945**	**90,461**
		-237	Loan loss allowance for loans at amortised cost	-301		
		-62	Fair value adjustments for loans at fair value through OCI	-62		
-126	-123		Individual loan impairments to cover losses on loans		-141	-142
-198	-216		Collective loan impairments to cover losses on loans		-238	-221
83,030	**81,599**	**90,156**	**Total loans to customers**	**97,896**	**88,565**	**90,098**
37,451	36,650	38,415	Loans transferred to SpareBank 1 Boligkreditt AS	38,415	36,650	37,451
1,624	1,324	1,479	Loans transferred to SpareBank 1 Næringskreditt AS	1,479	1,324	1,624
122,105	**119,573**	**130,049**	**Total loans including loans transferred to covered bond companies**	**137,790**	**126,540**	**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

30.09.2018

(Millions of Norwegian Kroner)	01.01.2018	Provision for credit losses	Net write-offs	30.09.2018
Provisions for loan and guarantee losses at amortised cost	273	3	-4	272
Provisions for loan losses at fair value over OCI	78	6	-5	79
Total provisions for credit losses	**351**	**9**	**-9**	**351**
Presented as:				
Assets: Provisions for loan losses - decrease of assets	308	0	-9	299
Liabilities: Provisions for loan losses - increase of liabilities	23	7	0	31
Eqity: Fair value adjustment of losses	20	1	0	21

Provisions for credit losses	12-month ECL Stage 1	Lifetime ECL not credit-impaird Stage 2	Lifetime ECL credit-impaird Stage 3	Total
Balance at 01.01.2018	**101**	**117**	**133**	**351**
Provision for credit losses				
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 provisions	-24	19	10	5
Purchases and originations	15	5	0	21
Derecognitions and maturities	-8	-14	-4	-26
Remeasurements	0	0	0	0
Write-offs	0	0	-3	-3
Charges in models/risk parameters	0	0	0	0
Balance at 31.03.2018	**108**	**107**	**133**	**348**
Provision for credit losses				
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 provisions	-17	28	3	14
Purchases and originations	21	2	1	25
Derecognitions and maturities	-11	-16	-8	-34
Remeasurements	0	0	0	0
Write-offs	0	0	-5	-5
Charges in models/risk parameters	0	0	0	0
Balance at 30.06.2018	**117**	**105**	**126**	**347**
Provision for credit losses				
Transfers in (out) to Stage 1	20	-12	-8	0
Transfers in (out) to Stage 2	-6	6	0	0
Transfers in (out) to Stage 3	0	-1	2	0
Net remeasurement of loss provisions	-26	38	-2	10
Purchases and originations	18	2	4	24
Derecognitions and maturities	-9	-11	-12	-32
Remeasurements	0	0	0	0
Write-offs	0	0	1	1
Charges in models/risk parameters	0	0	0	0
Balance at 30.09.2018	**114**	**126**	**111**	**351**

Group

30.09.2018

(Millions of Norwegian Kroner)	01.01.2018	Provision for credit losses	Net write-offs	30.09.2018
Provisions for loan and guarantee losses at amortised cost	331	9	-4	336
Provisions for loan losses at fair value over OCI	78	6	-5	79
Total provisions for credit losses	**409**	**15**	**-9**	**415**
Presented as:				
Assets: Provisions for loan losses - decrease of assets	366	3	-9	360
Liabilities: Provisions for loan losses - increase of liabilities	23	7	0	31
Eqity: Fair value adjustment of losses	20	4	0	24

