Executive summary

SpareBank 1 Østlandet

• Norway’s fourth largest savings bank
• Long history of stable profits and stable low loan losses
• Diversified income stream
• Low risk bank book with a 74 % retail share, of which 96 % housing mortgages
• The best capitalised regional savings bank in Norway - CET1 16.8 %, Capital ratio of 20.5 %, Leverage ratio 7.1 %

Home market

• The most cyclically stable region of Norway
• Low unemployment and high economic activity
• Market leader in The Inland region, challenger in the Capital region

Strategy and plans

• The acquisition of and merger with Bank 1 Oslo Akershus and the IPO have laid the foundation for continued growth
• The bank has a strong track record for being innovative on digital arenas
• We still believe strongly in the competitive advantage of a branch network with a relevant service offering
• The bank was the first to introduce a customer dividend among Norwegian banks – a tool for attracting new customers and building customer loyalty
Content

Introduction to SpareBank 1 Østlandet

Region and economic outlook

Strategy and ambitions

Appendix: Financials 2017
Introduction to SpareBank 1 Østlandet
A long and solid history
Norway's fourth largest savings bank * with a broad, established customer base

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

Norway's fourth largest savings bank * with total adjusted assets (incl. covered bonds) of NOK 147 billion.

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

Head office in Hamar, 38 branches and 1,100 FTEs.

Acquired and merged with Bank 1 Oslo Akershus ("B1OA") – represents an attractive footprint in the capital region.

324,000 customers – an increase from 290,000 customers post B1OA acquisition 30 June 2016
A retail share of 74 %.

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

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

Sources: Annual/interim reports, SpareBank 1 Gruppen | Comments (*): Total assets on own balance sheet, plus loans transferred to SB1 Boligkreditt and SB1 Næringskreditt
Diversified main activities

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

**Operational divisions**

- Retail Segment
  - ~370 employees

- Corporate Segment
  - ~125 employees

- Organizations & Capital Markets
  - ~20 employees

- Administration & Support
  - ~190 employees

**Selected key subsidiaries**

- EiendomsMegler 1
  - Hedmark Eiendom AS
  - Real estate agent
  - 100%

- EiendomsMegler 1
  - Oslo Akershus AS
  - Real estate agent
  - 100%

- SpareBank 1
  - Finans Østlandet AS
  - Financing / Leasing
  - 95%

- SpareBank 1
  - Regnskapshuset Østlandet AS
  - Accounting
  - 100%

**Selected other ownership interests**

- Totens Sparebank
  - Savings bank
  - ~25%

- KOMM-IN AS
  - Local venture capital
  - ~24%

- Vato AS
  - Property management
  - 100%

- Torgg 22 AS
  - Real estate SPV
  - 50%

- Youngstorget 5 AS
  - Real estate SPV
  - 100%

*Note**: Headcount in the parent bank was 705 FTE as of 31 December 2017. Was 743 FTE in pro-forma parent bank 31.12.2016 and 763 FTE in pro-forma parent bank 31.12.2015.
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 Forsikring AS
  - Life insurance
- SpareBank 1 Skadeforsikring AS
  - Non-life insurance
- ODIN Forvaltning AS
  - Fund management
- SpareBank 1 Medlemskort AS
  - “LOfavør”
- Conecto AS
  - Debt collection
- SpareBank 1 Gruppen Finans AS
  - Factoring / Debt purchase

Key associated companies

- SpareBank 1 Betaling AS
  - (Vipps **)
  - 21.2%
- SpareBank 1 Kredittkort AS
  - Credit cards
  - 19.6%
- SpareBank 1 Boligkreditt AS
  - Covered bond issuer
  - 21.1%
- SpareBank 1 Næringskreditt AS
  - Covered bond issuer
  - 12.4%
- SpareBank 1 Markets AS
  - Investment bank
  - 6.2%

Key comments

- The SpareBank 1 Alliance 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.

