



Investor presentation

September 2018

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- Norway's fastest growing region is our home market

Executive summary

SpareBank 1 Østlandet

- Norway's fourth largest savings bank
- The best capitalised regional savings bank in Norway - CET1 16.1%, Capital ratio of 19.3%, Leverage ratio 7.3%
- Low risk bank book with a 74% retail share, of which 96% housing mortgages
- Diversified income stream
- Long history of profits and stable low loan losses
- Largest owner of SPABOL, The SpareBank 1 Alliance's covered bond issuer

Funding and rating

- Rated A1 (negative outlook) by Moody's
- Deposit coverage ratio 73.6%
- Liquidity coverage ratio (LCR) 164.7 %
- Access to covered bond financing through SpareBank 1 Boligkreditt (SPABOL)

Norwegian economy

- One of the highest GDP per capita in the world
- Excellent financial position with large budget surplus and the sovereign wealth fund accounting for almost three times GDP

Home market

- The fastest growing region of Norway
- Low unemployment and high economic activity
- Market leader in the inland region, challenger in the capital region

Transaction rationale

The Bank's ambitions have implications for our funding strategy

SpareBank 1 Østlandet rated A1 (outlook neg.) by Moody's has mandated BNP Paribas, Deutsche Bank, LBBW and Nordea to arrange a roadshow in Europe commencing on the 17th September. A short-dated EUR sub-benchmark senior unsecured transaction in fixed or floating rate format will follow subject to market conditions. FCA/ICMA Stabilisation.

Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels).

Screen announcement 10 September 2018

- The Bank's revised business strategy has implications for the funding strategy going forward
- Deposits are and will continue to be the Bank's most important funding source
- The Bank exclusively uses SPABOL for covered bond funding
- Senior unsecured in NOK will still be the most important source for senior funding
- **Senior unsecured in EUR will be important going forward**
 - The inaugural EUR 500 million senior unsecured was very well received by the market
 - In addition the Bank has high activity in EUR private placements
 - Planning at least one EUR benchmark issue per year going forward

Content

- Introduction to SpareBank 1 Østlandet
- Region, strategy and ambitions
- Asset quality, rating and funding plans
- Norwegian and regional outlook
- Appendix (Financials H1-2018)



Introduction to SpareBank 1 Østlandet

SpareBank 1 Østlandet at a glance

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



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

Norway's fourth largest savings bank* with total adjusted assets (incl. covered bonds) of NOK 159 billion.

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

Head office in Hamar, 38 branches and 1,137 FTEs.

Approximately 327,000 customers with a retail lending share of 74%.


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

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

Diversified main activities

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

Operational divisions*

	<p>Retail Segment</p> <p>~ 370 employees</p>
	<p>Corporate Segment</p> <p>~ 125 employees</p>
	<p>Organisations & Capital Markets</p> <p>~ 20 employees</p>
	<p>Administration & Support</p> <p>~ 190 employees</p>

Selected key subsidiaries

100%	<p>EiendomsMegler 1 Hedmark Eiendom AS</p> <p><i>Real estate agent</i></p>
100%	<p>EiendomsMegler 1 Oslo Akershus AS</p> <p><i>Real estate agent</i></p>
95%	<p>SpareBank 1 Finans Østlandet AS</p> <p><i>Financing/Leasing</i></p>
~71%	<p>SpareBank 1 Østlandet VIT AS</p> <p><i>Accounting/financial advisory</i></p>

Selected other ownership interests

~25%	<p>Totens Sparebank</p> <p><i>Savings bank</i></p>
~24%	<p>KOMM-IN AS</p> <p><i>Local venture capital</i></p>
100%	<p>Vato AS</p> <p><i>Property management</i></p>
100%	<p>Youngstorget 5 AS</p> <p><i>Real estate SPV</i></p>
20%	<p>Proaware AS (BETR AS)</p> <p><i>Application development/consulting</i></p>

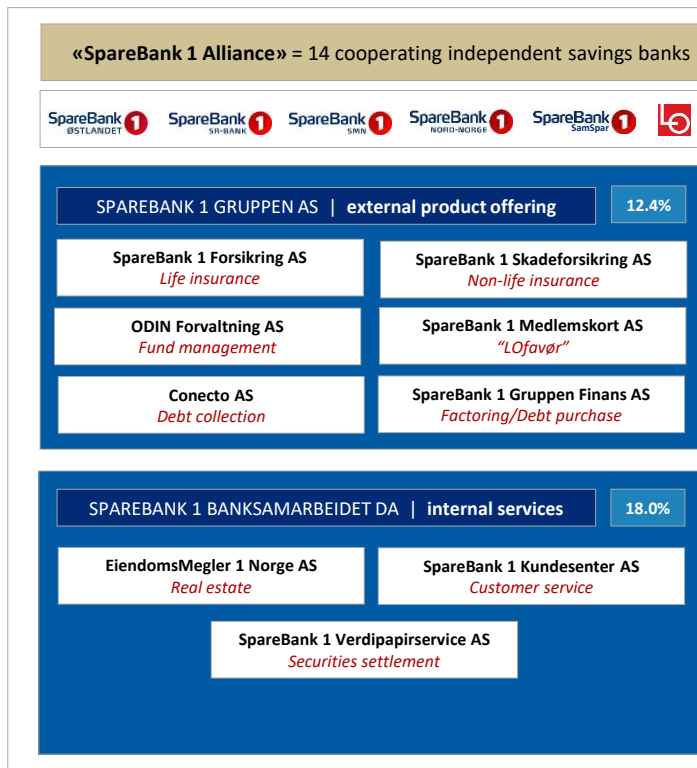
Part of the SpareBank 1 Alliance

Provides operational and financial economies of scale as well as diversified product offering

