A photograph of a modern building with a facade made of large, rectangular panels with a perforated texture. The building is set against a blue sky with scattered white clouds. The ground in the foreground is a light-colored, paved area with some faint lines. The text 'Company presentation' and 'Second quarter 2019' is overlaid on the right side of the building.

Company presentation

Second quarter 2019

A solid first half of 2019

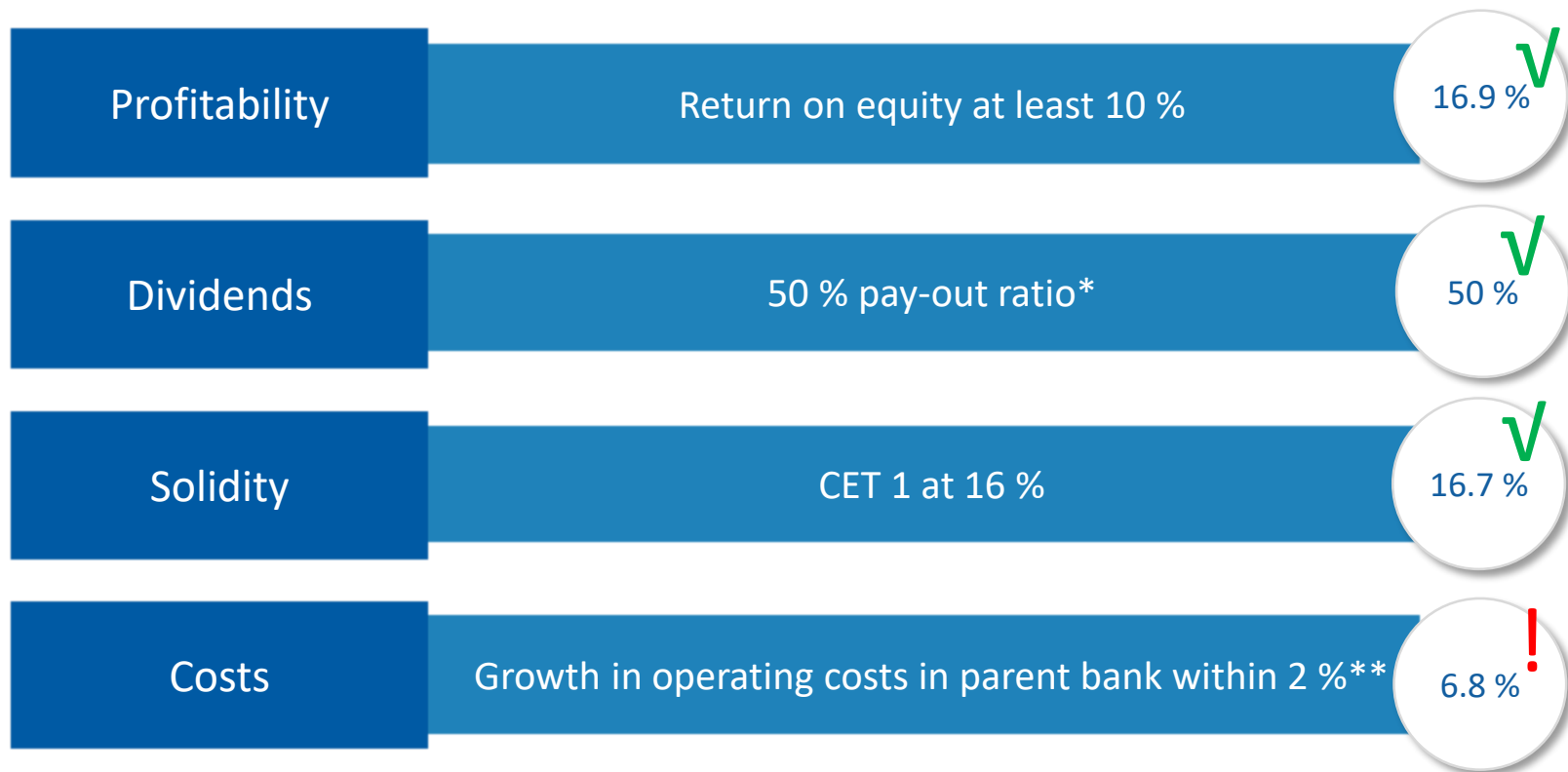
Summary second quarter 2019

- Strong contribution from financials behind extraordinary profit in 1H-19
- Still good customer growth
- Customer dividends paid for the second time
- Improved contribution from real estate brokerage and accounting services
- Declining mortgage lending growth driven by strong price competition
- Continued strong deposit growth
- Loan loss reversals
- Growth in operating costs in parent bank – measures implemented



High profitability in 1H-19, but also high growth in operating costs

Financial targets 2019 and actual performance





The bank and the market area

SpareBank 1 Østlandet at a glance

Norway's fourth largest savings bank with a broad and diversified customer base



History from 1845 – known as Sparebanken Hedmark ("SBHE") until 1 April 2017.

Norway's fourth largest savings bank * with total adjusted assets (incl. covered bonds) of NOK 174 billion.

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

Head office in Hamar, 37 branches and 1,130 FTEs.

Approximately 343,000 customers with a retail lending share of 74 %.

Diversified product offerings – traditional banking, leasing, accounting and real estate brokerage services.

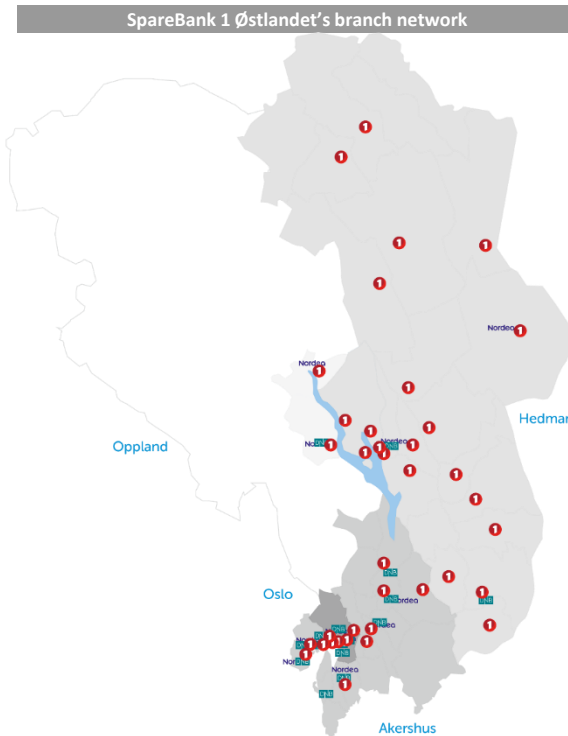
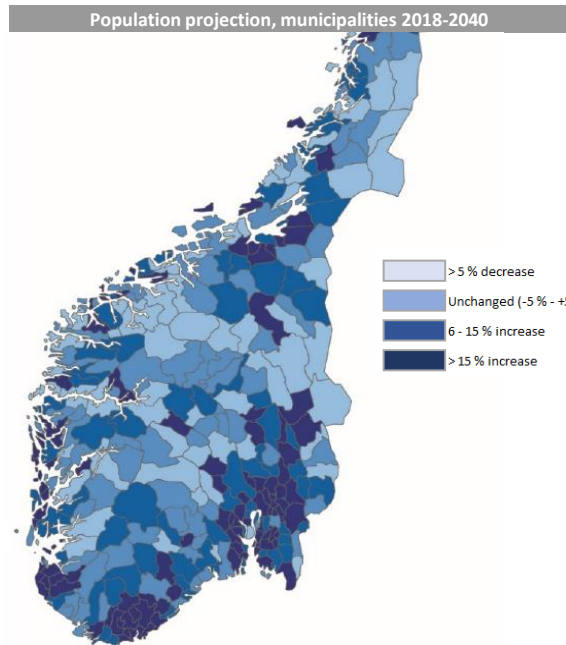
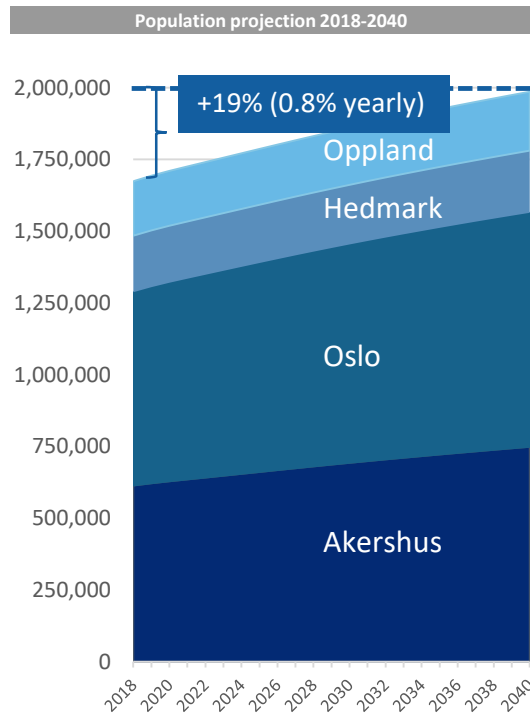
Part of the SpareBank 1 Alliance and owns 12.4 % of SpareBank 1 Gruppen AS.

Sources: Annual/interim reports, SpareBank 1 Gruppen

Comments (*): Total assets on own balance sheet, plus mortgages transferred to SB1 Boligkreditt and SB1 Næringskreditt as of 1H19.

SpareBank 1 Østlandet - present where the growth is

Considerable population growth in the Greater Capital Area



Population growth a major driver in the housing market

The housing market in Eastern Norway

The Capital Region

- The population growth is stabilizing in Oslo and increasing in the surrounding municipalities – especially in the Romerike area.
- Reduced supply of units affordable for families in the Oslo county.
- Improved infrastructure and reduced travel time to downtown Oslo from adjacent cities.

The Inland Region

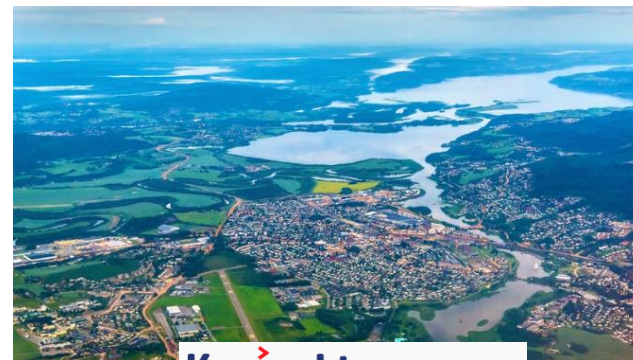
- Large variations within the region, especially between cities and rural areas.
- Major reduction in commuting time to the Capital Region through infrastructure investments in roads and railways.
- High supply of new housings in 2019 and 2020 in central areas.



The highest creation of new jobs in Norway within the market area

The Romerike area

- Just north of Oslo – the Nedre Romerike area – had Norway's highest rate of job creation in 2018.
 - Oslo airport is a hot spot.
 - Companies moving out of Oslo.
 - Lower office rental prices conducive to SMEs.
- The Øvre Romerike area has the highest population growth in Norway, affecting the labor supply positively.
 - Municipal and public services.
 - Short commute from Oslo.