* Source: Sparebank 1 Gruppen

** SpareBank 1, DNB and others have formed a cooperation with Vipps as a common platform for mobile payment solutions in Norway. The bank owns 5.3% indirectly in Vipps via SpareBank 1 Betaling AS, thus effectively being the second largest shareholder of Vipps.
Long history of profits

Net profit and profit pre-financials and loan losses (MNOK)

1987-91 High loan losses in banking crisis, but no deficit or rescue
1993 Bond gains and lower losses
1993
2007 Business cycle peak. 7 bps loss.
2010 Financial gains Low losses
2016 Acquisition of Bank 1 Oslo Akershus
2016
2009 Business cycle trough. 40 bps loss.
2009

Source: Bank reports and SpareBank 1 Markets.
Long history of low loan losses
Lower and more stable than peer average

Loan loss provisions, incl transfer to covered bond company (% of lending)

Strong profitability adjusted for gearing
Return on equity (per cent)

**ROE history 1996-2016**

- **Source:** SpareBank 1 Markets. Peers: NONG, SRBANK, MING, MORG, SVEG.

**Average 1996-2016**

- Hedmark, rep.
- Peers, rep.
- Hedmark, rep. @ CET-1 as peers

- SB1 Østlandet
- Peers, rep.
- SB1 Østlandet rep. @ CET-1 as peers
2017 was another solid year
(Last year's figures in brackets)

- **Profitable**
  - Pre-tax profit in Q4-17 at NOK 422 million (NOK 294 million).
  - Pre-tax profit in 2017 at NOK 1,618 million (NOK 1,371 million).

- **Good return on equity**
  - ROE in Q4-17 at 10.4 % (9.4 %).
  - ROE in 2017 at 10.2 % (10.5 %).

- **Solid capitalization**
  - CET 1 ratio 16.8 % (16.9 %).
  - Leverage ratio at 7.1 % (7.4 %).

- **High lending growth**
  - Lending growth of 8.4 % (incl. the covered bond companies) last 12 months (9.3 %).

- **Lower deposit growth**
  - Deposit growth of 4.6 % in the last 12 months (10.7 %).

- **Net reversals on losses**
  - Net reversals on losses of NOK 13 million in Q4-17, equivalent to -0.1 % of gross loans*.
  - Net reversals on losses of NOK 20 million in 2017, equivalent to -0.02 % of gross loans.

*Annualised loss rate
2017 - Successful merger and IPO

Targets for synergies achieved

- **Acquisition of Bank 1 Oslo Akershus AS**
  - Completed on 29 June 2016

- **Legal merger**
  - Successful legal merger 1 April 2017
  - New name SpareBank 1 Østlandet

- **Stock exchange listing (SPOL)**
  - SpareBank 1 Østlandet listed on 13 June 2017
  - Listing price NOK 78.00
  - Market price as of 31 December 2017 NOK 90.50
  - Market price as of 31 January 2018 NOK 94.60

- **Technical merger**
  - Successful implementation weekend 13-15 October 2017
  - All banking systems integrated into a common platform

- **Synergies**
  - Initial goal of NOK 75 million in annual cost reductions
  - Will deliver NOK 82 million with full year effect in 2018
  - Integration costs of NOK 103 million in total for the period 2016-2018.
The Bank delivered on its financial targets

Targets and performance 2017

**Profitability**
- Return on equity at least 10%
  - 10.2%

**Dividends**
- 50% pay-out ratio
  - 50%

**Solidity**
- CET 1 at 16%
  - 16.8%
Region and economic outlook
A market area with long term growth potential

Expected long-term population growth

Population projection 2016-2040

Population projection, municipalities 2016-2040

Source: Statistics Norway: “Befolkningsframskrivingsens hovedalternativ 2016-2040”
Stable activity and low unemployment regionally

Home market with low spillover from oil downturn

Source 1: Norges Bank Regional Network 04/17
Includes Hedmark and Oppland

Source 2: Statistics Norway, NAV, Thompson Reuters Datastream
Includes Oslo, Akershus, Østfold and Buskerud
Housing prices levelling off

House price developments outside Oslo has seen moderate and stable growth

FEBRUARY 2018
• Nominal +1.1% / seasonally adjusted +0.4%
• 12-month: -2.3%
• High activity and continued drop in inventory

Source: Eiendom Norge Housing Prices February 2018 | *) Includes: Oppland and Hedmark | **)Index 31 December 2014 = 100
Diversified housing market in the region
12-month price growth – by county as of 31 December 2017

- Growth in all counties surrounding Oslo
  - Oslo - 6.2 %
  - Hedmark + 5.7 %
  - Akershus + 0.8 %
  - Oppland + 4.4 %

- Sales records in Hedmark, Akershus and Oppland in 2017

- Turnover time up in Oslo and Akershus but was down in Hedmark and Oppland.

