

First quarter report 2018

SPAREBANK 1 ØSTLANDET



**First bank in Norway to pay
customer dividends**

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Key figures Group

Summary (NOK mill and per cent of average assets)	01.01.2018-31.03.2018		01.01.2017-31.03.2017		01.01.2017-31.12.2017	
	Amount	Per cent ¹⁾	Amount	Per cent ¹⁾	Amount	Per cent ¹⁾
Net interest income	495	1.81 %	464	1.85 %	1,956	1.86 %
Net commission and other operating income	323	1.18 %	308	1.23 %	1,263	1.20 %
Net income from financial assets and liabilities	45	0.17 %	0	0.00 %	277	0.26 %
Total income	864	3.15 %	773	3.09 %	3,496	3.32 %
Total operating expenses	449	1.64 %	437	1.75 %	1,898	1.81 %
Operating profit before losses on loans and guarantees	414	1.51 %	335	1.34 %	1,598	1.52 %
Losses on loans and guarantees	5	0.02 %	-26	-0.10 %	-20	-0.02 %
Pre-tax operating profit	409	1.49 %	361	1.44 %	1,618	1.54 %
Tax expense	96	0.35 %	88	0.35 %	356	0.34 %
Profit after tax	314	1.14 %	274	1.09 %	1,263	1.20 %
Interest expenses on hybrid capital after tax	3	0.01 %	3	0.01 %	13	0.01 %
Net profit after tax incl. interest hybrid capital	311	1.13 %	271	1.08 %	1,250	1.19 %
Profitability						
Return on equity capital ²⁾	9.9%		9.3%		10.2%	
Cost-income-ratio ²⁾	52.0%		56.6%		54.3%	
From the balance sheet						
Gross loans to customers	92,818		84,901		90,460	
Gross loans to customers including loans transferred to covered bond companies ²⁾	132,433		121,701		129,535	
Growth in loans during the last 12 months ²⁾	9.3%		91.6%		9.1%	
Growth in loans including loans transferred to covered bond companies in the last 12 months ²⁾	8.8%		95.8%		8.4%	
Deposits from customers	66,110		62,782		65,985	
Deposit-to-loan-ratio ²⁾	71.2%		73.9%		72.9%	
Deposit-to-loan-ratio incl. loans transferred to covered bond companies ²⁾	49.9%		51.6%		50.9%	
Growth in deposits in the last 12 months ²⁾	5.3%		86.4%		4.6%	
Average total assets	111,205		101,551		105,157	
Total assets	114,088		101,861		108,321	
Total assets including loans transferred to covered bond companies ²⁾	153,703		138,661		147,396	
Losses and commitments in default						
Losses on loans as a percentage of gross loans ²⁾	0.0%		0.0%		0.0%	
Commitments in default, percentage of gross loans ²⁾	0.2%		0.2%		0.3%	
Other doubtful commitments, percentage of gross loans ²⁾	0.3%		0.3%		0.3%	
Net commitments in default and other doubtful commitments, percentage of gross loans ²⁾	0.4%		0.3%		0.4%	
Financial strength						
Common equity Tier 1 capital ratio	16.2%		16.7%		16.8%	
Tier 1 capital ratio	17.0%		17.6%		17.7%	
Capital adequacy ratio	19.4%		19.3%		20.5%	
Total eligible capital	14,028		12,649		14,138	
Equity ratio ²⁾	11.4%		12.1%		12.3%	
Leverage Ratio	7.3%		7.5%		7.1%	
LCR ³⁾	161.8%		92.5%		114.0%	
LCR in NOK ³⁾	157.3%		92.0%		113.0%	
LCR i EUR	1023.1%		N.A		N.A	
Staff						
Number of fulltime equivalents	1,111		1,146		1,109	
Equity capital certificates						
Market price (NOK)	84.20		N.A		90.50	
Market capitalisation (NOK million)	9,025		N.A		9,700	
Book equity per EC ²⁾	79.89		75.46		81.14	
Earnings per EC, NOK ⁴⁾	1.97		1.73		7.92	
Price/Earnings per EC ²⁾	10.55		N.A		11.43	
Price/book equity ²⁾	1.06		N.A		1.12	

1) Calculated as a percentage of average total assets.

2) See attachment regarding Alternative performance measures.

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

4) Profit after tax for controlling interests * Equity capital certificate ratio as at 31.03.18 / number of EC's as at 31.03.2018.

Board of Directors' report

Q1 2018 (Consolidated figures. Figures in parenthesis relate to the corresponding period in 2017)

- Profit after tax: NOK 314 (274) million
- Return on equity: 9.9 (9.3) per cent
- Earnings per equity certificate: NOK 1.97 (1.73).
- Net interest income: NOK 495 (464) million
- Net commission and other operating income: NOK 323 (308) million
- Net result from financial assets and liabilities: NOK 45 (0) million
- Operating costs: NOK 449 (437) million
- Loan loss provisions: Charge of NOK 5 million (reversal of NOK 26 million)
- Common equity tier 1 ratio: 16.2 (16.7) per cent

SpareBank 1 Østlandet is the first bank in Norway to share the profit with their customers by the payment of dividend to customers. The Bank's vision is *Together - to create*. Giving back to our customers as customer dividend is in line with SpareBank 1 Østlandet's basic values.

On 22 March, the Board of Representatives of SpareBank 1 Østlandet decided to distribute 50 per

cent of the majority shareholders' share of the Group profit for 2017 as dividend. Equity certificate holders receive ordinary dividend, but the Bank is furthermore the first bank in Norway to also pay dividend to customers. The customer dividend is based on the ECC ratio and the self owned capital's share of the Group profit. This gives NOK 204 million in customer dividend, in addition to NOK 424 million as ordinary dividend to equity certificate holders.

The SpareBank 1 Østlandet Group

The Group consists of 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), SpareBank 1 Regnskapshuset Østlandet AS, Youngstorget 5 AS and Vato AS, as well as the 95-per-cent owned subsidiary SpareBank 1 Finans Østlandet AS. The financial statements of the aforementioned 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 Banksamarbeidet DA, 20.5 per cent of SpareBank

1 Kredittkort AS, 50.0 per cent of Torggata 22 AS, 20.0 per cent of SMB Lab AS, 23.7 per cent of KOMM-IN AS, and 20.0 per cent of Betr AS, as well as 21.2 per cent of SpareBank 1 Betaling AS. The Bank also owns 21.1 per cent of SpareBank 1 Boligkreditt AS and 12.4 per cent of SpareBank 1 Næringskreditt AS (the covered bond companies). The results from the above mentioned companies are recognised in the Bank's consolidated financial statements in proportion to the Bank's ownership share.

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

Consolidated results

The consolidated profit after tax was NOK 314 (274) million for the first quarter. The return on equity was 9.9 (9.3) per cent.

Specification of the consolidated profit after tax in NOK millions:	31.03.18	31.03.17
Parent Bank's profit after tax	441	190
Dividends received from subsidiaries/associated companies	-185	-84
Share of the result from:		
SpareBank 1 Gruppen AS	23	42
Bank 1 Oslo Akershus AS (Q1-17)	0	119
SpareBank 1 Boligkreditt AS	3	-26
SpareBank 1 Næringskreditt AS	1	1
EiendomsMegler 1 Hedmark Eiendom AS	-2	2
EiendomsMegler 1 Oslo Akershus AS - Konsern	-1	0
SpareBank 1 Finans Østlandet AS	33	28
SpareBank 1 Regnskapshuset Østlandet AS	-3	2
SpareBank 1 Kredittkort AS	6	2
SpareBank 1 Betaling AS	-3	-14
Other associated companies/joint ventures	0	11
Consolidated profit after tax	314	274

Net interest income

Net interest income was NOK 495 (464) million. Net interest income must be viewed in conjunction with commission from mortgages transferred to partly-owned covered bond companies (recognised as commission) totalling NOK 107 (76) million. Net interest income and commission from the covered bond companies totalled NOK 602 (540) million. The increase is mainly due to growth in lending and deposits, as well as higher commission rates from the covered bond companies. Net interest income as a percentage of average total assets was 1.81 (1.85) per cent.

Net commissions and other operating income

Net commission and other income amounted to NOK 323 (308) million. The increase is mainly due to increased commission from covered bond companies.

NOK million	31.03.18	31.03.17
Net money transfer fees	34	36
Commissions revenues from insurance and savings	54	48
Commissions revenues from covered bonds companies	107	76
Commission revenues from credit cards	16	15
Real estate broker commission	67	71
Accounting services	37	46
Other income	9	16
Net commissions and other (non interest) income	323	308

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

Net result from financial assets and liabilities

The net result from financial assets and liabilities was NOK 45 (0) million.

NOK million	31.03.18	31.03.17
Dividends from other than Group companies	12	9
Net profit from ownership interests	30	6
Net profit from other financial assets and liabilities	4	-14
Net commission and other operating income	45	0

Dividend of NOK 12 (9) million is dividend received from the ownership stake in Totens Sparebank.

The net profit from ownership interests amounted to NOK 30 (6) million.

Contribution from Associated companies and joint ventures	31.03.18	31.03.17
SpareBank 1 Gruppen AS	23	42
SpareBank 1 Boligkreditt AS	3	-26
SpareBank 1 Næringskreditt AS	1	1
SpareBank 1 Kredittkort AS	6	2
SpareBank 1 Betaling AS	-3	-14
Net profit from ownership interests	30	6

The increase of NOK 24 million is due to the improvement in the results of SpareBank 1 Boligkreditt AS, SpareBank 1 Betaling AS and SpareBank 1 Kredittkort AS compared to the same period last year, when especially the result of

SpareBank 1 Boligkreditt AS was affected by negative value adjustments for basis swaps. The weaker results of SpareBank 1 Gruppen reduce the increase. The net result from other financial assets and liabilities was NOK 4 (-14) million.

The Group's fixed-income investments, derivatives, fixed-rate loans to customers and equity investments are assessed at fair value through profit or loss, in accordance with IFRS 9. Changes in market value are recognised in profit and loss. Last year's net result from other financial assets and liabilities also included value adjustments concerning issued securities at fair value through profit or loss, in accordance with IAS 39. Issued securities under IFRS 9 are mainly classified at amortised cost. Fair value through profit and loss is not a relevant classification under IFRS 9, unless the financial liability is held for trading purposes. Issued securities, previously designated at fair value through profit and loss (NOK 11.5 billion), were reclassified to amortised cost (NOK 5.5 billion) and to fair value (NOK 6.0 billion) with the recent transition from IAS39 to IFRS9. On issued securities at fair value, changes from own credit risk is recognized through other comprehensive income and other fair value changes through profit and loss. Of the total issued securities for NOK 23.6 billion, issued securities at amortised cost amounted to NOK 17.6 billion after reclassification.

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

Operating costs

Total operating costs were NOK 449 (437) million equalling 52.0 (56.5) per cent of net income.