Provisions for credit losses	12-month ECL Stage 1	Lifetime ECL not credit-impaird Stage 2	Lifetime ECL credit-impaird Stage 3	Total
Balance at 01.01.2018	**117**	**144**	**149**	**409**
Provision for credit losses				
Transfers in (out) to Stage 1	30	-20	-10	0
Transfers in (out) to Stage 2	-3	4	-1	0
Transfers in (out) to Stage 3	0	-8	9	0
Net remeasurement of loss provisions	-27	21	15	8
Purchases and originations	15	5	0	21
Derecognitions and maturities	-6	-15	-2	-23
Remeasurements	0	0	0	0
Write-offs	0	0	-3	-3
Charges in models/risk parameters	0	0	0	0
Balance at 31.03.2018	**124**	**131**	**156**	**412**
Provision for credit losses				
Transfers in (out) to Stage 1	21	-21	0	0
Transfers in (out) to Stage 2	-5	7	-2	0
Transfers in (out) to Stage 3	0	-4	4	0
Net remeasurement of loss provisions	-21	28	4	11
Purchases and originations	26	5	2	32
Derecognitions and maturities	-14	-17	-10	-41
Remeasurements	0	0	0	0
Write-offs	0	0	-5	-5
Charges in models/risk parameters	0	0	0	0
Balance at 30.06.2018	**130**	**130**	**148**	**408**
Provision for credit losses				
Transfers in (out) to Stage 1	22	-14	-8	0
Transfers in (out) to Stage 2	-7	7	0	0
Transfers in (out) to Stage 3	0	-2	2	0
Net remeasurement of loss provisions	-31	42	3	14
Purchases and originations	21	6	4	32
Derecognitions and maturities	-10	-13	-17	-41
Remeasurements	0	0	0	0
Write-offs	0	0	1	1
Charges in models/risk parameters	0	0	0	0
Balance at 30.09.2018	**126**	**156**	**133**	**415**

Note 7 Net income from financial assets and liabilities

Parent Bank				Group		
	01.01-30.09			01.01-30.09		
2017	**2017**	**2018**		**2018**	**2017**	**2017**
11	11	13	Dividends from equities	13	11	11
11	**11**	**13**	**Dividends from other than Group companies**	**13**	**11**	**11**
265	242	368	Dividends (Parent Bank) or net profit from Group companies (Group)	141	99	194
1	0	-4	Gains or losses on realisation of Group companies (Parent Bank)			
10	10	0	Impairment on Group companies (Parent Bank)			
275	**252**	**364**	**Net profit from ownership interests**	**141**	**99**	**194**
16	21	-18	Net change in value on certificates, bonds and fix-income funds	-18	38	33
13	10	12	Net change in value on derivatives that hedge securities above	12	10	12
29	*32*	*-6*	*Net change in value on certificates, bonds and interest funds including hedge d*	*-6*	*48*	*45*
19	-25	180	Net change in value of securities issued	180	-16	28
-73	-49	-172	Net change in value in derivatives that hedge securities issued	-172	-62	-86
-53	*-74*	*9*	*Net change in value on securities issued including hedge derivatives*	*9*	*-78*	*-58*
0	0	23	Net change in value on equity instruments at fair value through profit and loss	23	0	0
5	-4	-36	Net change fixed-rate loans to customers at fair value through profit and loss	-36	3	12
2	0	39	Net change in value of other derivatives	39	-1	0
10	10	68	Gains or losses on realisation of assets at fair value through profit and loss	68	10	10
15	-9		Gains or losses on realisation of assets available for sale (IAS 39)		-7	17
40	26	33	Net income from FX trading	33	32	46
48	**-18**	**131**	**Net profit from other financial assets and liabilities**	**131**	**6**	**72**
334	**244**	**507**	**Net income from financial assets and liabilities**	**284**	**134**	**277**

Note 8 Financial derivatives

Parent Bank and Group

	30.09.2018		
	Contract amount	Fair value	
At fair value through profit and loss		Assets	Liabilities
Currency instruments			
Currency forward contracts	1,171	6	12
Currency swaps	1,257	13	20
Total currency instruments	**2,428**	**18**	**33**
Interest rate instruments			
Interest rate swaps (including cross-currency)	34,452	358	410
Other interest rate contracts	2,845	1	0
Total interest rate instruments	**37,297**	**358**	**410**
Total currency instruments	**2,428**	**18**	**33**
Total interest rate instruments	**37,297**	**358**	**410**
Total financial derivates	**39,725**	**377**	**442**

