Investor Presentation | IPO and Listing on Oslo Børs | 29 May 2017

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Overview

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The Recipient warrants and represents that (i) if it is located within the United States and/or is a U.S. person, it is a QIB, (ii) if it is a resident of or otherwise located in the United Kingdom, it is a Relevant Person.

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For further details on selling restrictions in the Offering, reference is made to chapter 20 "Selling and transfer restrictions" in the Prospectus.

GOVERNING LAW AND JURISDICTION

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Background and Rationale for the Offering

Key highlights

01

Increased capital flexibility – providing access to equity markets

02

Positioned for structural changes in the banking sector in Eastern Norway

03

Securing broad ownership and aligned interests among all stakeholders
## Transaction Details

### Selected Key Terms

<table>
<thead>
<tr>
<th>Issuer</th>
<th>• SpareBank 1 Østlandet (ticker “SPOL”).</th>
</tr>
</thead>
</table>
| Selling ECC Holders | • Sparebanken Hedmark Sparebanksstiftelse (“the Foundation”), currently 75% holder of the Bank’s ECCs.  
• SpareBank 1 SR-Bank, SpareBank 1 SMN, SpareBank 1 Nord-Norge, SpareBank 1 Ringerike Hadeland, SpareBank 1 Modum, SpareBank 1 Søre Sunnmøre, SpareBank 1 Nordvest, SpareBank 1 Lom og Skjåk and SpareBank 1 Gudbrandsdal. |
| Place of Listing | • Oslo Børs. |
| Indicative Price Range | • NOK 74.50 – 82.00 per ECC, representing an equity value of the Bank’s ECCs of NOK 7.9 – 8.7bn. |
| Size | • NOK 2.0 – 2.2bn by sale of up to 26.8 million existing ECCs. In addition, up to NOK 200 million in new ECCs directed towards employees. |
| Free Float | • In the range of approx. 28.1% and 30.6% of the ECC capital if the greenshoe option is utilized in full (approx. 25.8% - 28.1% ex. greenshoe). |
| Offering Structure | • Institutional offering of existing ECCs to (i) institutional and professional investors in Norway, (ii) investors outside Norway and the US under Reg S, and (iii) US Qualified Institutional Buyers under Rule 144A.  
• Retail offering of existing ECCs to the public in Norway.  
• Employee offering of new ECCs to eligible employees of SpareBank 1 Østlandet with gross proceeds of up to NOK 200 million. |
| Type and Use of Proceeds | • Proceeds from the sale of existing ECCs to the benefit of the selling ECC holders.  
• Proceeds from the Employee Offering to the benefit of the Bank; will be used to finance profitable growth. |
| Greenshoe | • Up to approx. 10% of the number of existing ECCs allocated in the institutional and retail offerings. |
| Lock-up | • The Foundation and the other sellers of ECCs that do not sell their entire holding of ECCs have entered into customary lock-up agreements with the Managers for the remainder of their holding of ECCs for a period of 12 months from the date of the listing of the ECCs on Oslo Børs.  
• In addition, The Norwegian Confederation of Trade Unions (LO) and affiliated unions, 15% holder of the Bank’s ECCs, has entered into a 12 month lock-up. |
| Syndicate | • Managers and Joint Bookrunners: SpareBank 1 Markets AS (global coordinator), Pareto Securities AS and Swedbank Norge. |
| Key Offering Dates | • Publication of prospectus: 29 May.  
• Bookbuilding period: 29 May at 09:00 (CEST) to 9 June at 16:30 (CEST). Application period for the retail offering ends 9 June at 12:00 (CEST).  
• Announcement of price and allocation: 12 June.  
• First day of trading: 13 June.  
• Settlement: 14 June. |
| Conditions | • Board of Directors of Oslo Børs approving the application for listing of the ECCs on Oslo Børs in a meeting to be held on or about 7 June 2017 and the satisfaction of the conditions for admission to trading to be set by Oslo Børs, which are expected to be that (a) the Bank has in excess of 200 ECC holders, each holding ECCs with a value of more than NOK 10,000; and (b) there will be a minimum free float of the ECCs of 25%.  
• The Bank and the Foundation having approved the price and allocation following the bookbuilding process. |
Indicative Transaction Timeline

Selected Key Milestones

- **04 May**: Publication of Q1 2017 report and Intention to Float (ITF)
- **08 May**: Pre-Marketing Period
- **08 May - 19 May**: Publication of Research Reports by Joint Lead Managers
- **22 May**: Submission of Application for Listing on Oslo Børs
- **26 May**: Pre-Marketing Period
- **29 May**: Publication of Transaction Prospectus
- **29 May - 09 June**: Bookbuilding / Application Period and Management Roadshow
- **07 June**: Extraordinary Board Meeting at Oslo Børs to Resolve on the Listing
- **12 June**: Publication of Final Allocation of ordered ECCs
- **13 June**: First Day of Trading
- **14 June**: Settlement and Delivery of allocated ECCs
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07  Summary and Long-Term Ambitions
Value Propositions

SpareBank 1 Østlandet is one of Norway’s most well-run and solid banks

1. Norway’s 4th largest savings bank * – based in Eastern Norway
2. The most solid regional savings bank in Norway **
3. Low credit risk in loan portfolio – limited loan losses.
4. Profitable operations with good dividend capacity.
5. Strong home market position and attractive growth opportunities.
6. Innovative customer dividend.
7. Long-term targets: 10% ROE, 16% CET 1 ratio and 50% dividend ratio.

Source: annual/quarterly reports, SpareBank 1 Gruppen || Note(*): based on total assets || Note(**): based on CET 1 ratio
### Long and Profitable Operational History

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Established in 1845 – known as Sparebanken Hedmark (&quot;SBHE&quot;) until 1 April 2017.</td>
</tr>
<tr>
<td>02</td>
<td>Norway’s fourth largest savings bank * – total adjusted assets (incl. cov. bonds) of approx. NOK 139bn.</td>
</tr>
<tr>
<td>03</td>
<td>Operations in Hedmark, Oppland, Oslo and Akershus – a market with more than 1.7 million inhabitants.</td>
</tr>
<tr>
<td>04</td>
<td>Head office in Hamar (90 minute drive north of Oslo) – 38 bank branches and approx. 1,180 employees.</td>
</tr>
<tr>
<td>05</td>
<td>More than 290,000 customers – retail share of total lending of approximately 74%.</td>
</tr>
<tr>
<td>06</td>
<td>Diversified product offering – provides banking, leasing, accounting and real estate services.</td>
</tr>
<tr>
<td>07</td>
<td>Part of the SpareBank 1 Alliance – owns 12.4% of SpareBank 1 Gruppen AS.</td>
</tr>
<tr>
<td>08</td>
<td>Recently acquired Bank 1 Oslo Akershus (&quot;B1OA&quot;) – represents attractive footprint in the greater Oslo region.</td>
</tr>
</tbody>
</table>

*Note(*): based on total assets

Source: annual / quarterly reports, SpareBank 1 Gruppen, Statistics Norway
Acquisition of Bank 1 Oslo Akershus
Important part in the strategic direction of SpareBank 1 Østlandet towards 2018

Geographic footprint

Transaction details

- Since 2013, SBHE owned 40.5% of B1OA.
- On 10 December 2015, SBHE agreed to acquire the remaining 59.5% of B1OA from LO and the other SpareBank 1 banks.
- The agreed purchase price was NOK 1.9bn and it was settled with 90% ECCs in SBHE and 10% cash.
- Transaction completed on 29 June 2016.
- LO and the other SpareBank 1 banks owned approx. 15% and 10% of SBHE post-deal.