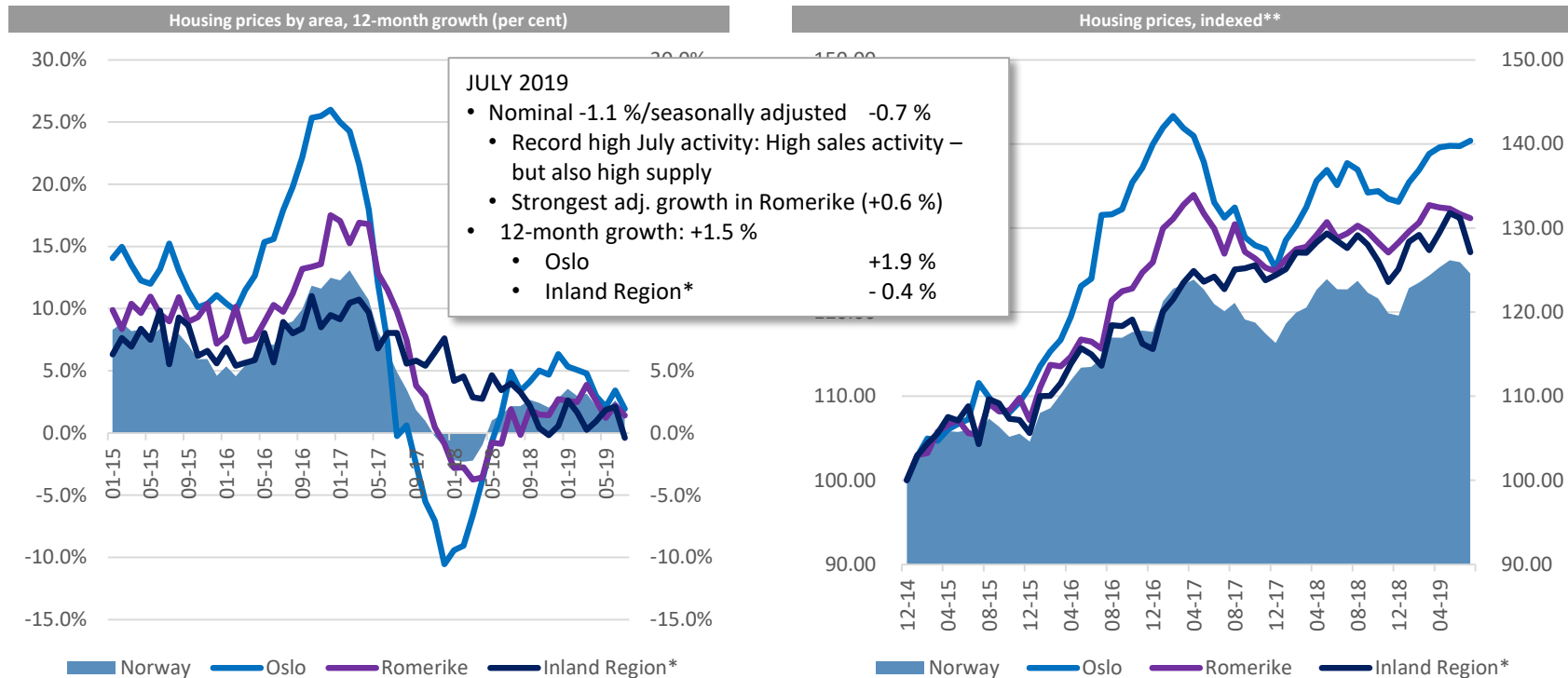


Konjunktur Østlandet



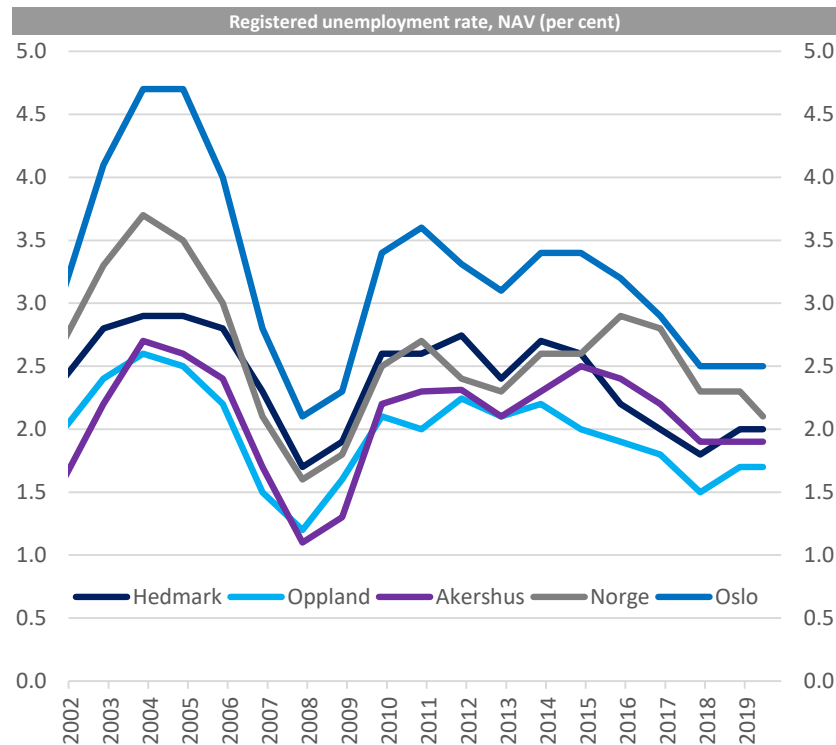
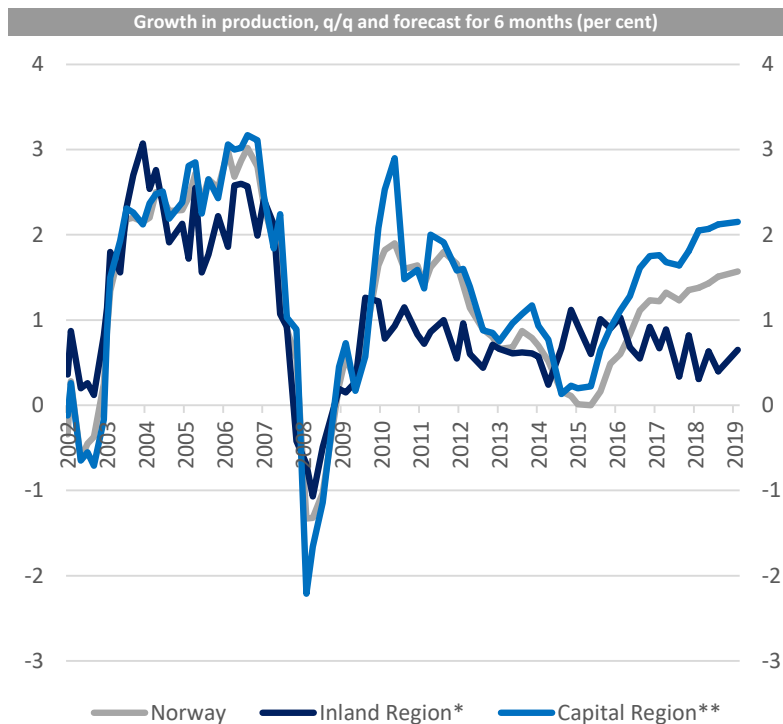
Housing prices levelling out on record high turnover

Housing price developments for relevant areas compared with Norway



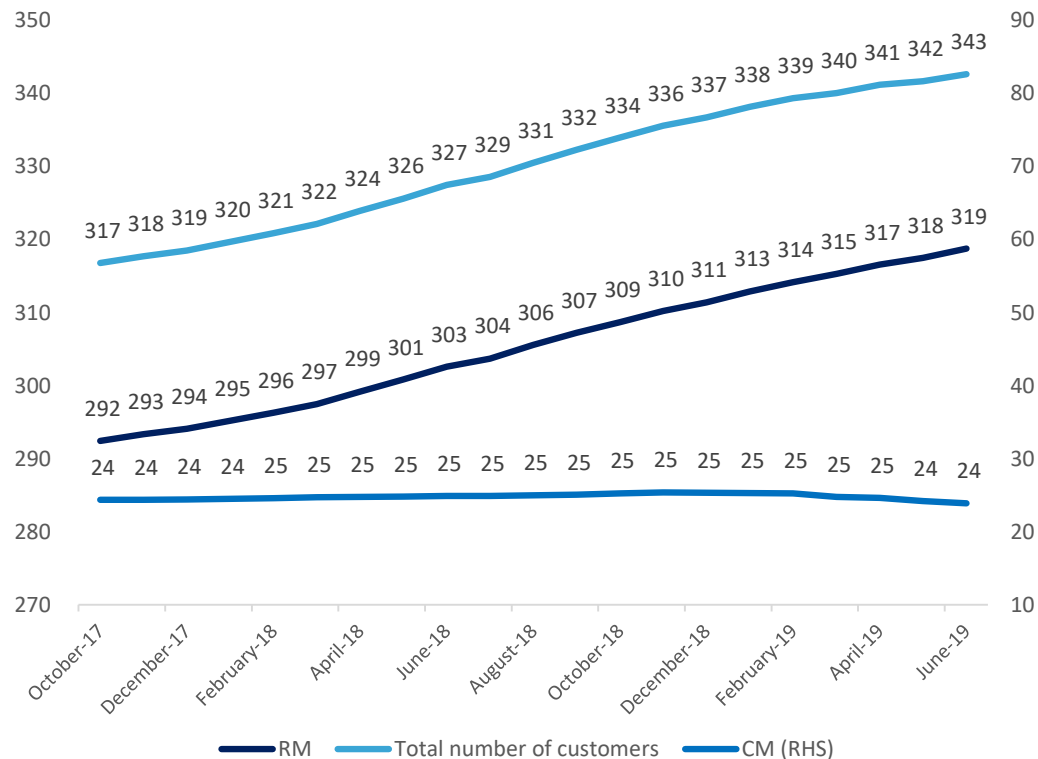
Still high economic activity in Eastern Norway

High output in the Capital Region and low unemployment throughout



Steady customer growth after the merger

Numbers of customers in parent bank



- During the first half year some customers have been off-boarded.
 - During 1H-2019 the Bank carried out a large project validating the KYC documentation for customers on-boarded before 2009 in accordance with new AML requirements.
 - Customers who have failed to update documentation in line with the Bank's request, had their accounts closed.
 - Limited negative feedback from customers.
 - Total costs connected to this project was approximately NOK 9 million in the first half year (see detailed cost overview on later slide).
- Despite the off-boarding – the net customer growth in the Bank the last 12 months was 4.6 %.

Customer dividend ensures customer satisfaction

Norway's first bank with customer dividend

- A total of NOK 222 million was distributed to customers with deposits and loans through 2018. This is equivalent to a 16 bps rebate on qualifying loans and deposits.
- The customer dividend is an efficient tool for recruitment of new customers and to build loyalty with existing customers.
- The knowledge of and satisfaction with the customer dividend are increasing in all regions of the market area.



The strategic focus on ESG bears fruit

SpareBank 1 Østlandet receives solid ESG ratings

- In the survey “Sustainable Brand Index 2019”, customers named SpareBank 1 Norway’s most sustainable banks.
- In 1Q-19, the Bank received its first ESG rating from Sustainalytics. Sustainalytics rates SpareBank 1 Østlandet as best among Norwegian savings banks according to their ESG framework.
- In 2Q-19, the bank received an “A” ESG-rating from MSCI.
- SpareBank 1 Østlandet is climbing on the ranking from Fair Finance Guide Norway, and is now among the highest placed regional savings banks.



SpareBank 1 Østlandet klatrer på Etisk bankguide

Fortell en venn om dette

Facebook Twitter E-mail

Vi har forbedret vår samlede score fra 38 til 61 prosent i Etisk bankguide. Men både vi og metodeverket bak rangeringen kan bli bedre.

Etisk bankguide ble mandag 28. januar 2019 lansert for tredje gang. Siden starten i 2016 har SpareBank 1 Østlandet delt sin score fra 1 til 65 prosent. Men etisk, miljø og bærekraft er ikke noe vi har begynt å jobbe med de siste to årene. I løpet av de små sparebankens 100 år har vi utviklet et godt samarbeid med samfunnsutviklingen som en engasjert og ansvarlig samfunnsaktør. Banken gjør daglig vurderinger som i tillegg til økonomi og risiko baserer seg på et langsiktig miljø- og samfunnsoppsett.

Når vi nå gir et brett på Etisk bankguide, er hovedbudskapet at vi har oppdatert retningslinjer for mange av våre virksomhetsområder det siste året, samt publisert dokumentene på våre hjemmesider.

«Bærekraft er et av bankens overordnede strategiske mål. Framgangen i rangeringen skyldes at vi har oppdatert retningslinjer innen bærekraft, ledelse, miljø, energi og økonomisk kriminalitet. Bærekraftsarbeidet er godt forankret i banken, og konsernstyret og styret følger arbeidet tett, sier Karoline Bakka Hjerpe, leder for bærekraft i SpareBank 1 Østlandet.



Karoline Bakka Hjerpe

Vi takker forbrukerne som har kåret oss til Norges mest bærekraftige bank!

Nyttet • apr 03, 2019 12:23 CEST



Share

f t in

TOK MOT UTMERKELSEN: Leder for bærekraft i SpareBank 1 Østlandet, Karoline Bakka Hjerpe, representerte SpareBank 1-alliansen under Sustainable Brand Index Awards 2019.

For tredje år på rad oppfatter forbrukerne SpareBank 1, deriblant SpareBank 1 Østlandet, som den mest bærekraftige merkevaren innen norsk bank- og finansbransje. Det viser Sustainable Brand Index, Norges største merkevarestudie om bærekraft.

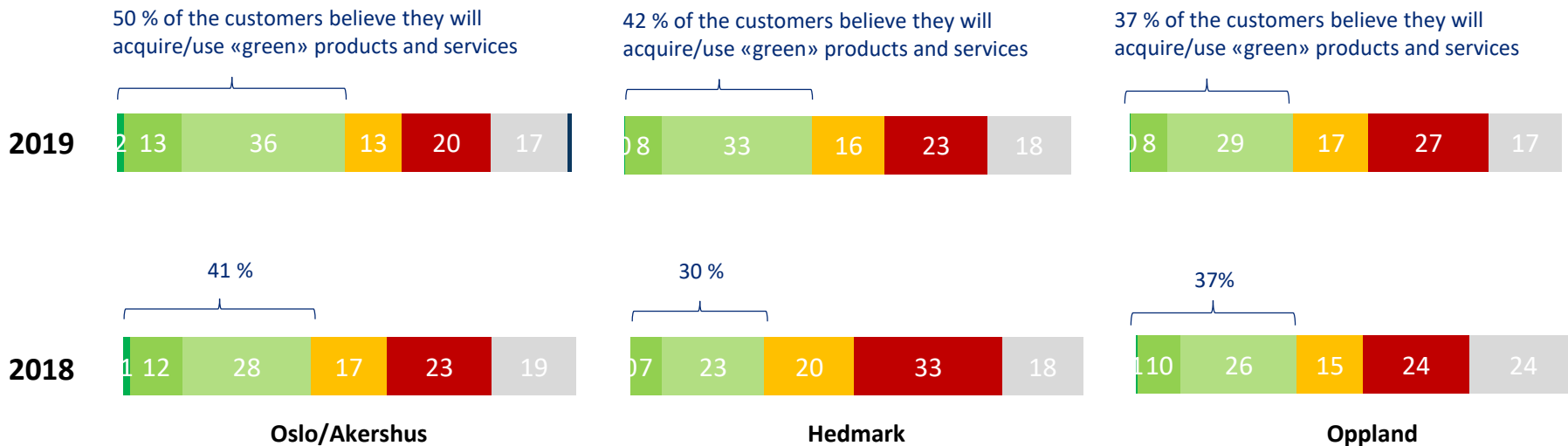
«Det at forbrukerne oppfatter SpareBank 1 som den mest bærekraftige aktøren i bank og finans er både en stor ære og en stor inspirasjon. Vi bygger på en 200 år lang sparebanktradisjon, der et av formålene er å gi tilbake til samfunnet. Den er vi stolte av. Samtidig står vi i dag overfor store utfordringer innen samfunn, klima og miljø, som bankene må være med og løse. Denne prisen er en inspirasjon til å brette opp ermene og jobbe enda hardere, sier Karoline Bakka Hjerpe, bærekraftsansvarlig i SpareBank 1 Østlandet. Hun mottok utmerkelsen på vegne av SpareBank 1-alliansen.