	30.09.2017		
	Contract amount	Fair value	
At fair value through profit and loss		Assets	Liabilities
Currency instruments			
Currency forward contracts	878	8	6
Currency swaps	1,231	11	8
Total currency instruments	**2,109**	**19**	**14**
Interest rate instruments			
Interest rate swaps (including cross-currency)	22,646	559	291
Other interest rate contracts	0	0	0
Total interest rate instruments	**22,646**	**559**	**291**
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	1	0
Total currency instruments	**2,109**	**19**	**14**
Total interest rate instruments	**22,646**	**559**	**291**
Total other financial instruments	**20**	**1**	**0**
Total financial derivates	**24,775**	**578**	**305**

	2017		
	Contract amount	Fair value	
At fair value through profit and loss		Assets	Liabilities
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 derivates	**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 bank's framework for managing liquidity risk shall reflect the bank's conservative risk profile. The board has approved internal limits to achieve as balanced maturity structure for its borrowing as possible. Stress testing is conducted for the various terms of maturities for bank-specific crises, system crises and a combination of these. A contingency plan has also been put in place to manage liquidity crises. The average remaining term to maturity in the portfolio of the bank's borrowings was 4.2 years at the end of the third quarter 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

30.09.2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value				
- Derivatives	0	377	0	377
- Certificates, bonds and fixes-income funds	0	14,242	0	14,242
- Fixed-rate loans to customers	0	0	5,963	5,963
- Equity instruments	272	54	281	606
- Other financial assets	0	0	4	4
- Mortgages (FVOCI)	0	0	57,149	57,149
Total assets	**272**	**14,673**	**63,397**	**78,342**
Liabilities				
Financial liabilities at fair value				
- Derivatives	0	442	0	442
- Securities issued	0	5,120	0	5,120
Total liabilities	**0**	**5,563**	**0**	**5,563**

30.09.2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit and loss				
- Derivatives	0	577	1	578
- Bonds and certificates	0	8,838	0	8,838
- Fixed-rate loans to customers	0	0	5,523	5,523
- Equity instruments	0	0	0	0
Financial assets available for sale				
- Equity instruments	240	0	216	455
- Other financial assets	0	0	32	32
Total assets	**240**	**9,415**	**5,772**	**15,427**
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives	0	305	0	305
- Securities issued	0	12,869	0	12,869
- Subordinated loan capital	0	504	0	504
- Fixed-rate deposits from customers	0	672	0	672
- Term deposit	0	0	20	20
Total liabilities	**0**	**14,351**	**20**	**14,371**

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:

31.12.2017-30.09.2018	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit	Mortgages (FVOCI)	Other financial assets	Total
Opening balance	5,254	237	0	-9	0	40	**5,522**
IFRS 9 implementering	0	0	0	9	51,244	0	**51,253**
Investments in the period	2,078	42	0	0	26,651	-36	**28,735**
Sales/redemption in the period	-1,333	-8	0	0	-20,742	0	**-22,083**
Gains/losses recognised through profit and loss	-36	9	0	0	-5	0	**-32**
Gains/losses recognised through other comprehensive income	0	0	0	0	1	0	**1**
Closing balance	5,963	281	0	0	57,149	4	**63,397**
Gains/losses for the period included in the profit for assets owned on the balance sheet day	-36	10	0	0	-5	0	**-32**

31.12.2016-30.09.2017	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit	Other financial assets	Total
Opening balance	5,913	204	2	-107	32	**6,044**
Investments in the period	503	9	0	-9	0	**503**
Sales / redemption in the period	-897	0	-3	97	0	**-803**
Gains / losses recognised through profit and loss	4	-10	1	0	0	**-4**
Gains/losses recognised through other comprehensive income	0	13	0	0	0	**13**
Closing balance	5,523	216	1	-20	32	**5,753**
Gains / losses for the period included in the profit for assets owned on the balance sheet day	4	-5	1	0	0	**0**

31.12.2016.-31.12.2017	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit	Other financial assets	Total
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:

30.09.2018	Fixed-rate loans to customers	Equity instruments	Mortgages (FVOCI)	Other financial assets	Total
Nominal value including accrued interest (fixed income instruments)/cost (shares)	5,934	165	57,211	4	**63,314**
Fair value adjustment	29	116	-62	0	**83**
Closing balance	5,963	281	57,149	4	**63,397**

30.09.2017	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit	Other financial assets	Total
Nominal value including accrued interest (fixed income instruments)/cost (shares)	5,467	155	0	-20	0	**5,602**
Fair value adjustment	56	61	1	0	32	**151**
Balanseført verdi	5,523	216	1	-20	32	**5,753**

31.12.2017	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit	Other financial assets	Total
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 consist of the significant shareholdings in Oslo Kongressenter Folkets Hus BA (MNOK 54), Eksportfinans ASA (MNOK 71), SpareBank 1 Markets AS (NOK 39 million) and VN Norge AS (NOK 41 million). The valuation of the two former is based on the book value of their equity adjusted for surplus and deficit values. Based on valuation from 2010 and later broker reviews, it is considered to be significant added value in the property mass belonging to Oslo Kongressenter Folkets Hus BA (P/B 4.2). Based on an external valuation in connection with a demerger in 2012 and subsequent equity transactions, the value of Eksportfinans ASA is consicered to be less than book value (P/B 0.85). The value of the shareholding in SpareBank 1 Markets are based on current issue pricing. The value of the shareholding in VN Norge (former Visa Norge FLI, transformed into a limited company medio 2018) are based on valuation of underlying assets, of witch preference shares in Visa Inc are most significant. Preference shares in Visa Inc will be converted into tradable shares no later than 2028. The valuation of this underlying asset is based on the share price of tradable Visa Inc stocks and the closing exchange rate (USDNOK) as well as agreed conversion factor for the preference shares. Net value is less deferred tax and a liquidity discount. The preference shares are priced by an external party.

Floating rate mortgages classified at fair value through other comprehensive income (OCI) are valued bases on carrying amounts and expected credit losses. Mortgages that do not have a significantly higher credit risk than they did upon initial recognition, are valued at nominal amount. For loans with a significant increase in credit risk since initial recognition, expected credit loss will be calculated as for assets at amortised cost. Estimated fair value on these mortgages are the carrying amount less lifetime expected credit losses. With the current assumptions on expected credit loss, the fair value adjustment amounts to MNOK 62. Change in fair value will mainly relate to estimates on probability of default (PD) and loss given default (LGD), both at portfolio level and for individual loans.

Note 11 Financial instruments and netting

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

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

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

The assets and liabilities below may be offset.

Parent Bank and Group

				Amounts not presented on the balance sheet on a net basis		
30.09.2018	**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**
Derivatives as assets	377	0	377	-220	-47	**110**
Derivatives as liabilities	-442	0	-442	220	136	**-86**

30.09.2017	**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**
Derivatives as assets	578	0	578	-197	-202	180
Derivatives as liabilities	-305	0	-305	197	90	-19

2017	**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**
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	30.09.2017	30.09.2018		30.09.2018	30.09.2017	2017
273	238	273	Capital payments into pension fund	273	238	273
54	40	36	Accrued income, not yet received	39	41	55
66	88	92	Prepaid costs, not yet incurred	169	158	135
2	1	10	Unsettled trades	10	1	2
249	166	162	Other assets	415	439	445
645	**534**	**574**	**Total other assets**	**907**	**878**	**910**

Note 13 Deposits from and liabilities to customers

Parent Bank				Group		
2017	30.09.2017	30.09.2018		30.09.2018	30.09.2017	2017
38,682	37,975	40,814	Private customers	40,814	37,975	38,682
4,329	4,752	4,583	Public sector	4,583	4,752	4,329
874	1,121	905	Primary industries	905	1,121	874
266	5	264	Paper and pulp industries	264	5	266
826	744	706	Other industry	706	744	826
1,602	1,284	1,567	Building and construction	1,567	1,284	1,602
139	176	102	Power and water supply	102	176	139
1,388	1,265	1,502	Wholesale and retail trade	1,502	1,265	1,388
267	246	272	Hotel and restaurants	272	246	267
3,549	4,150	4,337	Real estate	4,337	4,150	3,549
12,993	12,217	14,379	Commercial services	14,353	12,188	12,965
1,013	602	846	Transport and communications	846	602	1,013
84	762	0	Other operations	0	762	84
66,013	**65,298**	**70,277**	**Total deposits by sector and industry**	**70,251**	**65,268**	**65,985**