Strategic rationale

- Strategic positioning towards the largest region in Norway.
- Oslo is one of the fastest growing cities in EEA.
- Integrated region for labor and housing.
- No overlapping branch network.
- Reduced costs through synergies – minimum NOK 75m annually (from 2018).
- More professional, specialized, attractive and relevant employer going forward.
- Further diversification of loan portfolio.

Economy of scale *

SpareBank ØSTLANDET

Process timeline

- > 2013: SBHE owns 40.5% of B1OA
- Dec. 15: SBHE secures 100% of B1OA **
- Jun. 16: The acquisition is completed
- Feb. 17: NFSA formally allows the merger
- Mar. 17: New name and logo unveiled
- Apr. 17: Legal merger finalized
- ~ Oct. ‘17: Technical merger concludes

Key sources of cost synergies

- Purchases (including media and IT contracts).
- Cancellation of duplicate IT-solutions.
- Reduced number of employees, partly through a new leadership structure, and partly through reduced headcount in central support and administrative functions.
- Reduced cost allocation from “SpareBank 1 Banksamarbeidet” due to consolidation.
- Reduced administrative fees from “SpareBank 1 Boligkreditt” due to consolidation.

Note(*) based on total adjusted assets (incl. covered bonds) as of 31 December 2016
Note(**): on 14 December 2015 SBHE agrees to acquire the remaining 59.5% of B1OA

Source: Eurostat, Jernbaneverket
Key Historical Milestones
From local granaries to leading regional savings bank with attractive growth opportunities

- Local granaries converted – becoming Hof Sparebank
- Local savings banks with central role in local development
- Merger of savings banks in Hedmark
- Joins SpareBank 1 Alliance
- Acquisition of Bank 1 Oslo Akershus
- IPO and Listing on Oslo Børs

Attractive Home Market
Major player in Eastern Norway with main focus in Hedmark, Oppland, Oslo and Akershus

#1: INLAND REGION – Hedmark and Oppland
- Approx. 8% of national population (0.39m inhabitants).
- More than 6% of national GDP.
- Norway’s largest region for agriculture and forestry.
- Diverse business sector dominated by SMEs.
- Most cyclically stable region in Norway, limited exposure to oil, shipping or fishing.

#2: CAPITAL REGION – Oslo and Akershus
- Approx. 25% of national population (1.26m inhabitants).
- More than 33% of national GDP.
- Norway’s decision center and hub – including the central government.
- Europe’s 2nd highest level of education* and above half of Norway’s R&D.
- Very high population growth.

Source: Statistics Norway, Eurostat | Note(*): among capitals in Europe
Macroeconomic Environment

Stable home market with limited oil & offshore exposure and low unemployment

Housing prices have risen

Inland region more stable than others

Home market with limited oil exposure

Large regional differences in unemployment

Source: Norges Bank (Regional network reports), Eiendom Norge (Monthly house price statistics), IRIS, Statistics Norway, NAV || Note**: includes Hedmark and Oppland || Note(**): includes Oslo, Akershus, Buskerud and Østfold
## Diversified Main Activities

Several sources of income - parent bank, subsidiaries and other ownership interests

### Operational divisions

<table>
<thead>
<tr>
<th>Division</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Segment</td>
<td>~380</td>
</tr>
<tr>
<td>Corporate Segment</td>
<td>~130</td>
</tr>
<tr>
<td>Organizations &amp; Capital Markets</td>
<td>~20</td>
</tr>
<tr>
<td>Administration &amp; Support</td>
<td>~220</td>
</tr>
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</table>

### Selected key subsidiaries

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>%</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EiendomsMegler 1 Hedmark Eiendom AS</td>
<td>100%</td>
<td>Real estate agent</td>
</tr>
<tr>
<td>EiendomsMegler 1 Oslo Akershus AS</td>
<td>100%</td>
<td>Real estate agent</td>
</tr>
<tr>
<td>SpareBank 1 Finans Østlandet AS</td>
<td>95%</td>
<td>Financing / Leasing</td>
</tr>
<tr>
<td>SpareBank 1 Regnskapshuset Østlandet AS</td>
<td>100%</td>
<td>Accounting</td>
</tr>
</tbody>
</table>

### Selected other ownership interests

<table>
<thead>
<tr>
<th>Interest</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totens Sparebank</td>
<td>~25%</td>
</tr>
<tr>
<td>KOMM-IN AS</td>
<td>~24%</td>
</tr>
<tr>
<td>Vato AS</td>
<td>100%</td>
</tr>
<tr>
<td>Torggt 22 AS</td>
<td>50%</td>
</tr>
<tr>
<td>Youngstorget 5 AS</td>
<td>100%</td>
</tr>
</tbody>
</table>
Key comments

- The SpareBank 1 Alliance ("SB1A") consists of 14 independent savings banks, who cooperate on branding and providing a joint platform.

- SB1A is Norway’s second largest * financial group in terms of total assets.

- SB1A was created in 1996 to strengthen each local bank’s competitiveness, profitability and solvency, as well as to ensure each bank’s future independence and regional ties.

