Companies in the Hedmark county are top notch in Europe in social media utilization. Tretopphyttene AS in Ringsaker gives social media much of the credit for the company’s success.
Good profitability and continued strong lending growth
Summary fourth quarter 2018

• Strong income and customer growth
• Still low loan losses
• Higher market shares in real estate brokerage
• Restructuring of accounting services
• The merger between SpareBank 1 Skadeforsikring and DNB Forsikring has been approved
• Successful raise of equity strengthens the growth capacity
• Tax deductibility of customer dividend
• Customer dividend paid out for the first time in 2018 – very good reception from the customers
• Financial targets in line with ambitions
The performance in 2018 was in line with ambitions

Financial targets 2018 and actual performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>Return on equity at least 10 %</td>
<td>10.5 %</td>
</tr>
<tr>
<td>Dividends</td>
<td>50 % pay-out ratio after tax*</td>
<td>50 %</td>
</tr>
<tr>
<td>Solidity</td>
<td>CET 1 at 16 %</td>
<td>16.8 %</td>
</tr>
<tr>
<td>Costs</td>
<td>5 % cost reduction**</td>
<td>5.3 %</td>
</tr>
</tbody>
</table>

* Profit after tax before minority interests
** Nominal costs pro-forma parent bank compared with 2017 (accumulated)
The bank and the market area

Lillestrøm and Romerike is a region in strong growth, both when it comes to population and creation of new jobs. SpareBank 1 Østlandet has a strong presence.
### SpareBank 1 Østlandet at a glance
Norway's fourth largest savings bank with a broad and diversified customer base

<table>
<thead>
<tr>
<th>History from 1845 – known as Sparebanken Hedmark (&quot;SBHE&quot;) until 1 April 2017.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway’s fourth largest savings bank * with total adjusted assets (incl. covered bonds) of NOK 165 billion.</td>
</tr>
<tr>
<td>Operations in Hedmark, Oppland, Oslo and Akershus – a market with more than 1.7 million inhabitants.</td>
</tr>
<tr>
<td>Head office in Hamar, 37 branches and 1,139FTEs.</td>
</tr>
<tr>
<td>Approximately 337,000 customers with a retail lending share of 74 %.</td>
</tr>
<tr>
<td>Diversified product offerings – traditional banking, leasing, accounting and real estate brokerage services.</td>
</tr>
<tr>
<td>Part of the SpareBank 1 Alliance and owns 12.4 % of SpareBank 1 Gruppen AS.</td>
</tr>
</tbody>
</table>

Sources: Annual/interim reports, SpareBank 1 Gruppen || Comments (*): Total assets on own balance sheet, plus mortgages transferred to SB1 Boligkreditt and SB1 Næringskreditt
Value creation in the market area above national average

Industry index (quarterly) based on gross product per county

- 40 % of Norway’s mainland GDP is created in our market area

- Growth in gross product per county:
  - Norway: +9.1%
  - Oslo: +11.3%
  - Akershus: +10.2%
  - Hedmark: +9.5%
  - Oppland: +8.5%

High economic activity in our market area
Increasing output in the Capital Region and low unemployment throughout

Source 1: Norges Bank Regional Network 04/18
Source 2: Statistics Norway, NAV, Thompson Reuters Datastream
Positive business expectation in Eastern Norway

Business confidence indicator Eastern Norway

The Business confidence indicator is based on the average of the five input parameters – FTE, profitability, demand, turnover and investments.

Source: Kantar TNS/SpareBank 1 Østlandet
Housing prices levelling out on record high turnover

Housing price developments for relevant areas compared with Norway

**JANUARY 2019**
- Nominal +2.7%/seasonally adjusted +0.5%
  - Record high sales activity – but also high supply
  - Shortest time to sale in Oslo (37 days)
- 12-month growth: +3.6%
  - Oslo +5.3%
  - Inland Region* +2.6%

Source: Eiendom Norge Housing Prices January 2019 | (*) Includes: Oppland and Hedmark  | (**)Index 31 December 2014 = 100
Positive consumer expectations for 2019 in Eastern Norway

Consumer confidence in Eastern Norway

The Business confidence indicator is based on the average of the five input parameters – Household economy this year compared to last year and next year, national economy in the same periods, and significant household investments the coming year.