Note 14 Debt securities issued

Parent Bank

Change in liabilities from issuance of securities	30.09.2018	Issued	Due/redeemed	Other Changes	31.12.2017
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	32,190	12,241	-3,750	590	23,109
Subordinated loan capital, nominal value	1,100	400	-1,000	0	1,700
Accrued interest	241	0	0	34	207
Adjustments	-71	0	0	-446	375
Total debt raised through issuance of securities and subordinated loan capital, book value	**33,460**	**12,641**	**-4,750**	**178**	**25,391**

Change in liabilities from issuance of securities	30.09.2017	Issued	Due/redeemed	Other Changes	31.12.2016
Certificate-based debt, nominal value	0	0	0	0	0
Bond debt, nominal value	23,517	4,844	-1,503	8,082	12,093
Subordinated loan capital, nominal value	1,200	0	0	700	500
Accrued interest	206	0	0	83	123
Adjustments	359	0	0	170	189
Total debt raised through issuance of securities and subordinated loan capital, book value	**25,282**	**4,844**	**-1,503**	**9,035**	**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	30.09.2018	Issued	Due/redeemed	Other Changes	31.12.2017
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	32,190	12,241	-3,750	590	23,109
Subordinated loan capital, nominal value	1,100	400	-1,000	0	1,700
Accrued interest	241	0	0	34	207
Adjustments	-71	0	0	-446	375
Total debt raised through issuance of securities and subordinated loan capital, book value	**33,460**	**12,641**	**-4,750**	**178**	**25,391**

Change in liabilities from issuance of securities (B1OA included in opening balance)	30.09.2017	Issued	Due/redeemed	Other Changes	31.12.2016
Certificate-based debt, nominal value	0	0	0	0	0
Bond debt, nominal value	23,517	4,844	-2,103	-423	21,199
Subordinated loan capital, nominal value	1,200	0	0	0	1,200
Accrued interest	206	0	0	-15	221
Adjustments	359	0	0	-161	520
Total debt raised through issuance of securities and subordinated loan capital, book value	**25,282**	**4,844**	**-2,103**	**-599**	**23,140**

Change in liabilities from issuance of securities (B1OA 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	30.09.2017	30.09.2018		30.09.2018	30.09.2017	2017
120	81	112	Accrued expenses and prepaid revenue	152	120	135
4	10	31	Garantee provisions	31	10	4
84	60	83	Pension liabilities	86	63	87
81	51	54	Accounts payable	66	55	88
0	0	0	Unsettled trades	0	0	0
142	316	255	Other liabilities [1)]	336	392	227
431	**519**	**535**	**Total other debt and liabilities recognised in the balance sheet**	**670**	**640**	**541**