Key joint ventures

- «SpareBank 1 Alliance» = 14 cooperating independent savings banks

- SPAREBANK 1 GRUPPEN AS | external product offering | 12.4%
  - SpareBank 1 Forsikring AS | Life insurance
  - ODIN Forvaltning AS | Fund management
  - Conecto AS | Debt collection
  - SpareBank 1 Skadeforsikring AS | Non-life insurance
  - SpareBank 1 Medlemskort AS | "LOfavør"
  - SpareBank 1 Gruppen Finans AS | Factoring / Debt purchase

- SPAREBANK 1 BANKSAMARBEIDET DA | internal services | 19.1%
  - Eiendomsmegler 1 Norge AS | Real estate
  - SpareBank 1 Verdipapirservice AS | Securities settlement
  - SpareBank 1 Axept AS | Payment management
  - SpareBank 1 Kundesenter AS | Customer service
  - SpareBank 1 ID AS | ID management

Key associated companies

- SpareBank 1 Mobilbetaling AS | mCash ** | 21.2%
- SpareBank 1 Kredittkort AS | Credit cards | 19.6%
- SpareBank 1 Boligkreditt AS | Covered bond issuer | 20.3%
- SpareBank 1 Næringskreditt AS | Covered bond issuer | 9.3%
- SpareBank 1 Markets AS | Investment bank | 6.2%

= ownership ratio || Source: Sparebank 1 Gruppen || Note(**): SpareBank 1, DNB and others have announced that they will form a cooperation with Vipps by DNB as a common platform for mobile payment solutions
Group Management
Experienced and competent

Richard Heiberg | Chief Executive Officer (CEO)
Richard is a graduate of the BI Norwegian School of Management and has an MBA from the University of Wisconsin (USA). He has extensive experience from management positions at Norske Skog, Forestia and Nordic Paper. He served on the board at SBHE from 1995 to 2009, the last four years of which were as Chairman. He has been CEO in SBHE since 2010.

Geir-Egil Bolstad | Chief Financial Officer (CFO)
Geir-Egil holds a degree in economics and business management ("siviløkonom") with a major in finance from BI Norwegian School of Management, and an MBA from NHH. He has worked in B1OA for 11 years, as a risk manager, CFO and deputy CEO. He also has previous experience from finance and risk management consulting.

Hans Olav Wedvik | Head of Corporate Banking
Hans Olav holds a bachelor’s degree in business administration from BI and supplementary qualifications within finance and risk management from NHH. He has previously worked in DnB Finans, DnB Asset Management ASA, and from 2006 to 2016 he was the CEO of SpareBank 1 Finans Østlandet AS. He has been part of SBHE’s Group Management since 2016.

Kari Elise Gisnås | Head of Personal Banking
Kari holds degrees in finance from the Norwegian College of Agriculture, marketing management from BI Norwegian School of Management and customer relationship management from NKI. She has managerial experience from the banking and finance and from the food industry. Kari also has extensive board experience. She has worked at SBHE since 2001.

Siv Stenseth | Head of Communications
Siv holds a degree in journalism from Norsk Journalisthøgskole and a MSc in Management and Communications from BI Norwegian School of Management. She also holds a degree in social work (SHT) and has extensive experience in the areas of media and communications and in working with individuals. She has worked in her current position at SBHE since 2003.

Richard Heiberg | Chief Executive Officer (CEO)
Richard is a graduate of the BI Norwegian School of Management and has an MBA from the University of Wisconsin (USA). He has extensive experience from management positions at Norske Skog, Forestia and Nordic Paper. He served on the board at SBHE from 1995 to 2009, the last four years of which were as Chairman. He has been CEO in SBHE since 2010.

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Dag-Arne Hoberg | Head of Innovation and Business Development
Dag-Arne graduated in engineering from Norges Tekniske Høgskole in 1981 and continued his education in management and administration. He has extensive managerial experience in the Norwegian IT industry, and assumed his position as head of IT in SBHE back in 1995.

Vidar Nordheim | Chief Risk Officer (CRO)
Vidar holds a degree in Economics and Business Management ("siviløkonom") from BI Norwegian School of Management. He previously worked for Gjensidige Forsikring. Vidar has held a number of positions in SBHE since he started working for the bank back in 1990.

Espen Mejlænder-Larsen | Head of Organizations and Capital Markets
Espen holds a BSc in Economics and Business Management and a MSc in Investment and Financing from BI Norwegian School of Management. He has worked in several positions in B1OA since 1995, among other Head of Treasury and Capital Markets. He has also worked in SEB (2011-2014) as a fixed income broker responsible for funding in Norwegian savings banks.

Gudrun Michelsen | Chief Operating Officer (COO)
Gudrun is a certified public accountant with additional education which includes law studies. She has worked for several years within accounting and management consulting, and has long experience from different leadership roles in B1OA.

Eldar Kjendlie | Head of HR and Legal
Eldar holds a BSc in Business and a MSc in Management and Employment Law from BI Norwegian School of Management. He has worked in a variety of positions at SBHE since 1988 and has experience in project management and committee work.
Nina C. Lier | Deputy Chairwoman
Member of the BoD since 2010 and deputy chairwoman since 2016. She holds a MSc in Economy and Business Administration from the Norwegian School of Economics (NHH). She has worked several years in the health sector. She is CFO of Sykehuset Innlandet HF. Previous experience from Oppland Sentralsykehus and PriceWaterhouseCoopers DA.

Erik Garaas | Board Member
Member of the BoD since 2013. He holds a Cand. Oecon from the University of Oslo, an YMP from INSEAD and a TEP from the University of Virginia. Erik has previous experience as Group EVP in Gjensidige Forsikring, Group MD of the Finance Department in Gjensidige, CEO in Gjensidige NOR Asset Management and GM in DNB Asset Management. He retired in 2012.

Guro Nina Vestvik | Board Member (foundation)
Member of the BoD since 2016. She holds a BSc in Business and Administration from BI Norwegian School of Management as well as a one year program in Administration and Leadership from Hedmark University. Guro is working as PM in Eleverumregionens Næringsutvikling AS. Previous experience from Moelven Industrier ASA and Gjensidige.

Siri J. Strømmevold | Chairwoman
Member of the BoD since 2006 and chairwoman since 2012. She holds a BSc in Engineering with Computer Science from Kongsberg Ingeniørhøgskole, a BSc in Electronics from Telemark Ingeniørhøgskole and is a Business Economist from NKS. She is the CEO and owner of Tynset Bokhandel. Previous experience from Saga Petroleum, Statoil and Mobil Exploration.

Morten Herud | Board Member
Member of the BoD since 2013. He holds a MSc in Economy and Business Administration from the School of Business at the University of Gothenburg. He currently is MD in Sintef Raufoss Manufacturing-Kongsvinger AS. Morten has previous experience from 7sterke AS, Ibas AS, Walbro Automotive AS, Hydro Aluminium Magnor AS, Nevi Finance AS and Nevi Corporate AS.

Hans-Christian Gabrielsen | Board Member (LO)
Member of the BoD since 2016. He holds a Certificate of Apprenticeship as Process Operator and a BSc in Management and Organization from Vestfold University College. He currently is President of LO. He has previous experience from the Norwegian United Federation of Trade Unions, Røyken Kommune, Røyken Arbeiderparti, SB1 Gruppen and B1OA.

