

Second quarter report 2019

SPAREBANK 1 ØSTLANDET



SpareBank 1 Østlandet wants to take part in the fight against climate change and supports sustainable solutions in the agricultural industry. In May, the Bank launched green mortgages to fund solar cells on farms. The image is of farmer Sverre Lang-Ree in Stange.

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Key figures

| Group | 01.01-30.06 2019 | | 01.01-30.06 2018 | | Year 2018 | |
|---|---------------------|------------------------|---------------------|------------------------|--------------|------------------------|
| Summary (NOK million and per cent of average assets) | Amount | Per cent ¹⁾ | Amount | Per cent ¹⁾ | Amount | Per cent ¹⁾ |
| Net interest income | 1,027 | 1.63 % | 1,006 | 1.78 % | 2,074 | 1.77 % |
| Net commission and other operating income | 705 | 1.12 % | 657 | 1.16 % | 1,286 | 1.10 % |
| Net income from financial assets and liabilities | 621 | 0.99 % | 194 | 0.34 % | 291 | 0.25 % |
| Total income | 2,353 | 3.74 % | 1,858 | 3.29 % | 3,651 | 3.11 % |
| Total operating expenses | 983 | 1.56 % | 918 | 1.62 % | 1,881 | 1.60 % |
| Operating profit before losses on loans and guarantees | 1,370 | 2.18 % | 940 | 1.66 % | 1,770 | 1.51 % |
| Impairment on loans and guarantees | -25 | -0.04 % | 12 | 0.02 % | 35 | 0.03 % |
| Pre-tax operating profit | 1,395 | 2.22 % | 928 | 1.64 % | 1,735 | 1.48 % |
| Tax expense | 167 | 0.27 % | 198 | 0.35 % | 321 | 0.27 % |
| Profit after tax | 1,227 | 1.95 % | 730 | 1.29 % | 1,414 | 1.20 % |
| Interest expenses on hybrid capital | 7 | 0.01 % | 6 | 0.01 % | - | 0.01 % |
| Profit after tax incl. interest hybrid capital ²⁾ | 1,221 | 1.94 % | 724 | 1.28 % | 1,414 | 1.19 % |
| Profitability | | | | | | |
| Return on equity capital ²⁾ | 16.9% | | 11.4% | | 10.5% | |
| Cost income ratio ²⁾ | 41.8% | | 49.4% | | 51.5% | |
| Balance sheet and ratios | | | | | | |
| Gross loans to customers | 101,668 | | 96,040 | | 98,940 | |
| Gross loans to customers including loans transferred to covered bond companies ²⁾ | 144,337 | | 135,495 | | 140,165 | |
| Growth in loans during the last 12 months ²⁾ | 5.9% | | 9.7% | | 9.4% | |
| Growth in loans including loans transferred to covered bond companies in the last 12 months ²⁾ | 6.5% | | 8.9% | | 8.2% | |
| Deposits from customers | 77,352 | | 70,645 | | 71,497 | |
| Growth in deposits in the last 12 months ²⁾ | 9.5% | | 6.0% | | 8.4% | |
| Deposit to loan ratio ²⁾ | 76.1% | | 73.6% | | 72.3% | |
| Deposit to loan ratio incl. loans transferred to covered bond companies ²⁾ | 53.6% | | 52.1% | | 51.0% | |
| Average total assets | 126,872 | | 114,000 | | 117,358 | |
| Total assets | 130,854 | | 119,592 | | 123,472 | |
| Total assets including loans transferred to covered bond companies ²⁾ | 173,522 | | 159,047 | | 164,696 | |
| Losses and commitments in default | | | | | | |
| Impairment on loans as a percentage of gross loans ²⁾ | 0.0% | | 0.0% | | 0.0% | |
| Loans to and receivables from customers in stage 2, percentage of gross loans | 6.4% | | 5.3% | | 6.4% | |
| Loans to and receivables from customers in stage 3, percentage of gross loans | 0.5% | | 0.4% | | 0.5% | |
| Solidity and liquidity | | | | | | |
| CET 1 capital ratio | 16.7% | | 16.1% | | 16.8% | |
| Tier 1 capital ratio | 17.3% | | 16.9% | | 17.6% | |
| Capital adequacy ratio | 19.1% | | 19.3% | | 19.6% | |
| Total eligible capital | 14,982 | | 14,288 | | 14,672 | |
| Equity ratio ²⁾ | 11.5% | | 11.2% | | 12.0% | |
| Leverage Ratio | 7.3% | | 7.3% | | 7.5% | |
| LCR ³⁾ | 170.7% | | 164.7% | | 152.5% | |
| LCR in NOK ³⁾ | 177.0% | | 199.3% | | 164.2% | |
| LCR i EUR ³⁾ | 218.9% | | 68.3% | | 123.2% | |
| Staff | | | | | | |
| Number of fulltime equivalents | 1,130 | | 1,126 | | 1,139 | |
| Equity capital certificates | | | | | | |
| Market price (NOK) | 85.00 | | 87.00 | | 83.00 | |
| Market capitalisation (NOK million) | 9,846 | | 9,325 | | 9,572 | |
| Book equity per EC ²⁾ | 88.79 | | 81.56 | | 85.83 | |
| Earnings per EC, NOK ⁴⁾ | 7.29 | | 4.58 | | 8.46 | |
| Price/Earnings per EC ²⁾ | 5.78 | | 9.43 | | 9.81 | |
| Price/book equity ²⁾ | 0.96 | | 1.07 | | 0.97 | |

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 22.01.19 / number of EC's as at 22.01.2019. (Calculated after new issue of EC's 22.01.2019)

Report of the Board of Directors

Second quarter of 2019 (Consolidated figures. Figures in brackets concern the corresponding period in 2018)

- Profit after tax: NOK 471 (416) million
- Return on equity: 12.8 (12.9) per cent
- Net interest income: NOK 520 (511) million
- Net commissions and other operating income: NOK 364 (334) million
- Net result from financial assets and liabilities: NOK 198 (149) million
- Total operating costs: NOK 489 (468) million
- Loan loss provisions: NOK 8 (7) million
- NOK 222 (204) million paid out as customer dividends

First half-year 2019 (Consolidated figures. Figures in brackets concern the corresponding period in 2018)

- Profit after tax: NOK 1,227 (730) million
- Return on equity: 16.9 (11.4) per cent
- Earnings per equity certificate: NOK 7.29 (4.58)
- Net interest income: NOK 1,027 (1,006) million
- Net commissions and other operating income: NOK 705 (657) million
- Net result from financial assets and liabilities: NOK 621 (194) million
- Total operating costs: NOK 983 (918) million
- Loan loss provisions: Net receipts on losses of NOK 25 (cost of 12) million
- Core equity tier 1 ratio: 16.7 (16.1) per cent

SpareBank 1 Østlandet is a new shareholder in BN Bank ASA

On 28 February 2019, the SpareBank 1 banks entered into an agreement concerning an changed ownership structure for BN Bank ASA. This included a redistribution of the 'B' shares in SpareBank 1 Næringskreditt AS, whereby some of the present owners would change their stakes as SpareBank 1 Østlandet entered as a new owner.

The transaction was completed on 24 May 2019 and SpareBank 1 Østlandet now owns a 9.99 per cent stake in BN Bank ASA and 9.99 per cent of the 'B' shares in SpareBank 1 Næringskreditt AS. In all, this equates to SpareBank 1 Østlandet having bought shares for a total of NOK 505 million.

Customer dividends

SpareBank 1 Østlandet shares the profits with its customers and on 25 April it paid NOK 222 million in customer dividends to the Bank's loan and deposit customers. The Bank's vision is *Creating together*. Giving back to our customers in the form of customer dividends is in line with SpareBank 1 Østlandet's core values.

Interest rate changes

SpareBank 1 Østlandet increased residential mortgage rates and rates for savings accounts in the second quarter, generally by 0.15 percentage points.

The change in rates applied from 5 April for new loans, while for deposits and existing loans it was effective from 18 May.

May 26 SpareBank 1 Østlandet notified an increase on rates for savings accounts and residential mortgages, generally by 0.15 percentage points and 0.25 percentage points, respectively. The change in rates will apply from 1 July for new loans, while for deposits and existing loans it was effective from 15 July for the corporate market and will come into effect on 12 August for the retail market.

Green farming loans

The SpareBank 1 Alliance has been named the most sustainable brand in the Norwegian banking and financial services industry by the Sustainable Brand Index. SpareBank 1 Østlandet is expanding its focus on sustainable solutions and products, and in the second quarter the bank launched green farming loans with favourable rates. The loans reward eco-friendly farmers who are aiming to reduce their climate footprint.

Moody's changed its ratings outlook for SpareBank 1 Østlandet from 'negative' to 'stable'

Moody's latest credit report (12 June 2019) confirms SpareBank 1 Østlandet's previous A1 rating, and the ratings outlook for deposits and senior debt has been changed from 'negative' to 'stable'.

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

SpareBank 1 Østlandet owns 12.4 per cent of SpareBank 1 Gruppen AS, 18.0 per cent of SpareBank 1 Utvikling DA (formerly SpareBank 1 Banksamarbeidet DA), 20.8 per cent of SpareBank 1 Kredittkort AS, 9.99 per cent of BN Bank ASA, 20.0 per cent of SMB Lab AS, 20.0 per cent of Betr AS, and 18.7 per cent of SpareBank 1 Betaling AS. The Bank also owns 21.6 per cent of SpareBank 1 Boligkreditt AS and 17.7 per cent of SpareBank 1 Næringskreditt AS (the covered bond companies). The results from the above companies are recognised in the Bank's consolidated financial statements in proportion to the Bank's stake. The Group prepares its financial statements in accordance with international accounting standards as adopted by the EU (IAS 34).

Consolidated results for the second quarter of 2019

The SpareBank 1 Østlandet Group's profit after tax amounted to NOK 471 (416) million, compared with NOK 757 million in the first quarter of 2019. The return on equity was 12.8 (12.9) per cent, compared with 21.2 per cent in the first quarter of 2019.

Net interest income amounted to NOK 520 (511) million, compared with NOK 508 million in the first quarter of 2019. Net interest income as a percentage of average total assets was 1.62 (1.75) per cent, compared with 1.65 per cent in the first quarter of 2019.

Net commissions and other operating income amounted to NOK 364 (334) million, compared with NOK 341 million in the first quarter of 2019. Commissions from the covered bond companies amounted to NOK 82 (88) million, compared with NOK 84 million in the first quarter of 2019.

Income from real estate brokerage services amounted to NOK 81 (96) million, compared with NOK 75 million in the first quarter of 2019.

Income from accounting services amounted to NOK 50 (45) million, compared with NOK 53 million in the first quarter of 2019.

The net result from financial assets and liabilities amounted to NOK 198 (149) million, compared with NOK 423 million in the first quarter of 2019.

Total operating costs amounted to NOK 489 (468) million, compared with NOK 494 million in the first quarter of 2019.

Loan loss provisions amounted to NOK 8 (7) million, compared with net reversals of NOK 33 million in the first quarter of 2019.

Consolidated results for the first half-year 2019

The consolidated profit after tax for the first half-year was NOK 1,227 (730) million. The return on equity was 16.9 (11.4) per cent.

The gain recognised in the Group as a result of DNB ASA increasing its ownership stake in Fremtind Forsikring AS from 20 to 35 per cent amounted to NOK 291 million. The gain has an annualised effect on the return on equity of 4.0 percentage points as at 30 June 2019.

| Specification of the consolidated profit after tax in NOK millions: | 30.06.19 | 30.06.18 |
|---|--------------|------------|
| Parent Bank's profit after tax | 1,250 | 931 |
| Dividends received from subsidiaries/associated companies | -582 | -368 |
| Share of profit from: | | |
| SpareBank 1 Gruppen AS | 433 | 75 |
| SpareBank 1 Boligkreditt AS | 24 | -5 |
| SpareBank 1 Næringskreditt AS | 3 | 1 |
| EiendomsMegler 1 Hedmark Eiendom AS | 7 | 8 |
| EiendomsMegler 1 Oslo Akershus - Group | 8 | 4 |
| SpareBank 1 Finans Østlandet AS | 63 | 73 |
| SpareBank 1 Østlandet VIT - Group ¹⁾ | -1 | -2 |
| SpareBank 1 Kredittkort AS | 9 | 13 |
| SpareBank 1 Betaling AS | 9 | -6 |
| BN Bank ASA | 3 | 0 |
| Other associated companies/joint ventures | 1 | 7 |
| Consolidated profit after tax | 1,227 | 730 |

¹⁾ The profit at 30 June 2018 include SpareBank 1 Regnskapshuset Østlandet AS only for the period up to 16 May 2018.

Net interest income

Net interest income amounted to NOK 1,027 (1,006) million. Net interest income shows a lower increase than underlying operations indicate due to the subsidiary SpareBank 1 Finans Østlandet AS reclassifying some income items from 'net interest income' to 'net commissions and other operating income' from 1 January 2019. As at 30 June 2019, this reclassification amounted to NOK 49 million.

Net interest income must be viewed in conjunction with commissions from mortgages transferred to the partly-owned covered bond companies (recognised as commission income) totalling NOK 166 (194) million. Total net interest income and commissions from the covered bond companies totalled NOK 1,194 (1,200) million. In addition to the reclassification of income in SpareBank 1 Finans Østlandet AS, reduced lending margins and lower commissions from the covered bond companies also contributed to the reduction, while improved deposit margins and growth in lending and deposits had the opposite effect.

Net interest income as a percentage of average total assets was 1.63 (1.78) per cent. The effect of the reclassification of the above mentioned income items in the subsidiary SpareBank 1 Finans Østlandet AS is 0.08 percentage points.

Net commissions and other operating income

Net commissions and other operating income amounted to NOK 705 (657) million.

| NOK million | 30.06.19 | 30.06.18 |
|--|------------|------------|
| Net money transfer fees | 52 | 63 |
| Commissions revenues from insurance and savings | 101 | 98 |
| Commissions revenues from covered bonds companies | 166 | 194 |
| Commission revenues from credit cards | 31 | 34 |
| Real estate broker commission | 156 | 163 |
| Accounting services | 103 | 83 |
| Other income | 96 | 23 |
| Net commissions and other (non interest) income | 705 | 657 |

The increase in commissions was mainly due to increased income from accounting services as a result of the consolidation of TheVIT AS. The increase in other operating income was mainly due to the subsidiary SpareBank 1 Finans Østlandet AS reclassifying some income items from 'net interest income' to 'net commissions and other operating income' from 1 January 2019. This effect amounted to NOK 49 million in the first half-year. This was offset by reduced commissions from the covered bond companies, reduced income from real estate brokerage and reduced net income from Money transfers and payment processing.

For more detailed information about the various profit centres in the Group, see Note 3 'Segment information'.

Net result from financial assets and liabilities

The net result from financial assets and liabilities was NOK 621 (194) million.

| NOK million | 30.06.19 | 30.06.18 |
|--|------------|------------|
| Dividends from other than Group companies | 18 | 13 |
| Net profit from ownership interests | 477 | 84 |
| Net profit from other financial assets and liabilities | 125 | 98 |
| Net commission and other operating income | 621 | 194 |

Dividends of NOK 18 (13) million primarily consist of dividends from Totens Sparebank of NOK 12 (12) million and dividends from VN Norge AS of NOK 6 (0) million.

The net profit from ownership interests amounted to NOK 477 (84) million.

| Contribution from Associated companies and joint ventures | 30.06.19 | 30.06.18 |
|---|------------|-----------|
| SpareBank 1 Gruppen AS | 433 | 75 |
| SpareBank 1 Boligkreditt AS | 24 | -5 |
| SpareBank 1 Næringskreditt AS | 3 | 1 |
| SpareBank 1 Kredittkort AS | 9 | 13 |
| SpareBank 1 Betaling AS | 9 | -6 |
| BN Bank ASA | 3 | 0 |
| Other associated companies/joint ventures | -4 | 6 |
| Net profit from ownership interests | 477 | 84 |

The increase of NOK 393 million was mainly due to effects from SpareBank 1 Gruppen AS relating to the insurance merger, the sale of shares in Fremtind Forsikring AS, and the write up of properties in the subsidiary SpareBank 1 Forsikring AS. The increase was also due to better results from SpareBank 1 Betaling AS and the covered bond companies, as well as profit contribution from BN Bank ASA with effect from 24 May 2019.

The net result from other financial assets and liabilities was NOK 125 (98) million. The profit contribution from other financial assets and liabilities in the first half-year was mainly due to a positive value change in equity instruments and fixed-income securities in the liquidity portfolio, as well as a positive net result from currency trading and a positive value adjustment of fixed-rate loans to customers.

Also see Note 7 'Net result from financial assets and liabilities'.

Operating costs

Total operating costs were NOK 983 (918) million and amounted to 41.8 (49.4) per cent of net income.

The gain recognised in the Group as a result of DNB ASA increasing its ownership interest in Fremtind Forsikring AS from 20 to 35 per cent amounted to NOK 291 million. The gain had an effect on the cost/income ratio of 5.9 percentage points as at 30 June 2019.

| NOK million | 30.06.19 | 30.06.18 | Change |
|---|------------|------------|--------------|
| Personnel costs ex. restructuring costs | 554 | 505 | 9,7 % |
| Depreciation/amortization | 69 | 55 | 25,1 % |
| IT costs | 145 | 134 | 7,9 % |
| Marketing | 50 | 57 | -12,8 % |
| Operating expenses from real estate | 22 | 45 | -52,3 % |
| Other costs | 141 | 122 | 15,7 % |
| Total operating expenses ex. restructuring costs | 979 | 918 | 6,7 % |
| Restructuring costs | 4 | 0 | |
| Total operating costs | 983 | 918 | 7,1 % |

The NOK 65 million increase in operating costs was mainly due to increased personnel costs. On top of normal wage inflation, personnel costs have increased as a result of growth in the number of FTEs in the subsidiaries, as well as costs of NOK 7 million related to employee discounts on purchases of equity certificates as part of the employee offering in the first quarter. Increased depreciation must be seen in the context of reduced operating costs for properties following the implementation of IFRS 16 from 1 January 2019. Restructuring costs amounted to NOK 4 (0) million as at 30 June 2019 and were due to severance payments arising from downsizing in the parent bank.