Source: Kantar TNS/SpareBank 1 Østlandet
A market area with long term growth potential
Considerable population growth in the Greater Capital Area

Source: Statistics Norway: Population Forecast, Base scenario 2018-2040
Steady customer growth after the merger

Numbers of customers in parent bank

- In connection with the technical merger in October 2017, a standardization of the product and customer definitions were implemented.
  - After the technical merger, the customer growth has been solid
    - A total of 19,920 customers, equivalent to 6.3%.
    - 970 corporate customers, equivalent to 4.0%.
    - 18,950 retail customers, equivalent to 5.3%.
- After the Bank 1 OA acquisition in June 2016, the numbers of customers has increased from (estimated) 290,000 to 337,000, equivalent to 16.2%.

Source: SpareBank 1 Østlandet | «Customers» are defined as customers with account activity
A larger bank more relevant for larger customers
Increased focus on public sector

• SpareBank 1 Østlandet is more competitive and relevant in municipal and public tenders for banking services.

• Skedsmo municipality chose SpareBank 1 Østlandet as its new main bank after having had the same bank for more than 40 years.
  – Skedsmo, Fet and Sørum municipalities will be merged to Lillestrøm municipality in 2020, and SpareBank 1 Østlandet will be the main bank of the 9th largest municipality in Norway (87,500 inhabitants).

• Elverum municipality chose SpareBank 1 Østlandet as its main bank in fourth quarter 2018.

• Renewed agreements with Kongsvinger and Løten municipalities.

Skedsmo municipality will be merged with Fet and Sørum in 2020 and SpareBank 1 Østlandet is the main bank for the new Lillestrøm municipality. (In the picture: Councilman Erik Nafstad from Skedsmo municipality and CEO in SpareBank 1 Østlandet, Richard Heiberg)
ESG in SpareBank 1 Østlandet
- more important than ever.

• ESG has always been embedded in our raison d’être to participate in societal development as a committed and responsible contributor to society.
• One of the six main pillars in our corporate strategy: “By the end of 2021 we have established ourselves as a bank with a distinct ESG profile”.
• Embedding ESG in all business areas, operations and educational programs is in progress.
• The bank will be rated by Sustainalytics.

• The bank has been rated by the Fair Finance Guide (“Etisk Bankguide”)
  • 2016 – 7 %
  • 2017 – 37 %
  • 2018 – 61 %
«North towards zero»: Environmental protection advisors in Lillehammer municipality are working to realize the ambition that Lillehammer will become Norway’s first climate-neutral city.
**Financial results for the fourth quarter of 2018**

*(Last year's figures in brackets)*

<table>
<thead>
<tr>
<th><strong>Increased profitability</strong></th>
<th>Profit after tax in 4Q 18 isolated at NOK 322 million (NOK 337 million). Profit after tax in 2018 accumulated NOK 1,414 million (NOK 1,263 million).</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Higher return on equity</strong></td>
<td>ROE in 4Q 18 at 9.1 % (10.4 %). ROE in 2018 accumulated 10.5 % (10.2 %).</td>
</tr>
<tr>
<td><strong>Solid capitalization</strong></td>
<td>CET 1 ratio 16.8 % (16.8 %). Leverage ratio at 7.5 % (7.1 %).</td>
</tr>
<tr>
<td><strong>High lending growth</strong></td>
<td>Lending growth of 1.5 % in 4Q 18. Lending growth of 8.2 % (8.4 %) (incl. the covered bond companies) in 2018.</td>
</tr>
<tr>
<td><strong>Strengthened deposit growth</strong></td>
<td>Deposit growth of 1.8 % in 4Q 18. Deposit growth of 8.4 % (4.6 %) in 2018.</td>
</tr>
<tr>
<td><strong>Low impairments</strong></td>
<td>Impairments on loans and guarantees of NOK 11 million in 4Q 18 isolated. Impairments on loans and guarantees of NOK 35 million in 2018.</td>
</tr>
</tbody>
</table>
Profit contributions from subsidiaries
4Q 2018 (4Q 2017)