Espen Bjørklund Larsen | Board Member (employee representative)
Member of the BoD since 2007. He has studied two years of Business and Administration, and one year of Innovation, at Hedmark University. He also has an Executive Master of Management from BI Norwegian Business School. Espen holds several positions through the Finance Sector Union of Norway. Previous experience from SBHE (Customer Service and Wealth Management).

Vibeke Hanvold Larsen | Board Member (employee representative)
Member of the BoD since 2016. She holds a BSc in Business and a Graduate Diploma in Information Technology from Swinburne University of Technology (Melbourne, Australia). She currently works in SPOL as a Customer Service Representative at the Retail Customer Centre. Vibeke has previous experience as Store Manager at Coop Prix and Coop Mega.
### The ECCs at a glance

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td><strong>106,202,540</strong> ECCs outstanding</td>
</tr>
<tr>
<td>02</td>
<td>ECCs own <strong>67%</strong> of Total Equity</td>
</tr>
<tr>
<td>03</td>
<td>ECCs control <strong>30%</strong> of the Sup. Board</td>
</tr>
<tr>
<td>04</td>
<td>Foundation will own <strong>&gt;50%</strong> of ECCs</td>
</tr>
</tbody>
</table>

### ECC owners pre IPO

<table>
<thead>
<tr>
<th>Name</th>
<th># of ECCs</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Foundation</td>
<td>79,740,000</td>
<td>75.1%</td>
</tr>
<tr>
<td>LO * and affiliated unions</td>
<td>15,881,965</td>
<td>15.0%</td>
</tr>
<tr>
<td>Samarbeidende Sparebanker AS</td>
<td>5,438,749</td>
<td>5.1%</td>
</tr>
<tr>
<td>SpareBank 1 Nord-Norge</td>
<td>1,713,942</td>
<td>1.6%</td>
</tr>
<tr>
<td>SpareBank 1 SR-Bank</td>
<td>1,713,942</td>
<td>1.6%</td>
</tr>
<tr>
<td>SpareBank 1 SMN</td>
<td>1,713,942</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

### Equiv structure in ECC banks

- **Tier 2 Capital**
  - Equity Certificate Capital
  - Premium Reserve
  - Equalization Fund
  - Compensation Fund
- **Tier 1 Capital**
  - Savings Bank Fund
  - Gift Fund

### About the ECC instrument

- ECC banks have 2 types of equity capital:
  1. **Primary Capital** ("ownerless" equity): Retained earnings built up over time.
  2. **ECC Holders’ Equity**: Equity Certificate Capital and related equity reserves.

- ECCs are similar to shares. Key differences are:
  1. Rights to assets/profits.
  2. Governing influence.

- Main ECC principles are:
  1. Profits are distributed proportionally on the basis of total equity ownership share.
  2. Negative profits are mainly absorbed by the Primary Capital.
  3. The Articles of Association predefine the power ECC owners have in governing bodies.

### Conversion of Equity Capital

<table>
<thead>
<tr>
<th>Conversion #1: SBHE post Conversion</th>
<th>Conversion #2: SBHE post B1OA</th>
<th>Conversion #3: SPOL post IPO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ECCs</strong>:</td>
<td><strong>EQUITY CERTIFICATE CAPITAL («ECC»)</strong>:</td>
<td><strong>FOUNDATION</strong>:</td>
</tr>
<tr>
<td>OWNERLESS CAPITAL</td>
<td></td>
<td><strong>MIN 25%</strong>:</td>
</tr>
<tr>
<td><strong>100%</strong>:</td>
<td><strong>MIN 50%</strong>:</td>
<td><strong>SB1 BANKS)</strong>:</td>
</tr>
<tr>
<td><strong>75%</strong>:</td>
<td></td>
<td><strong>PRIOR B1OA OWNERS</strong></td>
</tr>
<tr>
<td><strong>15%</strong>:</td>
<td></td>
<td><strong>FREE FLOAT</strong>:</td>
</tr>
<tr>
<td><strong>15%</strong>:</td>
<td></td>
<td><strong>LO * AND AFFILIATED UNIONS</strong></td>
</tr>
<tr>
<td><strong>50%</strong>:</td>
<td></td>
<td><strong>SB1 BANKS) OWNERS</strong></td>
</tr>
</tbody>
</table>
The Foundation at a glance

- **Unique:**
  - Cash Reserves of up to approx. NOK 1.5bn * and growing.

- **Long-term:**
  - Infinite time-horizon in principle.
  - Shall always own at least 50% of the ECCs (according to bylaws).
  - Active and competent ownership with BoD representation.

- **Focus on the local community:**
  - “Self-owned” – based in Hedmark county.
  - Governed by people living in Hedmark with close knowledge of the bank and local community.
  - Capacity and plans for significant donations within a responsible and reasonable framework.

Important local contributor

<table>
<thead>
<tr>
<th>No.</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Culture</td>
</tr>
<tr>
<td>02</td>
<td>Education</td>
</tr>
<tr>
<td>03</td>
<td>Research</td>
</tr>
<tr>
<td>04</td>
<td>Sports</td>
</tr>
</tbody>
</table>

The foundation will first and foremost prioritize the district that has built up the equity capital of the former SBHE when distributing gifts.

的重要本地贡献者

**独特性：**
- 挪威最大的股权资本证书基金会。
- 现金储备高达约NOK 1.5bn * 且在增长。

**长期：**
- 原则上无限的时间视野。
- 始终至少拥有50%的ECCs（根据章程）。
- 活跃且能干的拥有权，董事会代表。

**关注本地社区：**
- “自拥” – 基于Hedmark县。
- 由住在Hedmark县并了解银行和本地社区的人管理。
- 能力和计划在负责和合理的框架内进行重大捐赠。

分布ECC股息

- **ECC股息**

- **其他ECC持有者**
- **基金会**

Gift Ratio

- **Gifts / Donations**
- **保留基金会股权**
# Table of Contents

1. **Transaction Summary**
2. **SpareBank 1 Østlandet at a Glance**
3. **Financial Highlights**
4. **Capital, Liquidity and Funding**
5. **Loan Portfolio Overview and Quality**
6. **Profitability and Growth**
7. **Summary and Long-Term Ambitions**
**Q1 2017 Summary**