I kåringen Sustainable Brand Index er SpareBank 1 selskap med blant andre Tine, som topper rankingen på tvers av bransjer, og andre sterke bransjevinnere som Storbrenn, Kiwi, NSB, Nordic Choice Hotels, IKEA, Statkraft, Tesla, Telenor og Gjensidige.



The customer's focus on «green» offerings is increasing

Customer survey by KANTAR May 2019



Exceptionally likely Very likely Somewhat likely Not likely Very unlikely Do not know

SpareBank 1 Østlandet aims to introduce relevant ESG offerings

“Green agricultural loan”

- SpareBank 1 Østlandet is one of the country's leading agricultural banks and concerned with our farmer's welfare.
- Through the Bank's credit policy, the Bank aims to stimulate to environmentally smart choices among our customers.
- The product “Green agricultural loan” rewards farmers who take the environment into account and aim to reduce their climate footprint.
- The terms are better than ordinary agricultural loans, and focus on solar energy solutions for farms as a start.
- The initial feedback is that this is relevant offering for a commercially interesting customer segment.





Financial Accounts 2Q-2019

The financial accounts show significant improvements from last year

(Last year's figures in brackets)

Extraordinary high profit

Pre-tax profit in 2Q-19 isolated NOK 471 million (NOK 416 million).
Pre-tax profit in 1H-19 NOK 1,227 million (NOK 730 million).

Return on equity

ROE in 2Q-19 at 12.8% (12.9%).
ROE in 1H-19 at 16.9% (11.4%).

Solid capitalization

CET 1 ratio 16.7 % (16.1 %).
Leverage ratio at 7.3 % (7.3 %).

Dampened lending growth

Lending growth in 2Q-19 of 2.3%
Lending growth of 6.5 % (8.9 %) (incl. covered bond companies) last 12 months.

Strong deposit growth

Deposit growth of 9.5 % (6.0 %) last 12 months.

Reversal on loan losses

Impairments on loans and guarantees NOK 8 million in 2Q-19.
Impairments on loans and guarantees in 1H-19 NOK -25 million (NOK 12 million).

Profit contributions from subsidiaries

1H 2019 (1H 2018)



SpareBank 1 Finans Østlandet

- Profit after tax NOK 63 million (NOK 73 million).
- High and stable lending growth.
- Increased loan losses from retail customers. Last year saw a one-off gain from sale of portfolio.



EiendomsMegler 1 Hedmark

- Profit after tax NOK 7 million (NOK 8 million).
- Higher income related to new home sales.
- Slightly increased costs, mainly due to accruals of personnel costs in 1H-2019.



EiendomsMegler 1 Oslo Akershus

- Profit after tax NOK 8 million (NOK 4 million).
- Increased income drives improved profit.



SpareBank 1 Østlandet VIT AS*

- Profit after tax NOK -1 million (NOK -2 million).
- Restructuring still in progress, but the chargeability is increasing.
- Positive profits expected for 2019. Profit for 2Q-19 in isolation.

Contribution from joint ventures (1)

1H 2019 (1H 2018)



SpareBank 1 Gruppen

- Profit after tax NOK 1,287 million (NOK 601 million).
- Ownership 12.4 %.
- Increase mainly related to revaluation of properties with NOK 596 million.



SpareBank 1 Boligkreditt AS

- Profit after tax NOK 130 million (NOK -5 million).
- Ownership 21.6 %.
- Improved profit driven by return on liquid assets.

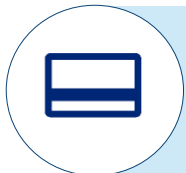


SpareBank 1 Næringskreditt

- Profit after tax NOK 29 million (NOK 27 million).
- Ownership 17.7 %.

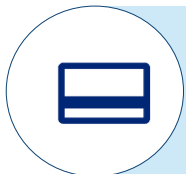
Contribution from joint ventures (2)

1H 2019 (1H 2018)



SpareBank 1 Kredittkort

- Profit after tax NOK 44 million (NOK 65 million)
- Ownership 20.8 %
- Last year's profit affected by portfolio sale of NOK 15 million



SpareBank 1 Betaling AS

- Profit after tax NOK -24 million (NOK -31 million)
- Ownership 18.7 %



BN Bank ASA

- Profit after tax NOK 152 million (NOK 162 million)
- Ownership 9.99 % (owner since 24 May 2019)

Income statement 2Q 2019 and 1H 2019

Group

	2Q 2019	2Q 2018	1H 2019	1H 2018	2018
Net interest income	520	511	1.027	1.006	2.074
Net commission income	287	283	560	564	1.106
Other income	78	51	145	93	181
Total operating expenses	489	468	983	918	1.881
Operating profit before losses on loans and guarantees	396	377	749	745	1.480
Impairment losses on loans and guarantees	8	7	-25	12	35
Operating profit after losses on loans and guarantees	388	370	774	733	1.445
Dividends	6	0	18	13	13
Net profit from ownership interest	131	54	477	84	198
Net income from financial assets/liabilities	61	95	125	98	80
Profit before tax	585	518	1.395	928	1.735
Tax charge	114	102	167	198	321
Profit after tax	471	416	1.227	730	1.414
Return on equity capital after tax	12.8 %	12.9 %	16.9 %	11.4 %	10.5 %
Total operating costs in relation to total income	45.2 %	47.6 %	41.8 %	49.4 %	51.5 %
Losses on loans as a percentage of gross loans	0.03 %	0.01 %	-0.05 %	0.01 %	0.04 %

Special items 2Q 2019 - 1

Description and effects

Tax deductibility of customer dividend

- On January 28 January the Bank received a binding ruling from The Norwegian Tax Administration stating that the customer dividend paid by the bank is tax deductible.
- The Supervisory Board decided on 28 March 2019 to pay NOK 222 million in customer dividend for 2018.
- A tax deduction of NOK 55 million was booked in 1Q-2019.

Raise of equity

- A subsequent offering towards owners not taking part in the private placement in November 2018, a repair offering directed towards LO and an employee offering were executed in January 2019 raising a gross proceed of NOK 37.3 million by issuing 510,268 new ECCs.
- Employees received a 20 % discount on the subscription price for subscriptions up to NOK 125,000. The discount totaled NOK 7.3 million and was booked as personnel costs in 1Q-2019.

Impairment losses on loans and guarantees

- Net reversals of NOK 25 million on loan losses for the Group in the first half year 2019.
- Loan loss provisions in the parent bank were reduced by NOK 48 million due to IFRS9 loan loss model validation. Based on a significantly expanded data set for validation of LGD, it was concluded that actual historical LGD is considerably lower than previously assumed in the LGD estimates.

Acquisition of a 9.99 % stake in BN Bank ASA

- On 24 May the Bank acquired a stake of 9.99 % in BN Bank ASA as part of the restructuring of the ownership in BN Bank ASA. BN Bank ASA is fully owned by SpareBank 1 Alliance banks.
- The Bank also acquired 9.99 % of the B-shares in SpareBank 1 Næringskreditt following the stake in BN Bank.
- The total purchase price was 505 MNOK, with an estimated isolated effect on CET1 of -0.12 %.

Special items 2Q 2019 - 2

Description and effects

Fremtind Forsikring AS

- Fremtind Forsikring AS was established 1 January 2019 as a consequence of the merger between SpareBank 1 Skadeforsikring AS and DNB Skadeforsikring AS.
- DNB ASA increased its ownership 1 January 2019 to 35 % in Fremtind. DNB ASA owns a call option to increase its stake to 40 % in Fremtind. The option expires 31 March 2020.
- SpareBank 1 Gruppen received a tax free gain of app. NOK 1.7 bn. as a result of the sell-off. This gain has been paid out as an extraordinary dividend to the owners of SpareBank 1 Gruppen.
- The transaction lead to an increase in equity for the SpareBank 1 Gruppen of NOK 4.7 bn.
- For SpareBank 1 Østlandet the accounting effects in 1Q-2019 were:
 - Parent Bank: Extraordinary dividend received was NOK 211 million.
 - Group: The share of the increase in equity in SpareBank 1 Gruppen was NOK 291 million.
- The transfer of the personal risk products is by 30 June not approved by the Norwegian FSA. The final approval is expected during the course of 2019.
- The CET 1 effect, exclusive of the personal risk products, was + 0.3 percentage points.

Revaluation of properties in SpareBank 1 Forsikring

- In 2Q-19 SpareBank 1 Forsikring (a subsidiary of SpareBank 1 Gruppen) revalued investment properties with a positive P&L effect of 596 MNOK.
- The revaluations were conducted by independent external surveyors in conjunction with planned transactions in the investment property portfolio of SpareBank 1 Forsikring.

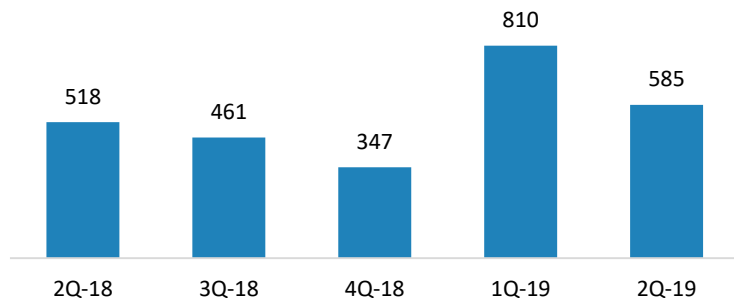
Income reclassification for SpareBank 1 Finans Østlandet

- As of 2019 some income items are reclassified from “Net Interest Income” to “Commissions and Other Income” in SpareBank 1 Finans Østlandet AS.
- This reclassification gives no effect on total profits, but reduced/increased the above mentioned items with NOK 49 million in 1H-19. The reclassification will affect future periods to a similar extent.

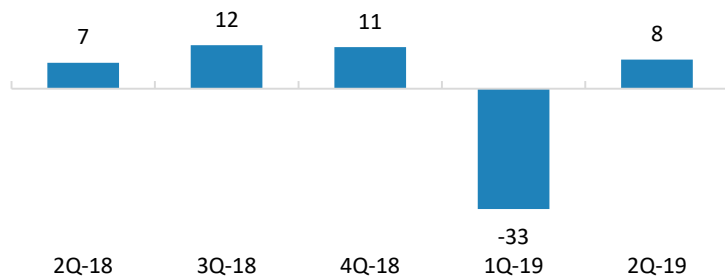
Key financials – quarterly

(1)

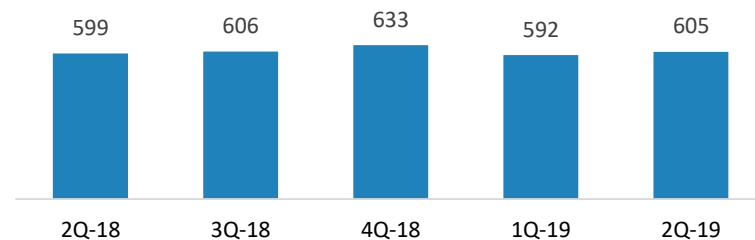
Pre-tax profit (NOK million)



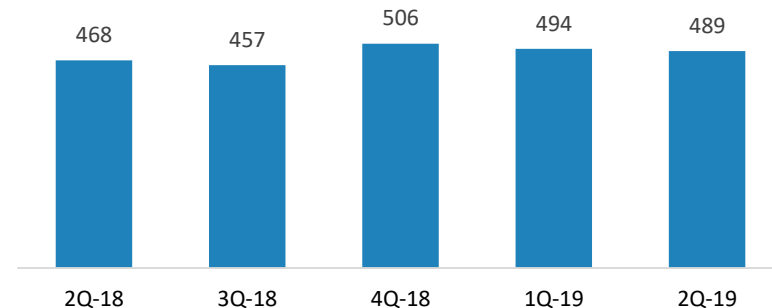
Impairments on loans and guarantees (NOK million)