SpareBank 1 Finans Østlandet
- Profit before tax NOK 185.9 million (NOK 157.8 million)
- Strong growth, cost control and increasing profitability
- Increased focus on innovation and business development with focus on the sharing economy

EiendomsMegler 1 Hedmark
- Profit before tax NOK 10.6 million (NOK 13.7 million)
- Solid market position, expanded project and CRE brokerage increase market share
- High activity level, but increased cost from termination of IT contract and new recruitment

EiendomsMegler 1 Oslo Akershus
- Profit before tax NOK 4.4 million (NOK -11.8 million)
- Restructuring completed, higher activity and cross-selling
- Accounting effects from termination of an IT contract and new recruitment

SpareBank 1 Østlandet VIT AS
- Profit before tax NOK -11.4 million (NOK -3.4 million*)
- The merged company is well positioned with value adding offerings
- Strengthened presence in the Greater Oslo area and continued digitalization of key processes

* Last year’s figures is SpareBank 1 Regnskapshuset Østlandet AS
### Contribution from joint ventures

#### Contributions in 2018 (2017)

<table>
<thead>
<tr>
<th>Joint Venture</th>
<th>Profit before tax (2018)</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>SpareBank 1 Gruppen</td>
<td>NOK 1,385 million (NOK 2,210 million)</td>
<td>12.4 %</td>
</tr>
<tr>
<td>SpareBank 1 Boligkreditt AS</td>
<td>NOK 6.5 million (NOK -238 million)</td>
<td>21.6 %</td>
</tr>
<tr>
<td>SpareBank 1 Næringskreditt</td>
<td>NOK 62 million (NOK 79 million)</td>
<td>13.9 %</td>
</tr>
<tr>
<td>SpareBank 1 Kredittkort</td>
<td>NOK 176 million (NOK 112 million)</td>
<td>20.5 %</td>
</tr>
</tbody>
</table>
Income statement 4Q 2018

Group

<table>
<thead>
<tr>
<th></th>
<th>4Q 2018</th>
<th>4Q 2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>544</td>
<td>501</td>
<td>2,074</td>
<td>1,956</td>
</tr>
<tr>
<td>Net commission income</td>
<td>265</td>
<td>285</td>
<td>1,106</td>
<td>1,095</td>
</tr>
<tr>
<td>Other income</td>
<td>48</td>
<td>29</td>
<td>181</td>
<td>168</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>506</td>
<td>550</td>
<td>1,881</td>
<td>1,898</td>
</tr>
<tr>
<td>Result bank operation before losses</td>
<td>351</td>
<td>265</td>
<td>1,480</td>
<td>1,321</td>
</tr>
<tr>
<td>Impairment losses on loans and guarantees</td>
<td>11</td>
<td>-13</td>
<td>35</td>
<td>-20</td>
</tr>
<tr>
<td>Result bank operation after losses</td>
<td>340</td>
<td>278</td>
<td>1,445</td>
<td>1,341</td>
</tr>
<tr>
<td>Dividends</td>
<td>0</td>
<td>0</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Net profit from ownership interest</td>
<td>57</td>
<td>77</td>
<td>198</td>
<td>194</td>
</tr>
<tr>
<td>Net income from financial assets/liabilities</td>
<td>-51</td>
<td>67</td>
<td>80</td>
<td>72</td>
</tr>
<tr>
<td>Profit/loss before tax</td>
<td>347</td>
<td>422</td>
<td>1,735</td>
<td>1,618</td>
</tr>
<tr>
<td>Tax charge</td>
<td>25</td>
<td>85</td>
<td>321</td>
<td>356</td>
</tr>
<tr>
<td>Profit/loss after tax</td>
<td>322</td>
<td>337</td>
<td>1,414</td>
<td>1,263</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity capital after tax</td>
<td>9.1 %</td>
<td>10.4 %</td>
</tr>
<tr>
<td>Total operating costs in relation to total income</td>
<td>58.6 %</td>
<td>57.4 %</td>
</tr>
<tr>
<td>Losses on loans as a percentage of gross loans</td>
<td>0.05 %</td>
<td>-0.10 %</td>
</tr>
</tbody>
</table>
**Special items 4Q 2018 - 1**