Stable underlying performance - Expenses affected by merger integration

<table>
<thead>
<tr>
<th>No.</th>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>PORTFOLIO GROWTH</td>
<td>Annual growth of <strong>91.6%</strong> in gross loans excl. cov. bonds - <strong>NOK 84.9bn</strong> at the end of Q1 2017.</td>
</tr>
<tr>
<td>02</td>
<td>NET INTEREST MARGIN</td>
<td>Net interest income in percent of average assets of <strong>1.85%</strong> - up from <strong>1.79%</strong> in 2016.</td>
</tr>
<tr>
<td>03</td>
<td>OTHER INCOME</td>
<td>Non-interest income <strong>39.9%</strong> of total income.</td>
</tr>
<tr>
<td>04</td>
<td>COST / INCOME RATIO</td>
<td>Group cost/ income ratio of <strong>56.5%</strong> - reflecting merger integration expenses.</td>
</tr>
<tr>
<td>05</td>
<td>LOAN LOSSES</td>
<td>Annualized loan losses of <strong>-0.12%</strong> - write-backs in the quarter of <strong>NOK 26m.</strong></td>
</tr>
<tr>
<td>06</td>
<td>RETURN ON EQUITY</td>
<td>Annualized ROE after tax of <strong>9.3%</strong>.</td>
</tr>
<tr>
<td>07</td>
<td>CET 1 RATIO</td>
<td>CET 1 ratio of <strong>16.7%</strong> - well above target of <strong>16.0%</strong>.</td>
</tr>
<tr>
<td>08</td>
<td>DEPOSITS</td>
<td>Deposit ratio of <strong>73.9%</strong>.</td>
</tr>
<tr>
<td>09</td>
<td>NON-PERFORMING LOANS *</td>
<td><strong>0.51%</strong> of total commitments at end of Q1 2017 - down from <strong>0.55%</strong> at the end of 2016.</td>
</tr>
<tr>
<td>10</td>
<td>TOTAL PROVISIONS **</td>
<td>Total provision ratio of <strong>81.0%</strong>.</td>
</tr>
</tbody>
</table>

*Note*: includes both Defaulted Commitments and Other Doubtful Commitments  
**Note**: total provision ratio = (collective provisions + individual provisions) / (defaulted commitments + other doubtful commitments)
Key Income Statement Figures
Diverse source of income, stable cost base, low loan losses and solid profitability

Key customer margins vs. 3m NIBOR

Net interest income

Other income

Operating expenses

Losses on loans

Result after tax

Note(*): annualized
Note(**): includes among others «Payment transmission», «Insurance services» as well as «change in value» of various securities
Note(***): excluding “net income from financial investments”
Key Balance Sheet Figures
Well managed Balance Sheet with sound credit quality

Gross loans to customers
- 2014: 39,936
- 2015: 43,779
- 2016: 82,945
- Q1-17: 84,901

Deposits from customers
- 2014: 31,070
- 2015: 33,458
- 2016: 63,070
- Q1-17: 62,782

Certificates and bonds
- 2014: 4,017
- 2015: 6,132
- 2016: 9,776
- Q1-17: 8,425

Other liquid assets
- 2014: 1,662
- 2015: 1,422
- 2016: 2,841
- Q1-17: 2,311

Other funding sources
- 2014: 10,121
- 2015: 12,733
- 2016: 24,794
- Q1-17: 25,518

Total equity
- 2014: 7,624
- 2015: 8,718
- 2016: 12,107
- Q1-17: 12,370
## Detailed Financial Figures

### Income Statement and Balance Sheet

### Income Statement

<table>
<thead>
<tr>
<th>NOKm</th>
<th>YE 2016</th>
<th>YE 2015</th>
<th>YE 2014</th>
<th>Q1 2017</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest income</strong></td>
<td>2,494</td>
<td>1,972</td>
<td>2,101</td>
<td>787</td>
<td>472</td>
</tr>
<tr>
<td><strong>Interest expenses</strong></td>
<td>1,004</td>
<td>867</td>
<td>1,058</td>
<td>322</td>
<td>176</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>1,490</td>
<td>1,105</td>
<td>1,043</td>
<td>464</td>
<td>297</td>
</tr>
<tr>
<td><strong>Commission income</strong></td>
<td>830</td>
<td>514</td>
<td>575</td>
<td>277</td>
<td>123</td>
</tr>
<tr>
<td><strong>Commission expenses</strong></td>
<td>71</td>
<td>53</td>
<td>50</td>
<td>22</td>
<td>13</td>
</tr>
<tr>
<td><strong>Other operating income</strong></td>
<td>180</td>
<td>190</td>
<td>138</td>
<td>53</td>
<td>50</td>
</tr>
<tr>
<td><strong>Net commission and other income</strong></td>
<td>939</td>
<td>651</td>
<td>663</td>
<td>308</td>
<td>160</td>
</tr>
<tr>
<td><strong>Dividends from other than group companies</strong></td>
<td>46</td>
<td>9</td>
<td>13</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net profit from ownership interests</strong></td>
<td>236</td>
<td>301</td>
<td>394</td>
<td>670</td>
<td>70</td>
</tr>
<tr>
<td><strong>Net profit from other financial assets and liabilities</strong></td>
<td>-62</td>
<td>205</td>
<td>166</td>
<td>-14</td>
<td>-63</td>
</tr>
<tr>
<td><strong>Net income from financial assets and liabilities</strong></td>
<td>220</td>
<td>514</td>
<td>572</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total net income</strong></td>
<td>2,649</td>
<td>2,270</td>
<td>2,279</td>
<td>773</td>
<td>464</td>
</tr>
<tr>
<td><strong>Personnel expenses</strong></td>
<td>573</td>
<td>590</td>
<td>543</td>
<td>232</td>
<td>148</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>65</td>
<td>46</td>
<td>41</td>
<td>21</td>
<td>11</td>
</tr>
<tr>
<td><strong>Other operating expenses</strong></td>
<td>565</td>
<td>416</td>
<td>397</td>
<td>184</td>
<td>94</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>1,203</td>
<td>1,052</td>
<td>981</td>
<td>437</td>
<td>253</td>
</tr>
<tr>
<td><strong>Profit before losses on loans and guarantees</strong></td>
<td>1,446</td>
<td>1,218</td>
<td>1,298</td>
<td>335</td>
<td>211</td>
</tr>
<tr>
<td><strong>Losses on loans and guarantees</strong></td>
<td>75</td>
<td>56</td>
<td>66</td>
<td>-26</td>
<td>9</td>
</tr>
<tr>
<td><strong>Profit/loss before tax</strong></td>
<td>1,371</td>
<td>1,162</td>
<td>1,232</td>
<td>361</td>
<td>202</td>
</tr>
<tr>
<td><strong>Tax charge</strong></td>
<td>271</td>
<td>233</td>
<td>192</td>
<td>88</td>
<td>33</td>
</tr>
<tr>
<td><strong>Results for the accounting year</strong></td>
<td>1,100</td>
<td>930</td>
<td>1,040</td>
<td>274</td>
<td>169</td>
</tr>
</tbody>
</table>