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



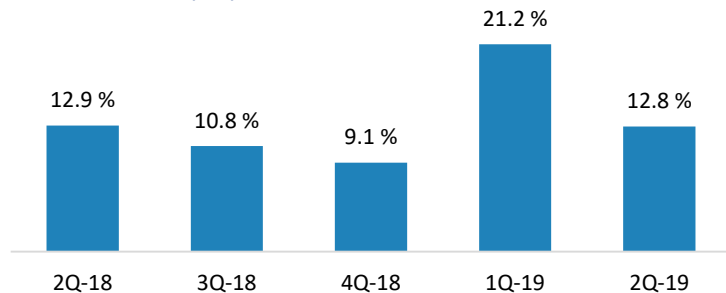
Total operating costs (NOK million)



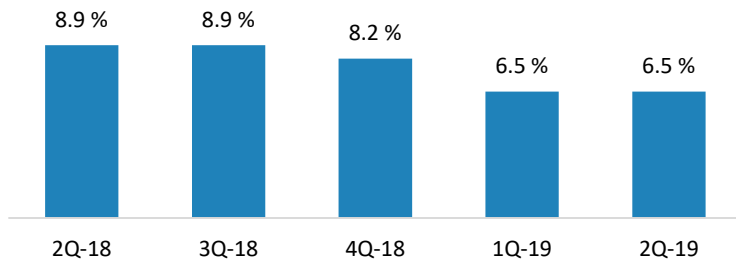
Key financials – quarterly

(2)

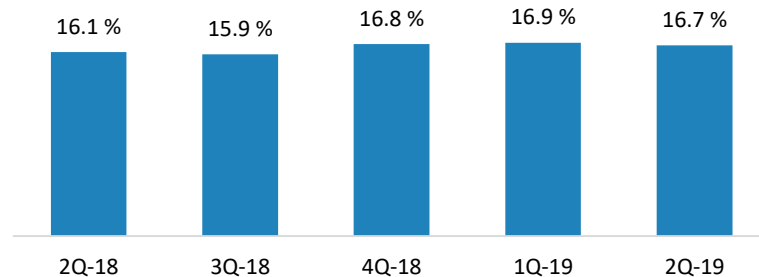
Return on equity



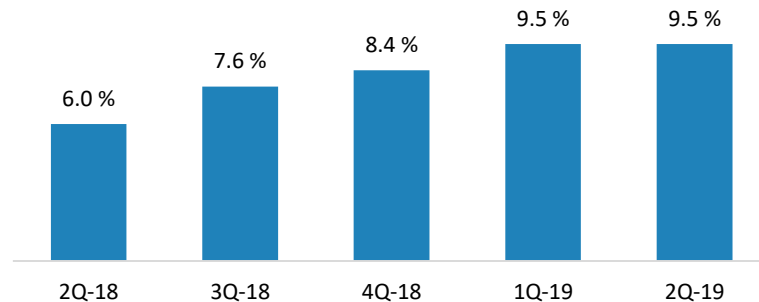
Lending growth (including loans transferred to covered bond companies) last 12 months



CET 1 ratio

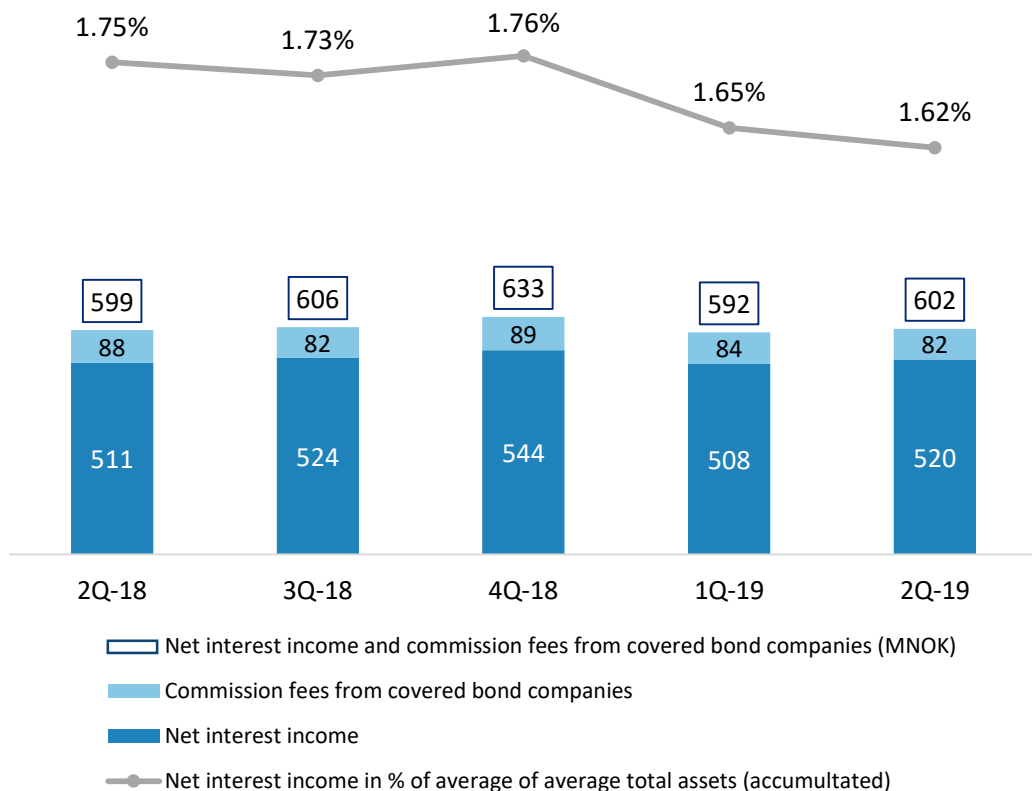


Deposit growth last 12 months



Net interest income – influenced by reclassification effects

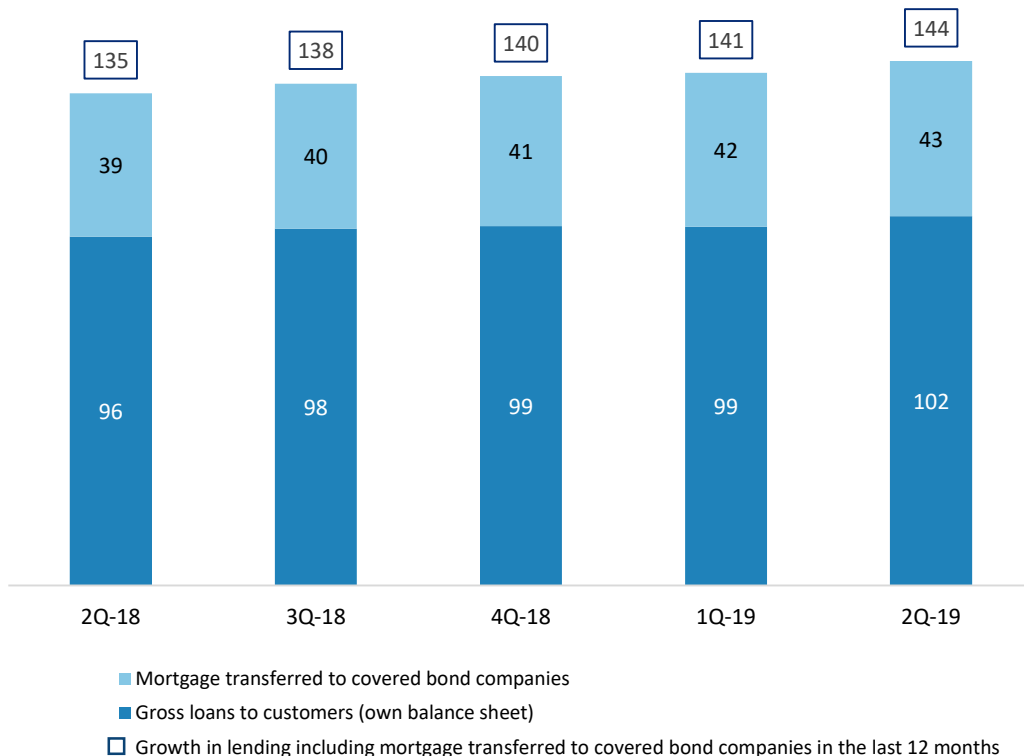
Net interest income incl. commissions from covered bond companies



- In the subsidiary SB1 Finans Østlandet there has been a reclassification of certain items from net interest income to other commission income.
 - The effect is a NOK 28 million reduction of net interest income in 1Q-19 and a NOK 21 million reduction in 2Q-19.
 - The effect corresponds to a 8 bps isolated reduction of the net interest margin for 1H 2019.
- The Bank announced interest rate increase on 26 June 2019.
 - “Mainly 0.25 % on retail lending”.
 - “Up to 0.25 %” on corporate lending.
 - Rates on savings accounts are increased “mainly 0.15 %”.

Dampened lending growth – above market growth last 12 months

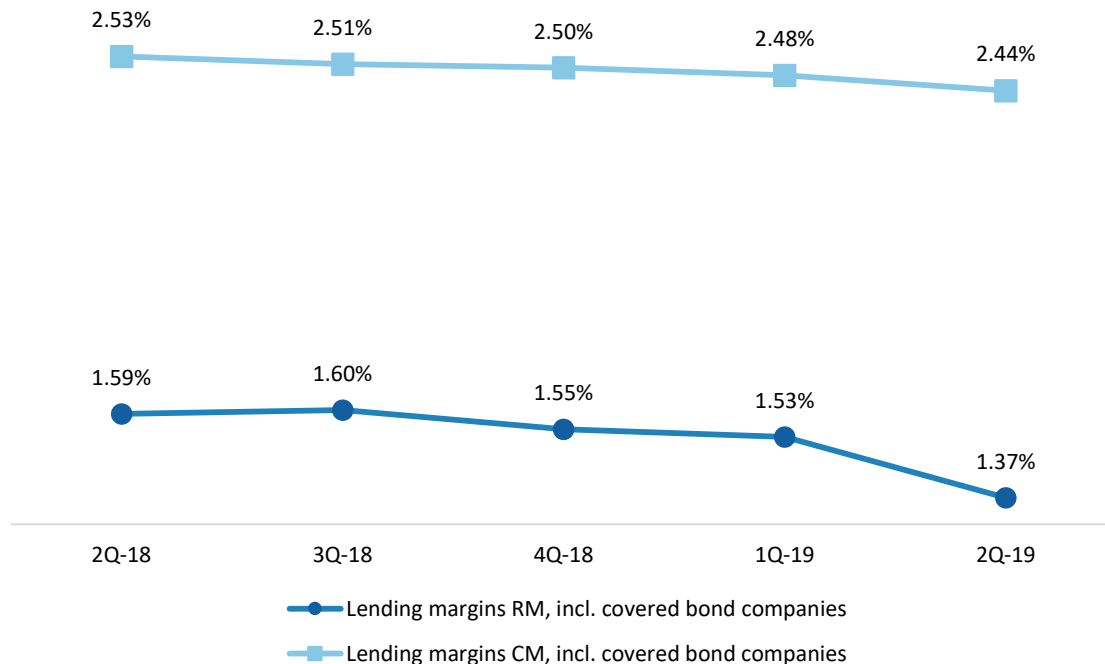
Lending volume (Group, NOK billion)



- Total lending in the Group, including loans transferred to covered bond companies, increased by NOK 3.3 billion in the second quarter.
- This is equivalent to a 2.3 % lending growth in the quarter.
- The lending growth the last 12 months was 6.5 % (8.9 %)
 - Retail lending growth was 6.0 %
 - Corporate lending growth was 8.0 %
- Credit growth in Norway last 12 months
 - Households 5.5 %
 - Non-financial corporations 5.8 %

Lending margins

Retail and corporate divisions (parent bank)

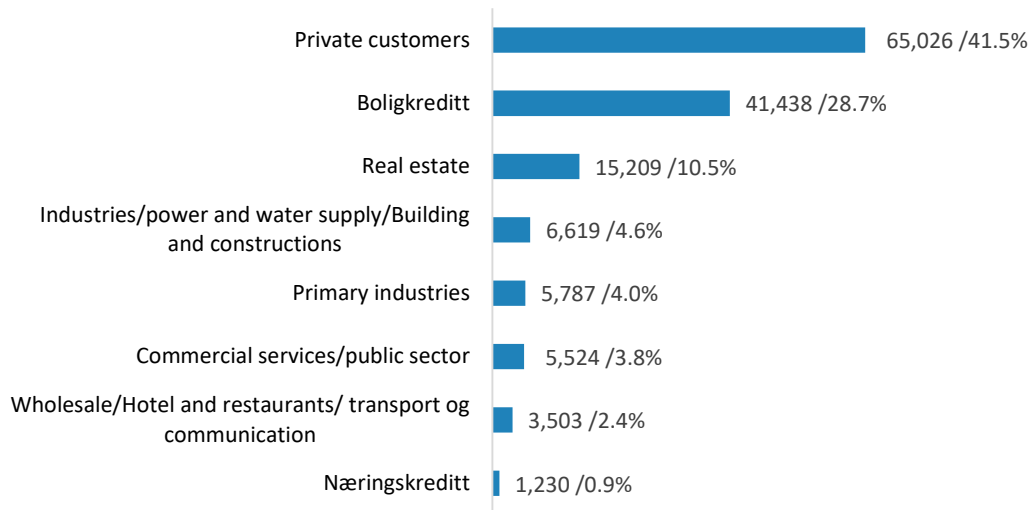


- The lending margins saw a reduction in the second quarter, both within the CM and the RM of the parent bank.
- The reduction is largely explained by the 18 bps increase of the 3M Nibor in the second quarter.
- The customers were notified of interest rate increases on 4 April 2019.
 - 6 weeks notice on retail mortgages.
 - 45 % of the corporate lending is Nibor-linked, with the remainder repriced at the Bank's discretion.
 - Interest rate hikes on retail mortgages with "mainly 0.15 %" were effectuated mid May – hence only partial effect in the quarter.
- Another interest rate hike was announced 26 June 2019, and had therefore no effect on the margin development in the second quarter.