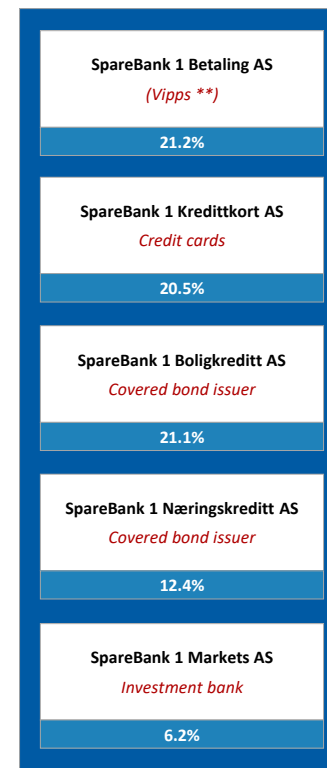
Key comments

- Total number of branches: 301
- Total number of FTEs: 6,000
- 14 independent Savings Banks
 - 6 listed equity capital certificate (ECC) banks
 - 1 public listed ordinary share bank (SR-Bank)
 - 7 traditional Savings Banks with ECCs
- The SpareBank 1 Alliance is Norway's second largest* financial group in terms of total assets.
- The SpareBank 1 Alliance 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

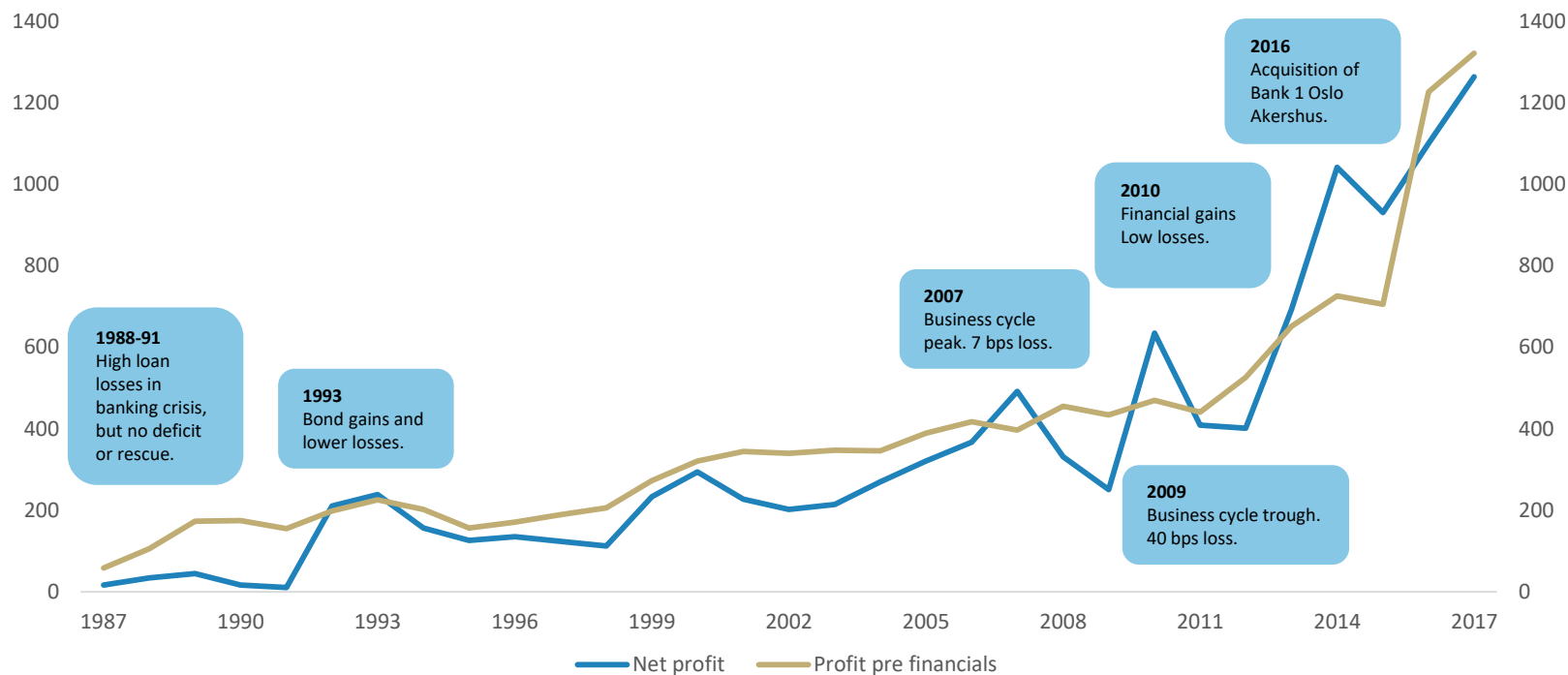


Key associated companies



Long history of profits

Net profit and profit pre-financials and loan losses (NOK million)