- Number of unsold homes falling in all counties
  - Drop in inventory

Source: Eiendomsverdi – "The Norwegian Housing Market – December 2017"
Strategy and ambitions
Continuous development of the Bank
Merger and IPO basis for future growth

- **2014**
  - Decision to evaluate

- **2015**
  - Evaluation, conversion, and implementation

- **2016**
  - Equity issue to B1OA owners

- **2017**
  - Merger between B1OA and SH to SpareBank 1 Østlandet
  - IPO

- **2017->**
  - Revised strategy
  - Deliver on targets and potential
  - Trade Unions (LO)

**Customer dividend ensures a stable EEC ratio**
## Solid position and growth opportunities

Market leader in Hedmark, market challenger in other counties

<table>
<thead>
<tr>
<th>Region</th>
<th>Population</th>
<th>Market share° RM</th>
<th>Market share CM</th>
<th>Position</th>
<th>Unemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hedmark</td>
<td>197,000</td>
<td>49 %</td>
<td>45 %</td>
<td>market leader</td>
<td>1.7 %</td>
</tr>
<tr>
<td>Oppland</td>
<td>189,000</td>
<td>4 %</td>
<td>8 %</td>
<td>growth market</td>
<td>1.6 %</td>
</tr>
<tr>
<td>Oslo</td>
<td>669,000</td>
<td>11 %</td>
<td>2 %</td>
<td>growth market</td>
<td>2.5 %</td>
</tr>
<tr>
<td>Akershus</td>
<td>610,000</td>
<td>7 %</td>
<td>4 %</td>
<td>growth market</td>
<td>1.9 %</td>
</tr>
</tbody>
</table>

* Customers who consider SpareBank 1 Østlandet as their main bank | Unemployment: % of workforce, registered with NAV, December 2017 | Main bank share: TNS Gallup H1 2017, position survey
Financial targets 2018
Remaining solid and continue the focus on profitability

<table>
<thead>
<tr>
<th>Profitability</th>
<th>Return on equity at least 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>50% pay-out ratio</td>
</tr>
<tr>
<td>Solidity</td>
<td>CET1 at 16%</td>
</tr>
<tr>
<td>Costs</td>
<td>5 % cost reduction*</td>
</tr>
</tbody>
</table>

*Nominal costs pro-forma parent bank compared with 2017
Our market position gives ample opportunities to grow the bank
By the end of 2021 – our strategy pillars

- We are the third largest savings bank in Norway
- We have one of the most attractive equity certificates on Oslo Stock Exchange
- We have differentiated ourselves from the main competition and have increased our market share
- We have made banking easy for our customers and employees
- Best at cross-sales in the alliance and have utilised the profitable potential in the Group
- We have established ourselves as a bank with a distinct ESG profile
We are in the forefront of digital banking
SpareBank 1 Østlandet launched Europe’s first internet bank in 1996 and remains at the forefront

Banking customers
• Among our retail customers:
  – 9 out of 10 use either internet or mobile banking regularly.
  – The future is mobile: Appr. 23 % of our retail customers only use mobile banking apps.
• Self-service: 90% + of all retail banking transactions and services done by customers on their own.
• Increasing digitalization also among corporate customers.

Banking in SpareBank 1 Østlandet
• A long list of innovations
  – Norway’s first telephone bank (1994)
  – Norway’s first mobile banking app (with the SB1 Alliance) (2010)
  – Norway’s first bank with customer dividend (2016)
  – Norway’s first voice controlled mobile banking app (2017)

• To be continued..
But we also believe strongly in local banking

Our largest competitors are closing 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 our agricultural customers.

- We believe that SpareBank 1 Østlandet needs to remain local to remain relevant - as a true savings bank.

### Customer position surveys (2015 and 2017)

- «Minimalists» are very price sensitive and require plain vanilla products
- «Digitals» desire a bank with leading digital services delivery
- «Relational» desire a bank with personal advisory capabilities
- «Locals» require the bank to have local presence and to play a supporting role in the local community
Staying innovative: The Customer dividend

Tool for keeping equity ratio stable. First bank to introduce in Norway

- **Creating together** is the bank’s vision: In line with our basic values as a savings bank.

- Provides simple mechanism for stabilising the ownership share for the equity share capital.

- Effective on 1 January 2017, first dividend payment in April 2018.

- The bank’s supervisory board decides whether customer dividends shall be paid out and how much.