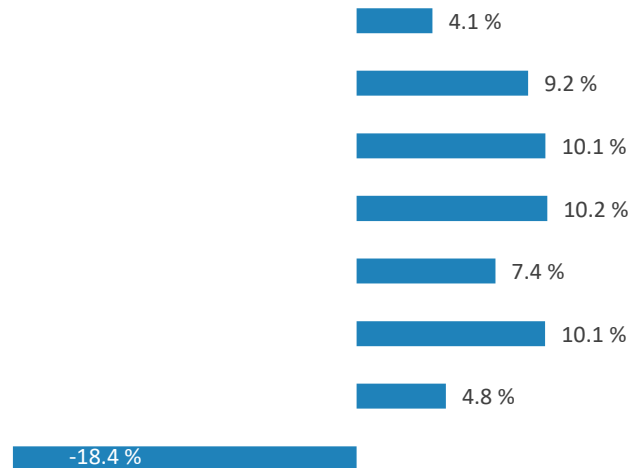
Loan book dominated by retail and SME lending

Lending to customers per sector (% and NOK million)

Lending to customers per sector (volume/share in %)

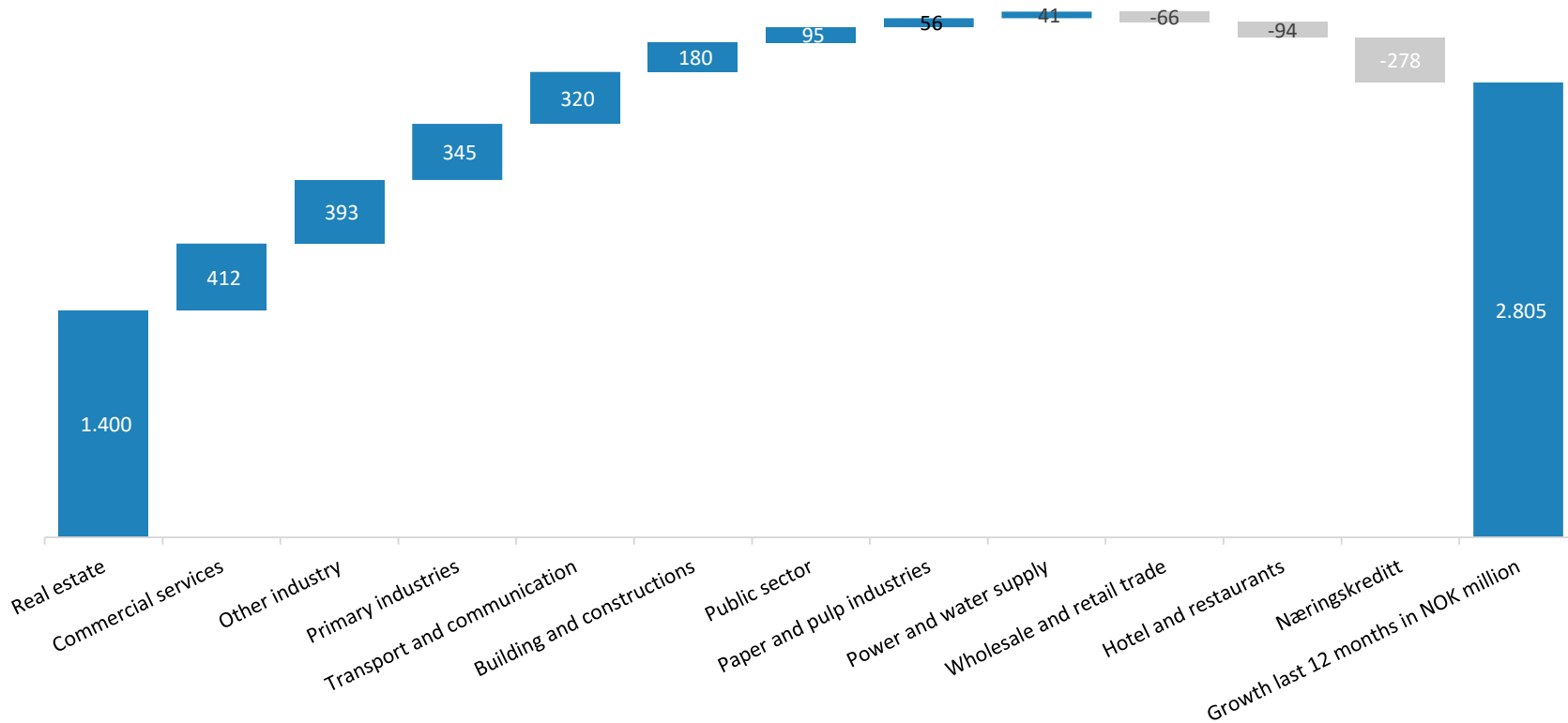


Changes last 12 months



Reduced lending towards retail and wholesale trade, hotels and restaurants

Corporate lending growth YoY – sector (NOK million)

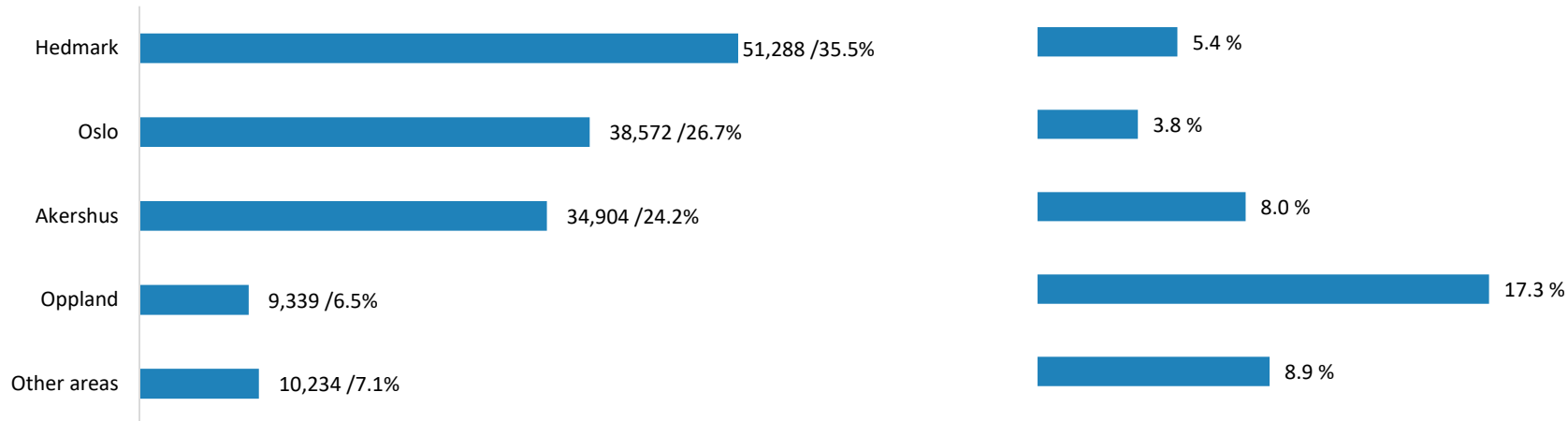


The highest lending growth outside Oslo

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

Lending to customers by geographic area (volume/share in %)

Changes last 12 months

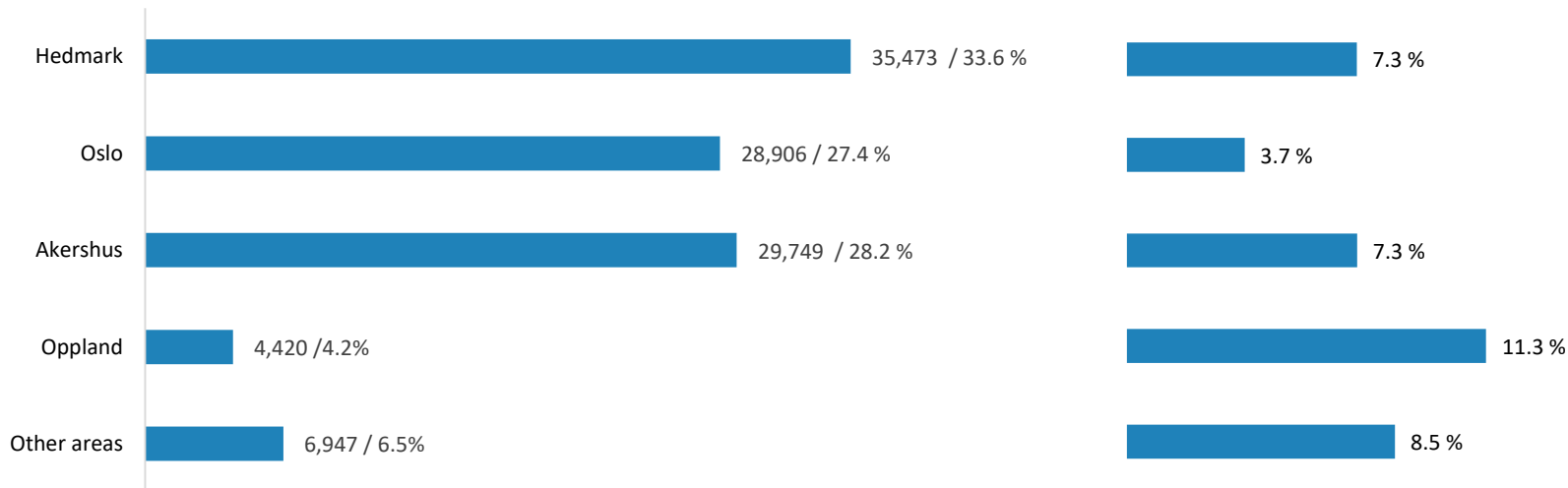


Retail lending growth is highest outside Oslo

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

Lending to retail customers by geographic area (volume/share in %)

Changes last 12 months

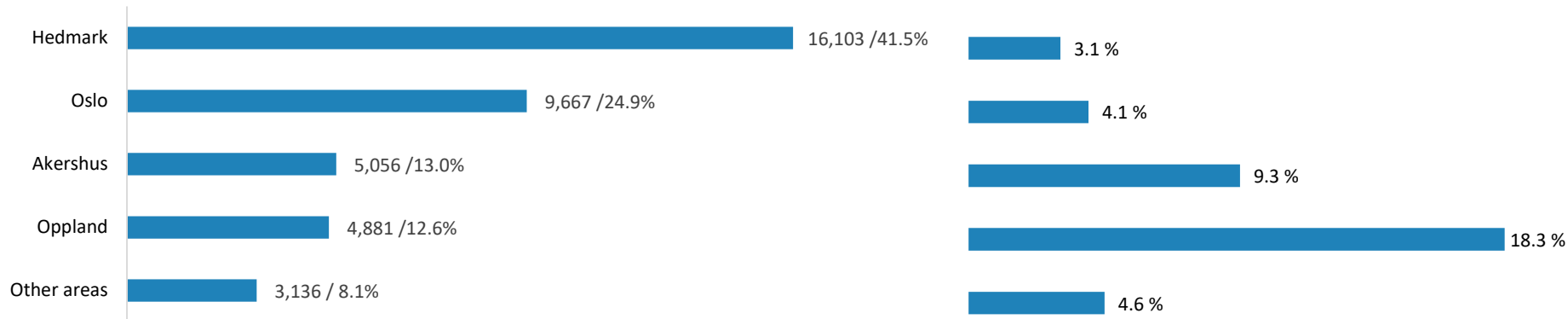


The credit growth within the corporate market is highest in «New market areas»