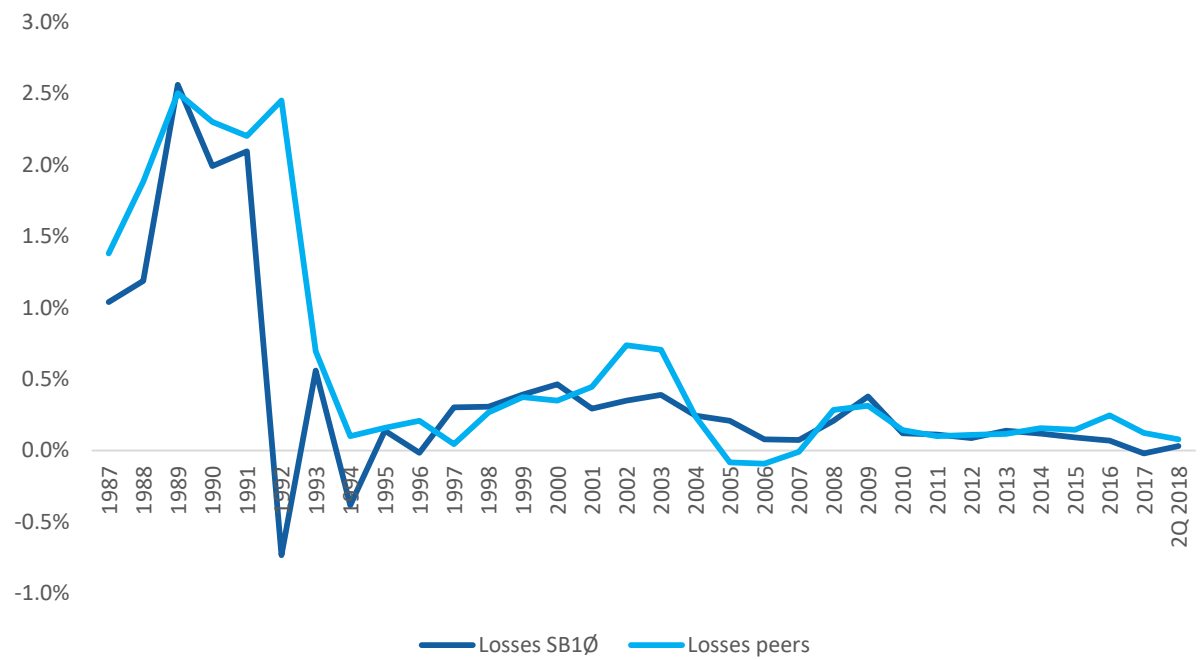




Long history of low loan losses

Lower and more stable than peer average in Norway

Loan loss provisions, (% of lending*)



Source: Bank reports and SpareBank 1 Markets. Peers: NONG, SRBANK, MING, MORG, SVEG
(*) Included loans transferred to covered bond companies

Solid performance in several business areas

Second quarter 2018

- High activity levels in all business areas
- Strong regional growth
- High income and lending growth
- Reduction in operating costs en route to meet target
- Effective restructurings of subsidiaries EiendomsMegler 1 OA and SpareBank 1 Regnskapshuset Østlandet
- Low and stable loan losses
- Capital solidity, above CET1 target



Financial results for the second quarter of 2018

(Last year's figures in brackets)

Higher profitability

Pre-tax profit in 2Q-18 isolated at NOK 416 million (NOK 274 million).
Pre-tax profit in 1H-18 at NOK 730 million (NOK 548 million).

Good return on equity

ROE in 2Q-18 at 12.9% (9.0%).
ROE in 1H-18 at 11.4% (9.1%).

Solid capitalization

CET 1 ratio at 16.1% (16.7%).
Leverage ratio at 7.3% (7.5%).

High lending growth

Lending growth of 8.9% (8.0%) last 12 months.
Lending growth in 2Q-18 of 2.3%.

Stable deposit growth

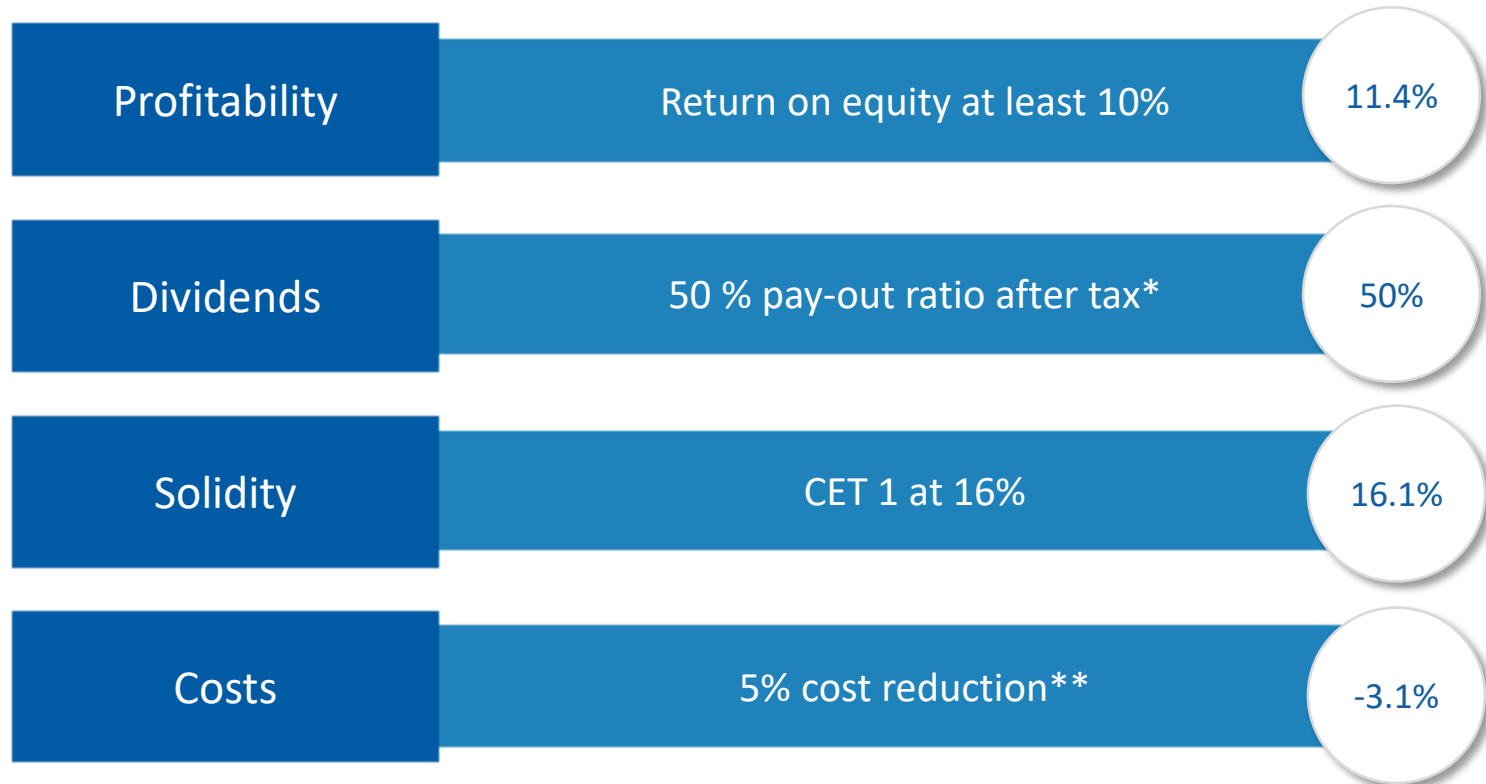
Deposit growth of 6.0% (6.4%) last 12 months.