Note 16 Equity capital certificates and owner structure

Parent Bank	30.09.2018 [1)]	30.09.2017	2017
Equity capital certificates	5,359	5,359	5,359
Dividend equalisation fund	2,406	1,884	1,584
Dividends	0	0	424
Premium fund	547	547	547
A. Equity capital certificate owners' capital	**8,312**	**7,790**	**7,914**
Primary capital	3,826	3,509	3,432
Dividends to customers	0	0	204
Other paid-up equity	166	172	165
B. Total primary capital	**3,992**	**3,681**	**3,801**
Fund for unrealised gains	261	247	279
Provision for gifts	17	24	20
Total other equity	**278**	**271**	**299**
Other equity	0	0	0
Hybrid capital	400	400	400
Total interest expence on hybrid capital	-22	-26	-8
Total equity	**12,960**	**12,117**	**12,406**
Total equity for distribution:			
Equity capital certificate ratio (A/(A+B)) after distribution	67.6 %	67.9 %	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	1,856,725	1.73 %
ODIN Norge	1,621,218	1.51 %
Norsk Nærings og Nytelsesmiddelarbeiderforbund	1,218,526	1.14 %
Fidelity PUR.TRUST:F Intrinsic Opportunit	1,000,000	0.93 %
Danske Invest Norske aksjer	961,400	0.90 %
VPF EIKA Egenkapitalbevis	908,971	0.85 %
SEB Nordenfond	886,843	0.83 %
Landkreditt Utbytte	850,000	0.79 %
SpareBank 1 Østfold Akershus	839,930	0.78 %
SpareBank 1 BV	839,930	0.78 %
State Street Bank an A/C Client Omnibus	748,245	0.70 %
State Street Bank an S/A SSB Client Omnibus	710,765	0.66 %
Skandinaviska Enskilda Banken	586,096	0.55 %
JPMorgan Chase Bank	545,030	0.51 %
Industri energi	485,416	0.45 %
Sparebanken Telemark	445,123	0.42 %

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 date

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

Profit/loss from the quarterly accounts

(NOK million, excluding percentages)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Interest income	864	844	811	820	809	823	787	786	765
Interest expense	340	333	316	318	310	331	322	333	323
Net interest income	**524**	**511**	**495**	**501**	**498**	**491**	**464**	**452**	**442**
Commission income	299	310	304	312	311	297	277	275	295
Commission expenses	23	27	23	27	27	26	22	23	23
Other operating income	40	51	42	29	42	45	53	43	37
Net commission and other operating income	**316**	**334**	**323**	**315**	**325**	**316**	**308**	**295**	**310**
Dividends from other than Group companies	0	0	12	0	0	2	9	0	1
Net profit from ownership interests	58	54	30	77	82	30	6	49	21
Net profit from other financial assets and liabilities	32	95	4	67	19	2	-14	17	30
Net income from financial assets and liabilities	**90**	**149**	**45**	**143**	**100**	**34**	**0**	**66**	**53**
Total income	**930**	**994**	**864**	959	**923**	**841**	**773**	**813**	**805**
Personnel expenses	259	247	258	308	233	237	232	253	27
Depreciation	24	32	23	22	21	21	21	22	19
Other operating expenses	173	190	169	220	179	221	184	201	168
Total operating expenses	**457**	**468**	**449**	**550**	**433**	**478**	**437**	**477**	**214**
Operating profit before losses on loans and guarantees	**473**	**525**	**414**	409	**491**	**363**	**335**	**337**	**590**
Impairment on loans and guarantees	12	7	5	-13	14	5	-26	43	3
Pre-tax operating profit	**461**	**518**	**409**	**422**	**476**	**358**	**361**	**294**	**587**
Tax expense	99	102	96	85	99	84	88	14	163
Profit after tax	**362**	**416**	**314**	**337**	**377**	**274**	**274**	**281**	**424**