As at 30 June 2019, there were 1,130 (1,126) FTEs in the Group. The workforce increase of four FTEs was mainly related to the subsidiaries, which increased by 13 FTEs, primarily in the real estate agency services. The parent bank has reduced staffing by 9 FTEs.

Loan loss provisions

In the first half-year, the Group saw net reversals on losses of NOK 25 (cost of 12) million. The reversals were mainly due to a reduction in loss provisions in the parent bank, where validation of the IFRS 9 loss models showed higher recovery rates in the loan portfolio.

Loan loss provisions can be broken down as follows:

| Specification of total losses on loans and guarantees in the period, NOK million | Total | PM | BM | SB1FØ |
|---|------------|-----------|------------|-----------|
| Change in impairments in the period | -49 | -11 | -42 | 4 |
| Realised losses on commitments for which earlier impairment provisions have been made | 9 | 2 | 7 | 0 |
| Realised losses on commitments for which no earlier impairment provisions has been made | 21 | 1 | 2 | 18 |
| -Recoveries on loans and guarantees previously impaired | 6 | 1 | 0 | 5 |
| Total impairment losses on loans and guarantees in the period | -25 | -9 | -33 | 17 |

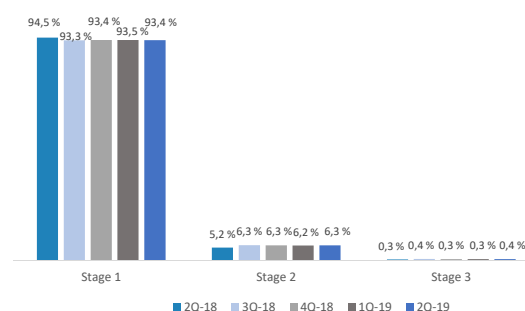
74 per cent of the SpareBank 1 Østlandet Group's total lending, including loans transferred to the covered bond companies, is to retail customers, mainly in the form of residential mortgages. The corporate portfolio has no exposure to the oil and gas industry and is otherwise characterised by low risk.

Credit risk

The group's provisions for loans and commitments was 335 (408) million, at the end of the second quarter of 2019 a reduction of 73 million.

Gross loans and financial liabilities defined as Stage 3 amounted to 469 (430) million at the end of the second quarter of 2019. This corresponded to 0,5 (0,4) of gross loans. 91 (148) million of Gross loans and financial liabilities defined as Stage 3 was provisions for credit losses.

Net exposure in the different Stages are listed in the graph:



For more detailed information about the various profit centres in the Group, see Note 5 'Loans to receivables from customers' and Note 6 'Losses on loans and guarantees'.

Otherwise, the credit risk in the Bank's credit portfolio was stable during the first half-year. This applies to both the retail portfolio and the corporate portfolio. Defaults and losses have been consistently low. There has generally been low losses and low net exposure in Stage 3. The Board considers SpareBank 1 Østlandet's total credit risk to low and well within the Bank's accepted risk tolerance.

Total assets

Total assets as at 30 June 2019 amounted to NOK 130.9 (119.6) billion. Adjusted total assets, defined as total assets including loans transferred to the covered bond companies, amounted to NOK 173.5 (159.0) billion.

Lending to customers

Gross lending to customers, including mortgages transferred to the covered bond companies, totalled NOK 144.3 (135.5) billion. As at 30 June 2019, mortgages totalling NOK 41.4 (37.9) billion had been transferred to SpareBank 1 Boligkreditt AS and mortgages totalling NOK 1.2 (1.5) 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 8.8 (11.1) billion, equivalent to 6.5 (8.9) per cent. The growth in retail lending was NOK 6.0 (8.5) billion, while the growth in corporate lending was NOK 2.8 (2.6) billion.

Deposits from customers

As at 30 June 2019, deposits from customers totalled NOK 77.4 (70.6) billion. The growth in deposits during the last 12 months was NOK 6.7 (4.0) billion, equivalent to 9.5 (6.0) per cent. The growth in the retail deposits was NOK 2.2 (3.1) billion, while the growth in the corporate deposits was NOK 4.5 (0.9) billion. The Group's deposit coverage ratio was 76.1 (73.6) per cent. The Group's deposit coverage ratio, inclusive of mortgages transferred to the covered bond companies, was 53.6 (52.1) per cent.

Liquidity

Borrowing from financial institutions and securities issued (senior and subordinated loan capital) totalled NOK 35.8 (33.9) billion, 33.7 (24.0) per cent of which is euro-denominated. The average term to maturity of the Group's long-term funding was 4.2 (4.6) years. The average term to maturity for all funding was 3.8 (4.1) years.

The liquidity coverage ratio (LCR) was 170.7 (164.7) per cent, where the average for the last year was 161.8 (132.6) per cent. The level of LCR is considered to be good and is well above target levels. The Board of Directors considers the Group's liquidity risk to be low.

Equity certificates

As at 30 June 2019, the equity share capital comprises 115,829,789 equity certificates. The consolidated book value per equity certificate as at 30 June 2019 was NOK 88.79 (81.58) and earnings per equity certificate were NOK 7.29 (4.58) for the first half-year. As at 30 June 2019, the price per equity certificate was NOK 85.00 (87.00). In April, a dividend payout of NOK 4.12 per equity certificate was made.

Financial strength and total capital adequacy ratio

The Group's equity as at 30 June 2019 totalled NOK 15.1 (13.4) billion and amounted to 11.5 (11.2) per

cent of total capital. The leverage ratio was 7.3 (7.3) per cent. A simplified audit of the income statement and balance sheet was carried out in accordance with the regulations. The profit for the period after expected tax and dividend payments is included in the capital adequacy calculations.

The Group's common equity tier 1 ratio as at 30 June 2019 was 16.7 (16.1) per cent. The tier 1 capital ratio and the total capital ratio were 17.3 (16.9) per cent and 19.1 (19.3) per cent, respectively. During the period, the Group increased the estimates for loss given default (LGD) in the corporate portfolio, in line with the ruling of the Financial Supervisory Authority of Norway. The effect was a reduction in the common equity tier 1 ratio of about 0.8 percentage points. The Group has appealed the Financial Supervisory Authority of Norway's ruling and the appeal is currently being considered by the Ministry of Finance.

The Group's long-term target for the common equity tier 1 ratio is 16 per cent. The Group's target common equity tier 1 ratio will be reassessed when the notified regulatory changes have been fully clarified.

Rating

SpareBank 1 Østlandet's deposits and senior unsecured debt are rated A1 by Moody's Investor Service. SpareBank 1 Østlandet is thus rated on a par with the best-rated savings banks in Norway. Moody's latest credit report (12 June 2019) confirms the previous A1 rating, and the negative rating outlook has been removed.

The negative outlook was a consequence of the bill presented by the Ministry of Finance on 21 June 2017, which was 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 expressed Moody's assessment of the likelihood of government support being reduced as a result of this. The directives were introduced in Norway on 1 January 2019.

However, the Norwegian regulation concerning the magnitude of bailinable debt (Tier 3), subordinated to deposits and senior unsecured debt, reduces the likelihood of losses on deposits and senior debt is reduced. Consequently, the negative effect of the removal of government support is counterbalanced by the positive effect of the reduced likelihood of losses on deposits and senior unsecured debt and the negative outlook was removed.

Parent bank

The parent bank's profit after tax for the first half-year was NOK 1,250 (931) million. The increase from the first half-year of 2018 was mainly due to extraordinary dividends from SpareBank 1 Gruppen AS of NOK 211 million resulting from DNB ASA increasing its stake in Fremtind Forsikring AS from 20 to 35 per cent, and NOK 55 million in tax deductions for customer dividends. In 2018, the tax deduction for the customer dividends was only recognised in the fourth quarter, pending clarification of the tax effects of the transaction. The parent bank also increased its net interest income because of growth in lending and deposits, as well as an improved net result from other financial assets and liabilities. This was offset by reduced commissions from the covered bond companies and increased operating costs.

Operating costs

Total operating costs in the parent bank were NOK 688 (641) million in the first half-year and amounted to 33.7 (36.6) per cent of total net income.

The NOK 47 million increase in operating costs was mainly due to increased personnel costs. On top of normal wage inflation, personnel costs have increased as a result of costs of NOK 7 million related to employee discounts on purchases of equity certificates as part of the employee offering in the first quarter. The increase in other operating costs was largely due to temporary staff hired to assist with the work of updating existing KYC documentation. Increased depreciation must be seen in the context of reduced operating costs for properties following the implementation of IFRS 16 from 1 January 2019. Restructuring costs amounted to NOK 4 (0) million as at 30 June 2019 and were due to severance payments arising from downsizing in the parent bank.

| NOK million | 30.06.19 | 30.06.18 | Change |
|--|------------|------------|--------------|
| Personnel expenses ex. restructuring costs | 355 | 329 | 7,7 % |
| Depreciation/amortization | 52 | 34 | 52,0 % |
| IT costs | 133 | 125 | 6,1 % |
| Marketing | 32 | 39 | -18,3 % |
| Operating costs from real estate | 23 | 37 | -38,0 % |
| Other costs | 90 | 76 | 18,2 % |
| Total operating costs ex. restructuring costs | 684 | 641 | 6,8 % |
| restructuring costs | 4 | 0 | |
| Total operating costs | 688 | 641 | 7,3 % |

For 2019, SpareBank 1 Østlandet aims to keep the growth in the parent bank's operating costs, adjusted for restructuring costs, within 2 per cent. As at 30 June 2019, the parent bank's operating costs before restructuring costs were NOK 684 (641)

million, an increase of 6.8 per cent. The Bank has implemented cost-saving measures to achieve these cost targets.

As at 30 June 2019, the parent bank had 684 FTEs. Staffing has been reduced from 693 FTEs as at 30 June 2018, and from 763 FTEs since the acquisition of Bank 1 Oslo Akershus AS was announced at the end of 2015.

Financial strength and total capital adequacy ratio

The parent bank's common equity tier 1 ratio as at 30 June 2019 was 21.5 (22.0) per cent. The tier 1 capital ratio was 21.8 (22.7) per cent, while the total capital ratio was 23.6 (25.4) per cent. During the period, the Bank increased its estimates for loss given default (LGD) in the corporate portfolio, in line with the decision of the Financial Supervisory Authority of Norway. The effect was a reduction in core equity tier 1 ratio of about 1.2 percentage points. The Bank has appealed the Financial Supervisory Authority of Norway's decision and the appeal is currently being considered by the Ministry of Finance. The profit for the period after expected tax costs and dividend payments is included in the total capital adequacy ratio.

The parent bank's equity amounted to NOK 14.3 (12.7) billion, which was equivalent to 11.0 (10.7) per cent of the total capital as at 30 June 2019.

Underlying banking operations

Underlying banking operations are defined as the profit before loan losses, excluding valuation effects on securities and dividends. Restructuring costs are also excluded.

| Underlying banking operations, MNOK | 30.06.19 | 30.06.18 | Change |
|---|------------|------------|---------------|
| Net interest income | 907 | 842 | 7,7 % |
| Net commission and other income | 408 | 433 | -5,7 % |
| Total operating expenses | -688 | -641 | 7,3 % |
| Adjustments: Restructuring costs | 4 | 0 | |
| Operating profit underlying banking operations | 631 | 634 | -0,6 % |

The operating profit for the first half-year from underlying banking operations was NOK 631 (634) million. Underlying banking operations decreased by NOK 4 million compared with the first half of last year, which is equivalent to 0.6 per cent. The decrease was mainly due to reduced commissions from the covered bond companies and increased operating costs, partially offset by improved net interest income from the growth in lending and deposits.

Subsidiaries

SpareBank 1 Finans Østlandet AS

The leasing company SpareBank 1 Finans Østlandet AS (95 per cent stake) posted a profit after tax of NOK 63 (73) million for the first half-year. The decrease was mainly due to a NOK 12 million increase in losses. The increase in losses was due to a combination of increased losses in the retail segment, the effects of model loss provisions, and the sale of portfolios. As at 30 June 2019, gross lending to customers amounted to NOK 8.6 (7.6) billion and the growth in lending in the last 12 months was 12.4 (12.1) per cent. SpareBank 1 Finans Østlandet AS has seen good lending growth and strong income development with the same level of staffing over the last year, but increased funding costs are pulling in the opposite direction.

EiendomsMegler 1 Hedmark Eiendom AS

The estate broker EiendomsMegler 1 Hedmark Eiendom AS posted earnings of NOK 61 (56) million and achieved a profit after tax of NOK 7 (8) million.

The growth comes mainly from increased new build sales and the associated brokerage services. Other sales income was on a par with last year.

EiendomsMegler 1 Oslo Akershus Group

The estate broker EiendomsMegler 1 Oslo Akershus Group posted earnings of NOK 112 (110) million and achieved a profit after tax of NOK 8 (4) million. The improved result is partially explained by the correction of an error in the tax costs from previous years, which amounted to NOK 3 million.

SpareBank 1 Østlandet VIT Group

The SpareBank 1 Østlandet VIT Group's earnings was NOK 103 (83) million and the company saw a profit after tax of NOK -1 (-2) million. Last year's figures were only for SpareBank 1 Regnskapshuset Østlandet AS for the period up to 16 May 2018 and are thus not directly comparable. The improvement result was mainly driven by increased turnover.

Associated companies and joint ventures

SpareBank 1 Gruppen AS

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 1,287 (601) million and a return on equity of 27.5 (15.4) per cent for the first half-year. The controlling interests' share of the group contribution as at 30 June 2019 amounted to NOK 1,147 million and SpareBank 1 Østlandet's share of this amounted to NOK 142 million.

The improvement in the result was mainly due to a NOK 596 million write-up of properties in the subsidiary SpareBank 1 Forsikring AS. The write-up of the properties was due to external appraisals of the properties obtained in connection with planned transactions in the property portfolio. Furthermore, DNB ASA's increase in its stake in Fremtind Forsikring AS, from 20 per cent to 35 per cent, in January 2019 resulted in the equity in SpareBank 1 Gruppen, at a group level, increasing by NOK 4.7 billion. The majority interests' (the SpareBank 1 banks and the Norwegian Confederation of Trade Unions (LO)) share of this increase amounted to NOK 2.3 billion. SpareBank 1 Østlandet's share of this increase amounted to NOK 291 million and was recognised in the consolidated income statement in the first

quarter of 2019. The total profit contribution from SpareBank 1 Gruppen AS in SpareBank 1 Østlandet's consolidated financial statements thus amounted to NOK 433 million as at 30 June 2019.

SpareBank 1 Boligkreditt AS

SpareBank 1 Boligkreditt AS (21.6 per cent stake) was established by the banks in the SpareBank 1 Alliance to utilise the market for covered bonds. The banks sell prime mortgages to the company and achieve lower funding costs. The company posted a profit after tax of NOK 130 (-5) million. The improvement is mainly driven by reduced cost of carry in the liquidity portfolio, and a positive contribution from collateral received from counterparties. The profit share from SpareBank 1 Boligkreditt AS, which is included the consolidated accounts for SpareBank 1 Østlandet according to the equity method, is adjusted for interest paid on the hybrid capital which is charged directly to equity.

SpareBank 1 Næringskreditt AS

SpareBank 1 Næringskreditt AS (17.7 per cent stake) was established according to the same model, and with the same management, as SpareBank 1 Boligkreditt AS. SpareBank 1 Næringskreditt AS has two classes of shares with differing rights to dividends. SpareBank 1 Østlandet includes 9.15 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 29 (27) million. In the same way as for SpareBank 1 Boligkreditt AS, the profit share reported in the consolidated financial statements for SpareBank 1 Østlandet is reduced by interest paid on the hybrid capital.

SpareBank 1 Kredittkort AS

SpareBank 1 Kredittkort AS (20.8 per cent stake) is the SpareBank 1 Alliance's jointly-owned credit card company. The company posted a profit after tax of NOK 44 (65) million. The main reason for the reduction is that last year's figures include a gain of NOK 15 million from the sale of a non-performing portfolio.

SpareBank 1 Betaling AS

SpareBank 1 Betaling AS (18.7 per cent stake) is the SpareBank 1 Alliance's joint venture for payment solution, including the SpareBank 1 Alliance's stake in the mobile payment company Vipps AS. The company posted a loss after tax of NOK -24 (-31) million. The profit contribution included in the

SpareBank 1 Østlandet's consolidated financial statements for the first half of 2019 was nonetheless positive and amounted to NOK 9 million because of a correction SpareBank 1 Betaling AS made to the 2018 accounts. The correction relates mainly to the amended valuation relating to the merger of SpareBank 1 Asept AS and SpareBank ID AS which was registered on 16 January 2019, but which was recognised in the accounts from 1 October 2018.

BN Bank ASA

BN Bank ASA (9.99 per cent stake from 24 May 2019) is a nationwide bank for corporate and retail customers owned by seven of the banks in the SpareBank 1 Alliance. BN Bank ASA posted a consolidated profit after tax of NOK 152 (162) million. The profit share from BN Bank ASA, which is included in SpareBank 1 Østlandet's consolidated financial statements with effect from 24 May 2019, is adjusted for interest paid on the hybrid capital that is charged directly to equity.