Low losses on loans

Impairment losses on loans NOK 7 million in 2Q-18.
Impairment losses on loans NOK 12 million in 1H-18.

The financial targets are met in 1H-2018

Financial targets 2018 and performance as of 1H-2018

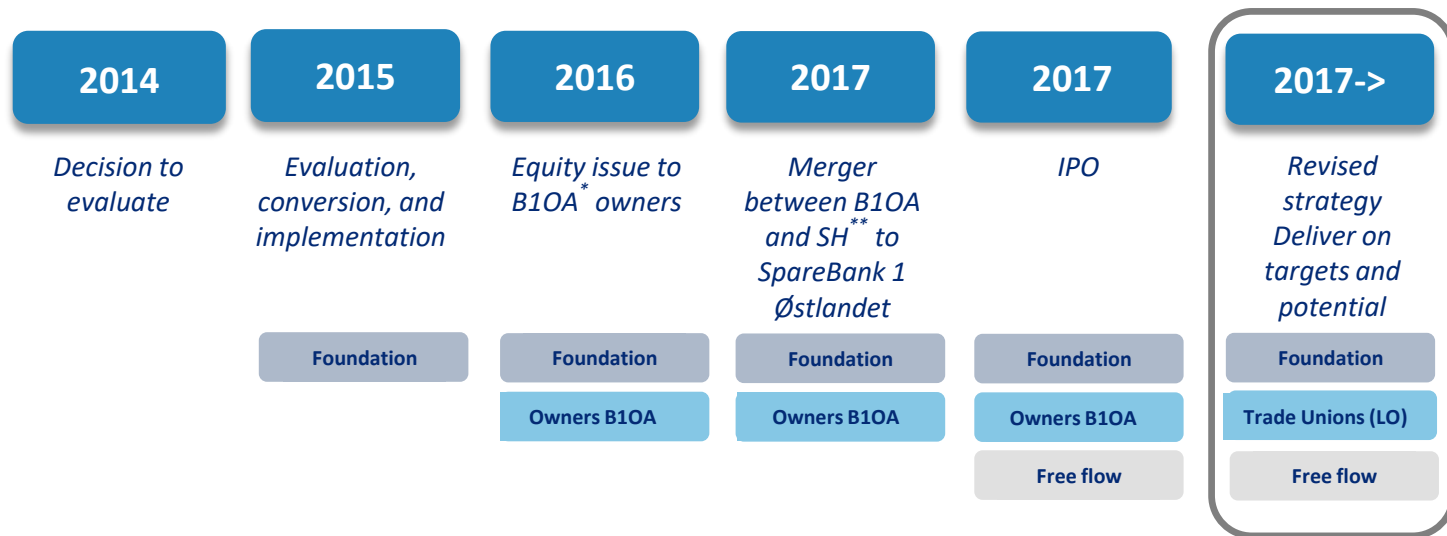




Region, strategy and ambitions

Continuous development of the Bank

Recent merger and IPO basis for future growth



Customer dividend ensures a stable ECC ratio^{***}

(*)B10A - Bank 1 Oslo Akershus

(**) SH - Sparebanken Hedmark

(***) ECC ratio = Equity Capital Certificate owners capital/(ECC owners capital + Total Primary Capital)

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.

Solid position and growth opportunities

Market leader in Hedmark, market challenger in other counties

Hedmark

Population	197,032
Market share* RM	49%
Market share CM	45%
Position	market leader
Unemployment	2.0%

Oppland

Population	189,761
Market share RM	4%
Market share CM	8%
Position	challenger
Unemployment	1.6%

Oslo

Population	676,462
Market share RM	11%
Market share CM	2%
Position	challenger
Unemployment	2.7%