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*Including minority interest

**Simplified illustration based on 50% dividend share, profit after taxes of MNOK 1,263 and an ECC-share of 67.5%.
The customer dividend – a main differentiator
SpareBank 1 Østlandet is the bank that introduced customer dividends

For 2017 the customer dividend is estimated @ 19.8 bps on qualifying loans and deposits*

*Preliminary. Terms and conditions apply, most important being that qualifying volumes are average over the year 2017 and capped at 2 MNOK
The LO customers represent a significant potential
Number of LO members and customers in the Bank's market area

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of Members</th>
<th>Bank customers</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hedmark</td>
<td>44,682</td>
<td>27,590</td>
<td>62%</td>
</tr>
<tr>
<td>Oppland*</td>
<td>39,430</td>
<td>1,371</td>
<td>3%</td>
</tr>
<tr>
<td>Oslo</td>
<td>78,505</td>
<td>11,979</td>
<td>15%</td>
</tr>
<tr>
<td>Akershus</td>
<td>73,934</td>
<td>8,871</td>
<td>12%</td>
</tr>
<tr>
<td>Outside our market area</td>
<td>4,096</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>236,473</strong></td>
<td><strong>53,910</strong></td>
<td><strong>21%</strong></td>
</tr>
</tbody>
</table>

- All members are SpareBank 1 customers through LOfavør group policies

* In Oppland, there are five SpareBank 1 banks. SpareBank 1 Østlandet is in Gjøvik and Lillehammer
We take sustainability seriously
Among the first in providing green financing for retail customers
Contact details

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CFO
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Runar Hauge
Portfolio Manager/IR
Phone: +47 482 95 659
runar.hauge@sb1ostlandet.no
Appendix:

Financials 2017
# Key financials – quarterly

(1)

<table>
<thead>
<tr>
<th></th>
<th>Q4-16</th>
<th>Q1-17</th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-tax profit (NOK millions)</strong></td>
<td>294</td>
<td>361</td>
<td>358</td>
<td>476</td>
<td>422</td>
</tr>
<tr>
<td><strong>Losses on loans and guarantees (NOK millions)</strong></td>
<td>44</td>
<td>-26</td>
<td>5</td>
<td>14</td>
<td>-13</td>
</tr>
<tr>
<td><strong>Net interest income and commission fees from the covered bond companies (NOK millions)</strong></td>
<td>521</td>
<td>540</td>
<td>573</td>
<td>598</td>
<td>611</td>
</tr>
<tr>
<td><strong>Total operating costs (NOK millions)</strong></td>
<td>477</td>
<td>437</td>
<td>478</td>
<td>433</td>
<td>550</td>
</tr>
</tbody>
</table>
### Key financials – quarterly

#### Return on equity (%)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4-16</th>
<th>Q1-17</th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>9.4</td>
<td>9.2</td>
<td>9.0</td>
<td>12.0</td>
<td>10.4</td>
</tr>
</tbody>
</table>

#### Lending growth 12 months (incl. covered bond companies)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4-16</th>
<th>Q1-17</th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>9.3%</td>
<td>5.1%</td>
<td>8.0%</td>
<td>7.9%</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

#### Core equity tier 1 capital ratio (%)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4-16</th>
<th>Q1-17</th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>16.9</td>
<td>16.7</td>
<td>16.7</td>
<td>16.9</td>
<td>16.8</td>
</tr>
</tbody>
</table>

#### Deposit growth 12 months

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4-16</th>
<th>Q1-17</th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>10.7%</td>
<td>3.6%</td>
<td>6.4%</td>
<td>5.1%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>
## Income statement Q4-2017