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

Outlook

Although increased international protectionism and a still unresolved Brexit situation could impact the Norwegian economy, the macroeconomic situation in Norway is stable. The Norwegian economy is robust, with great adaptability, innovation and strong government finances.

At the regional level, most economic indicators are showing a good and stable trend. The region is experiencing positive growth in housing prices, stable credit growth and low unemployment, along with good profitability and high willingness to invest among 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 shall continue to be a hallmark of the Bank. Maintaining a high solidity gives the Bank strong credibility as a long-term partner for retail customers, SMEs 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. The recently completed equity issues support the Bank's financial strength and strategic ambitions.

SpareBank 1 Østlandet continues to see a solid increase in the number of customers and good demand for credit and other financial services. The Bank's distribution model with leading digital solutions combined with a well-developed branch network in central hubs and towns has proven to be a good driver for attracting new customers and so providing for profitable growth.

The Board of Directors believes 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, 6 August 2019

Income statement

| Parent Bank | | | | | | Group | | | | | |
|--|-------------|------------|--------------|--------------|---|-------|--------------|--------------|--------------|------------|--------------|
| Year | 01.04-30.06 | | 01.01-30.06 | | | | 01.01-30.06 | | 01.04-30.06 | | Year |
| 2018 | 2018 | 2019 | 2018 | 2019 | (NOK million) | Notes | 2019 | 2018 | 2019 | 2018 | 2018 |
| 1,942 | 537 | 543 | 1,098 | 1,011 | Interest income, fair value | | 1,011 | 1,098 | 511 | 457 | 1,942 |
| 1,132 | 222 | 306 | 391 | 651 | Interest income, amortized cost | | 774 | 556 | 399 | 387 | 1,473 |
| 1,337 | 332 | 390 | 647 | 755 | Interest expense | | 757 | 649 | 390 | 333 | 1,340 |
| 1,737 | 427 | 459 | 842 | 907 | Net interest income | | 1,027 | 1,006 | 520 | 511 | 2,074 |
| 891 | 215 | 223 | 453 | 433 | Commission income | | 627 | 614 | 323 | 310 | 1,210 |
| 74 | 21 | 23 | 37 | 41 | Commission expenses | | 67 | 50 | 36 | 27 | 104 |
| 32 | 8 | 10 | 17 | 16 | Other operating income | | 145 | 93 | 78 | 51 | 181 |
| 849 | 202 | 211 | 433 | 408 | Net commission and other operating income | | 705 | 657 | 364 | 334 | 1,286 |
| 13 | 0 | 6 | 13 | 18 | Dividends from other than Group companies | 7 | 18 | 13 | 6 | 0 | 13 |
| 369 | 178 | 241 | 364 | 582 | Net profit from ownership interests | 7 | 477 | 84 | 131 | 54 | 198 |
| 80 | 95 | 61 | 98 | 125 | Net profit from other financial assets and liabilities | 7 | 125 | 98 | 61 | 95 | 80 |
| 461 | 274 | 307 | 475 | 726 | Net income from financial assets and liabilities | | 621 | 194 | 198 | 149 | 291 |
| 3,048 | 902 | 977 | 1,750 | 2,041 | Total net income | | 2,353 | 1,858 | 1,082 | 994 | 3,651 |
| 674 | 163 | 174 | 329 | 358 | Personnel expenses | | 557 | 505 | 267 | 247 | 1,050 |
| 69 | 17 | 27 | 34 | 52 | Depreciation | | 69 | 55 | 33 | 32 | 102 |
| 566 | 142 | 144 | 278 | 278 | Other operating expenses | | 357 | 358 | 189 | 190 | 728 |
| 1,309 | 322 | 345 | 641 | 688 | Total operating expenses | | 983 | 918 | 489 | 468 | 1,881 |
| 1,738 | 580 | 632 | 1,109 | 1,353 | Operating profit before losses on loans and guarantees | | 1,370 | 940 | 593 | 525 | 1,770 |
| 16 | 6 | 3 | 8 | -42 | Impairment on loans and guarantees | 6 | -25 | 12 | 8 | 7 | 35 |
| 1,722 | 574 | 629 | 1,101 | 1,395 | Pre-tax operating profit | | 1,395 | 928 | 585 | 518 | 1,735 |
| 275 | 85 | 98 | 171 | 145 | Tax expense | | 167 | 198 | 114 | 102 | 321 |
| 1,447 | 489 | 531 | 931 | 1,250 | Profit after tax | | 1,227 | 730 | 471 | 416 | 1,414 |
| Majority interest | | | | | | | 1,225 | 726 | 469 | 414 | 1,408 |
| Minority interest | | | | | | | 3 | 4 | 2 | 2.24 | 5 |
| Earnings per equity certificate (in NOK) | | | | | | | 7.29 | 4.58 | 4.50 | | 8.46 |
| Diluted earnings per equity certificate (in NOK) | | | | | | | 7.29 | 1.97 | 4.50 | | 8.42 |
| Earnings per average equity certificate (in NOK) | | | | | | | 7.29 | 1.97 | 4.50 | | 9.04 |
| Diluted earnings per average equity certificate (in NOK) | | | | | | | 7.29 | 1.97 | 4.50 | | 9.00 |

Statement of other comprehensive income

| Parent Bank | | | | | | Group | | | | | |
|-------------|-------------|------|-------------|-------|--|-------|-------------|------|-------------|------|-------|
| Year | 01.04-30.06 | | 01.01-30.06 | | | | 01.01-30.06 | | 01.04-30.06 | | Year |
| 2018 | 2018 | 2019 | 2018 | 2019 | (NOK million) | Notes | 2019 | 2018 | 2019 | 2018 | 2018 |
| 1,447 | 489 | 531 | 931 | 1,250 | Profit after tax | | 1,227 | 730 | 471 | 416 | 1,414 |
| -3 | 0 | 0 | 0 | 0 | 0 Actuarial gains/losses on pensions | | 0 | 0 | 0 | 0 | -3 |
| 1 | 0 | 0 | 0 | 0 | 0 Tax effects of actuarial gains/losses on pensions | | 0 | 0 | 0 | 0 | 1 |
| 23 | 0 | -12 | -8 | -16 | Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk | | -16 | -8 | -12 | 0 | 0 |
| -6 | 0 | 3 | 0 | 4 | 4 Tax effects related to the above | | 4 | 2 | 3 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | Share of other comprehensive income from associated companies and joint ventures | | 1 | 1 | 1 | 2 | 1 |
| 15 | 0 | -9 | -6 | -12 | Total items that will not be reclassified through profit or loss | | -11 | -6 | -8 | 2 | 16 |
| 0 | 0 | 0 | 0 | 0 | 0 Change in value of financial assets available for sale | | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | Financial assets available for sale transferred to profit and loss | | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 on write-down due to permanent impairment of value | | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | Financial assets available for sale transferred to profit and loss | | 0 | 0 | 0 | 0 | 0 |
| 2 | 0 | 0 | 3 | -3 | 0 on realisation | | -3 | 3 | 0 | 0 | 2 |
| -1 | 0 | 0 | -1 | 1 | Net fair value adjustments on loans at fair value through other comprehensive income | | 1 | -1 | 0 | 0 | -1 |
| -51 | -15 | 24 | -33 | 10 | 1 Tax effects related to the above | | 10 | -33 | 24 | -15 | -51 |
| 13 | 4 | -6 | 8 | -2 | Fair value changes on hedge derivatives due to changes in the currency basis spread | | -2 | 8 | -6 | 4 | 13 |
| 0 | 0 | 0 | 0 | 0 | 2 Tax effects related to the above | | -9 | -11 | 16 | -17 | -40 |
| -36 | -11 | 18 | -23 | 5 | Share of other comprehensive income from associates and joint ventures | | -4 | -34 | 34 | -28 | -77 |
| -21 | -11 | 9 | -29 | -7 | Total items that will be reclassified through profit or loss | | -15 | -40 | 26 | -26 | -61 |
| 1,426 | 478 | 540 | 902 | 1,243 | Total profit and loss items recognised in equity | | 1,213 | 690 | 497 | 390 | 1,353 |
| | | | | | Total profit/loss for the period | | 1,210 | 686 | 495 | 388 | 1,348 |
| | | | | | Majority interest | | 3 | 4 | 2 | 2 | 5 |
| | | | | | Minority interest | | | | | | |

Balance sheet

| Parent Bank | | | | Group | | | |
|----------------|------------|------------|--|---------|------------|------------|---------|
| 2018 | 30.06.2018 | 30.06.2019 | NOK million | Notes | 30.06.2019 | 30.06.2018 | 2018 |
| ASSETS | | | | | | | |
| 1,878 | 639 | 778 | Cash and deposits with central banks | | 779 | 639 | 1,878 |
| 7,487 | 10,714 | 10,036 | Loans to and receivables from credit institutions | | 2,887 | 4,301 | 1,023 |
| 90,878 | 88,156 | 92,934 | Loans to and receivables from customers | 5,6 | 101,378 | 95,681 | 98,606 |
| 14,446 | 11,913 | 17,590 | Certificates, bonds and fixed-income funds | 10 | 17,590 | 11,913 | 14,446 |
| 819 | 436 | 782 | Financial derivatives | 8,10,11 | 782 | 436 | 819 |
| 594 | 549 | 625 | Shares, units and other equity interests | 10 | 625 | 554 | 594 |
| 3,635 | 3,508 | 4,302 | Investments in associates and joint ventures | | 4,794 | 3,912 | 4,124 |
| 1,521 | 1,369 | 1,521 | Investments in subsidiaries | | 0 | 0 | 0 |
| 337 | 350 | 525 | Property, plant and equipment | 12 | 686 | 553 | 543 |
| 96 | 102 | 91 | Goodwill and other intangible assets | | 409 | 406 | 400 |
| 699 | 861 | 603 | Other assets | 13 | 924 | 1,196 | 1,041 |
| 122,390 | 118,596 | 129,786 | Total assets | | 130,854 | 119,592 | 123,472 |
| LIABILITIES | | | | | | | |
| 2,704 | 2,519 | 3,639 | Deposits from and liabilities to credit institutions | | 3,656 | 2,517 | 2,636 |
| 71,540 | 70,667 | 77,385 | Deposits from and liabilities to customers | 14 | 77,352 | 70,645 | 71,497 |
| 31,984 | 29,957 | 31,638 | Liabilities arising from issuance of securities | 10,15 | 31,638 | 29,957 | 31,984 |
| 354 | 362 | 278 | Financial derivatives | 8,10,11 | 278 | 362 | 354 |
| 205 | 245 | 120 | Current tax liabilities | | 163 | 295 | 248 |
| 69 | 2 | 82 | Deferred tax liabilities | | 206 | 137 | 202 |
| 532 | 740 | 1,267 | Other debt and liabilities recognised in the balance sheet | 16 | 1,369 | 856 | 687 |
| 1,102 | 1,403 | 1,103 | Subordinated loan capital | 10,15 | 1,103 | 1,403 | 1,102 |
| 108,490 | 105,895 | 115,512 | Total liabilities | | 115,765 | 106,172 | 108,710 |
| EQUITY CAPITAL | | | | | | | |
| 5,766 | 5,359 | 5,791 | Equity capital certificates | 17 | 5,791 | 5,359 | 5,766 |
| 830 | 547 | 848 | Premium fund | | 848 | 547 | 830 |
| 2,112 | 2,216 | 3,009 | Dividend equalisation fund | | 3,009 | 2,216 | 2,112 |
| 477 | 0 | 0 | Dividend | | 0 | 0 | 477 |
| 3,690 | 3,735 | 3,997 | Primary capital | | 3,997 | 3,735 | 3,690 |
| 166 | 166 | 166 | Other paid-up equity | | 166 | 166 | 166 |
| 15 | 19 | 14 | Provision for gifts | | 14 | 19 | 15 |
| 252 | 278 | 285 | Fund for unrealised gains | | 285 | 279 | 253 |
| 222 | 0 | 0 | Dividend customers return | | 0 | 0 | 222 |
| 400 | 400 | 200 | Hybrid capital | | 200 | 400 | 400 |
| -30 | -19 | -37 | Interest expense for hybrid capital | | -54 | -37 | -48 |
| 0 | 0 | 0 | Other equity | | 732 | 643 | 776 |
| | | | Minority interests | | 100 | 93 | 102 |
| 13,900 | 12,701 | 14,274 | Total equity capital | | 15,089 | 13,420 | 14,762 |
| 122,390 | 118,596 | 129,786 | Total equity capital and liabilities | | 130,854 | 119,592 | 123,472 |

The board of SpareBank 1 Østlandet
Hamar, August 6th 2019

Changes in equity capital

Parent Bank

(NOK million)

| | Paid-up equity | | | Earned equity capital | | | | | Hybrid-capital | Total equity capital |
|--|---------------------|--------------|----------------------|-------------------------------|---|---------------------|---------------------------|--------------|----------------|----------------------|
| | Equity certificates | Premium fund | Other paid-up equity | Primary capital ¹⁾ | Dividend equalisation funds ²⁾ | Provision for gifts | Fund for unrealised gains | Other equity | | |
| Equity capital as of 01.01.2018 | 5,359 | 547 | 165 | 3,636 | 2,008 | 20 | 279 | -8 | 400 | 12,406 |
| OB Corr. related to transitional rules IFRS 9 | | | | 11 | 23 | | | | | 35 |
| Reposting of interest on hybrid capital | | | 1 | | 3 | | | -4 | | 0 |
| Reposting of actuarial gains after tax on pensions | | | | 4 | -4 | | | | | 0 |
| Adjusted equity capital at 01.01.2018 | 5,359 | 547 | 166 | 3,652 | 2,032 | 20 | 279 | -12 | 400 | 12,440 |
| ECs issued and transferred to owners | | | | | | | | | | 0 |
| Hybrid capital | | | | | | | | | | 0 |
| Interest after tax on hybrid capital | | | | | | | | -6 | | -6 |
| Profit after tax | | | | 303 | 630 | | -1 | | | 931 |
| Value changes on creditspread and basiswap | | | | -10 | -21 | | | | | -31 |
| Value change on loans measured at fair value | | | | 1 | 1 | | | | | 2 |
| Dividend paid | | | | -204 | -424 | | | | | -629 |
| Donations distributed from profit 2017 | | | | -6 | | | | | | -6 |
| Grants from provision for gifts in 2018 | | | | | | 0 | | | | 0 |
| Equity capital as of 30.06.2018 | 5,359 | 547 | 166 | 3,734 | 2,217 | 19 | 278 | -19 | 400 | 12,701 |
| Equity capital as of 01.01.2018 | 5,359 | 547 | 165 | 3,636 | 2,008 | 20 | 279 | -8 | 400 | 12,406 |
| OB Corr. related to transitional rules IFRS 9 | | | | 11 | 23 | | | | | 35 |
| Reposting of interest on hybrid capital | | | | | 3 | | | -4 | | 0 |
| Reposting of actuarial gains after tax on pensions | | | | 4 | -4 | | | | | 0 |
| Adjusted equity capital at 01.01.2018 | 5,359 | 547 | 166 | 3,652 | 2,031 | 20 | 279 | -12 | 400 | 12,440 |
| ECs issued and transferred to owners | 407 | 283 | | | | | | | | 690 |
| Hybrid capital | | | | | | | | | | 0 |
| Interest after tax on hybrid capital | | | | | | | | -17 | | -17 |
| Profit after tax | | | | 477 | 998 | | -27 | | | 1,447 |
| Effects on creditspread at financial liabilities FVOCI | | | | 5 | 12 | | | | | 17 |
| Effects on basiswap in hedge accounting | | | | -12 | -26 | | | | | -38 |
| Value change on loans measured at fair value | | | | 1 | 1 | | | | | 2 |
| Actuarial gains after tax on pensions | | | | -1 | -1 | | | | | -2 |
| Dividend paid | | | | -204 | -424 | | | | | -629 |
| Donations distributed from profit 2017 | | | | -6 | | | | | | -6 |
| Grants from provision for gifts in 2018 | | | | | | -5 | | | | -5 |
| Equity capital as of 31.12.2018 | 5,766 | 830 | 166 | 3,912 | 2,589 | 15 | 252 | -30 | 400 | 13,900 |
| Equity capital as of 01.01.2019 | 5,766 | 830 | 166 | 3,912 | 2,589 | 15 | 252 | -30 | 400 | 13,900 |
| Reclassification | | | | -57 | 57 | | | | | 0.00 |
| ECs issued and transferred to owners | 26 | 18 | | | | | | | | 43 |
| Hybrid capital | | | | | | | | | -200 | -200 |
| Interest after tax on hybrid capital | | | | | | | | -7 | | -7 |
| Profit after tax | | | | 373 | 844 | | 33 | | | 1,250 |
| Effects on creditspread at financial liabilities FVOCI | | | | -4 | -8 | | | | | -12 |
| Effects on basiswap in hedge accounting | | | | 2 | 5 | | | | | 7 |
| Value change on loans measured at fair value | | | | -1 | -2 | | | | | -3 |
| Actuarial gains after tax on pensions | | | | | | | | | | -699 |
| Dividend paid | | | | -222 | -477 | | | | | -6 |
| Donations distributed from profit 2017 | | | | -6 | | | | | | 0 |
| Grants from provision for gifts in 2018 | | | | | | 0 | | | | 0 |
| Equity capital as of 30.06.2019 | 5,791 | 848 | 166 | 3,997 | 3,009 | 14 | 285 | -37 | 200 | 14,274 |