The increase in operating costs of NOK 12 million is mainly due to the fact that the Group had net reversals of pension costs in Q1 2017 of NOK 41 million. This was due to the fact that the former Bank 1 Oslo Akershus AS (B1OA) discontinued its defined-benefit pension scheme as of 1 January 2017, which resulted in a gain of NOK 53 million. Sparebanken Hedmark saw a re-calculation of pension costs for 2016 giving costs of NOK 12 million in the first quarter of 2017. Furthermore, costs associated with the merger process are reduced from NOK 22 million in Q1 2017 to NOK 1 million in Q1 2018.

Adjusted for the aforementioned revenue recognition of pension costs and the reduction of merger costs, the Group's underlying operating costs are reduced by NOK 8 million from Q1 2017.

At 31 March 2018 the headcount in the Group was 1,111 (1,146) full-time equivalents.

Net loan losses

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

In the first quarter, the Group saw losses on loans and guarantees of NOK 5 million (reversal of NOK 26 million). The net reversal of losses in Q1 2017 was primarily due to a reduction of collective provisions amounting to NOK 27 million.

Loan loss are specified as follows:

Specification of total losses on loans and guarantees in the period, NOK million	Totalt	PM	BM	SBIFFØ
Change in impairments in the period	3	1	-3	6
Realised losses on commitments for which earlier impairment provisions have been made	3	3	1	0
Realised losses on commitments for which no earlier impairment provisions has been made	5	0	1	4
-Recoveries on loans and guarantees previously impaired	6	0	0	6
Total losses on loans and guarantees in the period	5	3	-2	4

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

Credit risk

At 31 March 2018, gross non-performing commitments totalled NOK 232 (222) million. This corresponded to 0.2 (0.2) per cent of gross lending. Gross other doubtful commitments amounted to NOK 253 (257) million. This corresponded to 0.3 (0.3) per cent of gross lending.

In Q1 loan loss impairments increased by NOK 3 million to NOK 412 million, from NOK 409 million at 1 January 2018. Loan loss impairments are distributed as follows on the stage of the loss model:

NOK million	31.03.18	01.01.18
Stage 1	124	117
Stage 2	131	144
Stage 3	156	149
Allowance for credit losses	412	409

Stage 1 and stage 3 showed an increase, while stage 2 showed a reduction. For detailed information about the loan loss impairments, reference is made to Note 6 "Loan loss provisions".

Credit quality, measured as total problem loans in relation to total lending, was unchanged from the

corresponding period last year. Overall, the Group's problem loans amounted to 0.5 (0.5) per cent of gross lending. Including loans transferred to the covered bond companies, the problem loans in relation to gross lending is unchanged at 0.4 (0.4) per cent.

The risk profile has been improved the last year. There is positive development in both the probability of default and loss given default parameters loss parameters. This also implies that the portfolio's expected loss is reduced. The Board of Directors' assessment is that the Group's credit risk is low.

Total assets

Total assets at 31 March 2018 amounted to NOK 114.1 (101.9) billion. Adjusted total assets, defined as total assets including lending transferred to the covered bond companies, amounted to NOK 153.7 (138.7) billion.

Lending to customers

Gross lending to customers, including mortgages transferred to the covered bond companies, totalled NOK 132.4 (121.7) billion. At the end of the quarter, mortgages for NOK 38.0 (35.5) billion had been transferred to SpareBank 1 Boligkreditt AS, and mortgages totalling NOK 1.6 (1.3) billion had been transferred to SpareBank 1 Næringskreditt AS.

Growth in lending during the past 12 months, including mortgages transferred to the covered bond companies, was NOK 10.7 (59.5) billion, equivalent to 8.8 (95.8) per cent. The growth for the retail market was NOK 8.2 billion, while the growth for the corporate market was NOK 2.5 billion. The high figures last year were due to the acquisition and consolidation of B10A.

Deposits from customers

At 31 March 2018, deposits from customers totalled NOK 66.1 (62.8) billion. The growth in deposits during the last 12 months was NOK 3.3 (29.1) billion, equivalent to 5.3 (86.4) per cent. The growth for the retail market was NOK 2.6 billion, while the growth for the corporate market was NOK 0.7 billion. The high figures last year were due to the acquisition and consolidation of B10A. The deposit coverage ratio in the Group was 71.2 (73.9) per cent. The deposit coverage ratio in the Group, including loans transferred to SpareBank 1 Boligkreditt AS and SpareBank 1 Næringskreditt AS, was 49.9 (51.6) per cent.

Liquidity

During March, the Bank issued its first euro-denominated public bond. The bond was a benchmark size at EUR 500 million (NOK 4.8 billion). The issue strengthened the Bank's liquidity position. The issue contributed to a substantial expansion of the Bank's investor universe, and thereby greater diversification of funding sources.

A consequence of the issue is that more than 5 per cent of the Bank's total debt is now issued in Euro, exceeding the regulatory limit for "significant currency". – As from and including this quarter, the Group and the Parent Bank thereby must provide all reports to the authorities within the liquidity area (LCR, NSFR and ALMM) in total currency and euro in addition to NOK.

Borrowing from credit institutions and securities issues (including subordinated loan capital) totalled NOK 32.9 (25.5) billion. The average term to maturity of the Group's long-term funding was 4.6 (3.6) years. The average term to maturity for all borrowing was 4.0 (3.2) years.

At the end of the quarter the Group had reserves to maintain normal operations, without access to external funding from the market exceeding 18 (17) months. The liquidity coverage ratio (LCR) was 161.8 (92.5) per cent. The significant increase follows the Bank's euro-denominated Issue. The Board of Directors considers the Group's liquidity risk to be low.

Equity certificates

At 31 March 2018, the equity share capital is/was comprised of 107,179,987 equity certificates.

The book value per equity certificate at the end of the quarter was NOK 79.89 and earnings per equity certificate were NOK 1.97 (1.73). At the end of the quarter, the price per equity certificate was NOK 84.20.

Parent Bank

Reported profit and loss

The Parent Bank's profit after tax for Q1 was NOK 441 (190) million. Besides the merger with B1OA, the increase is mainly due to growth in lending, increased commission rates from the covered bond companies, increased dividend payments, and improved net income from other financial assets and liabilities.

Financial strength and capital adequacy

The Group's equity of NOK 13.0 (12.4) billion amounted to 11.4 (12.1) per cent of total capital. The leverage ratio was 7.3 (7.5) per cent.

The Group's capital and capital adequacy ratios at the end of the quarter were 19.4 (19.3) per cent and 17.0 (17.6) per cent, respectively. The common equity tier 1 ratio was 16.2 (16.7) per cent. A simplified audit of the income statement and balance-sheet was carried out according to the regulations. The profit for the period after expected tax and dividends is included in the capital adequacy calculation.

The reduced capital ratios are due to growth in lending, proportional consolidation of SpareBank 1 Næringskreditt AS, increased stakes in joint ventures, and a larger liquidity portfolio. The Group's long-term capital target for the common equity tier 1 ratio is 16 per cent.

Rating

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

In the latest credit statement from Moody's (15 December 2017), the previous rating of A1 is maintained, and the rating outlook is still negative. The negative outlook is a consequence of the bill presented by the Norwegian Ministry of Finance on 21 June 2017, which is intended to transpose the EU's crisis management directives, the Bank Recovery and Resolution Directive (BRRD) and the Deposit Guarantee Directive, into Norwegian law. The rating outlook expresses Moody's assessment of the probability of public support being reduced as a consequence of the new regulation.

The former Bank 1 Oslo Akershus AS (B1OA) merged with the Parent Bank on 1 April 2017. The Parent Bank's accounts for Q1 2018 are therefore not directly comparable with the figures for the same period last year.

The common equity tier 1 ratio was 22.1 (31.6) per cent at the end of the quarter. The reduction from last year was mainly due to the inclusion of the former B1OA in the basis for calculation.

The Parent Bank's equity amounted to NOK 12.2 (10.6) billion, which is equivalent to 10.8 (17.0) per cent of the total capital at the end of the quarter. At 31 March 2018, the Parent Bank had equivalent to 693 (460) full-time employees (FTEs). The increase reflects the addition of 273 FTEs from the merger with B1OA and a staff reduction as a consequence of the merger. The net staff reduction adjusted for merger effects is thus 40 FTEs since last year.

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

Underlying banking operations, MNOK	31.03.18	31.03.17	Change
Net interest income	415	259	60.5 %
Net commission and other income	231	108	113.3 %
Total operating cost	-318	-212	50.3 %
Adjustment: Merger costs	1	8	
Operating profit underlying banking operations	329	163	102.1 %

The operating profit from underlying banking operations amounted to NOK 329 (163) million at 31 March 2018. The increased of NOK 166 million from the previous year is equivalent to 102.1 per cent. Besides the merger with B1OA, the increase is mainly related to growth in lending and increased commission rates from the covered bond companies.

Adjusted profit and loss

As the reported result is not directly comparable with the previous year's figures, the adjusted profit

or loss is also stated, in order to present more relevant and directly comparable figures. The adjusted figures assumed a 100 per cent ownership in B1OA as from 1. January 2017.

Adjusted Parent bank (Inkl. B1OA)	31.03.18	31.03.17
Net interest income	415	395
Net commission and other operating income	231	197
Net income from financial assets and liabilities	201	66
Total net income	847	658
Total operating expenses	318	305
Operating profit before losses on loans and guarantees	529	353
Losses on loans and guarantees	1	-33
Pre-tax operating profit	527	386
Total profit and loss items recognised in equity	86	77
Total profit/loss for the accounting year	441	309

The adjusted profit after tax for Q1 was NOK 441 million, compared to NOK 309 million for Q1 2017.

The increase in operating costs of NOK 13 million is mainly related to the Bank's net reversals of pension costs amounting to NOK 41 million in Q1 2017. The reversals were a combination of the former B1OA's discontinuing its defined-benefit pension scheme as at 1 January 2017 resulted in a gain of NOK 53 million and a re-calculation of pension costs for 2016 in Sparebanken Hedmark incurring costs of NOK 12 million in 2017. Furthermore, costs associated with the merger process have been reduced from NOK 22 million in Q1 2017 to NOK 1 million in Q1 2018.

Adjusted for the aforementioned revenue recognition of pension costs and the reduction of merger costs, the adjusted parent bank's operating costs have been reduced by NOK 7 million, equivalent to 2 per cent compared to Q1 2017. The Bank has the ambition of a cost reduction of 5 per cent for 2018 compared to 2017.

Subsidiaries

The leasing company SpareBank 1 Finans Østlandet AS (95 per cent stake) posted a profit after tax of NOK 33 (28) million for Q1 2017. The increase is related to growth in lending and lower losses. The company's gross lending totalled NOK 7.3 (6.5) billion at 31 March 2018. Lending growth over the past 12 months was 12.2 (12.9) per cent.

SpareBank 1 Regnskapshuset Østlandet AS posted earnings of NOK 37 (46) million and achieved a profit after tax of NOK -3 (+2) million. The reduced profits are mainly due to reduced earnings, in addition to cost increases as a consequence of the ongoing digitisation of previously manual processes.