**Description and effects**

- **Tax deductibility of customer dividend**
  - The bank received 28 January 2019 a binding ruling from The Norwegian Tax Administration stating that the customer dividend paid by the bank is tax deductible. This will impact the profits positively from and including 2018.
  - Customer dividend in 2018 was NOK 204 million and the tax deduction increases profit after tax with NOK 51 million in 4Q 2018.

- **Raise of equity**
  - A private placement was executed 8 November raising NOK 700 million (gross proceeds) in new equity capital.
  - A subsequent offering, a repair offering directed towards LO and an employee offering was executed in January 2019 raising a gross proceed of NOK 37.3 million.
  - The isolated effect on CET 1 was 1.0 %-points. The equity raise ensures the position as Norway’s best capitalized regional savings bank and supports growth capacity in line with the bank’s ambitions.

- **The Norwegian FSA orders increased safety margins to the LGD estimates in the corporate portfolio**
  - The Norwegian FSA has ordered the bank to add a safety margin to the LGD estimates of 5 percentage points, or an equivalent scaling to the LGD.
  - With the removal of the Basel 1-floor, the increase in the safety margin will reduce the CET 1 ratio with an estimated 0.8 %.
  - The bank disagrees with the NFSA’s arguments and has appealed the decision to the Ministry of Finance.
Merger between SpareBank 1 Skadeforsikring and DNB Forsikring*

- The NFSA has approved the merger between SpareBank 1 Skadeforsikring and DNB Forsikring.
- The part of the transaction that concerns the life insurance products is planned to be completed by Q1 2019.
- The valuation of “Fremtind”, without the life insurance products, is NOK 13.5 bn. This was also the base case valuation.
- The merger, without the life insurance products, leads to increased equity for SB1 Gruppen at group level of app. NOK 4.7 bn. SB1Ø’s share is app. NOK 310 million. The CET 1 is more or less unchanged on the back of this transaction.
- The following sale of share to DNB Forsikring, ex life insurance products, gives SB1 Gruppen AS a tax free profit of app. NOK 1.71 bn. SB1Ø’s share of a possible dividend is NOK 212 million. It is estimated that the CET 1 of the SB1Ø Group will increase with 0.3 percentage points as a consequence of such a transaction.
- The dividend is conditional on
  - The capital situation in SB1 Gruppen on the time of dividend. The decision from SB1 Gruppen take place in 2Q 2019 at the earliest.
  - Proposed changed dividend regulation from the NFSA, to prevent dividend based on interim reports. If concluded – dividend from SB1 Gruppen will take place in 2020 at the earliest.
Key financials – quarterly

(1)

- Net interest income and commission fees from covered bond companies (NOK million)
  - 4Q-17: 611
  - 1Q-18: 602
  - 2Q-18: 599
  - 3Q-18: 606
  - 4Q-18: 633

- Impairments on loans and guarantees (NOK million)
  - 4Q-17: -13
  - 1Q-18: 5
  - 2Q-18: 7
  - 3Q-18: 12
  - 4Q-18: 11

- Total operating costs (NOK million)
  - 4Q-17: 550
  - 1Q-18: 449
  - 2Q-18: 468
  - 3Q-18: 457
  - 4Q-18: 506