Group

| (NOK million) | Paid-up equity | | | Earned equity capital | | | | | Hybrid-capital | Minority intersets | Total equity capital |
|--|---------------------|--------------|----------------------|-------------------------------|---|---------------------|---------------------------|--------------|----------------|--------------------|----------------------|
| | Equity certificates | Premium fund | Other paid-up equity | Primary capital ¹⁾ | Dividend equalisation funds ²⁾ | Provision for gifts | Fund for unrealised gains | Other equity | | | |
| Equity capital as of 01.01.2018 | 5,359 | 547 | 165 | 3,636 | 2,008 | 20 | 281 | 853 | 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 | 400 | 62 | 13,343 |
| ECs issued and transferred to owners | | | | | | | | | | | 0 |
| Profit after tax | | | | 303 | 630 | | -1 | -205 | | 4 | 730 |
| Value changes on creditspread and basisswap | | | | -10 | -21 | | | | | | -31 |
| Value change on loans measured at fair value | | | | 1 | 1 | | | | | | 2 |
| Share of other comprehensive income from associated companies and joint ventures | | | | | | | | -11 | | | -11 |
| Change revaluation reserve | | | | | | | | | | 33 | 33 |
| Interest expense after tax for hybrid capital | | | | | | | | | | | 0 |
| Dividend paid | | | | | | | | -6 | | | -6 |
| Donations distributed from profit 2017 | | | | -204 | -424 | | | | | -6 | -634 |
| Grants from provision for gifts in 2018 | | | | -6 | | -1 | | | | | -7 |
| Equity capital as of 30.06.2018 | 5,359 | 547 | 166 | 3,735 | 2,216 | 19 | 279 | 605 | 400 | 93 | 13,420 |
| | | | | | | | | | | | |
| Equity capital as of 01.01.2018 | 5,359 | 547 | 165 | 3,636 | 2,008 | 20 | 281 | 853 | 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 | 400 | 62 | 13,343 |
| ECs issued and transferred to owners | 407 | 283 | | | | | | | | | 690 |
| Profit after tax | | | | 477 | 998 | | -27 | -39 | | 5 | 1,414 |
| Effects on creditspread at financial liabilities FVOCI | | | | 5 | 12 | | | | | | 17 |
| Effects on basisswap in hedge accounting | | | | -12 | -26 | | | | | | -38 |
| Value change on loans measured at fair value | | | | 1 | 1 | | | | | | 2 |
| Actuarial gains after tax on pensions | | | | -1 | -1 | | | | | | -2 |
| Other items in comprehensive income | | | | | | | | -39 | | | -39 |
| associated companies and joint ventures | | | | | | | | -3 | | | -3 |
| Transferred from new minority interest | | | | | | | | | | 42 | 42 |
| Change revaluation reserve | | | | | | | | | | | 0 |
| Interest expense after tax for hybrid capital | | | | | | | | -17 | | | -17 |
| Dividend paid | | | | -204 | -424 | | | | | -6 | -634 |
| Donations distributed from profit 2017 | | | | -6 | | | | | | | -6 |
| Grants from provision for gifts in 2018 | | | | | | -5 | | | | | -5 |
| Equity capital as of 31.12.2018 | 5,766 | 830 | 166 | 3,912 | 2,589 | 15 | 253 | 728 | 400 | 102 | 14,762 |
| | | | | | | | | | | | |
| Equity capital as of 01.01.2019 | 5,766 | 830 | 166 | 3,912 | 2,589 | 15 | 252 | 728 | 400 | 102 | 14,762 |
| OB Corr Parent Bank | | | | | | | | | | | 0 |
| OB Corr. Subsidiary | | | | | | | | 0 | | | 0 |
| OB Corr. In Group companies | | | | | | | | -8 | | | -8 |
| Adjusted equity capital at 01.01.2019 | 5,766 | 830 | 166 | 3,912 | 2,589 | 15 | 252 | 719 | 400 | 102 | 14,753 |
| Reclassification | | | | -57 | 57 | | | | | | 0 |
| ECs issued and transferred to owners | 26 | 18 | | | | | | | | | 43 |
| Hybrid capital | | | | | | | | | -200 | | -200 |
| Profit after tax | | | | 373 | 844 | | 33 | -26 | | 3 | 1,227 |
| Effects on creditspread at financial liabilities FVOCI | | | | -4 | -8 | | | | | | -12 |
| Effects on basisswap in hedge accounting | | | | 2 | 5 | | | | | | 7 |
| Value change on loans measured at fair value | | | | -1 | -2 | | | | | | -3 |
| Other items in comprehensive income | | | | | | | | -8 | | | -8 |
| Share of other comprehensive income from associated companies and joint ventures | | | | | | | | -2 | | | -2 |
| Interest expense after tax for hybrid capital | | | | | | | | -7 | | | -7 |
| Dividend paid | | | | -222 | -477 | | | | | -6 | -705 |
| Donations distributed from profit 2017 | | | | -6 | | | | | | | -6 |
| Grants from provision for gifts in 2018 | | | | | | 0 | | | | | 0 |
| Equity capital as of 30.06.2019 | 5,791 | 848 | 166 | 3,998 | 3,009 | 14 | 285 | 677 | 200 | 100 | 15,089 |

1) Amounts transferred to primary capital as of 31.12.2018 include dividend payments.

2) Amounts transferred to dividend equalization funds as of 31.12.2018 includes dividends to customers return.

Cash flow statement

| Parent Bank | | | | Group | | |
|--|---------------|---------------|---|---------------|---------------|---------------|
| 2018 | 30.06.2018 | 30.06.2019 | (NOK million) | 30.06.2019 | 30.06.2018 | 2018 |
| -7,806 | -5,100 | -2,008 | Change in gross lending to customers | -2,766 | -5,578 | -8,479 |
| 2,716 | 1,304 | 1,480 | Interest receipts from lending to customers | 1,675 | 1,521 | 3,134 |
| 5,527 | 4,654 | 5,845 | Change in deposits from customers | 5,856 | 4,659 | 5,511 |
| -619 | -294 | -398 | Interest payments on deposits from customers | -399 | -294 | -622 |
| 527 | -2,910 | -1,665 | Change in receivables and debt from credit institutions | -806 | -2,268 | 1,151 |
| 115 | 54 | 71 | Interest on receivables and debt to financial institutions | -2 | 3 | 5 |
| -5,532 | -3,061 | -3,083 | Change in certificates and bonds | -3,083 | -3,061 | -5,532 |
| 208 | 116 | 86 | Interest receipts from commercial papers and bonds | 86 | 116 | 208 |
| 849 | 433 | 408 | Net commission receipts | 688 | 657 | 1,286 |
| -9 | 26 | 31 | Capital gains from sale on trading | 31 | 26 | -9 |
| -1,240 | -607 | -636 | Payments for operations | -914 | -863 | -1,778 |
| -314 | -195 | -214 | Taxes paid | -247 | -199 | -355 |
| -192 | 189 | 637 | Other accruals | 570 | 120 | -236 |
| -5,771 | -5,389 | 553 | Net change in liquidity from operations (A) | 688 | -5,161 | -5,716 |
| -41 | -19 | -16 | Investments in tangible fixed assets | -36 | -30 | -67 |
| 0 | 0 | 0 | Receipts from sale of tangible fixed assets | 17 | 7 | 33 |
| -335 | -106 | -665 | Change in long-term investments in equities | -665 | -113 | -334 |
| 385 | 380 | 600 | Dividends from long-term investments in equities | 473 | 258 | 257 |
| 9 | 255 | -80 | Net cash flow from investments (B) | -210 | 122 | -111 |
| 12,699 | 8,321 | 2,018 | Debt raised by issuance of securities | 2,018 | 8,321 | 12,699 |
| 400 | 400 | 0 | Debt raised by subordinated loan capital | 0 | 400 | 400 |
| -4,400 | -2,050 | -2,550 | Repayments of issued securities | -2,550 | -2,050 | -4,400 |
| -1,000 | -700 | 0 | Repayments of issued subordinated loan capital | 0 | -700 | -1,000 |
| 687 | 0 | 37 | Payments arising from issuance of equity capital certificates | 37 | 0 | 687 |
| -664 | -318 | -324 | Interest payments on securities issued | -324 | -318 | -664 |
| -37 | -21 | -15 | Interest payments on subordinated loans | -15 | -21 | -37 |
| 0 | 0 | -20 | Lease payments | -16 | 0 | 0 |
| -152 | 0 | 0 | Payments arising from placements in subsidiaries | 0 | 0 | 8 |
| -424 | -424 | -477 | Payment of dividend | -483 | -430 | -430 |
| -202 | -202 | -220 | Payment of customer dividend | -220 | -202 | -202 |
| -11 | -1 | -1 | Donations | -1 | -1 | -11 |
| 6,895 | 5,006 | -1,553 | Net cash flow from financing (C) | -1,555 | 4,999 | 7,049 |
| 1,134 | -128 | -1,079 | CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C) | -1,078 | -40 | 1,222 |
| 824 | 824 | 1,958 | Cash and cash equivalents at 1 January | 1,958 | 736 | 736 |
| 1,958 | 696 | 879 | Cash and cash equivalents at the end of the period | 880 | 696 | 1,958 |
| Cash and cash equivalents at comprise: | | | | | | |
| 1,878 | 639 | 778 | Cash and deposits with central banks | 778 | 639 | 1,878 |
| 80 | 57 | 101 | Deposits etc. at call with banks | 101 | 57 | 80 |
| 1,958 | 696 | 879 | Cash and cash equivalents at the end of the period | 879 | 696 | 1,958 |

Notes to the accounts

Note 1 Accounting principles

1.1 Basis for preparation

The quarterly accounts for SpareBank 1 Østlandet cover the period 1 January - 30 June 2019. 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 2018. 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 2019:

IFRS 16 Leases was implemented from 1 January 2019.

IFRS 16 Leases

IFRS 16 Leases was implemented from 1 January 2019 and replaces IAS 17 Leases. The standard sets out principles for accounting, measurement, presentation and information on leasing agreements. IFRS 16 removes the distinction that was made between operational and financial leases in IAS 17, and introduces a common accounting model for lessees. Most leases must be recognised in the balance sheet for the lessee with a lease obligation and associated right of use at the date of entry into force. The lease obligation is measured as the present value of future lease payments during the contract period, discounted by the implicit interest rate in the lease contract or the lessee's marginal loan interest rate. Options in the lease agreement must be taken into account in calculating the present value of the obligation, if they are likely to be used. Lease payments are split between the liability and interest expenses on the obligation. The calculation of the present value of the lease obligation may include items such as:

- Fixed lease
- Benefits that may look variable but are fixed
- Guaranteed residual value
- Use of the purchase option
- Payment to withdraw from the agreement

The right of use is recognised in the balance-sheet at the same value as the obligation on the implementation date, adjusted for any prepayments and assessed for impairment. The right of use is written down on a linear basis over the term of the contract. Depreciation is recognised separately from interest on lease liabilities in the income statement.

The following accounting policies and transitional provisions have been chosen for the implementation:

- The Group has taken the option of applying the modified retrospective method in the transition to IFRS 16 in accordance with IFRS 16.Ca(b). This means that the comparative figures for 2018 are not revised. The right of use is measured at the same value as the lease liability and included in the opening balance at 1 January 2019. This choice has been made for all agreements.
- The right of use will be recognised in the balance sheet as part of 'Property, plant and equipment', while the lease obligation will be recognised as 'Other debt and liabilities on the balance sheet'.
- Low-value leases and leases with a lease period of 12 months or less are not capitalised. Leases that are covered by these exemptions are recognised on a continuous basis as other operating costs.
- Fixed non-lease components that are embedded in the lease are separated out and expensed continuously as other operating costs.

For the SpareBank 1 Østlandet Group, it is primarily residential leases that are subject to the standard. At the time of implementation, the obligation and the right of use were calculated at NOK 224 million for the parent bank and NOK 170 million for the Group. These are not material when compared to the total balance-sheet for the parent bank and the Group. The profit effects arising from the new standard are not expected to have any substantial effect on the Group's operating profit either. Refer to Note 43 in the Annual Report for 2018, and Note 12 of the quarterly report as at 31 March 2019.

1.2 Important accounting estimates and discretionary assessments

In preparing the consolidated financial statements, management makes estimates, discretionary assessments and assumptions which influence the effect of applying the accounting principles. This will therefore affect the recognised amounts for assets, liabilities, revenues and costs. Note 3 to the financial statements for 2018 provides more details of critical estimates and assessments affecting the use of accounting principles, except for estimates relating to the determination of the lease period with the implementation of IFRS 16 Leases.

IFRS 16 Leases

In determining the lease period, management considers the likelihood of any extension or termination options being exercised. If an contract is reasonably certain to be extended or terminated in this way, this must be taken into account in assessing the lease period. Potential future cash flows of NOK 20 million are not included in the lease obligation because it is not reasonably certain that the leases will be extended.

In the case of substantial changes in the assumptions underlying the assessments, an evaluation of the lease period will be made.

Customer dividends

The Bank's supervisory board decides each year how much should be distributed in customer dividends. Decision was made at the meeting of the supervisory board on 28 March 2019, and the Bank paid NOK 222 million in dividends to its loan and deposit customers on 26 April 2019.

The customers will receive an amount based on the Bank's profit for the year and how much they themselves have in deposits and loans.

- Dividends are granted to individuals and companies.
- The customer can receive dividends on up to NOK 2 million in loans from the Bank.
- Co-debtors (persons with joint loans) can receive customer dividends of up to NOK 4 million.
- The customer can receive dividends on up to NOK 2 million in deposits with the Bank.
- The customer dividend applies from the first krone up to NOK 2 million.

The Ministry of Finance has given permission to use primary capital for customer dividends. The distribution of customer dividends is regulated by Section 10-17, fourth paragraph, of the Financial Institutions Act, which classifies customer dividends as an allocation of the profit for the year. The Bank has used this classification in its accounting, and has thus treated the payment as an equity transaction. The customer dividend payment gives a tax deduction of NOK 55 million for the 2019 income year. The tax deduction is recognised as a reduction in tax costs for 2019 at date of decision.

Note 2 Change in the composition of the Group

2019

SpareBank 1 Banksamarbeidet changed its name in the second quarter to SpareBank 1 Utvikling.

The sister companies with the same name TheVIT merged in the second quarter to TheVIT.

On 28 February 2019, the SpareBank 1 banks entered into an agreement on an amended ownership model in BN Bank ASA, including a distribution of 'B' shares in SpareBank 1 Næringskreditt AS, whereby some of the present owners are changing their stakes as SpareBank 1 Østlandet comes in as a new owner. On completion of the transactions, SpareBank 1 Østlandet will have a stake in BN Bank ASA and hold 9.99 per cent of the 'B' shares in SpareBank 1 Næringskreditt AS. In all, this equates to SpareBank 1 Østlandet buying shares for a total of NOK 504 million. The transaction is subject to regulatory approval.

A reallocation of shares in SpareBank 1 Kredittkort AS pursuant to the shareholder agreement resulted in the Group increasing its stake in the company from 20.5 per cent to 20.8 per cent with effect from 1 January 2019.

2018

A reallocation of the shares of SpareBank 1 Boligkreditt AS pursuant to the shareholder agreement increased the stake in the company from 21.1 to 21.6 percent. The corresponding reallocation in SpareBank 1 Næringskreditt resulted in an increase in the stake from 12.4 to 13.3 percent.

In the fourth quarter, the investment in Komm-In was reclassified from an associated company to an ordinary shareholding. In the same quarter, the second tier subsidiary SpareBank 1 Regnskaphuset AS changed its name to TheVIT AS.

On 16 May 2018, the holding company SpareBank 1 Østlandet VIT AS was established. The company is 70.68 per cent owned by SpareBank 1 Østlandet. The Bank's former wholly-owned subsidiary SpareBank 1 Regnskapshuset Østlandet AS has been transferred to the holding company. The holding company also owns 100 per cent of the shares in the accounting and consultancy company TheVIT.

The shares of the jointly controlled property company Torggata 22 were sold in the second quarter.

Proaware AS changed its name in the first quarter to Betr AS.

A reallocation of shares in SpareBank 1 Kredittkort AS pursuant to the shareholder agreement resulted in the Group increasing its stake in the company from 19.6 per cent to 20.5 per cent with effect from 1 January 2018.

Note 3 Segment information

This segment information is linked to the way the Group is governed through reporting on performance and capital, authorisations and routines. Reporting on segments is divided into following areas retail market (RM), corporate market (CM) incl. organization market, real estate brokerage, leasing, accounting and consulting services and other operations.