EiendomsMegler 1 Hedmark Eiendom AS posted earnings of NOK 22 (23) million and achieved a profit after tax of NOK -2 (+2) million. The reduced profits were mainly related to reduced turnover as a consequence of Easter falling in Q1 in 2018, compared to Q2 in 2017. There were also increases in personnel cost related to increased staffing within, commercial property brokerage and project brokerage.

The EiendomsMegler 1 Oslo Akershus Group posted earnings of NOK 45 (48) million and achieved profits after tax of NOK -1 (0) million. The reduced profits were mainly related to reduced turnover as a consequence of Easter falling in Q1 in 2018, compared to Q2 in 2017.

Associated Companies and Joint Ventures

SpareBank 1 Gruppen AS (12.4 per cent stake) includes the SpareBank 1 alliance's joint product companies within insurance, fund management, claims management and collection. The company posted a consolidated profit after tax of NOK 184 (362) million for Q1. The reduced profits are mainly related to lower financial income, besides a lower insurance result in the general insurance company, following a harsh winter. The return on equity was 9.0 (18.5) per cent.

SpareBank 1 Boligkreditt AS (21.1 per cent stake) is the SpareBank 1 alliance's joint residential covered bond issuing company. The company posted a profit after tax of NOK 26 (-127) million. The figures for the previous year were significantly affected by a negative value adjustment for basis swaps linked to its own borrowing.

SpareBank 1 Næringskreditt AS (12.4 per cent stake) is the SpareBank 1 alliance's joint commercial covered bond issuing company. The company posted a profit after tax of NOK 14 (21) million.

SpareBank 1 Kredittkort AS (20.5 per cent stake) is the SpareBank 1 alliance's joint credit card company. The company posted a profit after tax of NOK 30 (9) million.

SpareBank 1 Betaling AS (21.2 per cent stake) is the SpareBank 1 alliance's joint payment infrastructure and mobile payment company. The company posted a profit after tax of NOK -14 million.

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

Outlook

The macro situation in Norway is improving and the trends in a number of key economic indicators are positive. The Board regards this as favourable for the Group with respect to its operations, credit risk and the development of losses going forward.

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

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

price drop in Oslo was most pronounced in the districts with the highest price increases in the previous year. From the start of the year we have seen a reduction in lead times for home sales, and price growth throughout the Bank's market area. Throughout the period with declining prices, the Bank actually strengthened the loan-to-value for the portfolio in the Oslo region; and the Board of Directors believes that this shows how the Bank's conservative lending practice is contributing to reducing the vulnerability to price reductions in the housing market.

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

The Board of Directors of SpareBank 1 Østlandet

Hamar, 26 April 2018

Income statement

Parent bank				Notes	Group		
01.01.2017- 31.12.2017	01.01.2017- 31.03.2017	01.01.2018- 31.03.2018			01.01.2018- 31.03.2018	01.01.2017- 31.12.2017	01.01.2017- 31.12.2017
			(NOK million)				
0	0	561	Interest income, amortized cost		642	0	0
2,642	433	169	Other interest income		169	787	3,238
1,134	175	315	Interest expense		316	322	1,282
1,508	259	415	Net interest income		495	464	1,956
807	107	238	Commission income		304	277	1,197
57	7	16	Commission expenses		23	22	102
31	8	8	Other operating income		42	53	168
782	107	231	Net commission and other operating income		323	308	1,263
11	9	12	Dividends from other than Group companies	7	12	9	11
275	75	185	Net profit from ownership interests	7	30	6	194
48	-38	4	Net profit from other financial assets and liabilities	7	4	-14	72
334	46	201	Net income from financial assets and liabilities		45	0	277
2,624	412	847	Total net income		864	773	3,496
684	116	167	Personnel expenses		258	232	1,010
57	10	17	Depreciation		23	21	84
548	85	135	Other operating expenses		169	184	804
1,289	211	318	Total operating expenses		449	437	1,898
1,335	200	529	Operating profit before losses on loans and guarantees		414	335	1,598
-39	-26	1	Losses on loans and guarantees	6	5	-26	-20
1,373	226	527	Pre-tax operating profit		409	361	1,618
272	36	86	Tax expense		96	88	356
1,102	190	441	Profit after tax		314	274	1,263
			Majority interest		312	273	1,257
			Minority interest		2	1	6
			Earnings per equity certificate (in NOK)		1.97	1.73	7.92

Statement of other comprehensive income

1,102	190	441	Profit after tax	314	274	1,263
-7	0	0	Actuarial gains/losses on pensions	0	0	-7
2	0	0	Tax effects of actuarial gains/losses on pensions	0	0	2
			Fair value changes on financial liabilities designated at fair value due			
0	0	-9	to the Bank's own credit risk	-9	0	0
0	0	2	Tax effects related to the above	2	0	0
			Share of other comprehensive income from associated companies			
0	0	0	and joint ventures	-1	0	3
-6	0	-6	Total items that will not be reclassified through profit or loss	-8	0	-3
75	12	0	Change in value of financial assets available for sale	0	14	77
			Financial assets available for sale transferred to profit and loss			
-1	0	0	on write-down due to permanent impairment of value	0	0	-1
			Financial assets available for sale transferred to profit and loss			
11	0	0	on realisation	0	0	11
			Net fair value adjustments on loans at fair value through other			
0	0	3	comprehensive income	3	0	0
0	0	-1	Tax effects related to the above	-1	0	0
			Fair value changes on hedge derivatives due to changes in the			
0	0	-19	currency basis spread	-19	0	0
0	0	5	Tax effects related to the above	5	0	0
			Share of other comprehensive income from associates and			
0	0	0	joint ventures	6	-1	2
86	12	-12	Total items that will be reclassified through profit or loss	-6	13	90
80	12	-18	Total profit and loss items recognised in equity	-13	13	87
1,182	202	423	Total profit/loss for the accounting year	301	287	1,350
			Majority interest	299	286	1,344
			Minority interest	2	1	6

Parent bank				Group			
31.12.2017	31.03.2017	31.03.2018	NOK million	Notes	31.03.2018	31.03.2017	31.12.2017
ASSETS							
672	114	664	Cash and deposits with central banks		664	430	673
7,669	7,255	8,571	Loans to and receivables from credit institutions		2,448	1,462	1,808
83,030	42,785	85,226	Loans to and receivables from customers	5,6	92,450	84,523	90,098
8,883	4,891	11,659	Certificates, bonds and fixed-income funds	10	11,659	8,425	8,883
582	336	455	Financial derivatives	8,10,11	455	786	582
494	346	480	Shares, units and other equity interests	10	487	419	495
3,336	1,681	3,397	Investments in associates and joint ventures		3,957	3,617	3,929
1,370	3,937	1,370	Investments in subsidiaries		0	0	0
0	0	0	Assets held for sale		0	5	0
365	304	355	Property, plant and equipment		564	586	578
100	83	101	Goodwill and other intangible assets		367	368	366
3	18	0	Deferred tax asset		0	0	0
645	789	744	Other assets	12	1,038	1,240	910
107,149	62,540	113,022	Total assets		114,088	101,861	108,321
LIABILITIES							
2,288	1,281	2,172	Deposits from and liabilities to credit institutions		2,171	1,558	2,286
66,013	35,882	66,130	Deposits from and liabilities to customers	13	66,110	62,782	65,985
23,686	13,724	29,274	Liabilities arising from issuance of securities	10,14	29,274	22,754	23,686
307	187	329	Financial derivatives	8,10,11	329	307	307
314	62	208	Current tax liabilities		246	117	358
0	0	0	Deferred tax liabilities		130	106	122
431	278	1,180	Other debt and liabilities recognised in the balance sheet	15	1,320	662	541
1,706	505	1,503	Subordinated loan capital	10,14	1,503	1,206	1,706
94,743	51,918	100,795	Total liabilities		101,081	89,491	94,990
EQUITY CAPITAL							
5,359	5,310	5,359	Equity capital certificates	18	5,359	5,310	5,359
547	520	547	Premium fund	18	547	520	547
1,584	974	1,897	Dividend equalisation fund	18	1,897	974	1,584
424	148	0	Dividend		0	148	424
3,432	3,307	3,581	Primary capital		3,581	3,307	3,432
165	0	166	Other paid-up equity		166	0	165
20	29	19	Provision for gifts		19	29	20
279	136	272	Fund for unrealised gains		274	136	281
204	0	0	Dividend customers return		0	0	204
400	0	400	Hybrid capital		400	400	400
-8	0	-16	Interest expense for hybrid capital		-34	0	-30
0	200	0	Other equity		740	1,498	883
			Minority interests		57	49	62
12,406	10,623	12,226	Total equity capital		13,007	12,370	13,331
107,149	62,541	113,022	Total equity capital and liabilities		114,088	101,861	108,321

The board of SpareBank 1 Østlandet

Hamar, April 26th, 2018

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	Dividends		
Equity capital as of 01.01.2017	5,310	520	0	3,313	974	33	134	0	148	0	10,430
ECs transferred Foundation											0
Profit after tax							-10	200			190
Change revaluation reserve							12				12
Donations distributed from profit 2016				-6							-6
Grants from provision for gifts in 2017						-4					-4
Equity capital as of 31.03.2017	5,310	520	0	3,307	974	29	136	200	148	0	10,623
Equity capital as of 01.01.2017	5,310	520	0	3,313	974	33	134	0	148	0	10,430
ECs issued and transferred to owners	49	27									76
Equity inflated by merger with B10A			165		338						503
Hybrid capital										400	400
Interest on hybrid capital								-8			-8
Profit after tax				335	696		70				1,102
Actuarial gains after tax on pensions				-6							-6
Change revaluation reserve							75				75
Dividend paid									-148		-148
Donations distributed from profit 2016				-6							-6
Grants from provision for gifts in 2017						-13					-13
Equity capital as of 31.12.2017	5,359	547	165	3,636	2,008	20	279	0	0	400	12,406
Equity capital as of 01.01.2018	5,359	547	165	3,636	2,008	20	279	-8	0	400	12,406
OB Corr. related to transitional rules IFRS 9				11	23						35
Repoting of intereset on hybrid capital					4			-4			0
Repoting of acturaial gains after tas on pensions				4	-4						0
Adjusted equity capital at 01.01.2018	5,359	547	165	3,651	2,032	20	279	-12	0	400	12,440
ECs issued and transferred to owners											0
Hybrid capital											0
Interest after tax on hybrid capital								-3			-3
Profit after tax				146	303		-7				441
Value changes on creditspread and basisswap				-7	-14						-20
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 31.03.2018	5,359	547	165	3,581	1,898	19	272	-16	0	400	12,226