### Balance Sheet

<table>
<thead>
<tr>
<th>NOKm</th>
<th>YE 2016</th>
<th>YE 2015</th>
<th>YE 2014</th>
<th>Q1 2017</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits with central banks</td>
<td>759</td>
<td>264</td>
<td>748</td>
<td>430</td>
<td>544</td>
</tr>
<tr>
<td>Loans to credit institutions</td>
<td>13,355</td>
<td>864</td>
<td>675</td>
<td>1,462</td>
<td>888</td>
</tr>
<tr>
<td>Loans to customers</td>
<td>82,337</td>
<td>43,326</td>
<td>39,691</td>
<td>84,523</td>
<td>44,050</td>
</tr>
<tr>
<td>Certificates and bonds</td>
<td>9,776</td>
<td>6,133</td>
<td>4,917</td>
<td>8,425</td>
<td>6,261</td>
</tr>
<tr>
<td>Financial derivatives</td>
<td>810</td>
<td>455</td>
<td>531</td>
<td>786</td>
<td>507</td>
</tr>
<tr>
<td>Shares, units and other equity interests</td>
<td>747</td>
<td>294</td>
<td>239</td>
<td>419</td>
<td>303</td>
</tr>
<tr>
<td>Investments in associates and joint ventures</td>
<td>3,618</td>
<td>3,386</td>
<td>3,073</td>
<td>3,617</td>
<td>3,538</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>587</td>
<td>341</td>
<td>336</td>
<td>586</td>
<td>345</td>
</tr>
<tr>
<td>Goodwill and other intangible assets</td>
<td>371</td>
<td>211</td>
<td>115</td>
<td>368</td>
<td>210</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>33</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>695</td>
<td>497</td>
<td>406</td>
<td>1,240</td>
<td>538</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>101,240</td>
<td>55,971</td>
<td>49,934</td>
<td>101,861</td>
<td>57,185</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits from credit institutions</td>
<td>1,654</td>
<td>660</td>
<td>665</td>
<td>1,558</td>
<td>1,250</td>
</tr>
<tr>
<td>Deposits from customers</td>
<td>63,070</td>
<td>33,458</td>
<td>31,070</td>
<td>62,782</td>
<td>33,675</td>
</tr>
<tr>
<td>Liabilities arising from issuance of securities</td>
<td>21,937</td>
<td>11,576</td>
<td>8,951</td>
<td>22,754</td>
<td>11,743</td>
</tr>
<tr>
<td>Financial derivatives</td>
<td>349</td>
<td>320</td>
<td>330</td>
<td>307</td>
<td>32</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>247</td>
<td>187</td>
<td>190</td>
<td>117</td>
<td>115</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>18</td>
<td>65</td>
<td>-</td>
<td>106</td>
<td>48</td>
</tr>
<tr>
<td>Other debt and liabilities recognised in the BS</td>
<td>554</td>
<td>510</td>
<td>639</td>
<td>662</td>
<td>538</td>
</tr>
<tr>
<td>Subordinated loan capital</td>
<td>1,203</td>
<td>496</td>
<td>505</td>
<td>1,206</td>
<td>491</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>89,132</td>
<td>47,253</td>
<td>42,310</td>
<td>89,491</td>
<td>48,190</td>
</tr>
<tr>
<td><strong>EQUITY CAPITAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity capital certificates</td>
<td>5,310</td>
<td>3,987</td>
<td>-</td>
<td>5,310</td>
<td>3,987</td>
</tr>
<tr>
<td>Premium funds</td>
<td>520</td>
<td>-</td>
<td>-</td>
<td>520</td>
<td>-</td>
</tr>
<tr>
<td>Dividend equalisation fund</td>
<td>974</td>
<td>503</td>
<td>974</td>
<td>503</td>
<td>974</td>
</tr>
<tr>
<td>Primary capital</td>
<td>3,333</td>
<td>3,019</td>
<td>6,645</td>
<td>3,307</td>
<td>3,019</td>
</tr>
<tr>
<td>Provision for gifts</td>
<td>33</td>
<td>50</td>
<td>42</td>
<td>29</td>
<td>46</td>
</tr>
<tr>
<td>Fund for unrealised gains</td>
<td>134</td>
<td>135</td>
<td>109</td>
<td>136</td>
<td>151</td>
</tr>
<tr>
<td>Hybrid capital</td>
<td>400</td>
<td>-</td>
<td>-</td>
<td>400</td>
<td>-</td>
</tr>
<tr>
<td>Dividends</td>
<td>148</td>
<td>-</td>
<td>-</td>
<td>148</td>
<td>-</td>
</tr>
<tr>
<td>Other equity</td>
<td>1,228</td>
<td>1023</td>
<td>827</td>
<td>1,498</td>
<td>1,253</td>
</tr>
<tr>
<td>Minority interests</td>
<td>47</td>
<td>-</td>
<td>-</td>
<td>49</td>
<td>40</td>
</tr>
<tr>
<td><strong>Total equity capital</strong></td>
<td>12,107</td>
<td>8,718</td>
<td>7,624</td>
<td>12,370</td>
<td>8,995</td>
</tr>
<tr>
<td><strong>Total equity capital and liabilities</strong></td>
<td>101,240</td>
<td>55,971</td>
<td>49,934</td>
<td>101,861</td>
<td>57,185</td>
</tr>
</tbody>
</table>
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Regulatory Capital
SPOL is Norway’s most solid regional savings bank * with a CET 1 ratio of 16.7%

Capital ratios as of 31 March 2017

Key comments

• One of very few banks that did not need support during the banking crisis in Norway in the early 1990s.
• Aims to remain the most solid regional savings bank with a CET 1 ratio target of 16.0%.
• Actual CET 1 ratio and leverage ratios of 16.7% and 7.5%, respectively (Q1 2017).
• In addition, the Foundation will be a long-term owner with solid capital reserve.

Source: annual / quarterly reports, SpareBank 1 Gruppen || Note(*): based on CET 1 ratio || Note(**): including new bank specific Pillar-II requirement of 1.7% || Note(***): including an increase in countercyclical capital buffer of 0.5%
Funding
Well diversified composition with satisfactory maturity profile

Sources of funding *
- DEPOSITS FROM CUSTOMERS: NOK 62.8bn
- MARKET FUNDING: NOK 25.1bn
- COVERED BONDS: NOK 36.8bn

Deposits from customers by type *
- Retail segment: 35.3%
- Corporate segment: 57.8%
- Public segment: 6.9%

Market funding by type *
- Loans from banks: 89.0%
- Senior bonds: 4.8%
- Subordinated loans: 1.6%
- Hybrid capital: 4.6%

Market funding by maturity *
- 2017: NOK 1,812
- 2018: NOK 5,103
- 2019: NOK 4,562
- 2020: NOK 4,450
- 2021: NOK 5,058
- 2022: NOK 2,400
- 2023: NOK 900
- 2024: NOK 820
- 2025: NOK 820
- 2026: NOK 820

Key comments
- Deposits as key source of funding - small, stable deposits accounting for 64%.
- Significant share of deposits from local municipalities and LO.
- Covered bond financing through SpareBank 1 Alliance companies.
- Market funding largely in Norway at competitive prices.
- Average time to maturity for market funding of 3.1 years as of Q1 2017.