Reviews:

- Real estate brokerage, leasing, financing and accounting are organised as independent companies.
- Tax is calculated at 25 per cent for RM and CM.
- Operating expenses in RM and CM includes its share of shared costs.
- Net commission and other income in RM and CM includes its share for shared income.
- Group eliminations arise together with other operations in a separate column.

| 30.06.2019 | Retail banking | Corporate banking | SB1 FØ | EM1HE | EM1OA | TheVIT | Other operations/ eliminations | Total |
|---|-------------------|----------------------|--------------|-----------|------------|------------|--------------------------------------|----------------|
| Income statement | | | | | | | | |
| Net interest income | 497 | 453 | 122 | -1 | 1 | -1 | -45 | 1,027 |
| Net commissions and other income | 349 | 110 | 26 | 61 | 112 | 102 | -54 | 705 |
| Net income from financial assets and liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 621 | 621 |
| Total operating expenses | 457 | 214 | 47 | 52 | 106 | 102 | 5 | 983 |
| Profit before losses by segment | 389 | 349 | 101 | 9 | 7 | -1 | 516 | 1,370 |
| Impairment on loans and guarantees | -9 | -33 | 17 | 0 | 0 | 0 | 0 | -25 |
| Pre-tax operating profit | 398 | 382 | 84 | 9 | 7 | -1 | 516 | 1,395 |
| Tax expense | 100 | 96 | 21 | 2 | -2 | 0 | -49 | 167 |
| Profit/loss per segment after tax | 299 | 287 | 63 | 7 | 8 | -1 | 565 | 1,227 |
| Balance sheet | | | | | | | | |
| Gross lending to customers | 61,886 | 31,266 | 8,571 | 2 | 0 | 0 | -56 | 101,668 |
| Impairments | -59 | -172 | -60 | 0 | 0 | 0 | 0 | -290 |
| Other assets | 2,718 | 438 | 166 | 83 | 136 | 136 | 25,799 | 29,477 |
| Total assets per segment | 64,545 | 31,532 | 8,678 | 84 | 136 | 136 | 25,742 | 130,854 |
| Deposits from and liabilities to customers | 44,521 | 32,800 | 0 | 0 | 0 | 0 | 31 | 77,352 |
| Other liabilities and equity | 20,024 | -1,268 | 8,679 | 84 | 136 | 136 | 25,710 | 53,502 |
| Total equity capital and liabilities per segment | 64,545 | 31,532 | 8,679 | 84 | 136 | 136 | 25,741 | 130,854 |

| 30.06.2018 | PM | BM | SB1 FØ | EM1HE | EM1OA | TheVIT | Other operations/ eliminations | Total |
|--|------------|------------|---------------|--------------|--------------|---------------|---------------------------------------|--------------|
| Income statement | | | | | | | | |
| Net interest income | 471 | 384 | 164 | 0 | 1 | -1 | -14 | 1,006 |
| Net commissions and other income | 392 | 97 | -20 | 56 | 109 | 83 | -59 | 657 |
| Net income from financial assets and liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 194 | 194 |
| Total operating expenses | 435 | 196 | 42 | 46 | 106 | 84 | 8 | 918 |
| Profit before losses by segment | 427 | 286 | 102 | 10 | 5 | -2 | 113 | 940 |
| Losses on loans and guarantees | 4 | 3 | 5 | 0 | 0 | 0 | 0 | 12 |
| Pre-tax operating profit | 423 | 283 | 97 | 10 | 5 | -2 | 113 | 928 |
| Tax expense | 106 | 71 | 24 | 2 | 1 | -1 | -5 | 198 |
| Profit/loss per segment after tax | 317 | 212 | 73 | 8 | 4 | -2 | 119 | 730 |

Balance sheet

| | | | | | | | | |
|---|---------------|---------------|--------------|-----------|-----------|------------|---------------|----------------|
| Gross lending to customers | 59,532 | 28,849 | 7,624 | 1 | 0 | 2 | 673 | 96,681 |
| Impairments | -64 | -231 | -64 | 0 | 0 | 0 | 0 | -359 |
| Other assets | 2,687 | 415 | 182 | 76 | 86 | 135 | 19,690 | 23,270 |
| Total assets per segment | 62,155 | 29,033 | 7,742 | 77 | 86 | 137 | 20,364 | 119,592 |
| Deposits from and liabilities to customers | 41,973 | 28,598 | 0 | 0 | 0 | 0 | 74 | 70,645 |
| Other liabilities and equity | 20,182 | 435 | 7,742 | 77 | 86 | 137 | 20,290 | 48,947 |
| Total equity capital and liabilities per segment | 62,155 | 29,033 | 7,742 | 77 | 86 | 137 | 20,364 | 119,592 |

| 31.12.2018 | Retail banking | Corporate banking | SpareBank 1 Finans Østlandet | Eiendoms-Megler 1 Hedmark Eiendom | Eiendoms-Megler 1 Oslo Akershus Group | TheVIT | Other operations/ eliminations | Total |
|--|-----------------------|--------------------------|-------------------------------------|--|--|---------------|---------------------------------------|--------------|
| Income statement | | | | | | | | |
| Net interest income | 987 | 839 | 340 | 0 | 2 | -1 | -93 | 2,074 |
| Net commissions and other income | 764 | 193 | -31 | 120 | 208 | 164 | -132 | 1,286 |
| Net income from financial assets and liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 291 | 291 |
| Total operating expenses | 888 | 403 | 103 | 109 | 206 | 174 | -3 | 1,881 |
| Profit before losses by segment | 863 | 629 | 205 | 11 | 4 | -11 | 69 | 1,770 |
| Impairment losses on loans and guarantees | 8 | 8 | 19 | 0 | 0 | 0 | 0 | 35 |
| Pre-tax operating profit | 855 | 621 | 186 | 11 | 4 | -11 | 69 | 1,735 |
| Tax expense | 214 | 155 | 47 | 2 | 1 | -2 | -95 | 321 |
| Profit/loss per segment after tax | 641 | 465 | 139 | 8 | 3 | -9 | 164 | 1,414 |

Balance sheet

| | | | | | | | | |
|---|---------------|---------------|--------------|-----------|-----------|------------|---------------|----------------|
| Gross lending to customers | 60,943 | 30,215 | 7,828 | 0 | 0 | 0 | -47 | 98,940 |
| Impairments | -68 | -211 | -56 | 0 | 0 | 0 | 0 | -334 |
| Other assets | 2,862 | 462 | 234 | 71 | 76 | 134 | 21,029 | 24,866 |
| Total assets per segment | 63,738 | 30,467 | 8,006 | 71 | 76 | 134 | 20,982 | 123,472 |
| Deposits from and liabilities to customers | 41,487 | 29,974 | 0 | 0 | 0 | 0 | 36 | 71,496 |
| Other liabilities and equity | 22,251 | 493 | 8,006 | 71 | 76 | 134 | 20,946 | 51,976 |
| Total equity capital and liabilities per segment | 63,738 | 30,467 | 8,006 | 71 | 76 | 134 | 20,982 | 123,472 |

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: Requirement to publish information

Capital adequacy is calculated on the basis of a risk-weighted calculation basis. The Bank has permission to use the AIRB approach for calculating risk weightings in the lending portfolio. As a transitional arrangement, a floor of 80 per cent of the Basel I rules has been set for the calculation basis. 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 totalling 7.5 per cent, of which the Bank's countercyclical capital buffer requirement was 2 per cent at 30.06.2019. SpareBank 1 Østlandet is also subject to a Pillar II requirement of 1.8 per cent as at 30.06.2019. The total capital requirement for common equity tier 1 capital was thus 13.8 per cent at 30 June 2019. In addition to this, a further 2 per cent is covered by additional Tier 1 capital and 1.5 per cent is 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 |
| 31.12.18 | 30.06.18 | 30.06.19 | | 30.06.19 | 30.06.18 | 31.12.18 |
| 6,762 | 6,072 | 6,805 | Paid-up equity | 6,713 | 6,105 | 6,670 |
| 6,738 | 6,229 | 7,269 | Earned equity capital | 8,072 | 6,855 | 7,588 |
| 400 | 400 | 200 | Hybridcapital | 200 | 400 | 400 |
| 0 | 0 | 0 | Minority interests | 103 | 59 | 104 |
| 13,900 | 12,701 | 14,274 | Total equity carried | 15,089 | 13,420 | 14,762 |
| Common equity tier 1 capital | | | | | | |
| -705 | -365 | -612 | Results for the accounting year not included | -612 | -365 | -705 |
| -400 | -400 | -200 | Hybridcapital | -200 | -400 | -400 |
| 0 | 0 | 0 | Minority interests that is not eligible as CET1 capital | -59 | -9 | -58 |
| 20 | 44 | 36 | Cumulative gains and losses due to changes in own credit risk on fair valued liabilities | 36 | 44 | 20 |
| 0 | 0 | 0 | Cash flow hedge reserve | 6 | 4 | 6 |
| -72 | -102 | -68 | Goodwill and other intangible assets | -404 | -406 | -395 |
| -238 | -206 | -324 | Positive value of expected losses under the IRB approach | -392 | -174 | -311 |
| 0 | 0 | -156 | CET 1 instruments of financial sector entities where the institution does have a significant investment | -350 | -193 | -326 |
| -27 | -25 | -22 | Value adjustments due to the requirements for prudent valuation (AVA) | -27 | -33 | -27 |
| 12,479 | 11,647 | 12,927 | Common equity tier 1 capital | 13,087 | 11,887 | 12,566 |
| Additional Tier 1 capital | | | | | | |
| 400 | 400 | 200 | Hybrid capital | 200 | 627 | 400 |
| 0 | 0 | 0 | Instruments issued by consolidated entities that are given recognition in AT1 Capital | 296 | 0 | 245 |
| 400 | 400 | 200 | Tier 1 capital | 496 | 627 | 645 |
| Supplementary capital in excess of Tier 1 capital | | | | | | |
| 1,100 | 1,400 | 1,100 | Subordinated loan capital | 1,100 | 1,400 | 1,100 |
| 0 | 0 | 0 | Instruments issued by consolidated entities that are given recognition in T2 Capital | 299 | 374 | 361 |
| 0 | 0 | 0 | T2 instruments of financial sector where the institution does not have a significant investment | 0 | 0 | 0 |
| 0 | 0 | 0 | T2 instruments of financial sector where the institution does have a significant investment | 0 | 0 | 0 |
| 1,100 | 1,400 | 1,100 | Total supplementary capital | 1,399 | 1,774 | 1,461 |
| 13,979 | 13,447 | 14,227 | Total eligible capital | 14,982 | 14,288 | 14,672 |
| Credit exposures calculated using IRB-approach | | | | | | |
| 4,781 | 5,347 | 5,127 | Corporates - SME | 5,128 | 5,347 | 4,781 |
| 11,034 | 10,172 | 13,951 | Corporates - Specialised Lending | 13,951 | 10,172 | 11,034 |
| 1,411 | 658 | 1,557 | Corporates - Other | 1,557 | 658 | 1,411 |
| 1,223 | 1,061 | 1,188 | SME exposure | 1,377 | 1,245 | 1,424 |
| 16,886 | 16,000 | 17,656 | Retail mortgage exposure | 24,611 | 23,082 | 24,235 |
| 1,234 | 1,406 | 1,161 | Other retail exposure | 1,195 | 1,445 | 1,259 |
| 36,569 | 34,644 | 40,640 | Credit exposures calculated using IRB-approach | 47,819 | 41,948 | 44,145 |
| Credit exposures calculated using the standardised approach | | | | | | |
| 12,106 | 12,100 | 14,856 | Credit exposures calculated using the standardised approach | 19,597 | 16,600 | 16,405 |
| 383 | 337 | 375 | Counterparty credit risk | 1,960 | 1,462 | 1,732 |
| 0 | 0 | 0 | Market risk | 0 | 0 | 0 |
| 3,433 | 3,433 | 4,316 | Operational risk | 5,869 | 5,222 | 5,222 |
| 1,849 | 2,465 | 0 | Basel I floor adjustment | 3,196 | 8,722 | 7,495 |
| 54,340 | 52,979 | 60,187 | Risk-weighted assets | 78,441 | 73,955 | 74,999 |
| 4,347 | 4,238 | 4,815 | Capital requirements (8%) | 6,275 | 5,916 | 6,000 |
| 978 | 954 | 1,083 | Pillar 2 (1.8 %) | 1,412 | 1,331 | 1,350 |
| Buffer requirements | | | | | | |
| 1,359 | 1,324 | 1,505 | Capital conservation buffer (2.5%) | 1,961 | 1,849 | 1,875 |
| 1,087 | 1,060 | 1,204 | Countercyclical capital buffer (2 %) | 1,569 | 1,479 | 1,500 |
| 1,630 | 1,589 | 1,806 | Systemic risk buffer (3%) | 2,353 | 2,219 | 2,250 |
| 4,076 | 3,973 | 4,514 | Total buffer requirements for Common Equity (7.5 %) | 5,883 | 5,547 | 5,625 |
| 4,980 | 4,336 | 4,622 | Available Common Equity (13.8 %) | 2,262 | 1,681 | 2,217 |
| Capital ratios | | | | | | |
| 23.0 % | 22.0 % | 21.5 % | CET 1 capital ratio | 16.7 % | 16.1 % | 16.8 % |
| 23.8 % | 23.1 % | 21.5 % | CET 1 capital ratio (excluding Basel 1-floor) | 17.4 % | 18.2 % | 18.6 % |
| 23.7 % | 22.7 % | 21.8 % | Tier 1 Capital ratio | 17.3 % | 16.9 % | 17.6 % |
| 25.7 % | 25.4 % | 23.6 % | Capital adequacy ratio | 19.1 % | 19.3 % | 19.6 % |
| 10.2 % | 10.0 % | 9.7 % | Leverage Ratio | 7.3 % | 7.3 % | 7.5 % |

Note 5 Loans to and receivables from customers

Parent Bank

| Gross loans | 30.06.19 | | | | 30.06.18 | | | | 31.12.18 | | | |
|--|---------------|--------------|------------|---------------|---------------|--------------|------------|---------------|---------------|--------------|------------|---------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Balance at 01.01. | 85,386 | 5,403 | 371 | 91,160 | 78,682 | 4,203 | 470 | 83,355 | 78,682 | 4,203 | 470 | 83,355 |
| Transfers in (out) to Stage 1 | 1,244 | -1,236 | -8 | 0 | 793 | -770 | -23 | 0 | 1,144 | -1,109 | -35 | 0 |
| Transfers in (out) to Stage 2 | -2,185 | 2,201 | -16 | 0 | -1,596 | 1,616 | -20 | 0 | -2,374 | 2,408 | -34 | 0 |
| Transfers in (out) to Stage 3 | -14 | -88 | 102 | 0 | -43 | -101 | 144 | 0 | -70 | -104 | 174 | 0 |
| Net increase/decrease existing loans | -1,391 | -207 | -29 | -1,628 | -1,236 | -131 | -17 | -1,385 | -1,845 | -10 | -33 | -1,888 |
| Purchases and originations | 23,486 | 397 | 40 | 23,924 | 26,685 | 410 | 25 | 27,120 | 43,787 | 1,549 | 71 | 45,407 |
| Derecognitions and maturities | -19,275 | -913 | -91 | -20,279 | -19,570 | -953 | -107 | -20,629 | -33,939 | -1,534 | -214 | -35,688 |
| Write-offs | 0 | 0 | -9 | -9 | 0 | 0 | -7 | -7 | 0 | 0 | -26 | -26 |
| Balance at 30.06. | 87,250 | 5,558 | 360 | 93,168 | 83,715 | 4,273 | 465 | 88,454 | 85,386 | 5,403 | 371 | 91,160 |
| Loan and advances to customers at amortised cost | | | | 29,016 | | | | 26,845 | | | | 27,786 |
| Loan and advances to customers at fair value | | | | 64,153 | | | | 61,609 | | | | 63,374 |

Group

| Gross loans | 30.06.19 | | | | 30.06.18 | | | | 31.12.18 | | | |
|--|---------------|--------------|------------|----------------|---------------|--------------|------------|---------------|---------------|--------------|------------|---------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Balance at 01.01. | 92,167 | 6,317 | 456 | 98,940 | 84,913 | 4,958 | 527 | 90,398 | 84,975 | 4,958 | 527 | 90,460 |
| Transfers in (out) to Stage 1 | 1,445 | -1,431 | -14 | 0 | 842 | -820 | -22 | 0 | 1,347 | -1,310 | -38 | 0 |
| Transfers in (out) to Stage 2 | -2,497 | 2,526 | -28 | 0 | -1,766 | 1,784 | -18 | 0 | -2,846 | 2,885 | -39 | 0 |
| Transfers in (out) to Stage 3 | -40 | -135 | 175 | 0 | -51 | -115 | 167 | 0 | -99 | -139 | 238 | 0 |
| Net increase/decrease existing loans | -2,033 | -311 | -36 | -2,380 | -1,236 | -131 | -17 | -1,385 | -2,940 | -200 | -47 | -3,187 |
| Purchases and originations | 25,621 | 504 | 47 | 26,172 | 27,431 | 504 | 29 | 27,964 | 46,998 | 1,838 | 89 | 48,925 |
| Derecognitions and maturities | -19,930 | -1,003 | -122 | -21,055 | -19,647 | -1,055 | -227 | -20,929 | -35,268 | -1,715 | -249 | -37,232 |
| Write-offs | 0 | 0 | -9 | -9 | 0 | 0 | -7 | -7 | 0 | 0 | -26 | -26 |
| Balance at 30.06. | 94,732 | 6,467 | 469 | 101,668 | 90,485 | 5,125 | 430 | 96,040 | 92,167 | 6,317 | 456 | 98,940 |
| Loan and advances to customers at amortised cost | | | | 37,516 | | | | 34,431 | | | | 35,566 |
| Loan and advances to customers at fair value | | | | 64,153 | | | | 61,609 | | | | 63,374 |

| Parent Bank | | | | Group | | | |
|----------------|----------------|----------------|--|----------------|----------------|----------------|--|
| 2018 | 30.06.2018 | 30.06.2019 | | 30.06.2019 | 30.06.2018 | 2018 | |
| 251 | 257 | 351 | Public sector | 636 | 541 | 482 | |
| 4,271 | 3,946 | 4,342 | Primary industries | 4,712 | 4,367 | 4,636 | |
| 1,026 | 997 | 1,058 | Paper and pulp industries | 1,075 | 1,019 | 1,051 | |
| 1,225 | 877 | 1,229 | Other industry | 1,502 | 1,109 | 1,472 | |
| 3,135 | 3,398 | 3,443 | Building and constructions | 4,733 | 4,553 | 4,466 | |
| 230 | 199 | 217 | Power and water supply | 383 | 342 | 397 | |
| 1,003 | 987 | 878 | Wholesale and retail trade | 1,197 | 1,263 | 1,302 | |
| 467 | 563 | 467 | Hotel and restaurants | 482 | 576 | 483 | |
| 14,140 | 13,732 | 15,050 | Real estate | 15,209 | 13,809 | 14,277 | |
| 4,588 | 3,965 | 4,573 | Commercial services | 4,888 | 4,476 | 5,172 | |
| 496 | 515 | 517 | Transport and communication | 1,823 | 1,503 | 1,657 | |
| 0 | 0 | 0 | Other | 0 | 0 | 0 | |
| 30,834 | 29,436 | 32,125 | Gross corporate loans by sector and industry | 36,642 | 33,558 | 35,397 | |
| 60,326 | 59,018 | 61,044 | Private customers | 65,026 | 62,481 | 63,544 | |
| 91,160 | 88,454 | 93,168 | Total gross loans by sector and industry | 101,668 | 96,040 | 98,940 | |
| -238 | -237 | -199 | Loan loss allowance for loans at amortised cost | -255 | -298 | -291 | |
| -43 | -61 | -36 | Fair value adjustments for loans at fair value through OCI | -36 | -61 | -43 | |
| 90,878 | 88,156 | 92,934 | Total loans to customers | 101,378 | 95,681 | 98,606 | |
| 39,792 | 37,944 | 41,438 | Loans transferred to SpareBank 1 Boligkreditt AS | 41,438 | 37,944 | 39,792 | |
| 1,433 | 1,508 | 1,230 | Loans transferred to SpareBank 1 Næringskreditt AS | 1,230 | 1,508 | 1,433 | |
| 132,103 | 127,608 | 135,602 | Total loans including loans transferred to covered bond companies | 144,046 | 135,133 | 139,831 | |