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

Lending to retail customers by geographic area (volume/share in %) CM

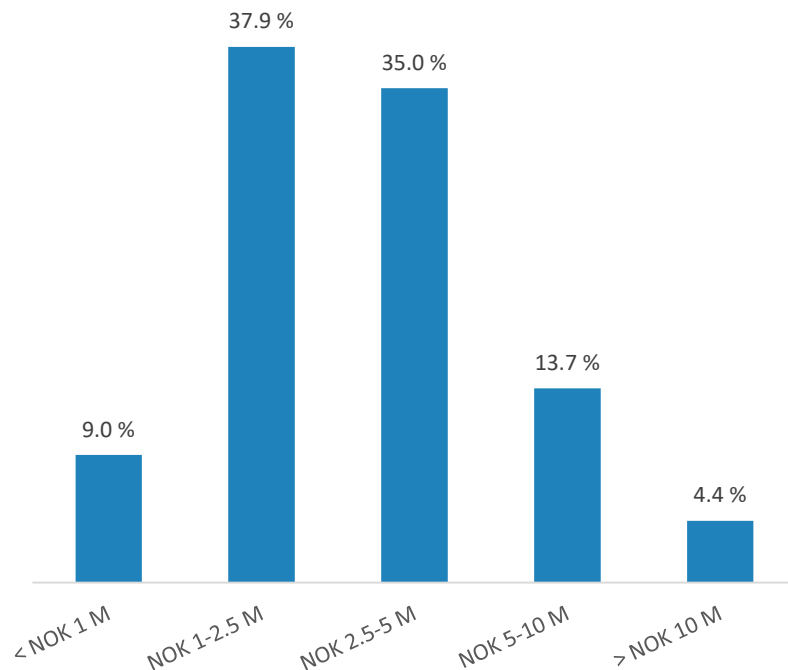
Changes last 12 months



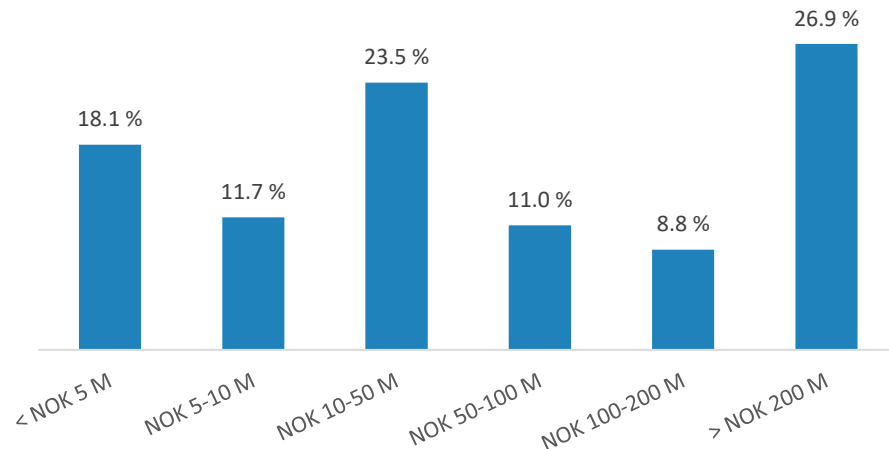
The concentration risk is low

Retail and corporate loans by size (% share)*

Retail market

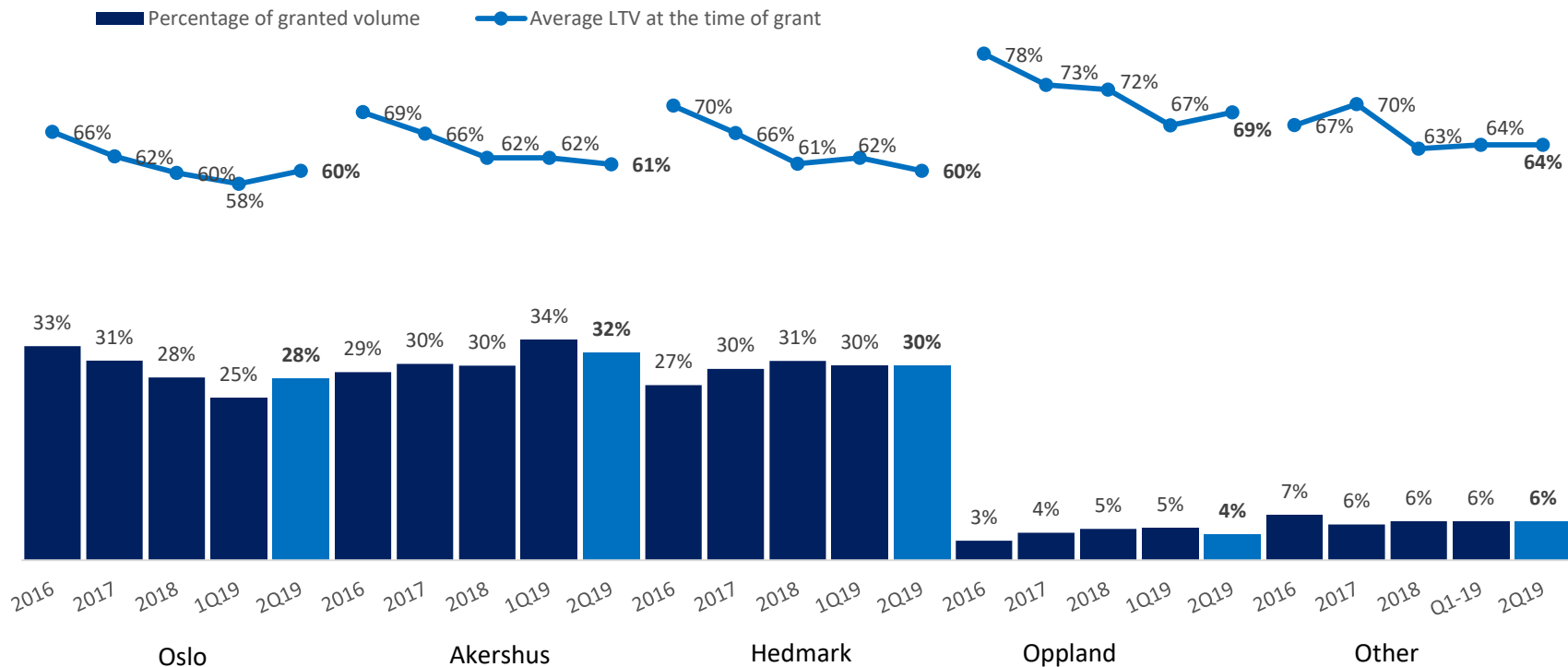


Corporate market



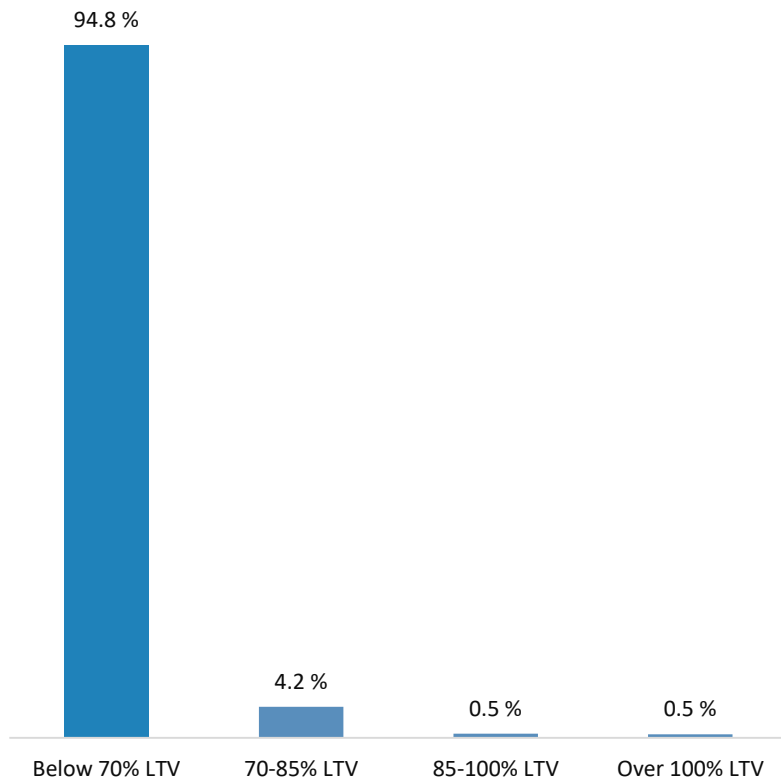
High quality credit process leads to low and stable LTV

Percentage of granted mortgages and average LTV per period and county



Mortgage regulation – The Bank is utilising the flexibility quota

Exposure per LTV bucket in the residential mortgage portfolio



Mortgages - Utilisation of flexibility quota in 2Q-2019:

City of Oslo
7.4 % (8 % quota)

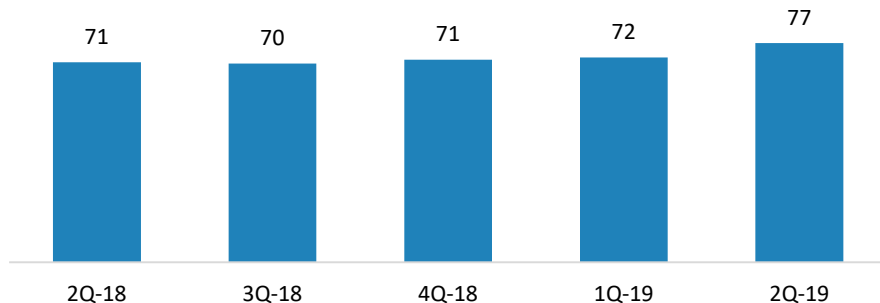
Other areas
6.5 % (10 % quota)

- The mortgage regulation* constrains housing mortgage lending through defined requirements:
 - Debt servicing capacity
 - Stress test of 5 % mortgage rate increase
 - Maximum loan to value
 - 85 % LTV on new lending
 - (A stricter 75 % LTV legal requirement in the SB1 Boligkreditt cover pool)
 - Gearing
 - Total debt must not exceed five times gross annual income
 - Requirement of installment payment
- Exceptions are permitted within 10 % (8 % for Oslo) of the total granted volume each quarter
 - The so called “Flexibility quota”

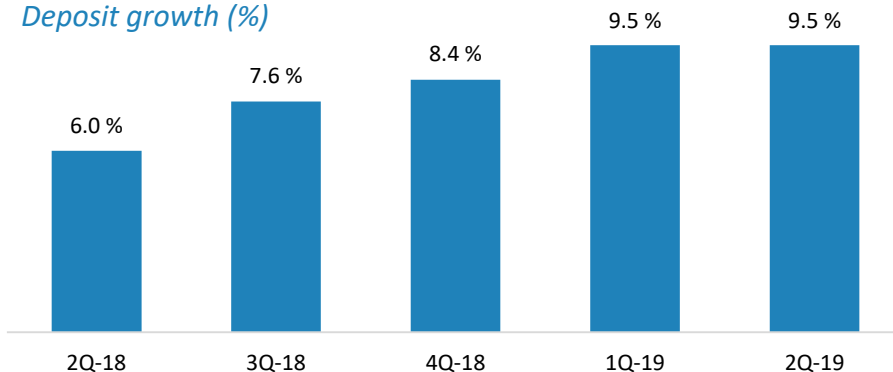
Satisfactory deposit coverage and strong deposit growth

Deposit volume and deposit growth (Group)

Deposit volume (NOK billion)



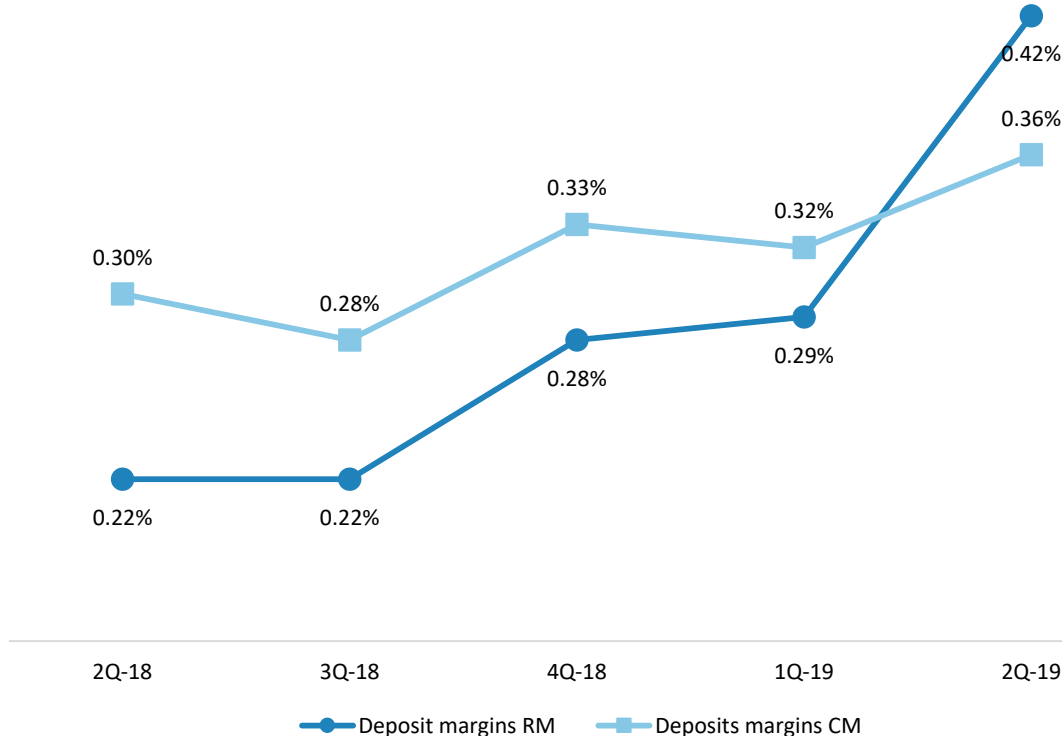
Deposit growth (%)



- Deposit growth of 6.9 % in the second quarter.
 - Seasonality (tax settlements, holiday pay)
- Deposit growth last 12 months: 9.5% (5.3 %).
 - Deposit growth - retail 5.3 %.
 - Deposit growth - corporates 15.5 %.
- Deposit coverage ratio 76.1 % (73.6 %).
- Deposit coverage ratio - including mortgages transferred to the covered bond companies 53.6 % (52.1 %).