Group (NOK million)	Paid-up equity			Earned equity capital					Dividends	Hybrid-capital	Minority intersets	Total equity
	Equity certificates	Premium fund	Other paid-up equity	Primary capital ¹⁾	Dividend equalisation	Provision for gifts	Fund for unrealised	Other equity				
Equity capital as of 01.01.2017	5,310	520	0	3,313	974	33	134	1,228	148	400	47	12,107
OB Correction: Correction of previous years's errors in associated companies and joint ventures ¹⁾								-11				-11
Adjusted equity capital at 01.01.2017	5,310	520	0	3,313	974	33	134	1,217	148	400	47	12,096
Profit after tax							-10	283			1	274
associated companies and joint ventures not												0
Change revaluation reserve							12	2				14
associated companies and joint ventures												0
Adjusted equity capital in subsidiary, associated companies and joint ventures								-4				-4
Reclassification of hybrid capital i subsidiary												0
Change in ownership shareholdings											1	1
Donations distributed from profit 2016				-6								-6
Grants from provision for gifts in 2017						-4						-4
Equity capital as of 31.03.2017	5,310	520	0	3,307	974	29	135	1,498	148	400	49	12,370
Equity capital as of 01.01.2017	5,310	520	0	3,313	974	33	134	1,228	148	400	47	12,107
OB Correction: Correction of previous years's errors in associated companies and joint ventures ¹⁾								-8				-8
Adjusted equity capital at 01.01.17	5,310	520	0	3,313	974	33	134	1,220	148	400	47	12,099
ECs issued and transferred to owners	49	27						0			13	89
Equity inflated by merger with B10A			165		338			-503				0
Profit after tax				335	696		70	155			6	1,263
Actuarial gains after tax on pensions				-6								-6
associated companies and joint ventures not								3				3
Change revaluation reserve							77					77
associated companies and joint ventures								11				11
Interest expense for hybrid capital								-17				-17
Change in Group companies ³⁾								-16				-16
Dividend paid									-148		-4	-152
Donations distributed from profit 2016												-6
Grants from provision for gifts in 2017						-13						-13
Equity capital as of 31.12.2017	5,359	547	165	3,636	2,008	20	281	853	0	400	63	13,331
Equity capital as of 01.01.2018	5,359	547	165	3,636	2,008	20	281	853	0	400	62	13,331
OB Corr. Parent bank			1	15	23			-4				35
OB Corr. Subsidiary								-11				-11
OB Corr. In Group companies								-3				-3
Adjusted equity capital at 01.01.2018	5,359	547	166	3,651	2,031	20	281	835	0	400	62	13,352
ECs issued and transferred to owners												0
Profit after tax				146	303		-7	-129			2	314
Value changes on creditspread and basisswap				-7	-14							-20
Value change on loans measured at fair value				1	1							2
Share of other comprehensive income from associated companies and joint ventures								-3				-3
Change revaluation reserve								7				7
Interest expense after tax for hybrid capital					0			-3				-3
Dividend paid				-204	-424						-6	-634
Donations distributed from profit 2017				-6								-6
Grants from provision for gifts in 2018						0						0
Equity capital as of 31.03.2018	5,359	547	166	3,581	1,897	19	274	706	0	400	57	13,007

1) Amounts transferred to primary capital include dividend payments.

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

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

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

Cash Flow Statement

Parent bank				Group		
01.01.2017- 31.12.2017	01.01.2017- 31.03.2017	01.01.2018- 31.03.2018		01.01.2018- 31.03.2018	01.01.2017- 31.03.2017	01.01.2017- 31.12.2017
			(NOK million)			
-5,965	-902	-2,174	Change in gross lending to customers	-2,347	-1,957	-7,486
2,256	300	640	Interest receipts from lending to customers	745	723	2,916
2,825	-377	117	Change in deposits from customers	124	-288	2,915
-503	-70	-144	Interest payments on deposits from customers	-144	-163	-577
-399	-465	-1,024	Change in receivables and debt from credit institutions	-964	-381	-101
101	12	21	Interest on receivables and debt to financial institutions	-3	2	9
910	698	-2,798	Change in certificates and bonds	-2,798	1,333	1,517
246	42	60	Interest receipts from commercial papers and bonds	60	53	277
782	107	231	Net commission receipts	323	308	1,271
25	3	24	Capital gains from sale on trading	24	4	27
-1,269	-201	-301	Payments for operations	-426	-417	-1,862
-189	-133	-116	Taxes paid	-127	-186	-245
-864	-448	166	Other accruals	394	-499	-589
-2,043	-1,435	-5,298	Net change in liquidity from operations A)	-5,139	-1,468	-1,927
-49	-14	-7	Investments in tangible fixed assets	-9	-22	-65
13	6	0	Receipts from sale of tangible fixed assets	7	6	13
-401	-25	-48	Change in long-term investments in equities	-10	329	-392
276	91	112	Dividends from long-term investments in equities	0	11	182
-161	58	58	Net cash flow from investments (B)	-12	324	-263
5,043	1,620	6,838	Debt raised by issuance of securities	6,838	1,647	5,113
500	0	-200	Debt raised by subordinated loan capital	-200	0	500
-2,603	-300	-1,250	Repayments of issued securities	-1,250	-830	-3,203
63	0	0	Payments arising from issuance of equity capital certificates	0	0	63
-523	-90	-152	Interest payments on securities issued	-152	-141	-592
-32	-4	-11	Interest payments on subordinated loans	-11	-9	-38
-13	-10	0	Donations	0	-10	-13
2,435	1,217	5,225	Net cash flow from financing (C)	5,225	656	1,831
458	0	0	Cash and cash equivalents taken over from B10A (E)	0	0	0
-247	-95	0	Payments arising from placements in subsidiaries (G)	0	1	13
441	-255	-15	CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D+E+F+G)	74	-487	-346
382	382	824	Cash and cash equivalents at 1 January	736	1,082	1,082
824	127	809	Cash and cash equivalents at the end of the period	810	595	736
Cash and cash equivalents at comprise:						
672	114	664	Cash and deposits with central banks	664	430	673
152	14	146	Deposits etc. at call with banks	146	165	63
824	127	809	Cash and cash equivalents at the end of the period	810	594	736

Notes to the accounts

Note 1 Accounting principles

1.1 Basis for preparation

The quarterly accounts for SpareBank 1 Østlandet cover the period 1 January - 31 March 2018. The quarterly accounts have been prepared in accordance with IAS 34 'Interim reporting'. These quarterly financial statements have been prepared in accordance with the current IFRS standards and IFRIC interpretations. The quarterly financial statements do not include all information required in full annual financial statements and should be read in conjunction with the financial statements for 2017. In this quarterly report, the Group has used the same accounting policies and methods of calculation as in the last financial statements with the following exceptions:

New standards and interpretations applied from 2018:

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

IFRS 9 Financial Instruments

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

SpareBank 1 Østlandet has collaborated with other SpareBank 1 banks on modelling work, as well as analyses relating to valuation, classification, etc. over the past few years. The Group has worked with clarification and an impact assessment related to the effects of implementation. Total loan loss impairments for the Group under IFRS 9 are estimated at NOK 389 million. This is NOK 22 million higher than individual and collective impairments as of 31 December 2017. The introduction of a new loan loss impairment model in itself has no significant effect on capital adequacy. Debt securities with floating interest rates reported at fair value through income are reclassified at amortised cost. This causes an unrealised loss of NOK 49 million to be reversed and added to equity. At the same time, an equivalent positive adjustment to core equity tier 1 capital is eliminated for an unrealised value change due to an increase in the value of the debt. Hence, the classification and measurement of issued debt have no significant effect on capital adequacy. The total effect on the core equity tier 1 ratio is estimated at around - 0.03 percentage points. As well as the above factors, the overall impact calculation also includes implementation effects for Group companies recognized under the equity method of accounting, and a changed adjustment as a result of the requirements for prudent valuation adjustments (AVA).

A description of the various financial instruments and their classification pursuant to IAS 39 and IFRS 9 as of 31 December 2017 and 1 January 2018 respectively is provided in the table below:

Group		Closing balance		Closing balance
Financial Instruments	Classification according to IAS 39	according to IAS 39	Classification according to IFRS 9	according to IFRS 9
Cash and deposits with central banks	Loans and receivables	673	Amortised cost	673
Loans to and receivables from credit institutions	Loans and receivables	1,808	Amortised cost	1,807
Loans to and receivables from customers	Loans and receivables	84,844	Amortised cost	33,578
	Fair value through profit and loss (FVO)	5,254	Fair value through profit and loss (FVO)	5,254
			Fair value through OCI	51,244
Certificates and bonds	Fair value through profit and loss (FVO)	8,883	Fair value through profit and loss (FVO)	8,883
Financial derivatives (assets)	Fair value through profit and loss (FVO)	582	Fair value through profit and loss (FVO)	582
Shares, units and other equity interests	Tilgjengelig for salg	495	Fair value through profit and loss (FVO)	495
Deposits from and liabilities to credit institutions	(Amortised cost)	-2,286	Amortised cost	-2,286
Deposits from and liabilities to customers	(Amortised cost)	-65,985	Amortised cost	-65,985
Liabilities arising from issuance of securities	(Amortised cost)	-12,143	Amortised cost	-17,598
	Fair value through profit and loss (FVO)	-11,543	Fair value through profit and loss (FVO) and OCI	-6,041
Financial derivatives (liabilities)	Fair value through profit and loss (FVO)	-307	Fair value through profit and loss (FVO)	-307
Subordinated loan capital	(Amortised cost)	-1,203	Amortised cost	-1,704
	Fair value through profit and loss (FVO)	-503		

For a description of:

- New requirements in IFRS 9 and changes from the previous standard
- the choices SpareBank 1 Østlandet has made
- the various financial instruments and their classification pursuant to IAS 39 and IFRS 9
- the assessments that were made in the classification
- implementation effects of the introduction of IFRS 9

see note 43 in the Annual Report for 2017

Transitional rules

IFRS 9 must be applied retrospectively, with the exception of hedge accounting. Retrospective application means that SpareBank 1 Østlandet has produced the opening balance on 1 January 2018

as if it has always applied the new principles. As permitted by the transitional rules for IFRS 9, SpareBank 1 Østlandet will not restate comparison figures for previous periods.

The effects of the new principles on the opening balance for 2018 was recognised against equity. SpareBank 1 Østlandet has chosen to introduce hedge accounting in accordance with IFRS 9. Hedge accounting is implemented prospectively from the date of transition to IFRS 9.

IFRS 15 Revenue from Contracts with Customers

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

1.2 Important accounting estimates and discretionary assessments

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

Note 2 Change in the composition of the Group

2018

Proaware AS has changed its name to Betr AS.