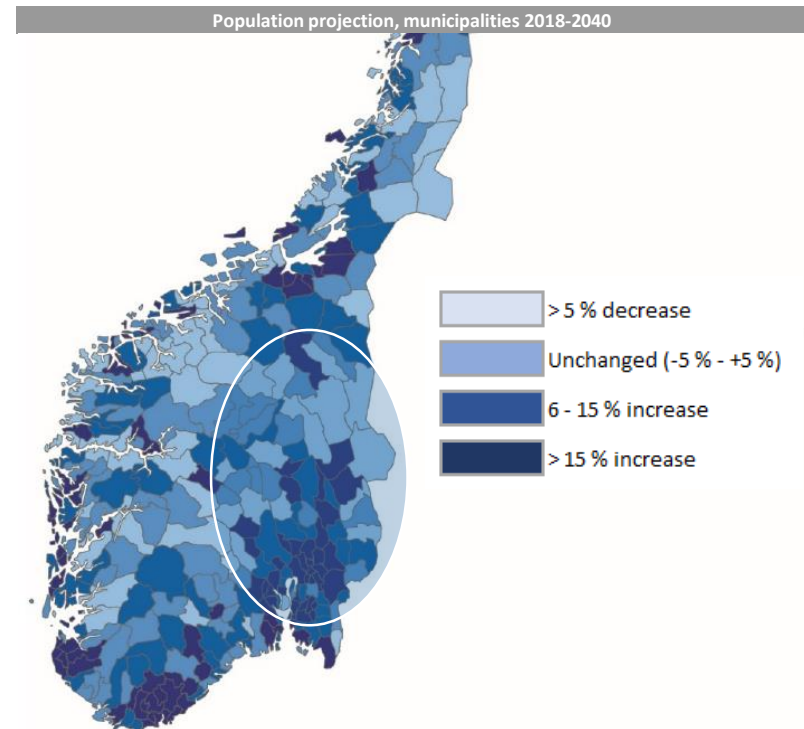
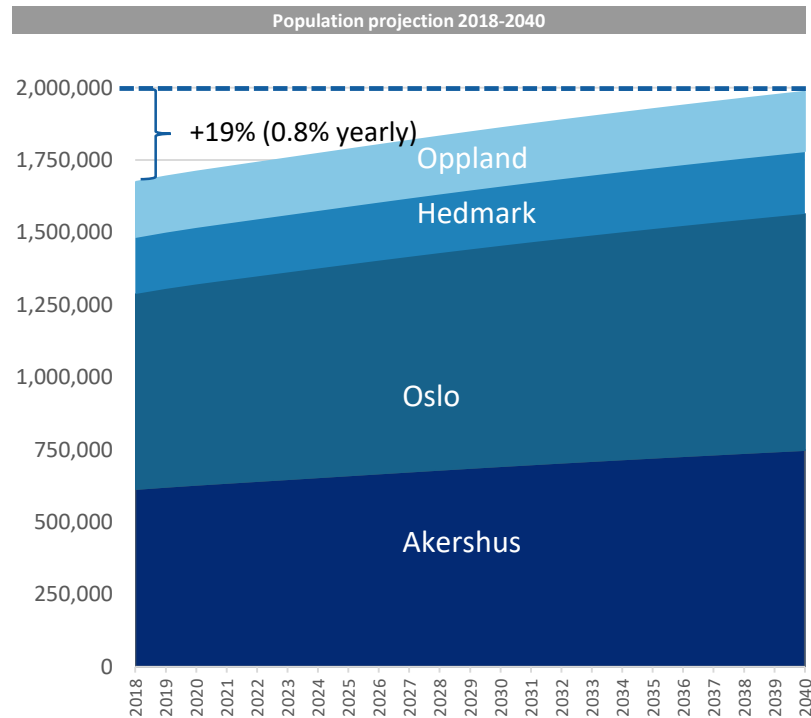
Akershus

Population	619,440
Market share RM	7%
Market share CM	4%
Position	challenger
Unemployment	2.1%



A market area with long term growth potential

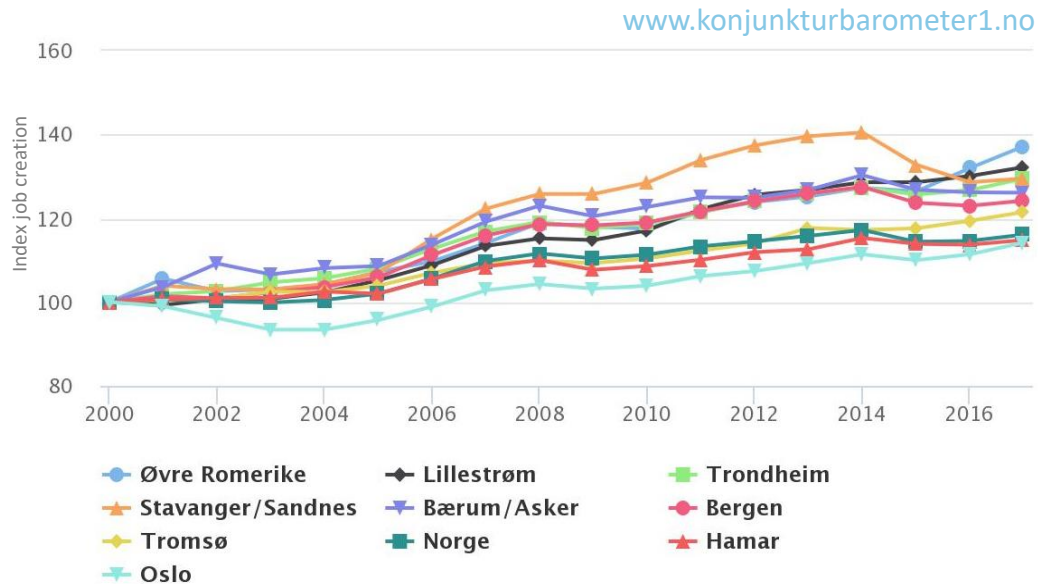
Considerable population growth in the Greater Capital Area



Øvre Romerike – national champion in job creation

Job creation in the region

- Øvre Romerike has for a long time been the national champion in population growth.
- The region is now also the national champion in job creation.
- In the period of 2015-2017, businesses in Øvre Romerike created 3,519 new jobs.
 - A growth of 8.5 per cent.
 - Compared with a 0.3 per cent growth in Norway.