Deposits from customers by size *
- NOK 0 - 2m: 64.0%
- NOK 2 - 8m: 7.0%
- > NOK 8m: 29.0%

Deposits ratios *
- Deposit ratio ex. covered bonds: 73.9%
- Deposit ratio incl. covered bonds: 51.6%

Note(*): as of 31 March 2017
Liquidity
Satisfactory long term solvency and low liquidity risk

Sources of liquidity

01  CERTIFICATES AND BONDS *  NOK 8.4bn
02  OTHER LIQUID ASSETS *  NOK 2.3bn
03  MORTGAGES **  READY FOR SALE  NOK 13.5bn

Certificates and bonds by type *

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered bonds (highly liquid)</td>
<td>NOK 8.4bn</td>
<td>51.5%</td>
</tr>
<tr>
<td>Covered bonds (rated)</td>
<td>NOK 2.3bn</td>
<td>16.9%</td>
</tr>
<tr>
<td>Municipalities (0%)</td>
<td>NOK 1.8bn</td>
<td>7.8%</td>
</tr>
<tr>
<td>Government bonds</td>
<td>NOK 11.0bn</td>
<td>11.0%</td>
</tr>
<tr>
<td>Others</td>
<td>NOK 1.8bn</td>
<td>1.8%</td>
</tr>
<tr>
<td>Municipalities (20%)</td>
<td>NOK 11.0bn</td>
<td>11.0%</td>
</tr>
</tbody>
</table>

Key comments

• Main part of liquidity portfolio consisting of high-quality certificates and bonds, mostly from Norwegian covered bond issuers and municipalities.
• LCR-ratio of 116.6% - well above the year end 2017 requirement of 100%.
• Mortgages ready for sale to the covered bond company adds to liquid reserves.
• Internal liquidity requirement of 12 months of normal business without access to external financing.

Liquidity ratios **

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCR</td>
<td>116.6%</td>
</tr>
<tr>
<td>NSFR</td>
<td>118.9%</td>
</tr>
</tbody>
</table>

Other liquid assets by type *

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits with central banks</td>
<td>63.3%</td>
</tr>
<tr>
<td>Loans to credit institutions</td>
<td>18.1%</td>
</tr>
<tr>
<td>Shares, units and other equity interests</td>
<td>18.6%</td>
</tr>
</tbody>
</table>
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Diversified Loan Portfolio
High retail share and widespread geographical exposure results in a balanced portfolio

- Solid loan portfolio with low loan losses, limited defaulted and other doubtful commitments, healthy provisions and satisfactory diversification.
- High retail share of lending of 73.8% vs. corporate share of lending of 26.1%.
- Weighted LTV on the mortgage portfolio including loans transferred to covered bond companies of 56.7% *.
- Commercial real estate loans as the largest corporate lending exposure (approx. 48.7% *) - well diversified geographically, by type and by tenant base.
- Loans to agricultural sector as the second largest corporate lending exposure (approx. 13.8% *) - a sector with below average loan losses historically.

Note(*): as of 31 March 2017  ||  Note(**): as of 31 December 2016
Retail Segment
73.8% of gross loans including transfers to covered bond companies

On-balance vs. covered bond transfers *

Retail segment incl. cov. bonds by LTV *

Development in lending margins ***

Retail segment incl. cov. bonds by size **

Development in deposit margins ***

Note(*): as of 31 March 2017  ||  Note(**): as of 31 December 2016  ||  Note(***): margin vs. 3m NIBOR  ||  Note(****): constitutes approximately NOK 35.5bn
Corporate Segment *
26.1% of gross loans including transfers to covered bond companies

On-balance vs. covered bond transfers **

Corporate segment incl. cov. bonds by sector **

Corporate segment incl. cov. bonds by size ***

Development in lending margins ****

Development in deposit margins ****
Key comments

- Largest corporate lending exposure (48.7% ** of corporate lending including transfers to covered bond companies).
- Well secured with satisfactory LTV.
- Well-diversified geographically, by type of buildings and by tenant base.
- Long remaining time to maturity on rental contracts, with more than 50% on contracts longer than 5 years.

Share of rental income by sector *

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>20.0%</td>
</tr>
<tr>
<td>Hotel / Restaurant</td>
<td>14.0%</td>
</tr>
<tr>
<td>Public &amp; social services</td>
<td>13.0%</td>
</tr>
<tr>
<td>Public sector</td>
<td>8.0%</td>
</tr>
<tr>
<td>Industry</td>
<td>5.0%</td>
</tr>
<tr>
<td>Private tenants</td>
<td>5.0%</td>
</tr>
<tr>
<td>Business services</td>
<td>4.0%</td>
</tr>
<tr>
<td>IT / Telecom</td>
<td>3.0%</td>
</tr>
<tr>
<td>Construction</td>
<td>2.0%</td>
</tr>
<tr>
<td>Finanskap / Insurance</td>
<td>2.0%</td>
</tr>
<tr>
<td>Transportation / Storage</td>
<td>2.0%</td>
</tr>
<tr>
<td>Other / Unknown</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Real estate exposure by category *

- Office: 14.2bn (37.0%)
- Retail: 10.0bn (22.0%)
- Industrial / Warehouse: 7.3bn (27.0%)
- Hotel: 3.5bn (10.0%)
- Rental property: 3.0bn (4.0%)

Remaining time to maturity on rental contracts *

- 0-3 mths: 4.9% (Vacant)
- 3-6 mths: 12.9% (Running)
- 6-12 mths: 8.2% (Expired)
- 1 year: 7.3% (0-3 mths)
- 2-4 years: 12.9% (3-6 mths)
- 5-9 years: 16.2% (6-12 mths)
- >= 10 years: 35.0% (1 year)
Solid Loan Portfolio Quality
Low loan losses, limited defaulted and other doubtful commitments and healthy provisions

Long history of low loan losses

Collective and individual provisions

Key comments

• Long history of low and stable losses.
• Low level of defaulted and other doubtful commitments.
• Solid provision buffer.
• Important contributing factors:
  − Simple / transparent business model.
  − Professional credit risk management.
  − Conservative lending practice.
  − Local banking strategy.
  − Cyclically stable home-region.