2017

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

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

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

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

Note 3 Segment information

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

Prerequisites:

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

01.01.2018-31.03.2018	Retail banking	Corporate banking	SpareBank 1 Finans Østlandet	Eiendoms- Megler 1 Hedmark Eiendom	Megler 1 Oslo Akershus Group	SpareBank 1 Regnskapshuset Østlandet	Other operations/ eliminations	Total
Income statement								
Net interest income	223	181	80	0	0	0	10	495
Net commissions and other income	210	49	-9	2	45	37	-11	323
Net income from financial assets and liabilities	0	0	0	0	0	0	45	45
Total operating expenses	217	96	23	24	48	41	2	449
Profit before losses by segment	217	134	48	-22	-2	-4	42	413
Losses on loans and guarantees	3	-2	4	0	0	0	0	5
Pre-tax operating profit	214	136	45	-22	-2	-4	42	409
Tax expense	53	34	11	0	0	-3	0	96
Profit/loss per segment after tax	160	102	33	-22	-1	-1	42	314
Balance sheet								
Gross lending to customers	57,284	28,191	7,318	0	0	0	26	92,818
Allowance for credit losses	-64	-236	-67	0	0	0	-1	-368
Other assets	2,693	420	175	63	85	129	18,073	21,638
Total assets per segment	59,912	28,375	7,426	63	85	129	18,098	114,088
Deposits from and liabilities to customers	39,454	26,558	0	0	0	0	97	66,110
Other liabilities and equity	20,458	1,817	7,426	63	85	129	18,001	47,978
Total equity capital and liabilities per segment	59,912	28,375	7,426	63	85	129	18,098	114,088

	Retail banking Sparebanken Hedmark	Corporate banking Sparebanken Hedmark	Bank 1 Oslo Akershus Group	SpareBank 1 Finans Østlandet	Eiendoms- Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other operations/ eliminations	Total
01.01.2017-31.03.2017								
Income statement								
Net interest income	138	130	137	73	0	0	-14	465
Net commissions and other income	83	22	137	-9	23	46	6	308
Net income from financial assets and liabilities	1	0	12	0	0	0	-14	0
Total operating expenses	133	51	142	21	20	43	27	437
Profit before losses by segment	90	100	144	44	3	3	-49	335
Losses on loans and guarantees	1	-27	-7	7	0	0	0	-26
Pre-tax operating profit	89	127	152	37	3	3	-49	361
Tax expense	22	32	41	9	1	1	-18	88
Profit/loss per segment after tax	67	95	111	28	2	3	-31	274

Balance sheet								
Gross lending to customers	24,411	17,842	35,410	6,525	0	0	714	84,901
Individual impairments to cover losses on loans	-28	-85	-13	-18	0	0	0	-144
Collective impairments to cover losses on loans	-37	-58	-120	-21	0	0	0	-235
Other assets	94	4	6,751	181	58	147	10,104	17,338
Total assets per segment	24,440	17,703	42,028	6,667	58	147	10,818	101,861
Deposits from and liabilities to customers	21,996	13,096	26,913	0	0	0	777	62,782
Other liabilities and equity	2,445	4,607	15,115	6,667	58	147	10,041	39,079
Total equity capital and liabilities per segment	24,440	17,703	42,028	6,667	58	147	10,818	101,861

	Retail banking Sparebanken Hedmark	Corporate banking Sparebanken Hedmark	Bank 1 Oslo Akershus	SpareBank 1 Finans Østlandet	Eiendoms- Megler 1 Hedmark Eiendom	SpareBank 1 Regnskapshuset Østlandet	Other operations/ eliminations	Total
01.01.2017-31.12.2017								
Income statement								
Net interest income	938	751	312	0	2	-2	-46	1,956
Net commissions and other income	767	216	-39	108	192	148	-130	1,263
Net income from financial assets and liabilities	0	0	0	0	0	0	277	277
Total operating expenses	929	399	89	95	206	150	30	1,898
Profit before losses by segment	777	569	184	14	-12	-3	71	1,598
Losses on loans and guarantees	7	-54	26	0	0	0	0	-20
Pre-tax operating profit	769	622	158	14	-12	-3	71	1,618
Tax expense	192	156	39	3	0	-1	-34	356
Profit/loss per segment after tax	577	467	118	10	-12	-3	105	1,263

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

Note 4 Capital Adequacy

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

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

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

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

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

The current requirement for common equity tier 1 (CET1) capital consists of a minimum requirement of 4.5 per cent and a buffer requirement totaling 7.5 per cent, of which the Bank's countercyclical capital buffer requirement was 2 per cent at 31. December 2017. SpareBank 1 Østlandet is also subject to a Pillar II requirement of 1.7 per cent as at 31.12.2017 which is set to increase to 1.8 per cent as of 31.03.2018. The total capital requirement for common equity tier 1 capital was thus 13.7 per cent at 30 September 2017. In addition to this, a further 2 per cent is to be covered by additional Tier 1 capital and 1.5 per cent to be covered by Tier 2 capital.

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

Parent bank			Group			
Basel III	Basel III	Basel III		Basel III	Basel III	Basel III
31.12.2017	31.03.2017	31.03.2018		31.03.2018	31.03.2017	31.12.2017
6,078	5,830	6,078	Paid-up equity	6,111	6,378	6,111
5,928	4,793	5,748	Earned equity capital	6,439	5,539	6,758
400	0	400	Hybridcapital	400	400	400
0	0	0	Minority interests	57	53	62
12,406	10,622	12,226	Total equity carried	13,007	12,370	13,332
			Common equity tier 1 capital			
-629	-172	-157	Results for the accounting year not included	-157	-224	-629
-400	-113	-400	Share of equity not included in core capital	-457	-500	-462
0	0	0	Minority interests that can be included in core capital	40	37	42
93	96	47	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	47	96	93
0	0	0	Cash flow hedge reserve	3	0	8
-103	-101	-101	Goodwill and other intangible assets	-367	-368	-380
-189	-120	-242	Positive value of expected losses under the IRB approach	-208	-207	-231
0	0	0	CET 1 instruments of financial sector entities where the institution does have a significant investment	-202	-214	-154
-28	-10	-24	Value adjustments due to the requirements for prudent valuation (AVA)	-32	-31	-35
11,150	10,201	11,348	Common equity tier 1 capital	11,673	10,960	11,583
			Additional Tier 1 capital			
400	0	400	Hybrid capital	616	563	616
400	0	400	Tier 1 capital	616	563	616
			Supplementary capital in excess of Tier 1 capital			
1,700	500	1,500	Subordinated loan capital	1,869	1,254	2,068
0	-128	0	T2 instruments of financial sector where the institution does not have a significant investment	0	0	0
-130	0	-130	T2 instruments of financial sector where the institution does have a significant investment	-130	-128	-130
1,570	372	1,370	Total supplementary capital	1,739	1,126	1,939
13,120	10,574	13,118	Total eligible capital	14,028	12,649	14,138
5,154	3,736	5,410	Corporates - SME	5,410	4,642	5,154
9,776	6,914	10,526	Corporates - Specialised Lending	10,526	10,957	9,776
633	527	589	Corporates - Other	589	770	633
1,020	815	1,022	SME exposure	1,209	1,081	1,203
14,507	5,998	15,086	Retail mortgage exposure	22,496	18,553	21,840
1,701	1,342	1,563	Other retail exposure	1,590	1,751	1,723
32,792	19,332	34,197	Risk-weighted assets credit risk IRB	41,820	37,754	40,330
11,004	10,575	11,516	Exposures calculated using the standardised approach	17,354	15,160	15,438
0	0	0	Market risk	0	0	0
72	149	161	CVA	889	722	765
3,343	2,253	3,433	Operational risk	5,222	3,702	4,503
2,577	0	1,931	Basel I	6,884	8,215	7,884
49,787	32,309	51,237	Risk-weighted assets	72,169	65,554	68,920
3,983	2,585	4,099	Capital requirements (8%)	5,774	5,244	5,514
846	549	922	Pillar 2 (1.8 %, 1.7 % previously)	1,299	1,114	1,172
0	0	0		0	0	0
			Buffer requirements			
1,245	808	1,281	Capital conservation buffer (2.5%)	1,804	1,639	1,723
996	485	1,025	Countercyclical capital buffer (2 %, 1.5 % at 31.03.2017)	1,443	983	1,378
1,494	969	1,537	Systemic risk buffer (3%)	2,165	1,967	2,068
3,734	2,262	3,843	Total buffer requirements for common equity (7.5 %)	5,413	4,589	5,169
4,329	5,937	4,278	Available common equity (12 %)	1,714	2,307	2,141
			Capital ratios			
22.4 %	31.6 %	22.1 %	CET 1 capital ratio	16.2 %	16.7 %	16.8 %
23.6 %	31.6 %	23.0 %	CET 1 capital ratio (excluding Basel 1-floor)	17.9 %	19.1 %	19.0 %
23.2 %	31.6 %	22.9 %	Tier 1 Capital ratio	17.0 %	17.6 %	17.7 %
26.4 %	32.7 %	25.6 %	Capital adequacy ratio	19.4 %	19.3 %	20.5 %
10.6 %	15.7 %	10.2 %	Leverage Ratio	7.3 %	7.5 %	7.1 %

Note 5 Loans to and receivables from customers

Q1- 2018 - Parent Bank

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of period	78,682	4,203	470	83,355
<i>Transfers in (out) to Stage 1</i>	810	-797	-13	0
<i>Transfers in (out) to Stage 2</i>	-881	893	-12	0
<i>Transfers in (out) to Stage 3</i>	-6	-63	69	0
<i>Purchases and originations</i>	5,677	362	4	6,044
<i>Derecognitions and maturities</i>	-5,260	-498	-23	-5,781
<i>Remeasurements</i>	1,937	-13	-6	1,917
<i>Write-offs</i>	0	0	-5	-5
<i>Exchange rate and other</i>	0	0	0	0
Balance at end of period	80,959	4,087	485	85,531
<i>Loan and advances to customers at amortised cost</i>				26,267
<i>Loan and advances to customers at fair value</i>				59,263

Q1- 2018 - Group

Gross loans	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of period	84,913	4,958	527	90,398
<i>Transfers in (out) to Stage 1</i>	945	-931	-14	0
<i>Transfers in (out) to Stage 2</i>	-1,018	1,037	-19	0
<i>Transfers in (out) to Stage 3</i>	-19	-90	109	0
<i>Purchases and originations</i>	6,520	381	4	6,906
<i>Derecognitions and maturities</i>	-5,800	-565	-33	-6,398
<i>Remeasurements</i>	1,937	-13	-6	1,917
<i>Write-offs</i>	0	0	-5	-5
<i>Exchange rate and other</i>	0	0	0	0
Balance at end of period	87,478	4,778	562	92,818
<i>Loan and advances to customers at amortised cost</i>				33,555
<i>Loan and advances to customers at fair value</i>				59,263