Deposit margins

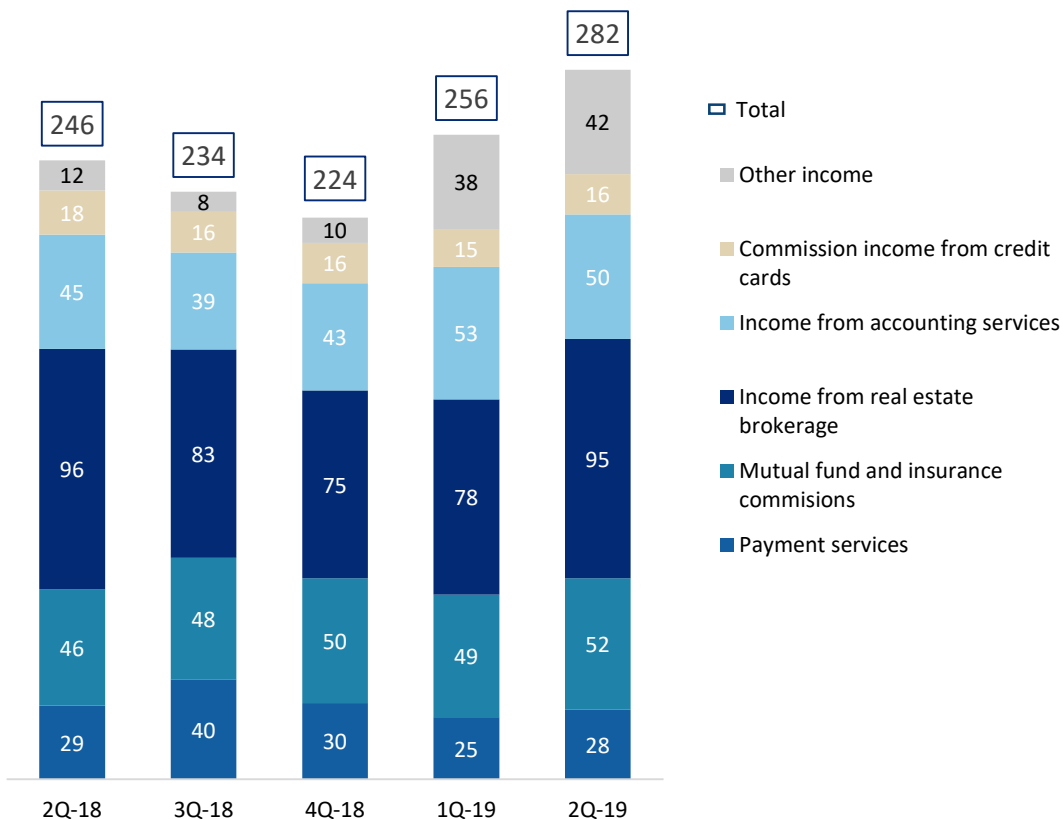
Retail and corporate divisions (parent bank)



- Strong increase in deposit margins in the parent bank both for RM and CM.
- The increase is largely explained by the 18 bps increase of the 3M Nibor in the second quarter.
- The customers were notified of interest rate increases on 4 April 2019
 - 35 % of the corporate deposits are Nibor-linked while the rest can be repriced at the Bank's discretion.
 - Interest rate increases on retail deposits followed increases on housing mortgage rates (which have a 6 weeks notice) and were effectuated mid May – hence only partial effect of the rate increases in the second quarter.
- Another interest rate increase was announced 26 June 2019, and had no effect on the margin development in the second quarter.

Increased income from subsidiaries - and reclassification effects

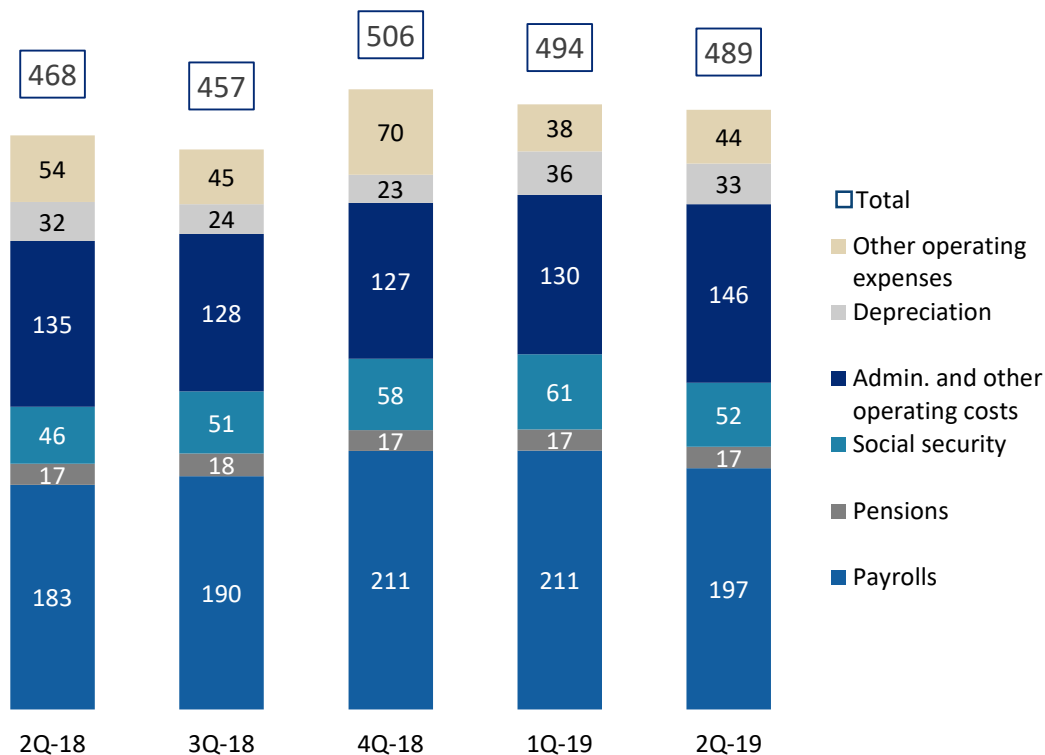
Net commissions and other income (NOK million)



- Reclassification from “Net Interest Income” to “Other Income” of certain income items in SpareBank 1 Finans Østlandet, had a positive impact on this profit line of NOK 21 million in Q2-19 (NOK 28 million in Q1-19).
- Income from accounting services increased compared to the same period last year, as a consequence of a larger operation and higher chargeability.
- As of 2019, revenues from the real estate brokerage companies include all income from these companies, while numbers from 2018 include commission income only.

Group operating costs

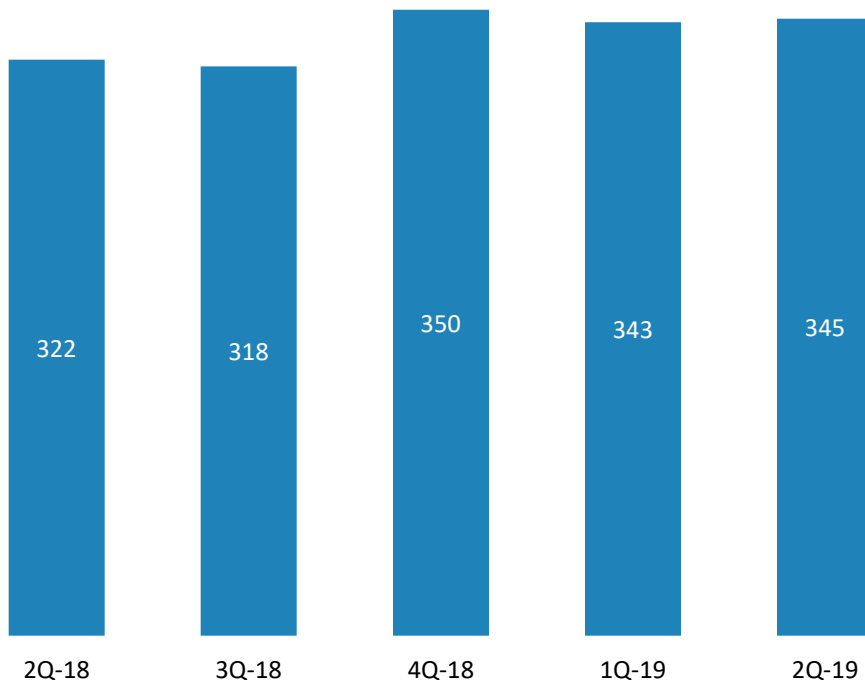
Operating costs per quarter (NOK million)



- The operating costs were reduced compared to last quarter, but were 4.5 % higher than the same quarter last year.
- Of a total increase of NOK 65 million compared with 1H-2018 NOK 18 million stemmed from subsidiaries.
 - The merger of SpareBank 1 Regnskapshuset Østlandet AS with TheVIT AS in mid-May 2018 increased the headcount with approx. 30 FTEs contributing to an increase in payroll expenses.

Operating costs in the Parent Bank

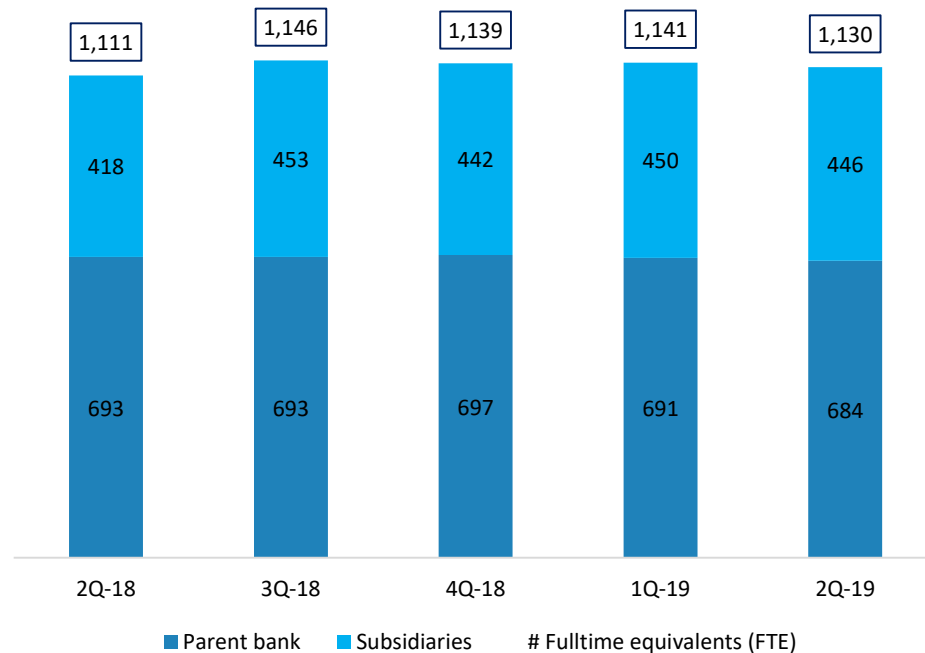
Operating costs per quarter (NOK million)



- The operating costs in 1H-19 were NOK 47 million higher than in 1H-18.
- Comments to special cost items:
 - During 1H-2019 the Bank carried out a large project validating the KYC documentation for customers on-boarded before 2009 in accordance with new AML requirements and booked costs of NOK 9 million.
 - The discount in the employee offering was NOK 7 million and was booked as personnel costs in 1Q-19.
 - NOK 4 million was booked as restructuring costs related to severance pay in 1Q-19.
- The underlying growth in operating costs is thus NOK 27 million, equivalent to +3.9 % compared with 1H-2018.
- The bank is implementing cost reducing initiatives and the headcount is reduced in 1H-19.