**Adjusted (pro forma) Group***

<table>
<thead>
<tr>
<th></th>
<th>4Q- 2017</th>
<th>4Q- 2016</th>
<th>Reported 2017</th>
<th>Adjusted 2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>501</td>
<td>452</td>
<td>1,956</td>
<td>1,739</td>
</tr>
<tr>
<td>Net commissions</td>
<td>285</td>
<td>252</td>
<td>1,095</td>
<td>1,040</td>
</tr>
<tr>
<td>Other operating income</td>
<td>29</td>
<td>43</td>
<td>168</td>
<td>189</td>
</tr>
<tr>
<td>Total operating costs</td>
<td>550</td>
<td>477</td>
<td>1,898</td>
<td>1,573</td>
</tr>
<tr>
<td><strong>Profit for banking operations before losses</strong></td>
<td>265</td>
<td>270</td>
<td>1,321</td>
<td>1,395</td>
</tr>
<tr>
<td>Net losses and write-downs</td>
<td>-13</td>
<td>43</td>
<td>-20</td>
<td>86</td>
</tr>
<tr>
<td><strong>Profit for banking operations after losses and write-downs</strong></td>
<td>278</td>
<td>227</td>
<td>1,341</td>
<td>1,309</td>
</tr>
<tr>
<td>Dividends</td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>77</td>
</tr>
<tr>
<td>Net result from ownership interests</td>
<td>77</td>
<td>49</td>
<td>194</td>
<td>199</td>
</tr>
<tr>
<td>Net result from financial assets and liabilities</td>
<td>67</td>
<td>17</td>
<td>72</td>
<td>-69</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>422</td>
<td>294</td>
<td>1,618</td>
<td>1,516</td>
</tr>
<tr>
<td>Taxes</td>
<td>85</td>
<td>14</td>
<td>356</td>
<td>312</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>337</td>
<td>281</td>
<td>1,263</td>
<td>1,204</td>
</tr>
</tbody>
</table>

- Return on equity               | 10.4%    | 15.0%    | 10.2%         |
- Total operating costs in relation to total income | 57.4%    | 26.6%    | 54.3%         |
- Loss on loans as a percentage of total commitments | -0.1%    | 0.0%     | 0.0%          |

* 2016 has been adjusted such that 100 % of the results in Bank 1 Oslo Akershus AS have been included for the full year.
Profit contributions from subsidiaries

2017 (2016)

**SpareBank 1 Finans Østlandet**
- Profit before tax NOK 158 million (NOK 115 million)
- Good growth and increasing profitability

**EiendomsMegler 1 Hedmark**
- Profit before tax NOK 14 million (NOK 19 million)
- Solid market position, good profitability

**EiendomsMegler 1 Oslo Akershus**
- Profit before tax NOK -12 million (NOK 3.4 million)
- Solid market position, but unsatisfactory performance.
- New management and key personnel recruited

**SpareBank 1 Regnskaphuset**
- Profit before tax NOK -3 million (NOK 2 million)
- Consolidation phase and strong focus on automation and robotisation
<table>
<thead>
<tr>
<th>Company</th>
<th>Profit before tax (2017)</th>
<th>Profit before tax (2016)</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>SpareBank 1 Gruppen</td>
<td>NOK 2,210 million</td>
<td>NOK 2,019 million</td>
<td>12.4 %</td>
</tr>
<tr>
<td>SpareBank 1 Boligkreditt AS</td>
<td>-238 million</td>
<td>-146 million</td>
<td>21.1 %</td>
</tr>
<tr>
<td>SpareBank 1 Næringskreditt</td>
<td>79 million</td>
<td>112 million</td>
<td>9.2 %</td>
</tr>
<tr>
<td>SpareBank 1 Kredittkort</td>
<td>112 million</td>
<td>172 million</td>
<td>19.6 %</td>
</tr>
</tbody>
</table>
Solid growth in net interest income

Net interest income incl. commissions from covered bond companies

- Strong development in net interest income in the last year
- Increase of NOK 90 million from Q4-16 to Q4-17
- The increase was due to a combination of interest rate margins and volume growth
- Stable net interest income in the fourth quarter of 2017

* The statement deviates from previously reported figures by NOK 9 million due to repostings to show comparable figures, this is corrected against international payments.
Solid lending growth in 2017 as well

Lending volume, Group, incl. transferred to the covered bond companies (NOK billions)

- Lending growth in the Group in the last 12 months was 8.4 %
- Lending growth retail 8.7 %
- Lending growth corporates 7.7 %
Lending margins
Retail market and corporate market (parent bank)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Lending margin, RM, incl. covered bond companies</th>
<th>Lending margin, CM, incl. covered bond companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2016</td>
<td>1.58%</td>
<td>2.56%</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>1.71%</td>
<td>2.68%</td>
</tr>
<tr>
<td>Q2 2017</td>
<td>1.85%</td>
<td>2.66%</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>1.92%</td>
<td>2.76%</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>1.93%</td>
<td>2.68%</td>
</tr>
</tbody>
</table>
Loan portfolio with a high proportion of retail market customers and SMEs
Lending to customers per sector (NOK millions)
Good utilisation of quotas in the mortgage regulation*