Parent bank				Group		
31.12.2017	31.03.2017	31.03.2018		31.03.2018	31.03.2017	31.12.2017
4	4	244	Public sector	532	216	295
3,850	4,082	3,781	Primary industries	4,123	4,412	4,179
926	0	951	Paper and pulp industries	973	17	946
795	853	792	Other industry	1,025	1,129	1,030
2,936	2,125	3,100	Building and constructions	4,132	3,038	3,923
250	213	197	Power and water supply	368	404	427
1,053	814	1,076	Wholesale and retail trade	1,364	1,388	1,316
489	208	504	Hotel and restaurants	519	462	505
12,767	8,110	13,714	Real estate	13,806	14,275	12,861
3,823	1,289	3,862	Commercial services	4,371	3,404	4,368
681	331	544	Transport and communication	1,614	1,442	1,730
0	0	0	Other	0	469	8
27,573	18,028	28,766	Gross corporate loans by sector and industry	32,827	30,657	31,589
55,782	24,964	56,765	Private customers	59,991	54,244	58,872
83,355	42,992	85,531	Total gross loans by sector and industry	92,818	84,901	90,461
0	0	-245	Loan loss allowance for loans at amortised cost	-308	0	0
0	0	-60	Fair value adjustments for loans at fair value through OCI	-60	0	0
-126	-112	-	Individual loan impairments to cover losses on loans	-	-143	-142
-198	-95	-	Collective loan impairments to cover losses on loans	-	235	-221
83,030	42,785	85,226	Total loans to customers	92,450	84,993	90,098
37,451	17,818	38,009	Loans transferred to SpareBank 1 Boligkreditt AS	38,009	35,521	37,451
1,624	698	1,606	Loans transferred to SpareBank 1 Næringskreditt AS	1,606	1,279	1,624
122,105	61,301	124,841	Total loans including loans transferred to covered bond companies	132,065	121,793	129,173

Note 6 Losses on loans and guarantees

Q1- 2018 - Parent Bank					
(Millions of Norwegian Kroner)	01.01.2018	Provision for credit losses	Net write-offs	Exchange rate and other	31.03.2018
Allowance for loan and guarantee losses at amortised cost	273	-5	-3	0	266
Allowance for loan losses at fair value over OCI	78	5	0	0	82
Total allowance for credit losses	351	0	-3	0	348
Presented as:					
Assets: Allowance for loan losses - decrease of assets	308	0	-3	0	304
Liabilities: Allowance for loan losses - increase of liabilities	23	-2	0	0	21
Equity: Fair value adjustment of losses	20	3	0	0	23

Q1- 2018 - Parent Bank					
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired		
Allowance for credit losses	Stage 1	Stage 2	Stage 3	Total	
Balance at beginning of period	101	117	133		351
Provision for credit losses					
Transfers in (out) to Stage 1	26	-16	-10		0
Transfers in (out) to Stage 2	-2	2	0		0
Transfers in (out) to Stage 3	0	-7	7		0
Net remeasurement of loss allowances	-24	19	6		2
Purchases and originations	15	5	0		21
Derecognitions and maturities	-8	-14	-4		-26
Remeasurements	0	0	4		4
Write-offs	0	0	-3		-3
Charges in models/risk parameters	0	0	0		0
Balance at end of period	108	107	133		348

Q1- 2018 - Group					
(Millions of Norwegian Kroner)	01.01.2018	Provision for credit losses	Net write-offs	Exchange rate and other	31.03.2018
Allowance for loan and guarantee losses at amortised cost	331	1	-3	0	330
Allowance for loan losses at fair value over OCI	78	5	0	0	82
Sum avsetning til tap på utlån og garantier	409	6	-3	0	412
Presented as:					
Assets: Allowance for loan losses - decrease of assets	366	5	-3	0	368
Liabilities: Allowance for loan losses - increase of liabilities	23	-2	0	0	21
Equity: Fair value adjustment of losses	20	3	0	0	23

Q1- 2018 - Group					
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired		
Allowance for credit losses	Stage 1	Stage 2	Stage 3	Total	
Balance at beginning of period	117	144	149		409
Provision for credit losses					
Transfers in (out) to Stage 1	30	-20	-10		0
Transfers in (out) to Stage 2	-3	4	-1		0
Transfers in (out) to Stage 3	0	-8	9		0
Net remeasurement of loss allowances	-27	21	11		5
Purchases and originations	15	5	0		21
Derecognitions and maturities	-6	-15	-2		-23
Remeasurements	0	0	4		4
Write-offs	0	0	-3		-3
Charges in models/risk parameters	0	0	0		0
Balance at end of period	124	131	156		412

Note 7 Net income from financial assets and liabilities

Parent bank			Group		
01.01.2017- 31.12.2017	01.01.2017- 31.03.2017	01.01.2018- 31.03.2018	01.01.2018- 31.03.2018	01.01.2017- 31.03.2017	01.01.2017- 31.12.2017
11	9	12	12	9	11
11	9	12	12	9	11
265	83	185	30	6	194
1	0	0			
10	-7	0			
275	75	185	30	6	194
16	12	-2	-2	29	33
13	4	11	11	3	12
29	16	9	9	32	45
19	-50	130	130	-41	28
-73	-11	-120	-120	-24	-86
-53	-61	11	11	-66	-58
5	0	-27	-27	7	12
2	0	14	14	-2	0
10	2	0	0	2	10
15	1			2	17
		-14	-14		
40	5	10	10	10	46
48	-38	4	4	-15	72
334	46	201	45	0	277

Note 8 Financial derivatives

	Parent bank		
	31.03.2018		
	Contract amount	Fair value	
At fair value through profit and loss		Assets	Liabilities
Currency instruments			
Currency forward contracts	1,344	10	14
Currency swaps	1,268	8	7
Total currency instruments	2,612	18	21
Interest rate instruments			
Interest rate swaps (including cross-currency)	29,856	437	308
Other interest rate contracts	0	0	0
Total interest rate instruments	29,856	437	308
Total currency instruments	2,612	18	21
Total interest rate instruments	29,856	437	308
Total financial derivatives in NOK million	32,467	455	329

	31.03.2017		
	Contract sum	Fair market value	
		Assets	Liabilities
At fair market value through p & l account			
Foreign exchange instruments			
Forward exchange contracts	692	7	7
Currency swap contracts	1,555	1	11
Total foreign exchange instruments	2,247	8	18
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	10,879	328	169
Other interest rate contracts	0	0	0
Total interest rate instruments	10,879	328	169
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	0	0
Total currency instruments	2,247	8	18
Total interest rate instruments	10,879	328	169
Total other financial instruments	20	0	0
Total financial derivatives in NOK million	13,146	336	187

	31.12.2017		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	1,263	12	14
Currency swaps	1,576	4	29
Total currency instruments	2,838	16	42
Interest rate instruments			
Interest rate swaps (including cross-currency)	23,631	566	264
Other interest rate contracts	0	0	0
Total interest rate instruments	23,631	566	264
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	0	0	0
Total currency instruments	2,838	16	42
Total interest rate instruments	23,631	566	264
Total other financial instruments	0	0	0
Total financial derivatives in NOK million	26,469	582	307

	Group		
	31.03.2018		
	Contract amount	Fair value	
At fair value through profit and loss		Assets	Liabilities
Currency instruments			
Currency forward contracts	1,344	10	14
Currency swaps	1,268	8	7
Total currency instruments	2,612	18	21
Interest rate instruments			
Interest rate swaps (including cross-currency)	29,856	437	308
Other interest rate contracts	0	0	0
Total interest rate instruments	29,856	437	308
Total currency instruments	2,612	18	21
Total interest rate instruments	29,856	437	308
Total financial derivatives in NOK million	32,467	455	329

	31.03.2017		
	Contract sum	Fair market value	
		Assets	Liabilities
At fair market value through p & l account			
Foreign exchange instruments			
Forward exchange contracts	1,085	10	10
Currency swap contracts	2,692	2	25
Total foreign exchange instruments	3,777	12	35
Interest rate instruments			
Interest rate swaps (incl. int. rate & currency)	21,897	774	271
Other interest rate contracts	0	0	0
Total interest rate instruments	21,897	774	271
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	20	0	0
Total currency instruments	3,777	12	35
Total interest rate instruments	21,897	774	271
Total other financial instruments	20	0	0
Total financial derivatives in NOK million	25,695	786	307

	31.12.2017		
	Contract amount	Fair value	
		Assets	Liabilities
At fair value through profit and loss			
Currency instruments			
Currency forward contracts	1,263	12	14
Currency swaps	1,576	4	29
Total currency instruments	2,838	16	42
Interest rate instruments			
Interest rate swaps (including cross-currency)	23,631	566	264
Other interest rate contracts	0	0	0
Total interest rate instruments	23,631	566	264
Other financial derivatives			
Guarantee liability - Eksportfinans ASA	0	0	0
Total currency instruments	2,838	16	42
Total interest rate instruments	23,631	566	264
Total other financial instruments	0	0	0
Total financial derivatives in NOK million	26,469	582	307

Note 9 Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its payment obligations and finance its assets, without an increase in funding cost. The banks's framework for managing liquidity risk shall reflect the bank's conservative risk profile. The board has approved internal limits to achieve as balanced maturity structure for its borrowing as possible. Stress testing is conducted for the various terms of maturities for bank-specific crises, system crises and a combination of these. A contingency plan has also been put in place to manage liquidity crises. The average remaining term to maturity in the portfolio of the banks borrowing was 4.0 years at the end of the first quarter of the year 2018.

Note 10 Determination of fair value of financial instruments

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

31.03.2018	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value				
- Derivatives	0	455	0	455
- Bonds and certificates	0	11,659	0	11,659
- Fixed-rate loans	0	0	5,314	5,314
- Equity instruments	246	0	241	487
- Other financial assets	0	0	40	40
- Mortgages	0	0	53,890	53,890
Total assets	246	12,113	5,595	71,844
Liabilities				
Financial liabilities at fair value				
- Derivatives	0	329	0	329
- Securities issued	0	5,979	0	5,979
Total liabilities	0	6,308	0	6,308

31.03.2017	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivatives	0	786	0	786
- Bonds and certificates	0	8,425	0	8,425
- Fixed-rate loans to customers	0	0	5,907	5,907
- Loans with interest-rate guarantees	0	0	0	0
Financial assets available for sale	0	0	0	0
- Equity instruments	205	0	213	419
- Other financial assets (Visa Norge)	0	0	34	34
Total assets	205	9,211	6,154	15,571
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives	0	307	0	307
- Securities issued	0	13,791	0	13,791
- Subordinated loan capital	0	505	0	505
- Fixed-rate deposits from customers	0	983	0	983
- Term deposit	0	0	56	56
Total liabilities	0	15,586	56	15,642
31.12.2017				
Assets				
Financial assets at fair value through profit and loss				
- Derivatives	0	582	0	582
- Bonds and certificates	0	8,883	0	8,883
- Fixed-rate loans to customers	0	0	5,254	5,254
- Equity instruments	0	0	0	0
Financial assets available for sale	0	0	0	0
- Equity instruments	258	0	237	495
- Other financial assets	0	0	40	40
Total assets	258	9,465	5,531	15,254
Liabilities				
Financial assets at fair value through profit and loss				
- Derivatives	0	307	0	307
- Securities issued	0	11,543	0	11,543
- Subordinated loan capital	0	503	0	503
- Fixed-rate deposits from customers	0	406	0	406
- Term deposit	0	0	9	9
Total liabilities	0	12,758	9	12,767

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

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

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

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

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flow based on observable yield curves.
- Fair value forward contracts in a foreign currency is determined by looking at the present value of the difference between the agreed forward exchange rate and the foreign exchange rate on balance sheet day.