Note 6 Impairment losses on loans and guarantees

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

Parent Bank

30.06.2019

| | 31.12.2018 | Provision for credit losses | Net write-offs | 30.06.2019 |
|--|------------|--------------------------------|----------------|------------|
| Provisions for loans at amortised cost, guarantee and unused credit facilities | 265 | -32 | -10 | 223 |
| Provisions for loan losses at fair value over OCI | 65 | -11 | -1 | 54 |
| Total provisions for credit losses | 329 | -43 | -10 | 276 |
| Presented as: | | | | |
| Assets: Provisions for loan losses - decrease of assets | 282 | -37 | -10 | 234 |
| Liabilities: Provisions for loan losses - increase of liabilities | 25 | -2 | 0 | 23 |
| Equity: Fair value adjustment of losses | 22 | -3 | 0 | 19 |

30.06.2018

| | 01.01.2018 | Provision for credit losses | Net write-offs | 30.06.2018 |
|--|------------|--------------------------------|----------------|------------|
| Provisions for loans at amortised cost, guarantee and unused credit facilities | 273 | 0 | 0 | 273 |
| Provisions for loan losses at fair value over OCI | 78 | 2 | -5 | 75 |
| Total provisions for credit losses | 351 | 2 | -5 | 347 |
| Presented as: | | | | |
| Assets: Provisions for loan losses - decrease of assets | 308 | -1 | -8 | 298 |
| Liabilities: Provisions for loan losses - increase of liabilities | 23 | 3 | 0 | 26 |
| Equity: Fair value adjustment of losses | 20 | 3 | 0 | 23 |

31.12.2018

| | 01.01.2018 | Provision for credit losses | Net write-offs | 31.12.2018 |
|--|------------|--------------------------------|----------------|------------|
| Provisions for loans at amortised cost, guarantee and unused credit facilities | 273 | 17 | -26 | 265 |
| Provisions for loan losses at fair value over OCI | 78 | -8 | -5 | 65 |
| Total provisions for credit losses | 351 | 10 | -31 | 329 |
| Presented as: | | | | |
| Assets: Provisions for loan losses - decrease of assets | 308 | 0 | -26 | 282 |
| Liabilities: Provisions for loan losses - increase of liabilities | 23 | 5 | -3 | 25 |
| Equity: Fair value adjustment of losses | 20 | 2 | 0 | 22 |

Group

30.06.2019

| | 01.01.2019 | Provision for credit losses | Net write-offs | 30.06.2019 |
|--|------------|--------------------------------|----------------|------------|
| Provisions for loans at amortised cost, guarantee and unused credit facilities | 320 | -28 | -10 | 282 |
| Provisions for loan losses at fair value over OCI | 65 | -12 | -1 | 53 |
| Total provisions for credit losses | 385 | -40 | -10 | 335 |
| Presented as: | | | | |
| Assets: Provisions for loan losses - decrease of assets | 337 | -37 | -10 | 290 |
| Liabilities: Provisions for loan losses - increase of liabilities | 25 | -2 | 0 | 23 |
| Equity: Fair value adjustment of losses | 22 | -1 | 0 | 22 |

30.06.2018

| | 01.01.2018 | Provision for credit losses | Net write-offs | 30.06.2018 |
|--|------------|--------------------------------|----------------|------------|
| Provisions for loans at amortised cost, guarantee and unused credit facilities | 331 | 3 | 0 | 333 |
| Provisions for loan losses at fair value over OCI | 78 | 2 | -5 | 75 |
| Total provisions for credit losses | 409 | 5 | -5 | 408 |
| Presented as: | | | | |
| Assets: Provisions for loan losses - decrease of assets | 366 | 2 | -8 | 359 |
| Liabilities: Provisions for loan losses - increase of liabilities | 23 | 3 | 0 | 26 |
| Equity: Fair value adjustment of losses | 20 | 3 | 0 | 23 |

31.12.2018

| | 01.01.2018 | Provision for credit losses | Net write-offs | 31.12.2018 |
|--|------------|--------------------------------|----------------|------------|
| Provisions for loans at amortised cost, guarantee and unused credit facilities | 331 | 15 | -26 | 320 |
| Provisions for loan losses at fair value over OCI | 78 | -8 | -5 | 65 |
| Total provisions for credit losses | 409 | 8 | -31 | 385 |
| Presented as: | | | | |
| Assets: Provisions for loan losses - decrease of assets | 366 | -2 | -26 | 337 |
| Liabilities: Provisions for loan losses - increase of liabilities | 23 | 5 | -3 | 25 |
| Equity: Fair value adjustment of losses | 20 | 2 | 0 | 22 |

Parent Bank

| | 30.06.19 | | | | 30.06.18 | | | | 31.12.18 | | | |
|--------------------------------------|------------|------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Provisions for credit losses * | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Balance at 01.01.2019 | 111 | 136 | 83 | 329 | 101 | 117 | 133 | 351 | 101 | 117 | 133 | 351 |
| <i>Provision for credit losses</i> | | | | | | | | | | | | |
| Transfers in (out) to Stage 1 | 3 | -3 | 0 | 0 | 3 | -3 | 0 | 0 | 31 | -21 | -10 | 0 |
| Transfers in (out) to Stage 2 | -27 | 29 | -1 | 0 | -32 | 32 | 0 | 0 | -6 | 18 | -12 | 0 |
| Transfers in (out) to Stage 3 | -1 | -5 | 6 | 0 | -2 | -13 | 15 | 0 | 0 | -8 | 8 | 0 |
| Net remeasurement of loss provisions | 6 | -42 | 12 | -24 | 33 | -12 | -5 | 15 | -46 | 35 | 31 | 20 |
| Purchases and originations | 27 | 7 | 1 | 34 | 29 | 5 | 1 | 36 | 63 | 33 | 10 | 107 |
| Derecognitions and maturities | -16 | -22 | -15 | -53 | -16 | -21 | -14 | -50 | -32 | -39 | -51 | -122 |
| Write-offs | 0 | 0 | -10 | -10 | 0 | 0 | -5 | -5 | 0 | 0 | -26 | -26 |
| Balance at 30.06.2019 | 103 | 99 | 74 | 276 | 117 | 105 | 125 | 347 | 111 | 136 | 83 | 329 |

Group

| | 30.06.19 | | | | 30.06.18 | | | | 31.12.18 | | | |
|--------------------------------------|------------|------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Provisions for credit losses * | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Balance at 01.01.2019 | 127 | 162 | 96 | 385 | 117 | 144 | 149 | 409 | 116 | 144 | 149 | 409 |
| <i>Provision for credit losses</i> | | | | | | | | | | | | |
| Transfers in (out) to Stage 1 | 7 | -7 | 0 | 0 | 2 | -2 | 0 | 0 | 37 | -27 | -11 | -1 |
| Transfers in (out) to Stage 2 | -28 | 30 | -2 | 0 | -31 | 32 | -1 | 0 | -8 | 21 | -12 | 0 |
| Transfers in (out) to Stage 3 | -1 | -7 | 8 | 0 | -2 | -13 | 15 | 0 | -1 | -9 | 10 | 0 |
| Net remeasurement of loss provisions | 1 | -40 | 5 | -33 | 32 | -14 | 0 | 18 | -54 | 36 | 36 | 18 |
| Purchases and originations | 33 | 9 | 1 | 43 | 25 | 2 | 1 | 29 | 72 | 41 | 11 | 125 |
| Derecognitions and maturities | -17 | -25 | -8 | -50 | -12 | -19 | -11 | -43 | -36 | -43 | -61 | -140 |
| Write-offs | 0 | 0 | -10 | -10 | 0 | 0 | -5 | -5 | 0 | 0 | -26 | -26 |
| Balance at 30.06.2019 | 122 | 123 | 91 | 335 | 130 | 130 | 148 | 408 | 127 | 162 | 96 | 385 |

Note 7 Net income from financial assets and liabilities

| Parent Bank | | | Group | | |
|-------------|-------------|------------|-------------|------------|------------|
| Year | 01.01-30.06 | | 01.01-30.06 | | Year |
| 2018 | 2018 | 2019 | 2019 | 2018 | 2018 |
| 13 | 13 | 18 | 18 | 13 | 13 |
| 13 | 12 | 18 | 18 | 13 | 13 |
| | | | | | |
| 372 | 368 | 582 | 477 | 84 | 198 |
| -4 | -4 | 0 | | | |
| 0 | 0 | 0 | | | |
| 369 | 364 | 582 | 477 | 84 | 198 |
| | | | | | |
| -20 | 1 | 48 | 48 | 1 | -20 |
| -1 | 3 | -17 | -17 | 3 | -1 |
| -21 | 4 | 31 | 31 | 4 | -21 |
| | | | | | |
| 35 | 64 | -285 | -285 | 64 | 35 |
| -17 | -51 | 301 | 301 | -51 | -17 |
| 17 | 14 | 16 | 16 | 14 | 17 |
| | | | | | |
| 15 | 5 | 34 | 34 | 5 | 15 |
| -64 | -26 | 15 | 15 | -26 | -64 |
| 11 | 16 | -1 | -1 | 16 | 11 |
| 73 | 66 | 6 | 6 | 66 | 73 |
| 47 | 19 | 24 | 24 | 19 | 47 |
| 80 | 98 | 125 | 125 | 98 | 80 |
| | | | | | |
| 461 | 475 | 726 | 621 | 194 | 291 |

Note 8 Financial derivatives

Parent Bank and Group

| | 30.06.2019 | | |
|--|-----------------|------------|-------------|
| | Contract amount | Fair value | |
| | | Assets | Liabilities |
| At fair value through profit and loss | | | |
| Currency instruments | | | |
| Currency forward contracts | 1,519 | 13 | 13 |
| Currency swaps | 1,314 | 2 | 18 |
| Total currency instruments | 2,833 | 15 | 31 |
| Interest rate instruments | | | |
| Interest rate swaps (including cross-currency) | 37,647 | 763 | 247 |
| Other interest rate contracts | 2,909 | 4 | 0 |
| Total interest rate instruments | 40,556 | 767 | 247 |
| Total currency instruments | 2,833 | 15 | 31 |
| Total interest rate instruments | 40,556 | 767 | 247 |
| Total financial derivatives | 43,389 | 782 | 278 |

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

| | 31.12.2018 | | |
|--|-----------------|------------|-------------|
| | Contract amount | Fair value | |
| | | Assets | Liabilities |
| At fair value through profit and loss | | | |
| Currency instruments | | | |
| Currency forward contracts | 2,196 | 24 | 39 |
| Currency swaps | 1,118 | 8 | 64 |
| Total currency instruments | 3,314 | 32 | 102 |
| Interest rate instruments | | | |
| Interest rate swaps (including cross-currency) | 34,858 | 787 | 252 |
| Other interest rate contracts | 2,984 | 1 | 0 |
| Total interest rate instruments | 37,841 | 787 | 252 |
| Total currency instruments | 3,314 | 32 | 102 |
| Total interest rate instruments | 37,841 | 787 | 252 |
| Total financial derivatives | 41,155 | 819 | 354 |

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 3.8 years at the end of first half year 2019. At the same date, total LCR was 170.7 %.

Note 10 Financial instruments at fair value

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

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

Group

| 30.06.2019 | Level 1 | Level 2 | Level 3 | Total |
|--|------------|---------------|---------------|---------------|
| Assets | | | | |
| Financial assets at fair value | | | | |
| - Derivatives | 0 | 782 | 0 | 782 |
| - Certificates, bonds and fixed-income funds | 0 | 17,590 | 0 | 17,590 |
| - Fixed-rate loans to customers | 0 | 0 | 6,548 | 6,548 |
| - Equity instruments | 293 | 45 | 287 | 625 |
| - Other financial assets | 0 | 0 | 4 | 4 |
| - Mortgages | 0 | 0 | 57,569 | 57,569 |
| Total assets | 293 | 18,416 | 64,408 | 83,118 |
| Liabilities | | | | |
| Financial liabilities at fair value | | | | |
| - Derivatives | 0 | 278 | 0 | 278 |
| - Securities issued | 0 | 4,068 | 0 | 4,068 |
| Total liabilities | 0 | 4,346 | 0 | 4,346 |
| 30.06.2018 | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Financial assets at fair value through profit and loss | | | | |
| - Derivatives | 0 | 436 | 0 | 436 |
| - Bonds and certificates | 0 | 11,913 | 0 | 11,913 |
| - Fixed-rate loans to customers | 0 | 0 | 5,506 | 5,506 |
| - Equity instruments | 257 | 54 | 243 | 554 |
| - Equity instruments | 0 | 0 | 45 | 45 |
| - Other financial assets | 0 | 0 | 56,103 | 56,103 |
| Total assets | 257 | 12,403 | 61,896 | 74,556 |
| Liabilities | | | | |
| Financial assets at fair value through profit and loss | | | | |
| - Derivatives | 0 | 362 | 0 | 362 |
| - Securities issued | 0 | 5,756 | 0 | 5,756 |
| Total liabilities | 0 | 6,118 | 0 | 6,118 |

| 2018 | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------------|----------------|---------------|
| Assets | | | | |
| Financial assets at fair value through profit and loss | | | | |
| - Derivatives | 0 | 819 | 0 | 819 |
| - Bonds and certificates | 0 | 14,446 | 0 | 14,446 |
| - Fixed-rate loans to customers | 0 | 0 | 6,471 | 6,471 |
| - Equity instruments | 268 | 47 | 279 | 594 |
| - Equity instruments | 0 | 0 | 4 | 4 |
| - Other financial assets | 0 | 0 | 56,859 | 56,859 |
| Total assets | 268 | 15,311 | 63,614 | 79,193 |
| Liabilities | | | | |
| Financial assets at fair value through profit and loss | | | | |
| - Derivatives | 0 | 354 | 0 | 354 |
| - Securities issued | 0 | 4,831 | 0 | 4,831 |
| Total liabilities | 0 | 5,185 | 0 | 5,185 |

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, Refinitiv pricing service, Bloomberg or reputable brokers.
- Fair value of fixed-rate loans to customers is calculated as the present value of the estimated future cash flow based on an observable swap yield curve, plus a calculated marked premium
- Fair value of floating rate mortgages is estimated based on carrying amount and expected credit losses.
- Other methods, such as multiplier models, have been used to determine the fair value of the remaining financial instruments.

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

| | Fixed-rate loans to customers | Equity instruments | Mortgages (FVOCI) | Other financial assets | Total |
|--|----------------------------------|-----------------------|----------------------|------------------------------|---------------|
| 31.12.2018-30.06.2019 | | | | | |
| Opening balance | 6,471 | 279 | 56,859 | 4 | 63,614 |
| Investments in the period | 621 | 0 | 15,852 | 0 | 16,473 |
| Sales/redemption in the period | -559 | 0 | -15,150 | 0 | -15,709 |
| Gains/losses recognised through profit and loss | 15 | 8 | 11 | 0 | 34 |
| Gains/losses recognised through other comprehensive income | 0 | 0 | -3 | 0 | -3 |
| Closing balance | 6,548 | 287 | 57,569 | 4 | 64,408 |
| Gains/losses for the period included in the profit for assets owned on the balance sheet day | 15 | 8 | 11 | 0 | 34 |

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

| | Fixed-rate loans to customers | Equity instruments | Term deposit | Mortgages (FVOCI) | Other financial assets | Total |
|--|----------------------------------|-----------------------|-----------------|----------------------|------------------------------|---------------|
| 31.12.2017-31.12.2018 | | | | | | |
| Opening balance | 5,254 | 237 | -9 | 0 | 40 | 5,522 |
| IFRS 9 implementation effects and other reclassifications | 0 | 38 | 9 | 51,244 | -36 | 51,256 |
| Investments in the period | 2,803 | 6 | 0 | 31,146 | 0 | 33,954 |
| Sales/redemption in the period | -1,521 | -8 | 0 | -25,514 | 0 | -27,043 |
| Gains/losses recognised through profit and loss | -64 | 6 | 0 | -19 | 0 | -78 |
| Gains/losses recognised through other comprehensive income | 0 | 0 | 0 | 2 | 0 | 2 |
| Closing balance | 6,471 | 279 | 0 | 56,859 | 4 | 63,614 |
| Gains/losses for the period included in the profit for assets owned on the balance sheet day | -64 | 6 | 0 | -19 | 0 | -78 |

Specification of fair value, instruments classified in level 3:

| | Fixed-rate loans to customers | Equity instruments | Mortgages (FVOCI) | Other financial assets | Total |
|---|----------------------------------|-----------------------|----------------------|------------------------------|---------------|
| 30.06.2019 | | | | | |
| Nominal value including accrued interest (fixed income instruments)/cost (shares) | 6,532 | 209 | 57,604 | 4 | 64,350 |
| Fair value adjustment | 16 | 79 | -36 | 0 | 59 |
| Closing balance | 6,548 | 287 | 57,569 | 4 | 64,408 |

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

| | Fixed-rate loans to customers | Equity instruments | Mortgages (FVOCI) | Other financial assets | Total |
|---|----------------------------------|-----------------------|----------------------|------------------------------|---------------|
| 31.12.2018 | | | | | |
| Nominal value including accrued interest (fixed income instruments)/cost (shares) | 6,470 | 209 | 56,902 | 4 | 63,585 |
| Fair value adjustment | 1 | 71 | -43 | 0 | 29 |
| Closing balance | 6,471 | 279 | 56,859 | 4 | 63,614 |

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 16.