- Pre-tax profit (NOK million)
  - 4Q-17: 422
  - 1Q-18: 409
  - 2Q-18: 518
  - 3Q-18: 461
  - 4Q-18: 347
Key financials – quarterly

Return on equity

<table>
<thead>
<tr>
<th>Quarter</th>
<th>4Q-17</th>
<th>1Q-18</th>
<th>2Q-18</th>
<th>3Q-18</th>
<th>4Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return</td>
<td>10.4%</td>
<td>9.9%</td>
<td>12.9%</td>
<td>10.8%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

CET 1 ratio

<table>
<thead>
<tr>
<th>Quarter</th>
<th>4Q-17</th>
<th>1Q-18</th>
<th>2Q-18</th>
<th>3Q-18</th>
<th>4Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>CET 1</td>
<td>16.8%</td>
<td>16.2%</td>
<td>16.1%</td>
<td>15.9%</td>
<td>16.8%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>4Q-17</th>
<th>1Q-18</th>
<th>2Q-18</th>
<th>3Q-18</th>
<th>4Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>8.4%</td>
<td>8.8%</td>
<td>8.9%</td>
<td>8.9%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

Deposit growth last 12 months

<table>
<thead>
<tr>
<th>Quarter</th>
<th>4Q-17</th>
<th>1Q-18</th>
<th>2Q-18</th>
<th>3Q-18</th>
<th>4Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>4.6%</td>
<td>5.3%</td>
<td>6.0%</td>
<td>7.6%</td>
<td>8.4%</td>
</tr>
</tbody>
</table>
Increased NII last quarter due to lending growth.

Flat NII in per cent of average total assets.

Commission fees from covered bond companies increased due to higher interest rates to customers.

Announced interest rate increase with “up to 0.25 % on lending and deposits” in October for CM and November for RM.
Continued strong lending growth

Lending volume (Group, NOK billion)

- Total lending in the Group, including loans transferred to covered bond companies, increased last quarter with NOK 2.0 bn.
- This is equivalent to a 1.5 % growth last quarter.
- Group lending growth in the last 12 months was 8.2 % (8.4 %)
  - Lending growth retail 7.3 %
  - Lending growth corporates 10.9 %
- Credit growth in Norway last 12 months
  - Households 5.5 %
  - Non-financial corporations 5.1 %

Source: Statistics Norway – «Credit indicator» 31 January 2019
Stable corporate lending margins the last quarters, after a repricing at the start of 2018. Increased interest rates to customers counterweighed by a higher Nibor.

Reduced lending margin in retail markets due to higher Nibor in fourth quarter. The increase in interest rates was effective from 8 November and thus effective in last half of the quarter.

*) Nibor 3m has been adjusted up 2 bps for 3Q-18 relative to the interim report for the same period. The lending margins has been adjusted accordingly relative to 3Q-18 interim report. Average Nibor 3m increased with 14 bps from 3Q-18 to 4Q-18.
Loan book dominated by retail and SME lending
Lending to customers per sector (% and NOK million)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Loans transferred to Boligkreditt</th>
<th>Real estate</th>
<th>Industries/power and water supply/Building and constructions</th>
<th>Primary industries</th>
<th>Commercial services</th>
<th>Wholesale/Hotel and restaurants/transport og communication</th>
<th>Loans transferred to Næringskreditt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>63,544 / 45.3 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans transferred to Boligkreditt</td>
<td>39,792 / 28.4 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>14,277 / 10.2 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industries/power and water supply/Building and constructions</td>
<td>6,335 / 4.5 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary industries</td>
<td>5,687 / 4.1 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial services</td>
<td>5,654 / 4.0 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale/Hotel and restaurants/transport og communication</td>
<td>1,785 / 1.3 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans transferred to Næringskreditt</td>
<td>1,433 / 1.0 %</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Changes last 12 months
- Public sector: 7.9 %
- Loans transferred to Boligkreditt: 6.3 %
- Real estate: 11.0 %
- Industries/power and water supply/Building and constructions: 17.7 %
- Primary industries: 10.8 %
- Commercial services: 21.2 %
- Wholesale/Hotel and restaurants/transport og communication: -2.0 %
- Loans transferred to Næringskreditt: -11.8 %
Most significant lending growth in Akershus, Hedmark and Oppland