Daily follow-up ensures that utilisation remain within the permitted quota

Utilisation of flexibility quota in the fourth quarter of 2017

City of Oslo
7.4 %

Other areas
4.2 %

- Loan to Value (LTV): 85 %
  - 75 % legal limit for cover pool
- Secondary housing and flexible repayment mortgages must not exceed 60 % LTV in Oslo
- A 5 % rise in interest rates must be used when assessing the customer's debt servicing capacity
- Total debt must not exceed five times gross annual income
- Exceptions are possible for up to 10 % (8 % for Oslo) of the value of granted loans each quarter
  - Flexibility quota

* "Regulation on the requirements for new lending with collateral in housing"
The Bank has reduced its LTVs during 2017...

Percentage of granted mortgages per county and average LTV per quarter 2017
...compared to previous years
Percentage of granted mortgages and average LTV per county in 2015 and 2016
High quality retail portfolio

Loan to Value by exposure in the mortgage portfolio

- Under 70%: 95.3%
- 70-85%: 3.9%
- 85-100%: 0.4%
- Over 100%: 0.4%
Satisfactory deposit coverage
Deposit volume, Group (NOK billions)

- Deposit growth last 12 months 4.6 %
- Deposit growth - retail 0.6 %
- Deposit growth - corporates 10.9 %
- Deposit coverage ratio 72.9 %
- Deposit coverage ratio - including mortgages transferred to the covered bond companies - 50.9 %
Deposit margins
Retail market and corporate market (parent bank)

Deposit margin RM
Deposit margin CM
Net commissions and other income
Commissions and other operating income by type (NOK millions)

- Stable development in commissions
- Revenues from accounting services and estate agency services dropped in the fourth quarter.
  - New management in EM 1 Oslo Akershus started in September.
  - A new CEO will be appointed in SB 1 Regnskapshuset

* Deviates from reported figures by 9 million due to repostings, this has been corrected for against net interest income.
Fourth quarter - marked by restructuring costs

Operating costs per quarter (NOK millions)

- The merger was completed in the fourth quarter (see next page). NOK 47 million was charged in costs in connection with the merger in the quarter.

- Costs in EM1 rose by NOK 27 million compared with the previous quarter
  - Recruited new management and key personnel in EM1 OA
  - Increased variable pay in EM1 Hedmark

- Capital tax amounting to NOK 7 million for 2017 was recognised in its entirety in the quarter

- Charge of NOK 17 million in the quarter due to recalculation of pension costs of former CEO of Bank 1 Oslo Akershus AS
The merger project has been completed
Greater synergies identified and realised slightly ahead of schedule

Synergies
• Expected synergies of NOK 82 million in 2018 – compared with target of NOK 75 million
• Annual synergies are expected to rise to NOK 96 million from and including 2019
• 23 FTEs signed severance agreements in the fourth quarter
  – Most will leave in the first quarter of 2018
  – NOK 26 million was recognised in severance pay in the fourth quarter of 2017

Integration costs
• NOK 103 million in total integration costs
  – NOK 13 millions recognised in 2016
  – NOK 88 millions recognised in 2017, of which NOK 47 millions in the fourth quarter
  – NOK 2 millions will be recognised in 2018
The contribution from financial items has increased

Net result from financial assets and liabilities (NOK millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net result from financial assets and liabilities</td>
<td>220 M</td>
<td>277 M</td>
</tr>
<tr>
<td>Net result from financial assets and liabilities without valuation of debt</td>
<td>46 M</td>
<td>35 M</td>
</tr>
<tr>
<td>Valuation of debt</td>
<td>88 M</td>
<td>42 M</td>
</tr>
<tr>
<td>Net result from ownership interests</td>
<td>0 M</td>
<td>0 M</td>
</tr>
<tr>
<td>Dividends from long-term shareholdings</td>
<td>0 M</td>
<td>0 M</td>
</tr>
</tbody>
</table>

December 2016

December 2017
Net reversals on losses
Net loan loss provisions (NOK millions)

- Net reversals on losses NOK 13 million in the fourth quarter
  - Equal to - 0.1 % of gross lending*.
  - Reversal of collective provisions by NOK 23 million in the corporate division due to improved credit quality.