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

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

31.12.2017-31.03.2018	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit	Mortgages (FVOCI)	Other financial assets	Total
Opening balance	5,254	237	0	-9	0	40	5,522
Investments in the period	705	5	0	0	53,892	0	54,602
Sales/redemption in the period	-618	0	0	9	0	0	-609
Gains/losses recognised through profit and loss	-27	-2	0	0	-5	0	-33
Gains/losses recognised directly against comprehensive income	0	0	0	0	3	0	3
Closing balance	5,314	241	0	0	53,890	40	59,485
Gains/losses for the period included in the profit for assets owned on the balance sheet day	-27	-2	0	0	-5	0	-33

31.12.2016-31.03.2017	Fixed-rate loans to customers (only B10A)	Equity instruments	Derivatives	Term deposit	Mortgages (FVOCI)	Other financial assets	Total
Opening balance	5,913	203	2	-107		32	6,043
Investments in the period	244	9	0	-9		0	244
Sales / redemption in the period	-257	0	-3	61		0	-199
Gains / losses recognised through profit and loss	7	0	1	0		0	8
Gains / losses recognised directly against comprehensive income	0	1	0	0		2	3
Closing balance	5,907	213	0	-56		34	6,098
Gains / losses for the period included in the profit for assets owned on the balance sheet day	7	0	1	0		0	8

31.12.2016-31.03.2017	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit	Mortgages (FVOCI)	Other financial assets	Total
Opening balance	5,913	204	2	-107		32	6,044
Investments in the period	629	26	0	-10		4	650
Sales/redemption in the period	-1,301	0	-5	108		0	-1,198
Gains/losses recognised through profit and loss	13	-10	2	0		0	5
Gains/losses recognised directly against comprehensive income	0	17	0	0		4	21
Closing balance	5,254	237	0	-9		40	5,522
Gains/losses for the period included in the profit for assets owned on the balance sheet day	13	0	0	0		0	12

Specification of fair value, instruments classified in level 3:

31.12.2017-31.03.2018	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit	Mortgages (FVOCI)	Other financial assets	Total
Nominal value including accrued interest (fixed income instruments)/cost (shares)	5,277	172	0	0	53,949	4	59,402
Fair value adjustment	38	69	0	0	-60	36	83
Closing balance	5,314	241	0	0	53,890	40	59,485

31.12.2016-31.03.2017	Equity instruments	Derivatives	Term deposit	Mortgages (FVOCI)	Other financial assets	Total
Nominal value including accrued interest (fixed income instruments)/cost (shares)	5,836	160	0	-56	0	5,940
Fair value adjustment	71	54	0	0	34	159
Balanseført verdi	5,907	213	0	-56	0	6,098

31.12.2016-31.12.2017	Fixed-rate loans to customers	Equity instruments	Derivatives	Term deposit	Mortgages (FVOCI)	Other financial assets	Total
Nominal value including accrued interest (fixed income instruments)/cost (shares)	5,190	167	0	-9	0	4	5,351
Fair value adjustment	64	71	0	0	0	36	171
Closing balance	5,254	237	0	-9	0	40	5,522

Sensitivity, instruments classified as level 3

The valuation of fixed-rate loans to customers is based on an agreed rate with the customer. The loans are discounted by the current yield curve plus a discretionary market premium. An increase in the discount rate by ten basis points would have resulted in a negative change in fair value of MNOK 11.

Equity instruments in Level 3 consists of the significant shareholdings in Oslo Kongressenter Folkets Hus BA (MNOK 55), Eksportfinans ASA (MNOK 77) and SpareBank 1 Markets 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 4.6). Based on an external valuation in connection with a demerger in 2012 and subsequent results, the value of Eksportfinans ASA is considered to be smaller than book value (P/B 0.86). The value of the shareholding in SpareBank 1 Markets are based on valuation of the company in the accounts of majority shareholders as well as current issue price.

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 NOK 60 million. Change in fair value will mainly relate to estimates on probability of default (PD) and loss given default (LGD), both at portfolio level and for individual loans.

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

Note 11 Financial instruments and offsetting

In accordance with IFRS 7 it should be disclosed about the financial instruments the Bank considers to fulfill the requirements for offsetting and what financial instruments they have signed netting 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, use is made of framework agreements requiring provision of collateral. 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 regards to financial institutions, the Bank enters into standardised and mainly bilateral ISDA agreements. Additionally the Bank has entered into supplementary agreements on provision of collateral (CSA) with ten institutional counterparties. Reverse repurchase agreements are governed by GMRA agreements with counterparty. The Bank has two GMRA agreements.

The assets and liabilities below may be offset.

Parent bank	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
31.03.2018						
Derivatives as assets	455	0	455	-185	-145	124
Derivatives as liabilities	-329	0	-329	185	89	-54
31.03.2017						
Derivatives as assets	336	0	336	-53	0	283
Derivatives as liabilities	-187	0	-187	53	89	-45
31.12.2017						
Derivatives as assets	582	0	582	-212	-218	152
Derivatives as liabilities	-307	0	-307	212	73	-22

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
31.03.2018						
Derivatives as assets	455	0	455	-185	-145	124
Derivatives as liabilities	-329	0	-329	185	89	-54

	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
31.03.2017						
Derivatives as assets	786	0	786	-113	-201	472
Derivatives as liabilities	-307	0	-307	113	121	-73

	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
31.12.2017						
Derivatives as assets	582	0	582	-212	-218	152
Derivatives as liabilities	-307	0	-307	212	73	-22

Note 12 Other assets

Parent bank				Group		
31.12.2017	31.03.2017	31.03.2018		31.03.2018	31.03.2017	31.12.2017
273	153	273	Capital payments into pension fund	273	153	273
54	19	51	Accrued income, not yet received	52	32	55
66	44	128	Prepaid costs, not yet incurred	197	187	135
2	0	85	Unsettled trades	85	0	2
249	574	206	Other assets	430	869	445
645	789	744	Total other assets	1,038	1,240	910

Note 13 Deposits from and liabilities to customers

Parent bank				Group		
31.12.2017	31.03.2017	31.03.2018		31.03.2018	31.03.2017	31.12.2017
38,682	22,058	38,892	Private customers	38,892	36,260	38,682
4,329	3,855	4,040	Public sector	4,040	4,363	4,329
874	1,025	1,031	Primary industries	1,031	1,036	874
266	0	260	Paper and pulp industries	260	5	266
826	741	702	Other industry	702	801	826
1,602	981	1,447	Building and construction	1,447	1,177	1,602
139	123	72	Power and water supply	72	124	139
1,388	760	1,193	Wholesale and retail trade	1,193	1,270	1,388
267	121	257	Hotel and restaurants	257	266	267
3,549	2,592	3,678	Real estate	3,678	4,554	3,549
12,993	3,164	13,688	Commercial services	13,668	11,242	12,965
1,013	463	870	Transport and communications	870	597	1,013
84	0	0	Other operations	0	1,086	84
66,013	35,882	66,130	Total deposits by sector and industry	66,110	62,782	65,985

Note 14 Securities-related debt

Parent bank

Change in liabilities from issuance of securities	31.03.2018	Issued	Due/redeemed	Other Changes	31.12.2017
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	28,918	6,414	-1,250	645	23,109
Subordinated loan capital, nominal value	1,500	0	-200	0	1,700
Accrued interest	247	0	0	40	207
Adjustments	111	0	0	-264	375
Total debt raised through issuance of securities and subordinated loan capital, book value	30,776	6,414	-1,450	421	25,391

Change in liabilities from issuance of securities	31.03.2017	Issued	Due/redeemed	Other Changes	31.12.2016
Certificate-based debt, nominal value	0	0	0	0	0
Bond debt, nominal value	13,368	2,205	-300	-630	12,093
Subordinated loan capital, nominal value	500	0	0	0	500
Accrued interest	129	0	0	5	123
Adjustments	232	0	0	43	189
Total debt raised through issuance of securities and subordinated loan capital, fair value	14,229	2,205	-300	-581	12,906

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

Group

Change in liabilities from issuance of securities	31.03.2018	Issued	Due/redeemed	Other Changes	31.12.2017
Certificate debt, nominal value	0	0	0	0	0
Bond debt, nominal value	28,918	6,414	-1,250	645	23,109
Subordinated loan capital, nominal value	1,500	0	-200	0	1,700
Accrued interest	247	0	0	40	207
Adjustments	111	0	0	-264	375
Total debt raised through issuance of securities and subordinated loan capital, book value	30,776	6,414	-1,450	421	25,391

Change in liabilities from issuance of securities (B10A included in opening balance)	31.03.2017	Issued	Due/redeemed	Other Changes	31.12.2016
Certificate-based debt, nominal value	0	0	0	0	0
Bond debt, nominal value	21,984	2,205	-830	-589	21,199
Subordinated loan capital, nominal value	1,200	0	0	0	1,200
Accrued interest	235	0	0	14	221
Adjustments	540	0	0	21	520
Total debt raised through issuance of securities and subordinated loan capital, fair value	23,960	2,205	-830	-555	23,140

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

Note 15 Other debt and liabilities

Parent bank				Group		
31.12.2017	31.03.2017	31.03.2018		31.03.2018	31.03.2017	31.12.2017
120	43	101	Accrued expenses and prepaid revenue	154	155	135
4	10	21	Garantee provisions	21	10	4
84	41	84	Pension liabilities	87	64	87
81	98	132	Accounts payable	139	102	88
0	0	11	Unsettled trades	11	0	0
142	86	831	Other liabilities ¹⁾	909	330	227
431	278	1,180	Total other debt and liabilities recognised in the balance sheet	1,320	661	541

1) As at 31 March 2018, a dividend of NOK 424 million and customer dividend of NOK 204 million was included.