	Q2 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Profitability									
Return on equity capital [1]	10.8 %	12.9 %	9.9 %	10.4 %	12.0 %	9.0 %	9.3 %	9.6 %	15.3 %
Net interest income [2]	1.73 %	1.75 %	1.81 %	1.85 %	1.85 %	1.88 %	1.85 %	1.79 %	1.75 %
Cost income ratio [3]	49.2 %	47.6 %	52.0 %	57.4 %	46.9 %	56.8 %	56.6 %	58.6 %	26.6 %
Balance sheet and ratios									
Gross loans to customers	98,259	96,040	92,818	90,460	88,945	87,528	84,901	82,945	81,336
Gross loans to customers including loans transferred to covered bond companies [1]	138,153	135,495	132,433	129,535	126,919	124,393	121,701	119,450	117,625
Growth in loans during the last 12 months [1]	10.5 %	9.7 %	9.3 %	9.1 %	9.4 %	10.4 %	91.6 %	89.5 %	90.1 %
Growth in loans including loans transferred to covered bond companies in the last 12 months [1]	8.9 %	8.9 %	8.8 %	8.4 %	7.9 %	8.0 %	95.8 %	95.4 %	99.9 %
Deposits from customers	70,251	70,645	66,110	65,985	65,268	66,653	62,782	63,070	62,107
Deposit to loan ratio [1]	71.5 %	71.2 %	71.2 %	72.9 %	73.4 %	76.2 %	73.9 %	76.0 %	76.4 %
Deposit to loan ratio including loans transferred to covered bond companies[1]	50.9 %	52.1 %	49.9 %	50.9 %	51.4 %	53.6 %	51.6 %	52.8 %	52.8 %
Growth in deposits in the last 12 months	7.6 %	6.0 %	5.3 %	4.6 %	5.1 %	6.4 %	86.4 %	88.5 %	87.9 %
Average total assets	120,455	116,840	111,205	107,316	106,982	104,757	101,749	100,679	100,301
Total assets	121,319	119,592	114,088	108,321	106,312	107,652	101,861	101,640	99,720
Total assets including loans transferred to covered bond companies [1]	161,212	159,047	153,703	147,396	144,286	144,517	138,661	138,145	136,009
Losses and commitments in default									
Losses on loans as a percentage of gross loans [1]	0.0 %	0.0 %	0.0 %	-0.1 %	0.1 %	0.0 %	-0.1 %	0.2 %	0.0 %
Commitments in default, percentage of gross loans [1]	0.4 %	0.3 %	0.2 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.4 %
Other doubtful commitments, percentage of gross loans [1]	0.2 %	0.2 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %
Net commitments in default and other doutful commitments, percentage of gross loans [1]	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.5 %
Solidity and liquidity									
Common equity Tier 1 capital ratio	15.9 %	16.1 %	16.2 %	16.8 %	16.9 %	16.7 %	16.7 %	16.9 %	17.5 %
Tier 1 capital ratio	16.7 %	16.9 %	17.0 %	17.7 %	17.8 %	17.6 %	17.6 %	17.9 %	18.3 %
Capital ratio	18.7 %	19.3 %	19.4 %	20.5 %	19.9 %	19.9 %	19.3 %	20.3 %	20.2 %
Net subordinated capital	14,077	14,288	14,028	14,138	13,423	13,440	12,649	12,656	9,608

1) See attachment Alternative performance measures.
2) Net interest income as a percentage of average total assets for the period.
3) Total operating costs as a percentage of total operating income (isolated for the quarter).

Alternative performance measures

SpareBank 1 Østlandet's alternative performance measures (APMs) 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 kay 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	$\frac{(Profit\ after\ tax - Interest\ expenses\ after\ tax\ on\ hybrid\ capital) \times (\frac{Act}{Act})}{Average\ equity - Average\ hybrid\ capital}$
Underlying banking operations	$Operating\ profit\ before\ losses\ on\ loans\ and\ guarantees - Net\ income\ from\ financial\ assets\ and\ liabilities - Notable\ items$
Cost-income-ratio	$\frac{Total\ operating\ costs}{Total\ net\ income}$
Lending margin	$Weighted\ average\ interest\ rate\ on\ lending\ to\ customers\ and\ loans\ transferred\ to\ covered\ bond\ companies - Average\ NIBOR\ 3\ MND$
Deposit margin	$Average\ NIBOR\ 3\ MND - Weighted\ average\ interest\ rate\ on\ deposits\ from\ customers$
Net interest margin	$Lending\ margin + Deposit\ margin$
Net interest income inclusive of commissions from covered bond companies	$Net\ interest\ income + Commissions\ from\ loans\ and\ credit\ transferred\ to\ covered\ bond\ companies$
Adjusted total assets	$Total\ assets + Loans\ transferred\ to\ covered\ bond\ companies$
Gross loans to customers including loans transferred to covered bond companies	$Loans\ to\ and\ receivables\ from\ customers + Loans\ transferred\ to\ covered\ bond\ companies$
Deposit to loan ratio	$\frac{Deposit\ from\ and\ liabilities\ to\ customers}{Gross\ loans\ to\ customers}$
Deposit to loan ratio including loans transferred to covered bond companies	$\frac{Deposit\ from\ and\ liabilities\ to\ customers}{Gross\ loans\ to\ customers + Loans\ transferred\ to\ covered\ bond\ companies}$