The bank is strengthening its ESG focus

Obtaining a distinct ESG profile is a cornerstone of our business strategy



- SpareBank 1 Østlandet has signed up for the United Nations Global Compact**

 - Ensures all 10 principles of sustainability are integrated in day-to-day operations
 - The bank is since 2017 reporting ESG performance according to the GRI reporting standard *)
- The SpareBank 1 Alliance is a member of the Norwegian Green Building Council**

 - The Norwegian Green Building Council, a part of the World Green Building Council, was established in 2010 to drive sustainability in the Norwegian built environment, primarily through the introduction of environmental rating tools
- SpareBank 1 Østlandet established a CSR strategy in 2014**

 - The CSR strategy has since been expanded to cover all relevant aspects of the bank's ESG initiatives, including credit policies, investment policies, HR policies, procurement policies and so on.
- The SpareBank 1 Alliance's asset manager and insurance company are guided by sustainability in their investments**

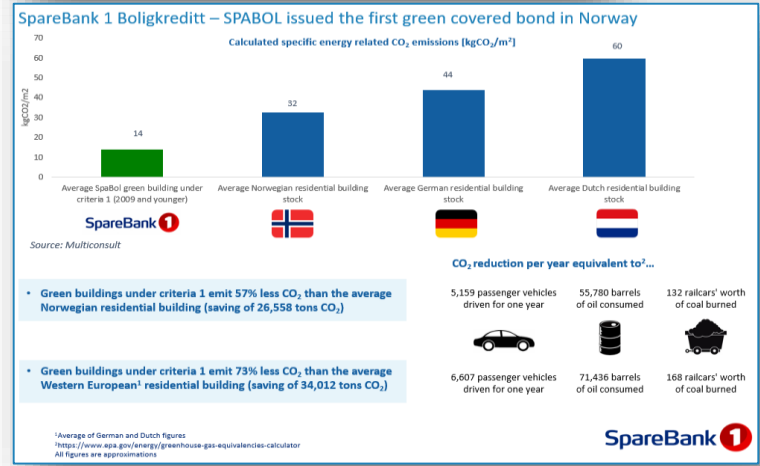
 - The SpareBank 1 asset manager ODIN is a signatory of the UN PRI – principles for responsible investments
 - SpareBank 1 insurance integrated ESG factors in its investments and is in the process of evaluating international initiatives to sign up to. Nearly all external fund managers for the insurance company are UN PRI signatories
- SpareBank 1 Østlandet's branch offices are certified as 'Eco-lighthouses' in Norway**

 - This is an initiative where over 5400 Norwegian companies, public institutions and other organizations have become certified and follow certain industry specific rules and principles to reduce their environmental impact.
 - The EU recognized Norway's Eco-lighthouse arrangement in December 2017, meaning it complies with the eco-management and audit scheme (EMAS) in the European Union.

SpareBank 1 Østlandet introduced a «green mortgage» in 2017

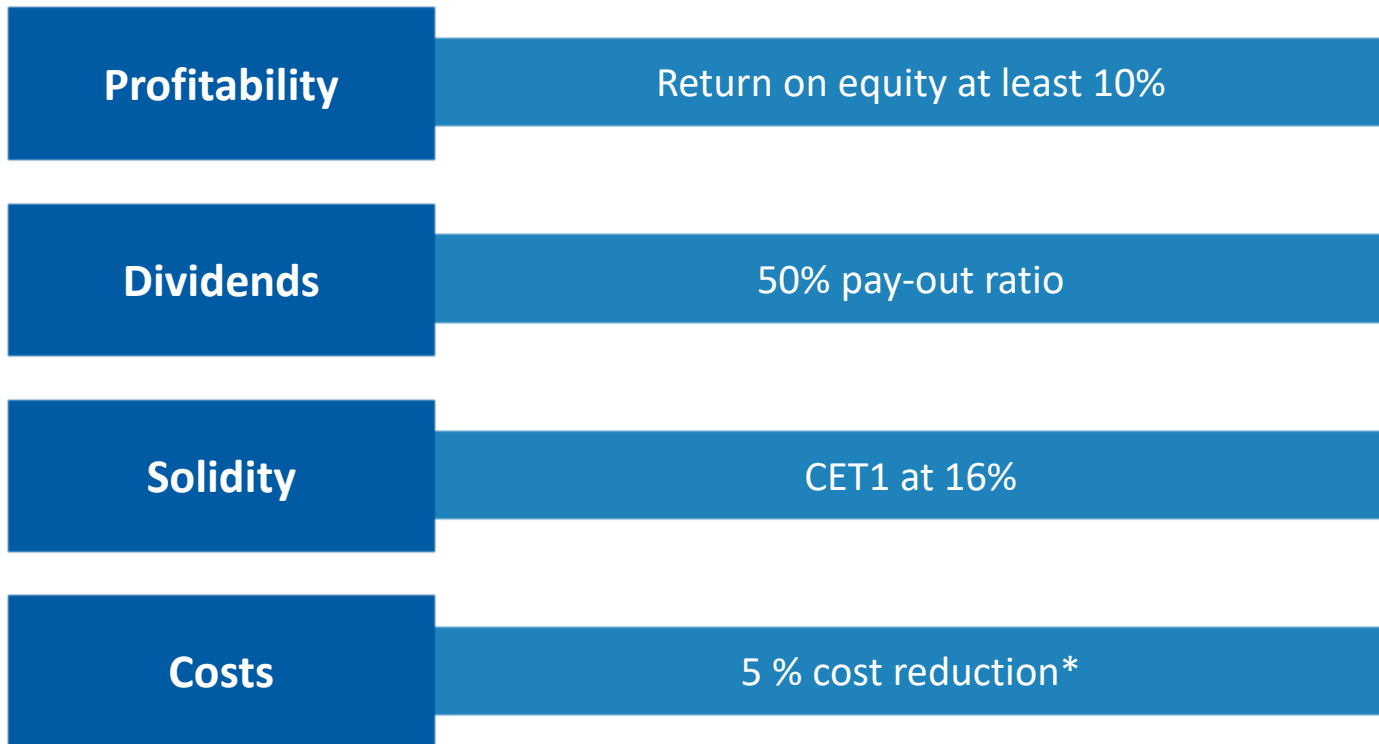
- Increase energy efficiency in existing buildings
- Complete refurbishments of older buildings
- Construct new passive houses