- Net reversals on losses NOK 20 million in 2017
  - Equals -0.02 % of gross lending.
  - Reversal of collective provisions by NOK 46 million in the corporate division due to improved credit quality.

* Annualised loss rate.
Low levels of problem loans
Non-performing and other doubtful commitments*

- The proportion of problem loans is stable at low levels

*) NOK millions and percentage of total lending
The Bank’s target core equity tier 1 ratio is 16.0%.

As of 31 December 2017, the core equity tier 1 ratio was 16.8%.

The regulatory requirement is 13.7%, including a Pillar 2 requirement of 1.7%.

The Financial Supervisory Authority of Norway has imposed a revised Pillar 2 requirement of 1.8% with effect from 31 March 2018. The new total requirement for core equity tier 1 capital will then be 13.8%.

The leverage ratio was 7.1% (7.4%) as of 31 December 2017.
The new loss model based on IFRS 9 has no significant effect on capital adequacy. Total loss provisions for the Group as of 1 January 2018 are estimated at NOK 389 million, NOK 22 million higher than the loss provisions as of 31 December 2017.

The effect of changed classification and measurement is otherwise neutral from a regulatory perspective.

The total implementation effect of IFRS 9 for the Group is estimated at a 0.03 percentage point reduction in the core equity tier 1 capital ratio.

On 2 February, the Financial Supervisory Authority of Norway set a Pillar 2 requirement of 1.8 % for SpareBank 1 Østlandet. This is 0.1 percentage points higher than the previous requirement.

The increase is explained by the Financial Supervisory Authority of Norway’s qualitative assessments of the merger risks in the Group. The Bank disagrees with the assessment, as the merger is finalised, but will not appeal the decision.
A dividend of NOK 3.96 per equity certificate is proposed

- The Board will propose to the Supervisory Board payment of a dividend of **NOK 3.96 per equity certificate**
- The Supervisory Board will meet on 22 March (approval date)
- The last day inclusive is 22 March
- SPOL is ex dividend from 23 March
- The record date is 26 March
- Dividend will be paid on 6 April

### Equity certificates

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market price (in NOK)</td>
<td>90.50</td>
</tr>
<tr>
<td>Market capitalisation (NOK millions)</td>
<td>9,700</td>
</tr>
<tr>
<td>Book equity per equity certificate</td>
<td>81.14</td>
</tr>
<tr>
<td>Earnings per equity certificate (in NOK):</td>
<td>7.92</td>
</tr>
<tr>
<td>Price/earnings per equity certificate:</td>
<td>11.43</td>
</tr>
<tr>
<td>Price/book equity</td>
<td>1.12</td>
</tr>
</tbody>
</table>
Solid dividends for owners and customers

Allocation of profit

Profit after tax in the Group
NOK 1,263 million

OWNERS

Dividends
NOK 424 million

Dividend equalisation fund
NOK 272 million

Primary capital provision
NOK 131 million

Primary capital

Customer dividends
NOK 204 million

Donations

Foundation
NOK 231 million

54.4%

Dividends for the owners and customers equal 50% of the Group's profit after tax*

*The figures in the statement do not add up to 100% because the results in subsidiaries, group contributions, Bank’s donation provisions, fund for unrealised gains and minority interests have been excluded.
A stricter mortgage regulation* was introduced in 2017

The Bank uses the flexibility quota to service existing and desirable new customers

<table>
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<th>City of Oslo</th>
<th>7.4 %</th>
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<td>Other areas</td>
<td>4.2 %</td>
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</table>

Utilisation of flexibility quota in the fourth quarter of 2017

- The banks have a limited flexibility quota to allow exceptions to defined criteria. Criteria are:
  - Loan to Value (LTV) max 85 % (75 % legal limit for cover pool)
  - Secondary housing and flexible repayment mortgages must not exceed 60 % LTV in Oslo
  - A 5 pp rise in interest rates must be used when assessing the customer's debt servicing capacity
  - Total debt must not exceed five times gross annual income
  - Exceptions are possible for up to 10 % (8 % for Oslo) of the value of granted loans each quarter

* "Regulation on the requirements for new lending with collateral in housing"
Disclaimer

- This presentation contains forward-looking statements that reflect management’s current views with respect to certain future events and potential financial performance.
- Although SpareBank 1 Østlandet believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.
- Important factors that may cause such a difference for SpareBank 1 Østlandet are, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.
- This presentation does not imply that SpareBank 1 Østlandet has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.
End