Equity instruments in Level 3 consists of the significant shareholdings in Oslo Kongressenter Folkets Hus BA (MNOK 54), Eksportfinans ASA (MNOK 72), SpareBank 1 Markets AS (NOK 39 million) and VN Norge AS (NOK 40 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 considered 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 which 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 based 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 -36. 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 18 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 | | | | | |
|----------------------------|--|------------------------------|--|--------------------------|-------------------------------------|------------|
| | Gross financial assets/(liabilities) | Recognised on a net basis | Net financial assets/(liabilities) on the balance sheet | Financial instruments | Cash collateral given/(received) | Net amount |
| 30.06.2019 | | | | | | |
| Derivatives as assets | 782 | 0 | 782 | -245 | -421 | 116 |
| Derivatives as liabilities | -278 | 0 | -278 | 245 | 11 | -23 |
| 30.06.2018 | | | | | | |
| Derivatives as assets | 436 | 0 | 436 | -187 | -129 | 120 |
| Derivatives as liabilities | -362 | 0 | -362 | 187 | 130 | -45 |
| 2018 | | | | | | |
| Derivatives as assets | 819 | 0 | 819 | -264 | -417 | 138 |
| Derivatives as liabilities | -354 | 0 | -354 | 264 | 16 | -74 |

Note 12 Leases

In connection with the implementation of IFRS 16 Leases from 1 January 2019, the bank and its subsidiaries have reviewed new and existing leases. For the SpareBank 1 Østlandet Group, primarily residential leases have been identified as being subject to the standard. Reference is made to note 1 for a description of the standard and choice of transitional provisions. The Group had no lease commitments from applying IAS 17 as at 31 Desember 2018.

| Parent Bank | | | Group | | |
|-------------|------------|---|-------|------------|--|
| | 30.06.2019 | Right of use | | 30.06.2019 | |
| | 224 | Right-of use asset at 01.01.2019 | | 170 | |
| | 0 | Acquisition | | 7 | |
| | -19 | Depreciation | | -15 | |
| | 205 | Right-of use asset at 30.06.2019 | | 162 | |

| 01.01.2019 | 30.06.2019 | Lease obligation | 30.06.2019 | 01.01.2019 |
|------------|------------|-----------------------------|------------|------------|
| 36 | 33 | Short-term lease obligation | 29 | 32 |
| 188 | 173 | Long-term lease obligation | 134 | 138 |

| 30.06.2019 | Effects on earnings | 30.06.2019 |
|------------|--|------------|
| 2 | Interest expense | 2 |
| 19 | Depreciation | 15 |
| 21 | Total cost from lease liabilities | 17 |

The increase in assets and liabilities at the implementation date is not significant compared to the Group's total balance sheet and total capital adequacy ratio. The effects on profit and loss as a consequence of the new standard are also assumed not to have a significant effect on the Group's operating profit. The costs of leases under IFRS 16 are classified as depreciation and interest cost. Until 31 December 2018, costs of leases were classified as "Other operating expences".

Note 13 Other assets

| Parent Bank | | | Group | | |
|-------------|------------|------------|------------|--------------|--------------|
| 2018 | 30.06.2018 | 30.06.2019 | 30.06.2019 | 30.06.2018 | 2018 |
| 273 | 273 | 273 | 273 | 273 | 273 |
| 37 | 33 | 32 | 33 | 34 | 39 |
| 94 | 65 | 46 | 143 | 150 | 149 |
| 0 | 226 | 0 | 0 | 226 | 0 |
| 295 | 264 | 252 | 475 | 512 | 581 |
| 699 | 861 | 603 | 924 | 1,196 | 1,041 |

Note 14 Deposits from and liabilities to customers

| Parent Bank | | | Group | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|--|
| 2018 | 30.06.2018 | 30.06.2019 | 30.06.2019 | 30.06.2018 | 2018 | |
| 40,886 | 41,403 | 43,582 | 43,582 | 41,403 | 40,886 | Private customers |
| 5,880 | 5,087 | 7,433 | 7,433 | 5,087 | 5,880 | Public sector |
| 868 | 999 | 965 | 965 | 999 | 868 | Primary industries |
| 275 | 235 | 293 | 293 | 235 | 275 | Paper and pulp industries |
| 754 | 776 | 660 | 660 | 776 | 754 | Other industry |
| 1,779 | 1,542 | 1,754 | 1,754 | 1,542 | 1,779 | Building and construction |
| 87 | 78 | 116 | 116 | 78 | 87 | Power and water supply |
| 1,496 | 1,418 | 1,812 | 1,812 | 1,418 | 1,496 | Wholesale and retail trade |
| 290 | 265 | 270 | 270 | 265 | 290 | Hotel and restaurants |
| 3,826 | 4,391 | 4,833 | 4,833 | 4,391 | 3,826 | Real estate |
| 14,338 | 13,655 | 14,630 | 14,598 | 13,633 | 14,295 | Commercial services |
| 1,060 | 817 | 1,037 | 1,037 | 817 | 1,060 | Transport and communications |
| 71,540 | 70,667 | 77,385 | 77,352 | 70,645 | 71,497 | Total deposits by sector and industry |

Note 15 Debt securities issued

Parent Bank and Group

| Change in debt securities issued | 30.06.2019 | Issued | Due / redeemed | Other changes | 31.12.2018 |
|---|---------------|--------------|-------------------|------------------|---------------|
| Certificate debt, nominal value | 0 | 0 | 0 | 0 | 0 |
| Bond debt, nominal value | 30,833 | 1,688 | -2,350 | 330 | 31,165 |
| Subordinated loan capital, nominal value | 1,100 | 0 | 0 | 0 | 1,100 |
| Accrued interest | 206 | 0 | 0 | -25 | 231 |
| Value adjustments | 602 | 0 | 0 | 11 | 591 |
| Total debt raised through issuance of securities and subordinated loan capital, book value | 32,741 | 1,688 | -2,350 | 316 | 33,087 |

| Change in debt securities issued | 30.06.2018 | Issued | Due / redeemed | Other changes | 31.12.2017 |
|---|---------------|--------------|-------------------|------------------|---------------|
| Certificate-based debt, nominal value | 0 | 0 | 0 | 0 | 0 |
| Bond debt, nominal value | 29,659 | 6,414 | -1,250 | 645 | 23,109 |
| Subordinated loan capital, nominal value | 1,400 | 0 | -200 | 0 | 1,700 |
| Accrued interest | 222 | 0 | 0 | 40 | 207 |
| Value adjustments | 79 | 0 | 0 | -264 | 375 |
| Total debt raised through issuance of securities and subordinated loan capital, book value | 31,360 | 6,414 | -1,450 | 421 | 25,391 |

| Change in debt securities issued | 31.12.2018 | Issued | Due / redeemed | Other changes | 31.12.2017 |
|---|---------------|---------------|-------------------|------------------|---------------|
| Certificate debt, nominal value | 0 | 0 | 0 | 0 | 0 |
| Bond debt, nominal value | 31,165 | 12,241 | -4,400 | 215 | 23,109 |
| Subordinated loan capital, nominal value | 1,100 | 400 | -1,000 | 0 | 1,700 |
| Accrued interest | 231 | 0 | 0 | 23 | 207 |
| Value adjustments | 591 | 0 | 0 | 216 | 375 |
| Total debt raised through issuance of securities and subordinated loan capital, book value | 33,087 | 12,641 | -5,400 | 455 | 25,391 |

Note 16 Other debt and liabilities recognized in the balance sheet

| Parent Bank | | | Group | | |
|-------------|------------|--------------|--------------|------------|------------|
| 2018 | 30.06.2018 | 30.06.2019 | 30.06.2019 | 30.06.2018 | 2018 |
| 94 | 108 | 70 | 138 | 154 | 141 |
| | | | | | |
| 25 | 26 | 23 | 23 | 26 | 25 |
| | | | | | |
| 86 | 84 | 85 | 86 | 86 | 87 |
| | | | | | |
| 83 | 27 | 78 | 87 | 38 | 91 |
| | | | | | |
| 0 | 200 | 400 | 400 | 200 | 0 |
| | | | | | |
| 0 | 0 | 206 | 166 | 0 | 0 |
| | | | | | |
| 244 | 295 | 405 | 469 | 352 | 343 |
| | | | | | |
| 532 | 740 | 1,267 | 1,369 | 856 | 687 |

*As at 31.12.2018 dividend to equity certificate holders and customer dividend was included with NOK 477 million and NOK 222 million respectively.

Note 17 Equity capital certificates and owner structure

| Parent Bank | 31.03.2019 ¹⁾ | 30.06.2018 | 2018 |
|--|--------------------------|--------------------|--------------------|
| Equity capital certificates | 5,791 | 5,359 | 5,766 |
| Dividend equalisation fund | 3,009 | 2,216 | 2,112 |
| Dividends | 0 | 0 | 477 |
| Premium fund | 848 | 547 | 830 |
| A. Equity capital certificate owners' capital | 9,648 | 8,122 | 9,185 |
| Primary capital | 3,997 | 3,735 | 3,690 |
| Dividends to customers | 0 | 0 | 222 |
| Other paid-up equity | 166 | 166 | 166 |
| B. Total primary capital | 4,164 | 3,901 | 4,078 |
| Fund for unrealised gains | 285 | 278 | 252 |
| Provision for gifts | 14 | 19 | 15 |
| Total other equity | 299 | 297 | 267 |
| Other equity | 0 | 0 | 0 |
| Hybrid capital | 200 | 400 | 400 |
| Total interest expense on hybrid capital | -37 | -19 | -30 |
| Total equity | 14,274 | 12,701 | 13,900 |
| Total equity for distribution: | | | |
| Equity capital certificate ratio (A/(A+B)) after distribution | 69.9 % | 67.6 % | 69.3 % |
| Equity certificates issued | 115,829,789 | 107,179,987 | 115,319,521 |
| Equity Certificates with the right to dividend ²⁾ | 115,829,789 | 107,179,987 | 115,829,789 |
| Average Equity certificates | 115,710,726 | 107,179,987 | 107,893,590 |

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.

²⁾ In January 2019, there was a subsequent offering, a repair issue to the Norwegian Confederation of Trade Unions (LO) and an employee offering, with a total of 510,268 equity certificates issued and with gross proceeds of NOK 37 million.

| 20 largest owners of equity certificates: | No. Of EC's | Share in % |
|--|--------------------|-------------------|
| Sparebankstiftelsen hedmark | 60,404,892 | 52.15 % |
| Landsorganisasjonen i norge LO sentralt | 11,121,637 | 9.60 % |
| Tredje AP-fonden | 2,418,126 | 2.09 % |
| Fellesforbundet | 2,101,322 | 1.81 % |
| Danske invest norske instit. li. | 1,797,425 | 1.55 % |
| Odin Norge | 1,621,218 | 1.40 % |
| Norsk nærings og nytelses- middela | 1,313,555 | 1.13 % |
| Vpf Eika egenkapitalbevis | 1,261,172 | 1.09 % |
| SpareBank 1 BV | 1,039,523 | 0.90 % |
| Fidelity pur.trust:fidelity series | 1,000,000 | 0.86 % |
| Landkreditt utbytte | 950,000 | 0.82 % |
| State Street Bank and Trust Comp | 842,379 | 0.73 % |
| SpareBank 1 Østfold Akershus | 839,930 | 0.73 % |
| Danske invest norske aksjer inst | 835,046 | 0.72 % |
| DnB Markets aksjehandel/-analyse | 803,000 | 0.69 % |
| State street Bank and Trust Comp | 760,976 | 0.66 % |
| SEB Nordenfondene | 751,438 | 0.65 % |
| Arctic Funds PLC | 729,197 | 0.63 % |
| Eika spar vpf | 668,314 | 0.58 % |
| JPMorgan Chase Bank, N.A., London | 545,030 | 0.47 % |

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 18 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

| Group | 2Q | 1Q | 4Q | 3Q | 2Q | 1Q | 4Q | 3Q | 2Q |
|---|--------------|--------------|------------|------------|------------|------------|------------|------------|------------|
| (NOK million, excluding percentages) | 2019 | 2019 | 2018 | 2018 | 2018 | 2018 | 2017 | 2017 | 2017 |
| Interest income | 910 | 875 | 896 | 864 | 844 | 811 | 820 | 809 | 823 |
| Interest expense | 390 | 367 | 352 | 340 | 333 | 316 | 318 | 310 | 331 |
| Net interest income | 520 | 508 | 544 | 524 | 511 | 495 | 501 | 498 | 491 |
| Commission income | 323 | 304 | 297 | 299 | 310 | 304 | 312 | 311 | 297 |
| Commission expenses | 36 | 30 | 32 | 23 | 27 | 23 | 27 | 27 | 26 |
| Other operating income | 78 | 67 | 48 | 40 | 51 | 42 | 29 | 42 | 45 |
| Net commission and other operating income | 364 | 341 | 313 | 316 | 334 | 323 | 315 | 325 | 316 |
| Dividends from other than Group companies | 6 | 12 | 0 | 0 | 0 | 12 | 0 | 0 | 2 |
| Net profit from ownership interests | 131 | 346 | 57 | 58 | 54 | 30 | 77 | 82 | 30 |
| Net profit from other financial assets and liabilities | 61 | 65 | -51 | 32 | 95 | 4 | 67 | 19 | 2 |
| Net income from financial assets and liabilities | 198 | 423 | 7 | 90 | 149 | 45 | 143 | 100 | 34 |
| Total income | 1,082 | 1,271 | 864 | 930 | 994 | 864 | 959 | 923 | 841 |
| Personnel expenses | 267 | 290 | 286 | 259 | 247 | 258 | 308 | 233 | 237 |
| Depreciation | 33 | 36 | 23 | 24 | 32 | 23 | 22 | 21 | 21 |
| Other operating expenses | 189 | 169 | 197 | 173 | 190 | 169 | 220 | 179 | 221 |
| Total operating expenses | 489 | 494 | 506 | 457 | 468 | 449 | 550 | 433 | 478 |
| Operating profit before losses on loans and guarantees | 593 | 777 | 358 | 473 | 525 | 414 | 409 | 491 | 363 |
| Impairment on loans and guarantees | 8 | -33 | 11 | 12 | 7 | 5 | -13 | 14 | 5 |
| Pre-tax operating profit | 585 | 810 | 347 | 461 | 518 | 409 | 422 | 476 | 358 |
| Tax expense | 114 | 54 | 25 | 99 | 102 | 96 | 85 | 99 | 84 |
| Profit after tax | 471 | 757 | 322 | 362 | 416 | 314 | 337 | 377 | 274 |
| | 2Q | 1Q | 4Q | 3Q | 2Q | 1Q | 4Q | 3Q | 2Q |
| | 2019 | 2019 | 2018 | 2018 | 2018 | 2018 | 2017 | 2017 | 2017 |
| Profitability | | | | | | | | | |
| Return on equity capital ¹⁾ | 12.8 % | 21.2 % | 9.1 % | 10.8 % | 12.9 % | 9.9 % | 10.4 % | 12.0 % | 9.0 % |
| Cost income ratio ³⁾ | 45.2 % | 38.8 % | 58.6 % | 49.2 % | 47.6 % | 52.0 % | 57.4 % | 46.9 % | 56.8 % |
| Balance sheet and ratios | | | | | | | | | |
| Gross loans to customers | 101,668 | 98,744 | 98,940 | 98,259 | 96,040 | 92,818 | 90,460 | 88,945 | 87,528 |
| Gross loans to customers including loans transferred to covered bond companies ¹⁾ | 144,337 | 141,079 | 140,165 | 138,153 | 135,495 | 132,433 | 129,535 | 126,919 | 124,393 |
| Growth in loans during the last 12 months ¹⁾ | 5.9 % | 6.4 % | 9.4 % | 10.5 % | 9.7 % | 9.3 % | 9.1 % | 9.4 % | 10.4 % |
| Growth in loans including loans transferred to covered bond companies in the last 12 months ¹⁾ | 6.5 % | 6.5 % | 8.2 % | 8.9 % | 8.9 % | 8.8 % | 8.4 % | 7.9 % | 8.0 % |
| Deposits from customers | 77,352 | 72,377 | 71,497 | 70,251 | 70,645 | 66,110 | 65,985 | 65,268 | 66,653 |
| Deposit to loan ratio ²⁾ | 76.1 % | 73.3 % | 72.3 % | 71.5 % | 71.2 % | 71.2 % | 72.9 % | 73.4 % | 76.2 % |
| Deposit to loan ratio including loans transferred to covered bond companies ¹⁾ | 53.6 % | 51.3 % | 51.0 % | 50.9 % | 52.1 % | 49.9 % | 50.9 % | 51.4 % | 53.6 % |
| Growth in deposits in the last 12 months | 9.5 % | 9.5 % | 8.4 % | 7.6 % | 6.0 % | 5.3 % | 4.6 % | 5.1 % | 6.4 % |
| Average total assets | 128,573 | 124,882 | 122,395 | 120,455 | 116,840 | 111,205 | 107,316 | 106,982 | 104,757 |
| Total assets | 130,854 | 126,292 | 123,472 | 121,319 | 119,592 | 114,088 | 108,321 | 106,312 | 107,652 |
| Total assets including loans transferred to covered bond companies ¹⁾ | 173,522 | 168,626 | 164,696 | 161,212 | 159,047 | 153,703 | 147,396 | 144,286 | 144,517 |
| Losses and commitments in default | | | | | | | | | |
| Losses on loans as a percentage of gross loans ¹⁾ | 0.0 % | -0.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | -0.1 % | 0.1 % | 0.0 % |
| Solidity and liquidity | | | | | | | | | |
| Common equity Tier 1 capital ratio | 16.7 % | 16.9 % | 16.8 % | 15.9 % | 16.1 % | 16.2 % | 16.8 % | 16.9 % | 16.7 % |
| Tier 1 capital ratio | 17.3 % | 17.5 % | 17.6 % | 16.7 % | 16.9 % | 17.0 % | 17.7 % | 17.8 % | 17.6 % |
| Capital ratio | 19.1 % | 19.4 % | 19.6 % | 18.7 % | 19.3 % | 19.4 % | 20.5 % | 19.9 % | 19.9 % |
| Net subordinated capital | 14,982 | 14,676 | 14,672 | 14,077 | 14,288 | 14,028 | 14,138 | 13,423 | 13,440 |

1) See attachment Alternative performance measures.