Terms: 0% - year 1 (money market rate is 0,8%, normal mortgage rate 2,50%)
0,5% - year 2, increasing 0,5% annually to maximum 1,5%



Financial targets 2018

Remaining solid and continuing focus on profitability

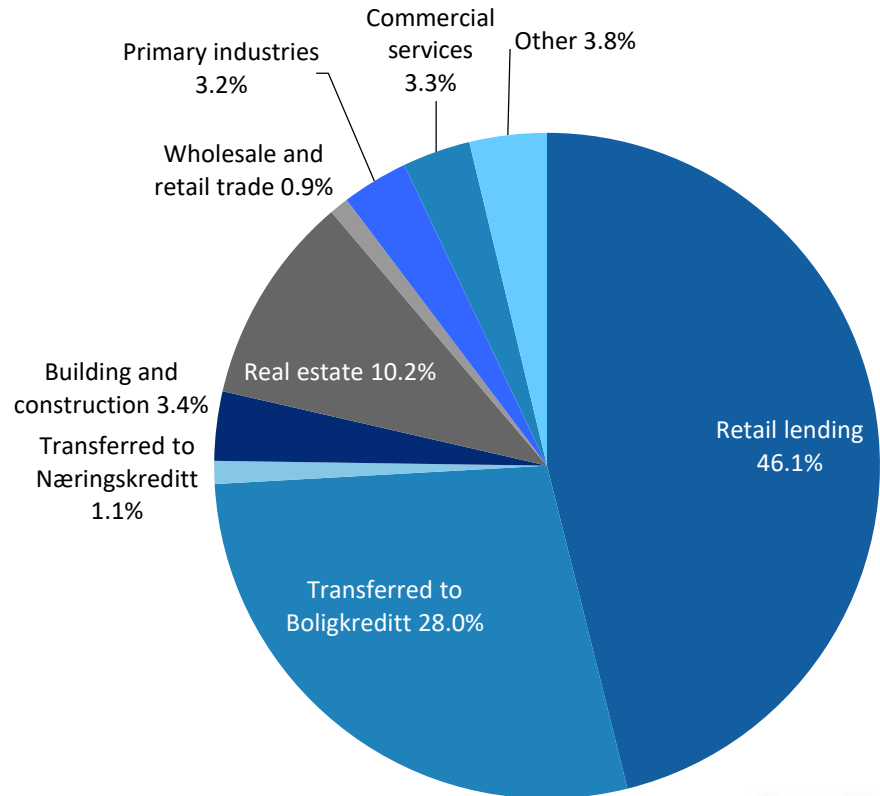
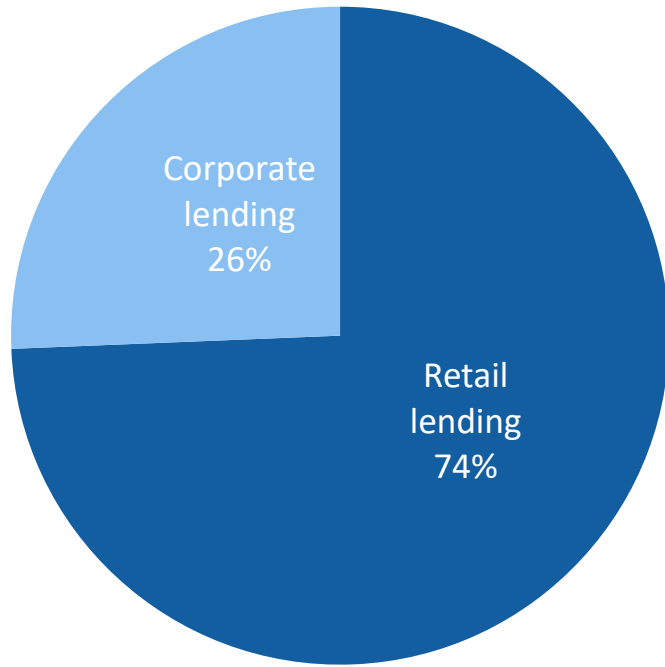