Defaulted commitments (past due >90 days)

Other doubtful commitments

Gross loans by risk classification

Source: Sparebank 1 Markets
 ||  Note(*): peers include NONG, SRBANK, MING, MORG, SVEG  ||  Note(**): total provision ratio = ( (collective provisions) + (individual provisions) ) / ( (defaulted commitments) + (other doubtful commitments) )
Strong Credit Rating
Low business and financial risk together with a stable outlook yields a “baa1” rating

Key comments *

Credit ratings
- Baseline credit assessment: baa1
- Long-term deposit rating: A1
- Senior unsecured debt rating: A1
- Outlook: STABLE

Credit strengths
- “SPOL’s ratings are supported by its very strong macro profile.”
- “Solid capital levels – which are the strongest among peers.”
- “Asset risk metrics improve post acquisition of B1OA – on the back of a lower credit risk portfolio.”
- “Large volume of deposits and junior debt resulting in deposit ratings benefiting from a very low loss-given-failure rate.”
- “Moderate probability of government support results in one additional notch of uplift for issuer and deposit ratings.”

Credit Challenges
- “The bank’s funding profile is underpinned by relatively high reliance on market funding but also a sizeable deposit base.”
- “Acquisition of B1OA exerts some pressure on profitability, although we expect a gradual recovery.”

Rating report from Moody’s Investors Service dated 12 April 2017 *

Source: Rating Report - Moody’s Investors Service - 12 April 2017 || Note(*): extract only
Profitable with High Dividend Capacity
Long history of consecutive profits and a competitive profitability level vs. peers

Key comments

- Profitable operations, with a ROE target of 10% – in line with historical returns.
- Stable profitability over time, with low losses and a transparent business model. No annual deficits since World War II.
- Significant cost synergies from the merger with B1OA – estimated minimum of NOK 75m per annum (from 2018).
- Profitability, stability and capitalization supports competitive and stable dividends, with a targeted dividend share of 50%.

Diversified income sources **

<table>
<thead>
<tr>
<th>Year</th>
<th>NII</th>
<th>Accounting</th>
<th>Cov. Bonds</th>
<th>Real Estate</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>13.4%</td>
<td>61.1%</td>
<td>14.9%</td>
<td>7.4%</td>
<td>4.6%</td>
</tr>
<tr>
<td>2015</td>
<td>12.5%</td>
<td>62.9%</td>
<td>14.7%</td>
<td>9.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>2016</td>
<td>14.7%</td>
<td>61.3%</td>
<td>9.2%</td>
<td>6.0%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Q1-17</td>
<td>14.9%</td>
<td>60.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Long history of consecutive profits

Source: annual / quarterly reports, SpareBank 1 Markets

Note(*)- peers include: NONG, SRBANK, MING, MORG and SVEG
Note(**): total income distribution (excl. net financial income)
Dividend Policy to ECC holders and Customers

Goal of 50% of SPOL’s annual profits to be distributed as ECC and customer dividends

ECC dividends

- SPOL puts emphasis on giving its ECC owners a competitive and stable cash dividend, based on good profitability and high dividend capacity.
- Goal of a stable ratio of 50% of the ECC holders’ share of SPOL’s annual profit after tax to be distributed as ECC dividends each year.
- The Supervisory Board decides if and how much dividends shall be paid out based on an annual evaluation of SPOL’s profitability, financial soundness and market expectations.

Customer dividends

- SPOL is the first bank in Norway to offer dividends to the bank’s customers (both retail and corporate) through a new and innovative distribution mechanism.
- Main purposes:
  1. Provide a new powerful marketing tool which is unique for SPOL in Norway which aims to increase customer loyalty.
  2. Provide a simple solution for stabilizing the Equity Ownership Ratio over time (limit ECC dilution) by balancing ECC dividends vs. customer dividends.
- Calculated based on customers’ daily balances throughout the last calendar year and are granted for deposits up to NOK 2m and loans up to NOK 2m.
- The payout is sourced from the Primary Capital’s share of SPOL’s annual profits.
- Effective from and including 2017.

Distribution of profits *

Note(*): based on an Equity Ownership Ratio of 67% and a Dividend Ratio of 50% -> these figures may vary over time
Attractive Growth Opportunities
Supported by strong home market position and balanced digital vs. local banking philosophy

Strong home market position
- Strong market position in Hedmark, with an estimated market share of approximately 50%.
- Spearheading the SpareBank 1 Alliance’s ambitions in the capital region – through the acquisition of Bank 1 Oslo Akershus.
- Growth in retail market based on careful lending practices, aimed primarily towards relation customers and union members.
- Strong traditions for innovation – including digital banking.

SPOL believes in digital banking ...
- Norwegian banks incl. SPOL are in the forefront in digital banking.
- Among our retail customers:
  - 9 out of 10 use either internet or mobile banking regularly.
  - The future is mobile – approx. 23% of our retail customers only use mobile banking.
- Self-sufficiency: 80% of all retail banking transactions and services done by customers on their own.
- Increasing digitalization also among businesses.

... but SPOL also believes in local banking
- Our largest competitor, DNB, is closing many branch offices in the region.
- We believe that most people still want to discuss personal economy with their bank – even the millennials.
- We believe that business leaders need discussion partners that understand their particular situation – especially in the SME segment, including SPOL’s agricultural customers.
- We believe that SPOL needs to remain local to remain relevant – as a true savings bank.

“SPOL launched Europe’s first internet bank in 1996 and remain in the forefront”

Source: "Posisjonsundersøkelse" - Kantar TNS – 2015
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Key Highlights
SpareBank 1 Østlandet – “a true savings bank”

01. Norway’s most solid regional savings bank *

02. Low credit risk in loan portfolio
   – very low loan losses

03. Profitable with high dividend capacity

04. Strong home market position
   – attractive growth opportunities

Source: annual / quarterly reports, SpareBank 1 Gruppen || Note(*): based on CET 1 ratio
### Strategy and Long-Term Ambitions

**Solid operations and attractive financials through stringent strategic direction**

#### The strategic direction going forward

<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Continue to be the preferred financial partner in the Bank’s original market area (Hedmark) – while being the Bank with the strongest growth in new market areas (Oslo, Akershus and Oppland counties).</td>
</tr>
<tr>
<td>02</td>
<td>Focus on simple, transparent banking and financial services in the Bank’s core markets.</td>
</tr>
<tr>
<td>03</td>
<td>Maintain a local presence combined with the SpareBank 1 Alliance’s leading position in digital channels.</td>
</tr>
<tr>
<td>04</td>
<td>Combine the best of the two former banks – with former SBHE’s history of solidity and high net interest income and former B1OA’s ability to widen SPOL’s income base through cross-sales.</td>
</tr>
</tbody>
</table>

#### Key long-term financial targets

- **50% DIVIDEND**
- **16% CET-1 MINIMUM**
- **10% RETURN ON EQUITY**

**FINANCIAL TARGETS**
SpareBank ØSTLANDET