Note 16 Equity capital certificates

Parent bank	31.03.2018 ¹⁾	31.03.2017	31.12.2017
Equity capital certificates	5,359	5,310	5,359
Dividend equalisation fund	1,897	974	1,584
Dividends	0	148	424
Premium fund	547	520	547
A. Equity capital certificate owners' capital	7,803	6,952	7,914
Primary capital	3,581	3,307	3,432
Dividends to customers	0	0	204
Other paid-up equity	166	0	165
B. Total primary capital	3,747	3,307	3,801
Fund for unrealised gains	272	136	279
Provision for gifts	19	29	20
Total other equity	292	164	299
Other equity	0	200	0
Hybrid capital	400	0	400
Total interest expence on hybrid capital	-16	0	-8
Total equity	12,226	10,623	12,406
Total equity for distribution:			
Equity capital certificate ratio (A/(A+B)) after distribution	67.6 %	67.3 %	67.6 %
Equity certificates issued	107,179,987	106,202,540	107,179,987

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

20 largest owners of equity certificates:	No. Of EC's	Share in %
Sparebankstiftelsen Hedmark	58,654,893	54.73 %
Landsorganisasjonen LO sentralt	10,322,584	9.63 %
Tredje AP-Fonden C/O Handelsbanken AS	2,810,699	2.62 %
Fellesforbundet	1,950,901	1.82 %
Danske Invest Norske C/O Danske Capital	1,815,233	1.69 %
ODIN Norge	1,421,218	1.33 %
Norsk Nærings og Nytelsesmiddelarbeiderforbund	1,219,526	1.14 %
SEB Nordenfond Skandinaviska Enskilda	1,092,822	1.02 %
Fidelity PUR.TRUST:F Intrinsic Opportunit	1,000,000	0.93 %
Danske Invest Norske aksjer	941,100	0.88 %
JPMorgan Chase Bank	902,753	0.84 %
VPF EIKA Egenkapital C/O EIKA Kapitalforvaltning	870,040	0.81 %
Sparebank 1 Østfold Akershus	839,930	0.78 %
SpareBank 1 BV v/Finansavdelingen	839,930	0.78 %
Landkreditt Utbytte	750,000	0.70 %
State Street Bank an A/C Client Omnibus	731,828	0.68 %
State Street Bank an S/A SSB Client Omnibus	710,765	0.66 %
Skandinaviska Enskil SEB S.A. Client Asse	650,597	0.61 %
Industri energi	445,123	0.42 %
State Street Bank an A/C Client Omnibus	439,620	0.41 %

Dividend policy

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

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

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

Note 17 Events occurring after the balance sheet date

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

In the second quarter, SpareBank 1 Østlandet has entered into a letter of intent with the company The Value Innovation Team (TheVIT) to establish a joint holding company which owns 100 percent of the shares in SpareBank 1 Regnskapshuset Østlandet and TheVIT. The agreement means that the bank will own 70 percent of the shares in the new holding company. The agreement requires final approval by the board in both companies.

Profit/loss from the Quarterly Accounts

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
(NOK million, excluding percentages)	2018	2017	2017	2017	2017	2016	2016	2016	2016
Interest income	811	820	809	823	787	786	765	472	472
Interest expense	316	318	310	331	322	333	323	172	176
Net interest income	495	501	498	491	464	452	442	300	297
Commission income	304	312	311	297	277	275	295	137	123
Commission expenses	23	27	27	26	22	23	23	13	13
Other operating income	42	29	42	45	53	43	37	51	50
Net commission and other operating income	323	315	325	316	308	295	310	175	160
Dividends from other than Group companies	12	0	0	2	9	0	1	45	0
Net profit from ownership interests	30	77	82	30	6	49	21	96	70
Net profit from other financial assets and liabilities	4	67	19	2	-14	17	30	-47	-63
Net income from financial assets and liabilities	45	143	100	34	0	66	53	94	7
Total income	864	959	923	841	773	813	805	569	464
Personnel expenses	258	308	233	237	232	253	27	145	148
Depreciation	23	22	21	21	21	22	19	12	11
Other operating expenses	169	220	179	221	184	201	168	102	94
Total operating expenses	449	550	433	478	437	477	214	259	253
Operating profit before losses on loans and guarantees	414	409	491	363	335	337	590	310	211
Losses on loans and guarantees	5	-13	14	5	-26	43	3	20	9
Pre-tax operating profit	409	422	476	358	361	294	587	289	202
Tax expense	96	85	99	84	88	14	163	62	33
Profit after tax	314	337	377	274	274	281	424	227	169
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	2018	2017	2017	2017	2017	2016	2016	2016	2016
Profitability									
Return on equity capital ¹⁾	9.9 %	10.4 %	12.0 %	9.0 %	9.2 %	9.4 %	15.0 %	9.0 %	7.7 %
Net interest income ²⁾	1.81 %	1.85 %	1.85 %	1.88 %	1.85 %	1.79 %	1.75 %	1.53 %	2.09 %
Cost-income-ratio ³⁾	52.0 %	57.4 %	46.9 %	56.8 %	56.6 %	58.6 %	26.6 %	45.6 %	54.5 %
From the balance sheet									
Gross loans to customers	92,818	90,460	88,945	87,528	84,901	82,945	81,336	79,286	44,308
Gross loans to customers including loans transferred to covered bond companies ¹⁾	132,433	129,535	126,919	124,393	121,701	119,450	117,625	115,224	62,156
Growth in loans during the last 12 months ¹⁾	9.3 %	9.1 %	9.4 %	10.4 %	91.6 %	89.5 %	90.1 %	88.4 %	9.4 %
Growth in loans including loans transferred to covered bond companies in the last 12 months ¹⁾	8.8 %	8.4 %	7.9 %	8.0 %	95.8 %	95.4 %	99.9 %	98.7 %	9.8 %
Deposits from customers	66,110	65,985	65,268	66,653	62,782	63,070	62,107	62,637	33,675
Deposit-to-loan-ratio ¹⁾	71.2 %	72.9 %	73.4 %	76.2 %	73.9 %	76.0 %	76.4 %	79.0 %	76.0 %
Deposit-to-loan-ratio including loans transferred to covered bond companies ¹⁾	49.9 %	50.9 %	51.4 %	53.6 %	51.6 %	52.8 %	52.8 %	54.4 %	54.2 %
Growth in deposits in the last 12 months	5.3 %	4.6 %	5.1 %	6.4 %	86.4 %	88.5 %	87.9 %	88.6 %	8.4 %
Average total assets	111,205	107,316	106,982	104,757	101,749	100,679	100,301	79,019	56,577
Total assets	114,088	108,321	106,312	107,652	101,861	101,640	99,720	100,883	57,185
Total assets including loans transferred to covered bond companies ¹⁾	153,703	147,396	144,286	144,517	138,661	138,145	136,009	136,821	75,033
Losses and commitments in default									
Losses on loans as a percentage of gross loans ¹⁾	0.0 %	-0.1 %	0.1 %	0.0 %	-0.1 %	0.2 %	0.0 %	0.1 %	0.1 %
Commitments in default, percentage of gross loans ¹⁾	0.2 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.4 %	0.2 %	0.6 %
Other doubtful commitments, percentage of gross loans ¹⁾	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.5 %
Net commitments in default and other doubtful commitments, percentage of gross loans ¹⁾	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.5 %	0.5 %	0.3 %	0.7 %
Financial strength									
Common equity Tier 1 capital ratio	16.2 %	16.8 %	16.9 %	16.7 %	16.7 %	16.9 %	17.5 %	16.0 %	16.9 %
Tier 1 capital ratio	17.0 %	17.7 %	17.8 %	17.6 %	17.6 %	17.9 %	18.3 %	16.7 %	17.3 %
Capital ratio	19.4 %	20.5 %	19.9 %	19.9 %	19.3 %	20.3 %	20.2 %	18.6 %	18.8 %
Net subordinated capital	14,028	14,138	13,423	13,440	12,649	12,656	9,608	9,305	7,229

1) See attachment Alternative performance measures.

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

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

Alternative performance measures

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

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

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

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

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

Financial Calendar 2018

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

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

We reserve the right to change any dates of publication.

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

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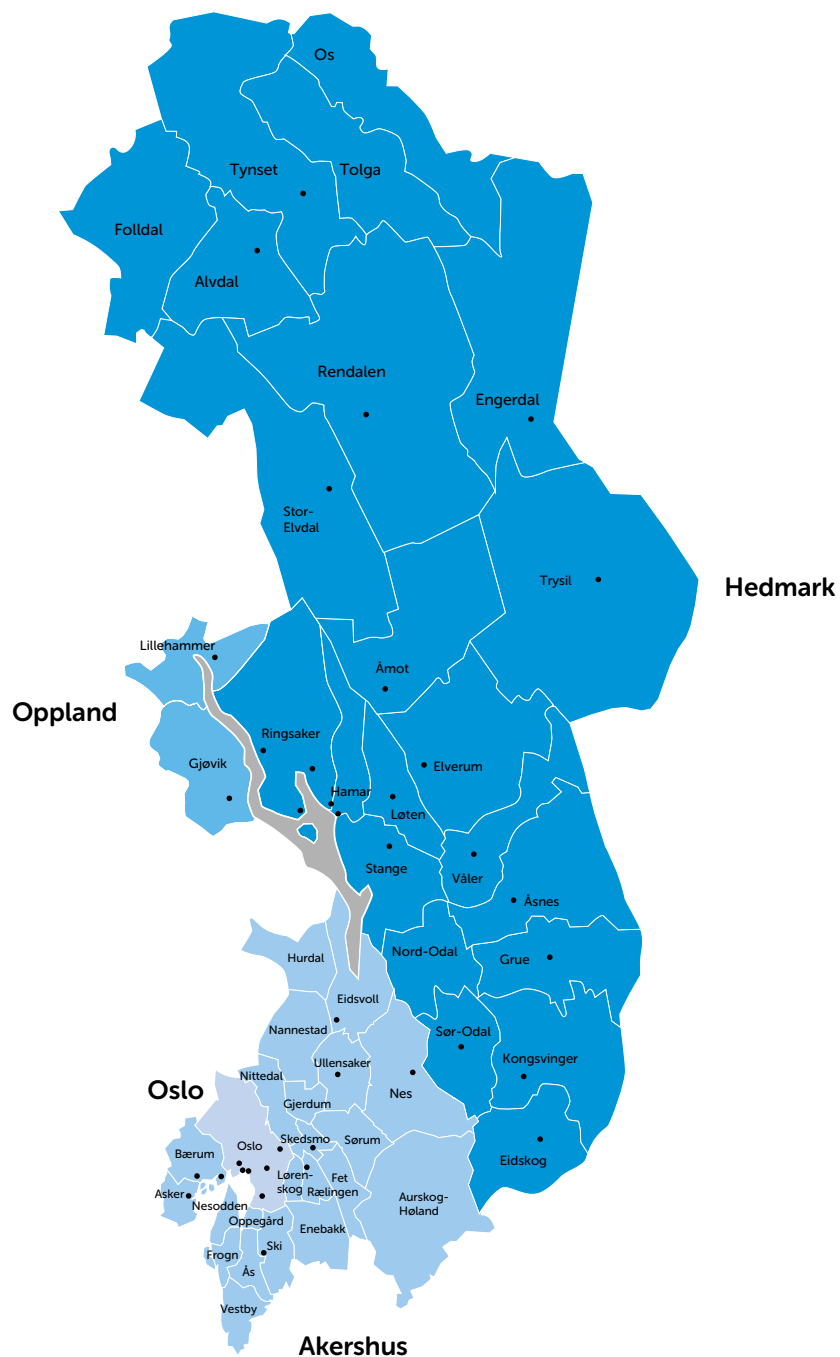
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