Reduced headcount in the parent bank

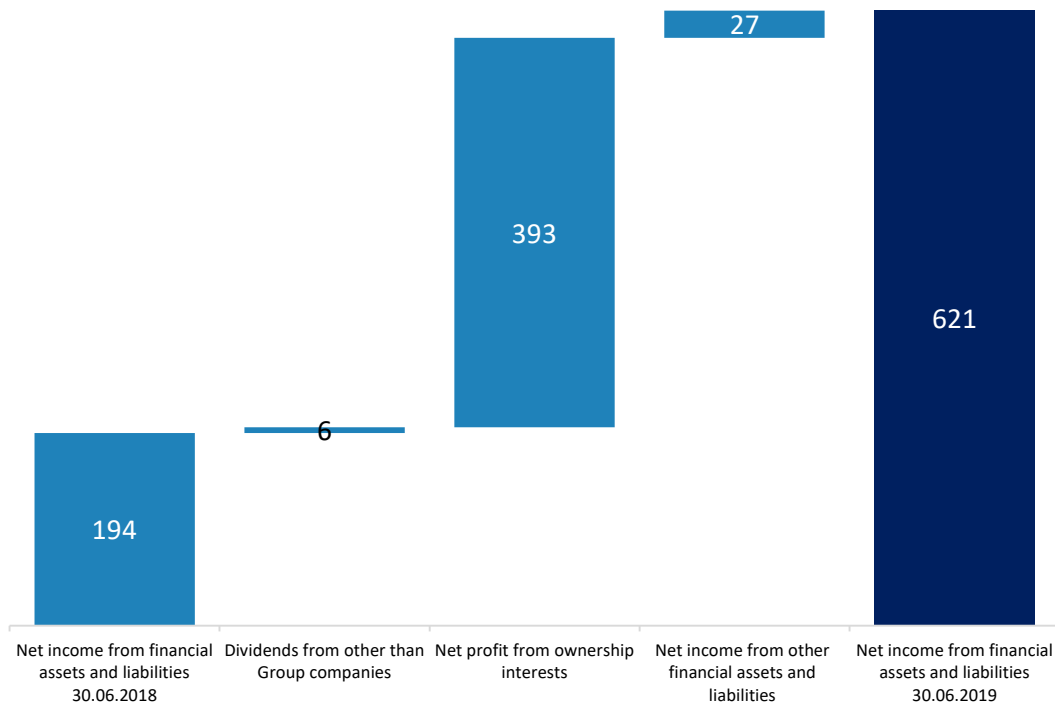
Headcount (FTE)



- The headcount in the Group is reduced in 1H-19.
- The headcount reduction is driven by the Parent Bank, with a 13 FTE reduction.
- Since the acquisition of Bank 1 Oslo Akershus in 2016, the headcount reduction in the parent bank is 79 FTE, equivalent to 10.4 %

The contribution from financial items has increased

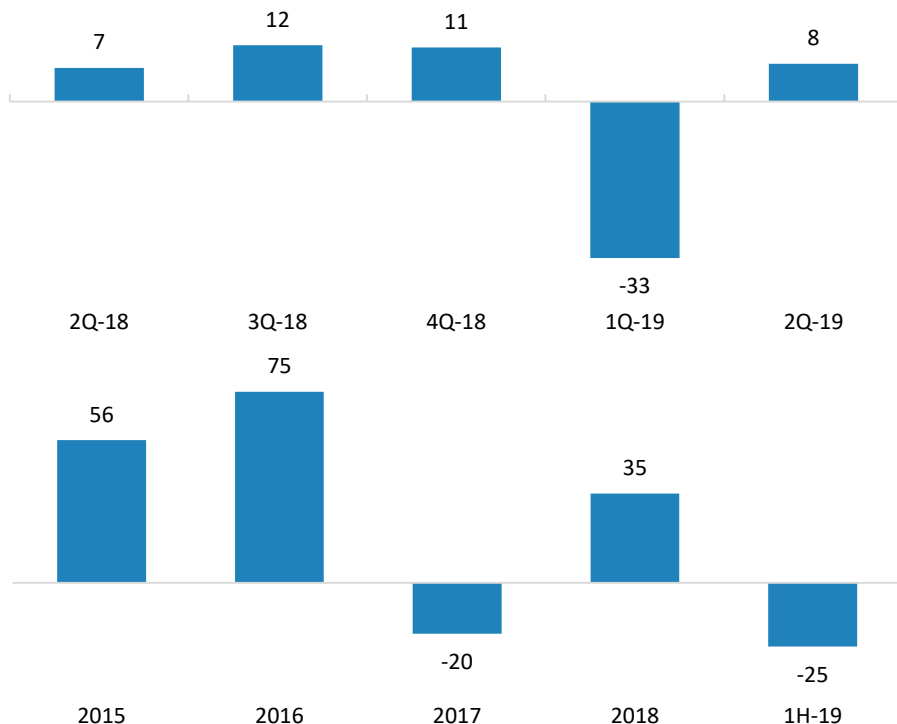
Net income from financial assets and liabilities (NOK millions)



- Net profit from ownership interests of NOK 393 million is specified above (“Contribution from joint ventures”). The increase includes effects of NOK 291 million from the Fremtind transaction.
- Net income from other financial assets and liabilities has increased with NOK 27 million. This is mainly due to following gross changes:
 - Unrealized profit from fixed income instruments - included hedges, NOK 26 million
 - Unrealized profit from equity instruments, NOK 29 million
 - Unrealized profit from fixed interest lending - included hedges, NOK 24 million
 - A one-off gain from the merger between Vipps, BankAxept and BankID of NOK 59 million, was booked in 1H-19.

Still very low impairments on loans and guarantees

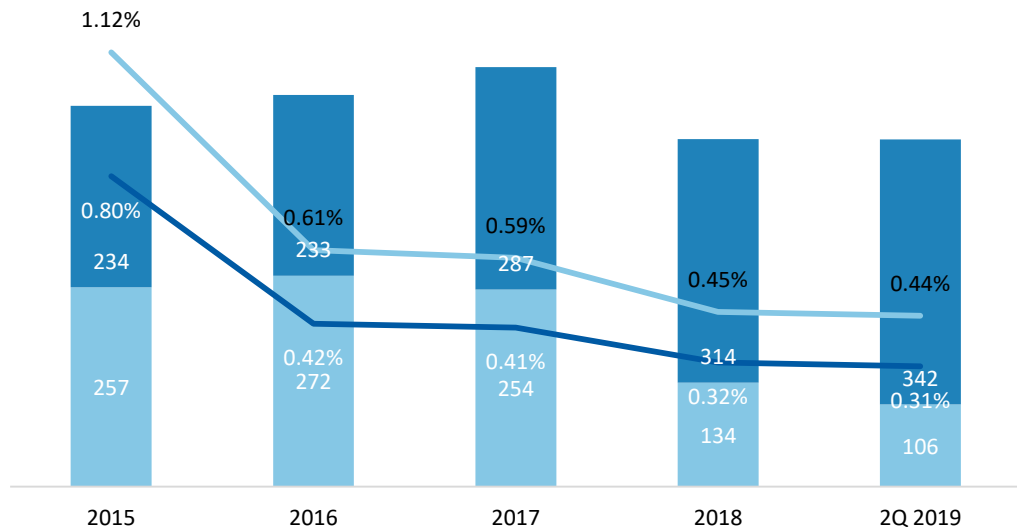
Impairments on loans and guarantees (NOK million)



- Impairments on loans and guarantees in 2Q-19 were NOK 8 million.
 - Parent bank NOK 3 million
 - SB1 Finans Østlandet NOK 5 million
- Reversal of impairments on loans and guarantees in 1H-19. This was driven by reduced provisions in 1Q-19 due to a loan loss model validation.
 - The provisions were reduced by NOK 48 million in 1Q-2019.

Low levels of problem loans

Non-performing and other doubtful commitments



- Gross defaulted commitments for more than 90 days
- Gross doubtful commitments (not in default)
- Gross doubtful (not in default) and gross defaulted commitments as % of gross loans
- Gross doubtful and gross defaulted commitments as % of gross loans incl. loans transferred to covered bond companies

- The proportion of problem loans decreases further in 1H-19 and is at a historical low level.

Low impairments and low net exposure in Stage 3

Specification of impairments and net exposure (NOK million)

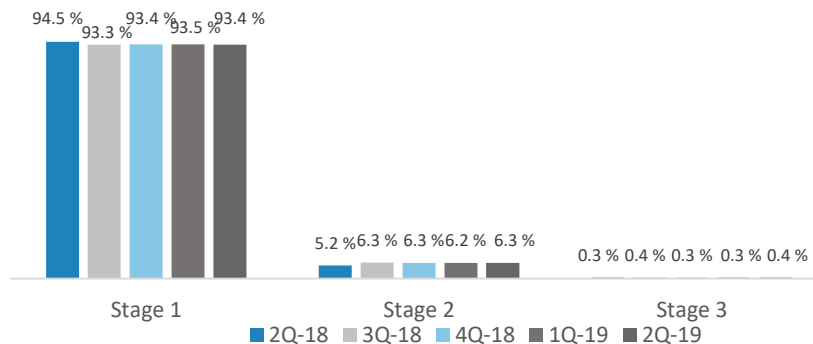
Impairments per segment - quarterly

	2Q-19	1Q-19	4Q-18	3Q-18	2Q-18
Personal customers	-0,2	-8,6	0,2	3,6	1,1
Corporate customers	2,8	-36,0	4,6	0,3	5,4
SB 1 Finans Østlandet	5,4	11,6	6,7	8,0	0,8
Total	8,1	-32,9	11,4	11,9	7,2

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

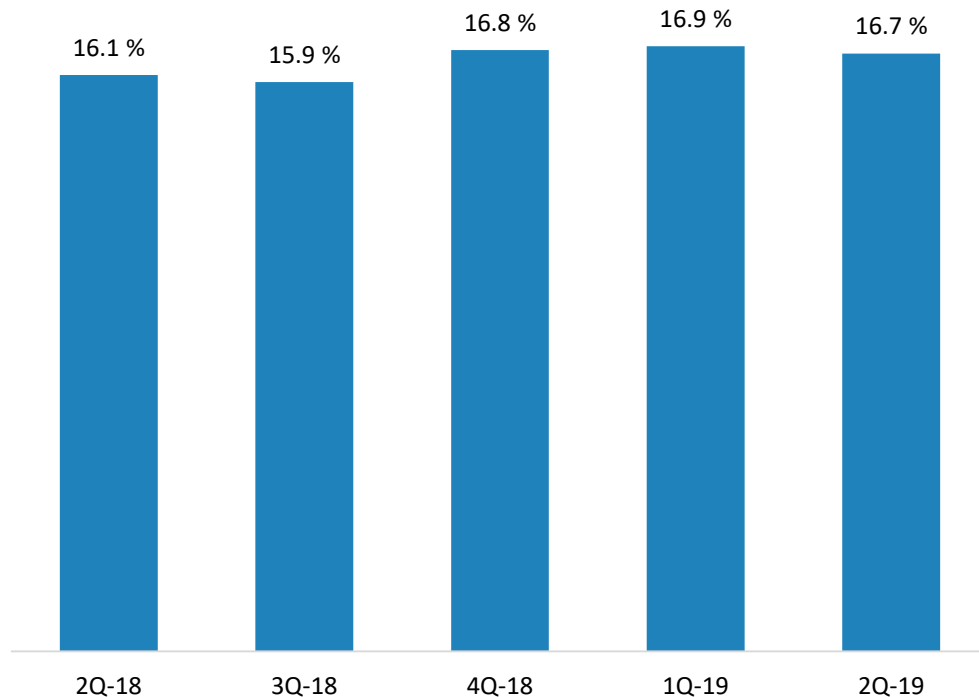
Net exposure	Stage 1	Stage 2	Stage 3	Total
2Q-18	90.355	4.995	282	95.632
3Q-18	91.293	6.157	395	97.844
4Q-18	92.060	6.165	331	98.555
1Q-19	91.976	6.092	339	98.407
2Q-19	94.610	6.344	379	101.333

- 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.



Stable capitalization

Common Equity Tier 1 ratio (Group)



- The Group's CET 1-target is 16 %.
- The CET 1 ratio was 16.7 % by the end of 2Q-19. The leverage ratio was 7.3 %.
- An increase in the LGD-buffers in the IRB capital requirement calculations was implemented in 1Q-19 according to a ruling by the Norwegian FSA.
- The ruling was appealed to the Ministry of Finance and is still under review.

	30.06.2019
Market price (NOK)	85.00
Market capitalisation (NOK million)	9,846
Book equity per EC ¹⁾	88.79
Earnings per EC, NOK ²⁾	7.29
Price/Earnings per EC ³⁾	5.78
Price/book equity ⁴⁾	0.96

- An extraordinary first half of 2019 resulted in extraordinary KPIs.
- A normalization of the KPIs should be expected during 2H 2019.

1) Group book equity without hybrid capital with interest paid, minority interest and provision for gifts* ownership interest / number of EC's as at 30.06.2019.

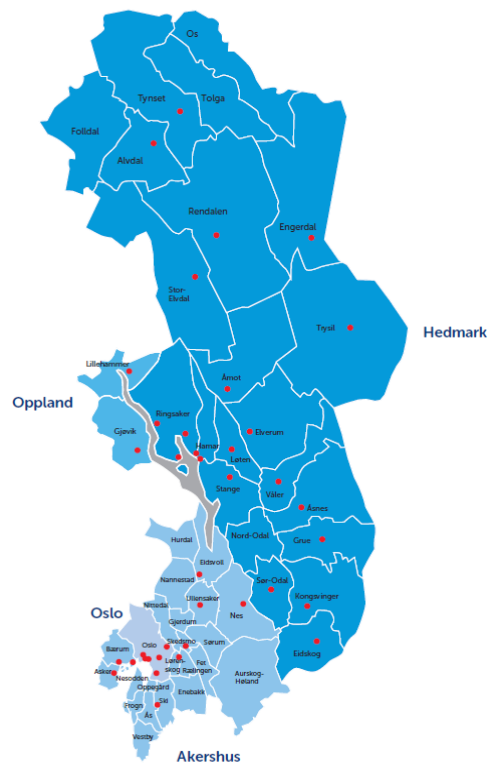
2) Profit after tax for controlling interests * Equity capital certificate ratio after the share of issue 22.01.2019 / number of EC's as at 30.06.2019.

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 after the share of issue 22.01.2019.

Solid performance and a strengthened regional footprint

Summary



Contact details



Richard Heiberg
CEO
Tel.: +47 902 06 018
richard.heiberg@sb1ostlandet.no



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



Runar Hauge
Investor relations
Tel.: +47 482 95 659
runar.hauge@sb1ostlandet.no

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