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

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

Statement from the Board of Directors and chief executive officer

We confirm that according to our firm belief the annual accounts for the period from 1 January to 30 June 2019 have been prepared in accordance with international standards for financial reporting (IFRS) and that the information in the annual report gives a true picture of the Parent Bank's and Group's assets, liabilities, financial position and result as a whole, and a correct overview of the information mentioned in the Securities Trading Act, § 5-6.

The Board of Directors of SpareBank 1 Østlandet

Hamar, 6 th August 2019

Siri J. Strømmevold
Board Chair

Nina C. Lier

Tore Anstein Doblough

Espen Bjørklund Larsen

Guro Nina Vestvik

Vibeke Hanvold Larsen

Hans-Christian Gabrielsen

Alexander Lund

Richard Heiberg
CEO

Alternative performance measures

SpareBank 1 Østlandet's alternative performance measures (APMs) have been prepared in accordance with the ESMA guidelines on APMs and are indicators aimed at providing useful additional information to the financial statements. These performance measures are either adjusted indicators or measures that are not defined under IFRS or any other legislation and may not be directly comparable with the corresponding measures from other companies. The APMs are not intended to be a substitute for accounting figures drawn up according to IFRS and should not be given more emphasis than these accounting figures, but they have been included in financial reporting to give a fuller description of the Bank's performance. The APMs also represent important metrics for how the management is running the business.

Non-financial indicators and financial ratios defined by IFRS or other legislation are not defined as APMs. SpareBank 1 Østlandet's APMs are used both in the overview of main figures and in the directors' report, and in results presentations and prospectuses. All APMs are shown with corresponding comparative figures for previous periods.

Lending and deposit margins for the Parent Bank are calculated in relation to the daily average of loans to and deposits from customers. For all other main figures and APMs that are calculated using average balances, the average balance is calculated as the average of the opening balance for the current period and the closing balance for each of the quarters in the period.

| Alternative performance measures | Definition and rationale |
|--|---|
| Profit after tax incl. interest hybrid capital | <i>Profit after tax - Interest expenses on hybrid capital</i> |
| | The key figure shows Result after tax adjusted for interest on hybrid capital. Hybrid capital is according to IFRS classified as equity and interest expenses are booked as an equity transaction. Hybrid capital has many similarities with debt items and differs from other equity in that it is interest-bearing and is not entitled to dividend payments. The key figure shows what profit after tax would have been if the interest expenses related to the hybrid capital had been recognized in the income statement. |
| Return on equity capital | $\frac{(\text{Profit after tax} - \text{Interest expenses on hybrid capital}) \times \left(\frac{\text{Act}}{\text{Act}}\right)}{\text{Average equity} - \text{Average hybrid capital}}$ |
| | The return on equity after tax is one of SpareBank 1 Østlandet's most important financial measures and provides relevant information about the company's profitability in that it measures the company's profitability in relation to the capital invested in the business. The result is corrected for interest on hybrid capital, which is classified as equity under IFRS, but which it is more natural in this context to treat as debt, as hybrid capital is interest-bearing and is not entitled to dividend payments. |
| Underlying banking operations | <i>Operating profit before losses on loans and guarantees - Net income from financial assets and liabilities - Notable items</i> |
| | The result from underlying banking operations provides relevant information about the profitability of the Bank's core business. |
| Cost-income-ratio | $\frac{\text{Total operating costs}}{\text{Total net income}}$ |
| | This indicator provides information about the relationship between revenue and costs, and is a useful measure to assess the cost-effectiveness of the enterprise. It is calculated as total operating costs divided by total revenue. |
| Lending margin | <i>Weighted average interest rate on lending to customers and loans transferred to covered bond companies - Average NIBOR 3 MND</i> |
| | The loan margin is calculated for the retail and corporate market divisions and provides information on the profitability of the divisions' lending activities. Loans transferred to covered bond companies are included in the selection as they are included in the total lending activity. |

| Alternative performance measures | Definition and rationale |
|--|--|
| Deposit margin | <i>Average NIBOR 3 MND – Weighted average interest rate on deposits from customers</i> |
| | The deposit margin is calculated for the retail and corporate market divisions and provides information on the profitability of the divisions' deposit activities. |
| Net interest margin | <i>Lending margin + Deposit margin</i> |
| | The net interest margin is calculated for the retail and corporate market divisions and provides information on the profitability of the divisions' overall lending and deposit activities. Loans transferred to covered bond companies are included in the selection as they are included in the total lending activity. |
| Net interest income inclusive of commissions from covered bond companies | <i>Net interest income + Commissions from loans and credit transferred to covered bond companies</i> |
| | Loans transferred to covered bond companies are part of total lending, but the income and expenses associated with these loans are recognised as commission income. The indicator is presented because it gives a good impression of net income from the overall lending and deposit activities. |
| Adjusted total assets | <i>Total assets + Loans transferred to covered bond companies</i> |
| | Total assets is an established industry-specific name for all assets plus loans transferred to covered bond companies included in the lending business. |
| Gross loans to customers including loans transferred to covered bond companies | <i>Loans to and receivables from customers + Loans transferred to covered bond companies</i> |
| | Loans transferred to covered bond companies are subtracted from the balance sheet, but are included in the total lending business. |
| Deposit to loan ratio | $\frac{\text{Deposit from and liabilities to customers}}{\text{Gross loans to customers}}$ |
| | The deposit coverage ratio provides relevant information about SpareBank 1 Østlandet's financing mix. Deposits from customers are an important means of financing the Bank's lending business and the indicator provides important information about the Bank's dependence on market financing. |
| Deposit to loan ratio including loans transferred to covered bond companies | $\frac{\text{Deposit from and liabilities to customers}}{\text{Gross loans to customers} + \text{Loans transferred to covered bond companies}}$ |
| | The deposit coverage ratio provides information about the financing mix in the overall lending business. Deposits from customers are an important means of financing the Bank's lending business and the indicator provides important information about the dependence of the overall lending business on market financing. |
| Growth in loans during the last 12 months | $\frac{\text{Gross loans to customers}}{\text{Gross loans to customers 12 months ago}} - 1$ |
| | This indicator provides information about activity and growth in the Bank's lending activity. |
| Growth in loans including loans transferred to covered bond companies (CB) in the last 12 months | $\frac{\text{Gross loans to customers} + \text{Loans transferred to CB}}{\text{Gross loans to customers 12 months ago} + \text{Loans transferred to CB 12 months ago}} - 1$ |
| | This indicator provides information about activity and growth in the Bank's total lending activity. The Bank uses the covered bond companies as a source of funding, and the indicator includes loans transferred to the covered bond companies to highlight the activity and growth in overall lending including these loans. |

| Alternative performance measures | Definition and rationale |
|--|--|
| Growth in deposits in the last 12 months | $\frac{\text{Deposits from and liabilities to customers}}{\text{Deposits from and liabilities to customers 12 months ago}} - 1$ <p>This indicator provides information about the activity and growth of the depositing business which is an important part of financing the Bank's lending activity.</p> |
| Losses on loans as a percentage of gross loans | $\frac{(\text{Losses on loans and guarantees}) \times (\frac{\text{Act}}{\text{Act}})}{\text{Gross loans to customers}}$ <p>The indicator shows the impairment loss in relation to gross lending and provides relevant information about the company's impairment losses in relation to lending volume. This provides useful additional information to the recognised impairment losses as the cost is also viewed in the context of lending volume and is thus better suited for comparison with other banks.</p> |
| Loans to and receivables from customers in stage 2, percentage of gross loans | $\frac{(\text{Loans to and receivables from customers in stage 2}) \times (\frac{\text{Act}}{\text{Act}})}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p> |
| Loans to and receivables from customers in stage 3, percentage of gross loans | $\frac{(\text{Loans to and receivables from customers in stage 3}) \times (\frac{\text{Act}}{\text{Act}})}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p> |
| Commitments in default as percentage of gross loans | $\frac{\text{Gross defaulted commitments for more than 90 days}}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p> |
| Other doubtful commitments as percentage of gross loans | $\frac{\text{Gross doubtful commitments not in default}}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p> |
| Net commitments in default and other doubtful commitments in percentage of gross loans | $\frac{\text{Net defaulted commitments} + \text{Net doubtful commitments}}{\text{Gross loans to customers}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p> |
| Loan loss impairment ratio for defaulted commitments | $\frac{\text{Individual write downs on defaulted commitments}}{\text{Gross defaulted commitments for more than 90 days}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p> |
| Loan loss impairment ratio for doubtful commitments | $\frac{\text{Individual write downs on doubtful commitments}}{\text{Gross doubtful commitments not in default}}$ <p>The indicator provides relevant information about the Bank's credit risk and is considered as useful additional information to the notes on losses.</p> |
| Equity ratio | $\frac{\text{Total equity capital}}{\text{Total assets}}$ <p>The indicator provides information about the company's unweighted solvency ratio.</p> |

| Alternative performance measures | Definition and rationale |
|--|---|
| Book equity per EC | $\frac{(Tot. EC - Min. int. - Gifts - Hybrid cap. + Tot. interest expense on hybrid cap.) \times EC \text{ certi. ratio}}{\text{Number of Equity certificates issued}}$ <p>The indicator provides information about the value of the book equity per equity certificate. This allows the reader to assess the reasonableness of the quoted price for the equity certificate. It is calculated as the equity certificate holders' share of the equity at the end of the period divided by the number of equity certificates.</p> |
| Price/Earnings per EC | $\frac{\text{Listed price of EC}}{\text{Earnings per EC} \times \left(\frac{Act}{Act}\right)}$ <p>The indicator provides information on earnings per equity certificate against the exchange price on the relevant date, helping to assess the reasonableness of the price for the equity certificate. It is calculated as the price per equity certificate divided by annualised earnings per equity certificate.</p> |
| Price/book equity | $\frac{\text{Listed price of EC}}{\text{Book equity per EC}}$ <p>The indicator provides information about the book value of the equity per equity certificate against the price at any given time. This allows the reader to assess the reasonableness of the quoted price for the equity certificate. It is calculated as the price per equity certificate divided by book equity per equity certificate (see definition of this measure above).</p> |
| Average LTV (Loan to value) | $\frac{\text{Average amount on loans to customers}}{\text{Average market value of asset encumbrance}}$ <p>The indicator provides information about the loan-to-value ratio in the lending portfolio and is relevant for assessing risk of loss in the lending portfolio.</p> |
| Loans transferred to covered bond (CB) companies | <p>Loans transferred to SpareBank 1 Boligkreditt AS og SpareBank 1 Næringskreditt AS and thus derecognised from the balance sheet</p> <p>Loans transferred to covered bond companies are subtracted from the balance sheet, but are included in the total lending business. The indicator is used in calculating other APMs.</p> |
| Act/Act | $\frac{\text{Total number of days in the year (365 or 366)}}{\text{Number of days so far this year}}$ <p>Act/Act is used to annualise the results figures included in the indicators. Results figures are annualised in the indicators to make them comparable with figures for other periods.</p> |
| Notable items | <p>Identified costs considered to be non recurring</p> <p>The indicator is used to calculate the underlying banking activity, which is shown as a separate APM.</p> |
| Earnings per average equity certificate | $\frac{\text{Majority interest of the Group's profit after tax} \times \text{ECC ratio}}{\text{Average number of ECC i the accounting period}}$ <p>The indicator shows the equity capital certificate holders' share of profit after tax distributed by average number of equity capital certificates during the accounting period.</p> |
| Diluted earnings per average equity certificate | $\frac{\text{Majority interest of the Group's profit after tax} \times \text{ECC ratio}}{\text{Average number of ECC in the accounting period} + \text{Number of ECC issued after the accounting period}}$ <p>The indicator shows the equity capital certificate holders' share of profit after tax distributed by the sum of average number of equity capital certificates during the accounting period and the number of equity capital certificates issued after the accounting period.</p> |

Financial calendar 2019

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|----------------------------------|-------------------|
| 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 | Tuesday 7 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.

Contact details



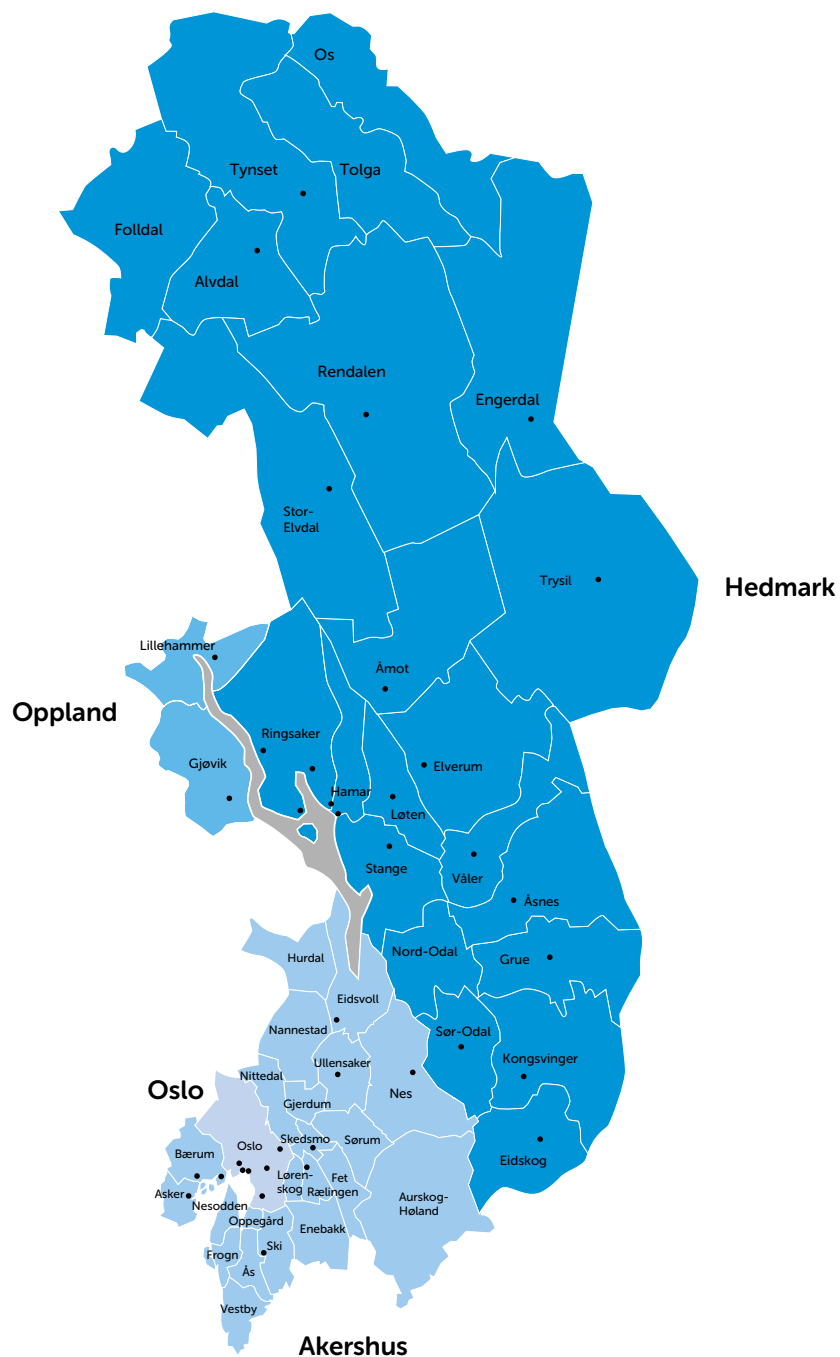
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