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

Financial calendar 2019

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

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

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

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

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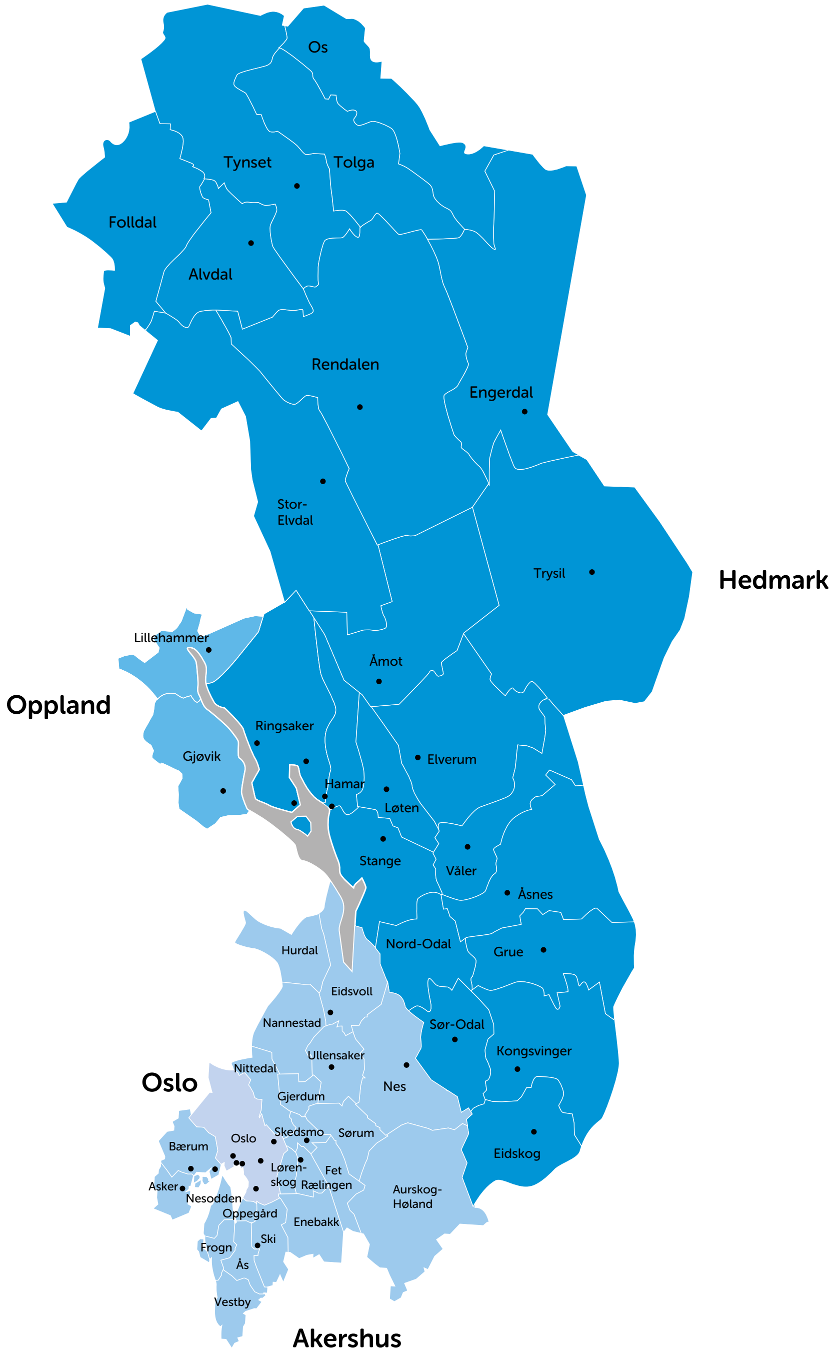

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