Lending to customers per geographic area and change last 12 months (% and NOK million)

### Lending to customers by geographic area

<table>
<thead>
<tr>
<th>Area</th>
<th>Lending (NOK million)</th>
<th>Change last 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hedmark</td>
<td>36,792 /37.2%</td>
<td>12.5 %</td>
</tr>
<tr>
<td>Oslo</td>
<td>25,078 /25.3%</td>
<td>-0.7 %</td>
</tr>
<tr>
<td>Akershus</td>
<td>21,998 /22.2%</td>
<td>13.6 %</td>
</tr>
<tr>
<td>Rest of Norway</td>
<td>7,478 /7.6%</td>
<td>5.8 %</td>
</tr>
<tr>
<td>Oppland</td>
<td>7,302 /7.4%</td>
<td>27.0 %</td>
</tr>
<tr>
<td>Abroad</td>
<td>293 /0.3%</td>
<td>-7.7 %</td>
</tr>
</tbody>
</table>
Well diversified growth in corporate loan portfolio

Corporate lending growth YoY – sector (NOK million)
The concentration risk is low
Retail and corporate loans by size (% share)*

Retail market

- < NOK 1 M: 9.4%
- NOK 1.25 M: 38.6%
- NOK 2.5-5 M: 34.5%
- NOK 5-10 M: 13.5%
- > NOK 10 M: 4.0%

Corporate market

- < NOK 5 M: 18.7%
- NOK 5-10 M: 11.8%
- NOK 10-50 M: 23.4%
- NOK 50-100 M: 10.3%
- NOK 100-200 M: 9.9%
- > NOK 200 M: 26.0%

* Including loans transferred to the covered bond companies
High quality credit process leads to low and stable LTV

Percentage of granted mortgages and average LTV per county

Percentage of granted volume
Average LTV at the time of grant

Oslo
Akershus
Hedmark
Oppland
Other
Low LTV in the residential mortgage lending
Exposure per LTV bucket in the residential mortgage portfolio

Mortgages - Utilisation of flexibility quota in 4Q-2018:

- City of Oslo
  7.7 % (8 % quota)
- Other areas
  5.9 % (10 % quota)

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

* "Regulation on the requirements for new lending with collateral in housing"
Satisfactory deposit coverage and higher deposit growth

Deposit volume, Group (NOK billion)

- Deposit growth of 1.8% from 3Q 18.
- Deposit growth last 12 months 8.4% (4.6%)
  - Deposit growth - retail 5.7%.
  - Deposit growth - corporates 12.1%.
- Deposit coverage ratio 72.3%.
- Deposit coverage ratio - including mortgages transferred to the covered bond companies 51.0%.
• Increased deposit margins in the parent bank in fourth quarter.

• Increasing margins in the quarter for both retail and corporate markets.

• Interest rate increase with effect from 11 October in CM and 8 November in RM, thus not in effect for the whole quarter.

*) Nibor 3m has been adjusted up 2 bps for 3Q-18 relative to the interim report for the same period. The deposit margins has been adjusted accordingly relative to 3Q-18 interim report. Average Nibor 3m increased with 14 bps from 3Q-18 to 4Q-18.
Increased commissions and other income compared to last year

Net commissions and other income (NOK millions)

- Commissions and other operating income was reduced with 4.0 % from last quarter.
- Reduction in income from real estate brokerage based on seasonal effects.
- Reduction in payment services is due to a reclassification of NOK 8 million from marketing to payment costs*.
- Compared to last year, the commissions and other income increased with 3.8 %.

*) Commission costs from SB1 Finans Østlandet was posted as marketing costs. This should have been classified as a payment service cost, and was reclassified in 4Q. The reclassified amount was NOK 8 million.
The operating costs have increased 0.9% compared to last year.

The increase in other operating expenses in 4. quarter is explained by wealth tax (NOK 10 million) and the upgrade of the bank’s building at Youngstorget in Oslo (NOK 10 million).

The increase in personnel expenses in 4Q-18 due is due to commission wages in the real estate brokerage.
Stable development in staff levels

Headcount (FTE)

- Stable level of staffing in the Parent Bank after the merger was completed.
- Reduced staffing in subsidiaries is mainly related to normal departure in TheVIT.
Operating costs in the Parent Bank according to plan

Operating Costs per quarter (NOK million)

- The operating costs in 2018 were NOK 17.2 million lower than in 2017.
- This is equivalent with a 5.3 % cost reduction compared with last year.
- The cost reduction is in line with the ambition for 2018.

* The analysis takes into account that the former Bank 1 Oslo Akershus is consolidated from 2Q 17. “Adjusted” is calculated as if the merger had effect for the whole year of 2017.
The contribution from financial items has increased

Net income from financial assets and liabilities (NOK millions)

<table>
<thead>
<tr>
<th>Net income from financial assets and liabilities 31.12.2017</th>
<th>Dividends from other than Group companies</th>
<th>Net profit from ownership interests</th>
<th>Net change in value on securities issued including hedge derivatives</th>
<th>Net income from financial assets and liabilities excl. net change in value on securities issued including hedge derivatives</th>
<th>Net income from financial assets and liabilities 31.12.2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>277</td>
<td>2</td>
<td>4</td>
<td>75</td>
<td>-68</td>
<td>291</td>
</tr>
</tbody>
</table>

- Net profit from ownership interests of NOK 4 million is specified above ("Contribution from joint ventures").
- Issued debt was reclassified 1 January 2018, after earlier being assessed at fair value.
  - Due to change from IAS 39 to IFRS9.
  - Negative change in value as of 4Q-17 was NOK 58 million.
  - Positive change in value as of 4Q-18 was NOK 17 million.
- Net income from other items was reduced with NOK 68 million
  - One-off from Vipps/BID/BAX-merger amounted to NOK 59 million.
Still very low impairments on loans and guarantees

Impairments on loans and guarantees (NOK million)

- Impairments on loans and guarantees was NOK 11 million in the fourth quarter.
  - Parent bank NOK 5 million
  - SB1 Finans Østlandet NOK 6 million

- Impairments on loans and guarantees was NOK 35 million, equal to 0.04 % of gross loans.
  - Parent bank NOK 16 million
  - SB1 Finans Østlandet NOK 19 million
Low levels of problem loans
Non-performing and other doubtful commitments

• The proportion of problem loans decreases further.
Low impairments and low net exposure in Stage 3
Specification of impairments and net exposure (NOK million)

Impairments per segment - quarterly

<table>
<thead>
<tr>
<th></th>
<th>4Q-18</th>
<th>3Q-18</th>
<th>2Q-18</th>
<th>1Q-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal customers</td>
<td>0</td>
<td>4</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Corporate customers</td>
<td>5</td>
<td>0</td>
<td>5</td>
<td>-2</td>
</tr>
<tr>
<td>SB 1 Finans Østlandet</td>
<td>7</td>
<td>8</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>12</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Net exposure</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q-18</td>
<td>87,477</td>
<td>4,778</td>
<td>562</td>
<td>92,817</td>
<td></td>
</tr>
<tr>
<td>2Q-18</td>
<td>90,485</td>
<td>5,125</td>
<td>430</td>
<td>96,040</td>
<td></td>
</tr>
<tr>
<td>3Q-18</td>
<td>91,419</td>
<td>6,313</td>
<td>527</td>
<td>98,259</td>
<td></td>
</tr>
<tr>
<td>4Q-18</td>
<td>92,060</td>
<td>6,165</td>
<td>331</td>
<td>98,556</td>
<td></td>
</tr>
</tbody>
</table>

- Stage 1 – Initial recognition and no significant deterioration of credit quality – 12-month expected credit losses.
- Stage 2 – Significant deterioration of credit quality – Lifetime expected credit losses.
- Stage 3 – Significant deterioration of credit quality and objective credit loss – Lifetime expected credit losses.
CET 1 close to target
Core equity tier 1 ratio (Group)

• The target for CET 1 is 16.0 %.

• Private placement in fourth quarter ensures solidity in line with financial target and provide a basis for future growth.

• The Group’s common equity tier 1 ratio was 16.8 % by the end of 2018.

• The leverage ratio was 7.5 %.
Changes to capital requirements are expected to reduce the management buffer

Group CET 1 (per cent) – and expected consequences of changes to capital requirements

- The government has proposed several changes to the bank’s capital requirements.
  - Implementation of CRD4 will lead to removal of the Basel 1-transitional floor and the introduction of the “SME discount”.
  - NFSA has suggested SIFI-status for the bank along with selected other regional savings banks.
  - The countercyclical buffer increases to 2.5 % from 31 December 2019.

- The NFSA has ordered the bank to add a safety margin in the bank’s LGD estimates for the corporate portfolio.
  - The bank do not consider the decision to be professionally justified.
  - The decision is appealed to the MOF.

- In total, the regulatory changes and the decision of LGD buffers, reduce the bank’s management buffer in relation to the current requirements if they are implemented.

- The bank considers the capital adequacy to be very solid and the bank’s board of directors will discuss revision of the capital targets and the management buffer when the changes are concluded.
SPOL and dividend

- The Board will propose to the Supervisory Board payment of a dividend of:
  **NOK 4.12 per equity certificate**

- The Supervisory Board will meet on 28 March (approval date)

- The last day inclusive is 28 March

- The record date is 1 April

- Dividend will be paid on 9 April

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<table>
<thead>
<tr>
<th>31.12.18</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Market price (NOK)</td>
<td>83.00</td>
</tr>
<tr>
<td>Market capitalization (NOK million)</td>
<td>9,572</td>
</tr>
<tr>
<td>Book equity per EC (1)</td>
<td>85.83</td>
</tr>
<tr>
<td>Earnings per EC, NOK (2)</td>
<td>8.46</td>
</tr>
<tr>
<td>Price/Earnings per EC (3)</td>
<td>9.81</td>
</tr>
<tr>
<td>Price/book equity (4)</td>
<td>0.97</td>
</tr>
</tbody>
</table>

1) Group book equity without hybrid capital with interest paid, minority interest and provision for gifts and ownership interest / number of EC’s as at 31.12.2018.
2) Profit after tax for controlling interests * Equity capital certificate ratio as at 31.12.18 / number of EC’s as at 31.12.2018.
3) Market price in NOK/annualized earnings per EC.
4) Market price in NOK*nu of EC’s /book equity (parent bank)*equity capital certificate ratio as at 31.12.18
Solid dividends for owners and customers

Allocation of profit

Profit after tax in the Group
NOK 1,414 million

Owners
67.5%¹)
69.4%²)

Dividends
NOK 477 million

Dividend equalisation fund
NOK 521 million

Customer dividends/gifts
NOK 228 million

Primary capital provision
NOK 248 million

Primary capital
32.5%¹)
30.6%²)

Donations
52.4%

Foundation
NOK 249 million

1) ECC’ ratio before the issued of new ECC
2) ECC’ ratio after the issued of new ECC
3) The figures in the statement do not add up to 100% because the results in subsidiaries, profit contributions, Bank’s donation provisions, fund for unrealised gains and minority interests have been excluded

Dividends for the owners and customers equal 50% of the Group's profit after tax*
Well positioned to serve a growth region

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• Important factors that may cause such a difference for SpareBank 1 Østlandet are, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

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Together to create
Proficient | Nearby | Engaged

“We protect our drinking water. More than 10,000 volunteers contributed in collecting 15 tons of plastic in the Inland waterways last year”