Asset quality, rating and funding plans

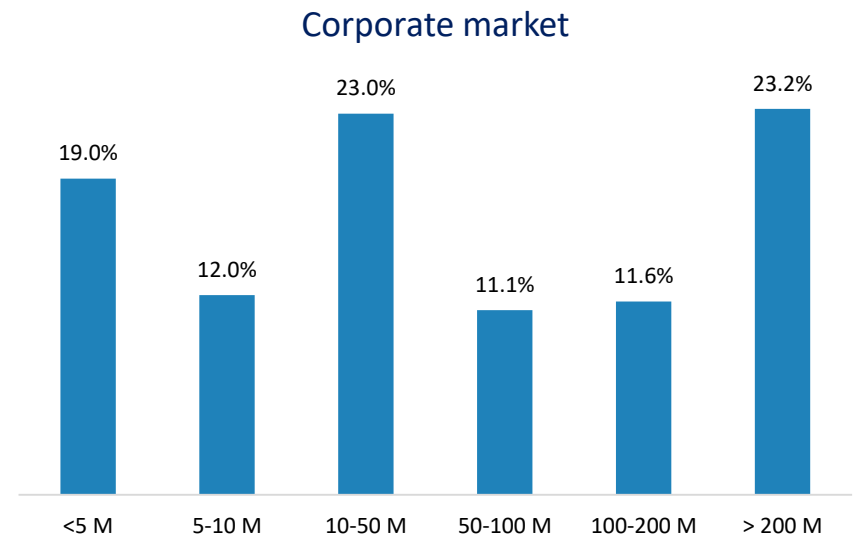
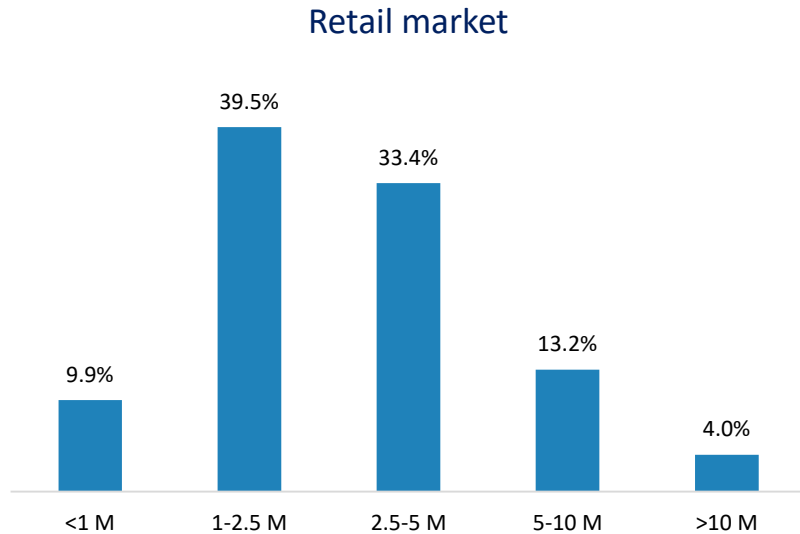
Loan book dominated by retail and SME lending

Lending to customers per sector (per cent*)



The typical mortgage is small or moderate in size

Retail and corporate loans by size (% share)*



Underwriting within the quotas of the mortgage regulation*

Daily follow-up ensures optimal utilisation of the permitted quota

Utilisation of flexibility quota in 2Q-2018:

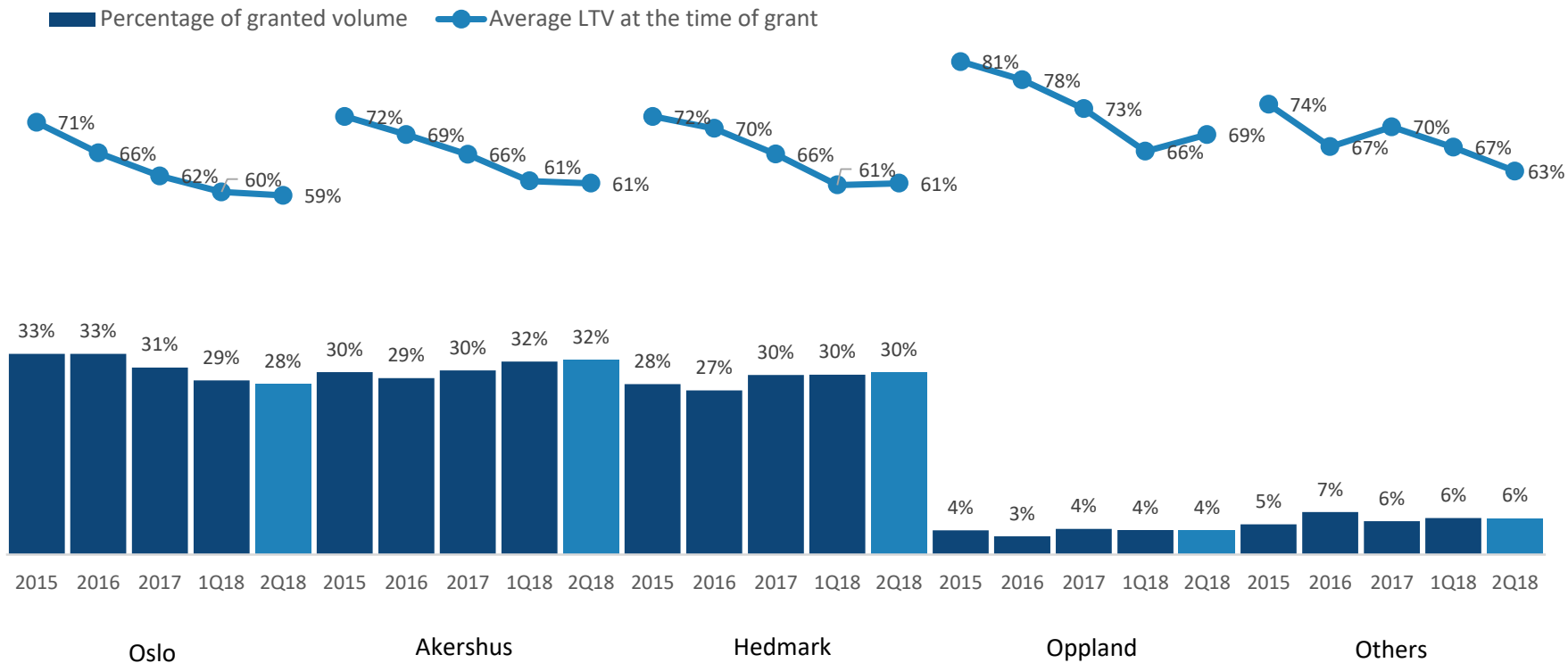
City of Oslo
3.6% (8% quota)

Other areas
4.1% (10% quota)

- The mortgage regulation constrains the lending and contributes to a low risk profile mortgage lending:
 - Debt servicing capacity
 - Stress: 5% interest rate increase
 - Maximum loan to value (LTV) 85%
 - 75% limit in the cover pool
 - Gearing
 - Total debt must not exceed five times gross annual income
 - Installment payment
- Exceptions are permitted within 10% (8% for Oslo) of the total granted volume each quarter
 - The so called “Flexibility quota”

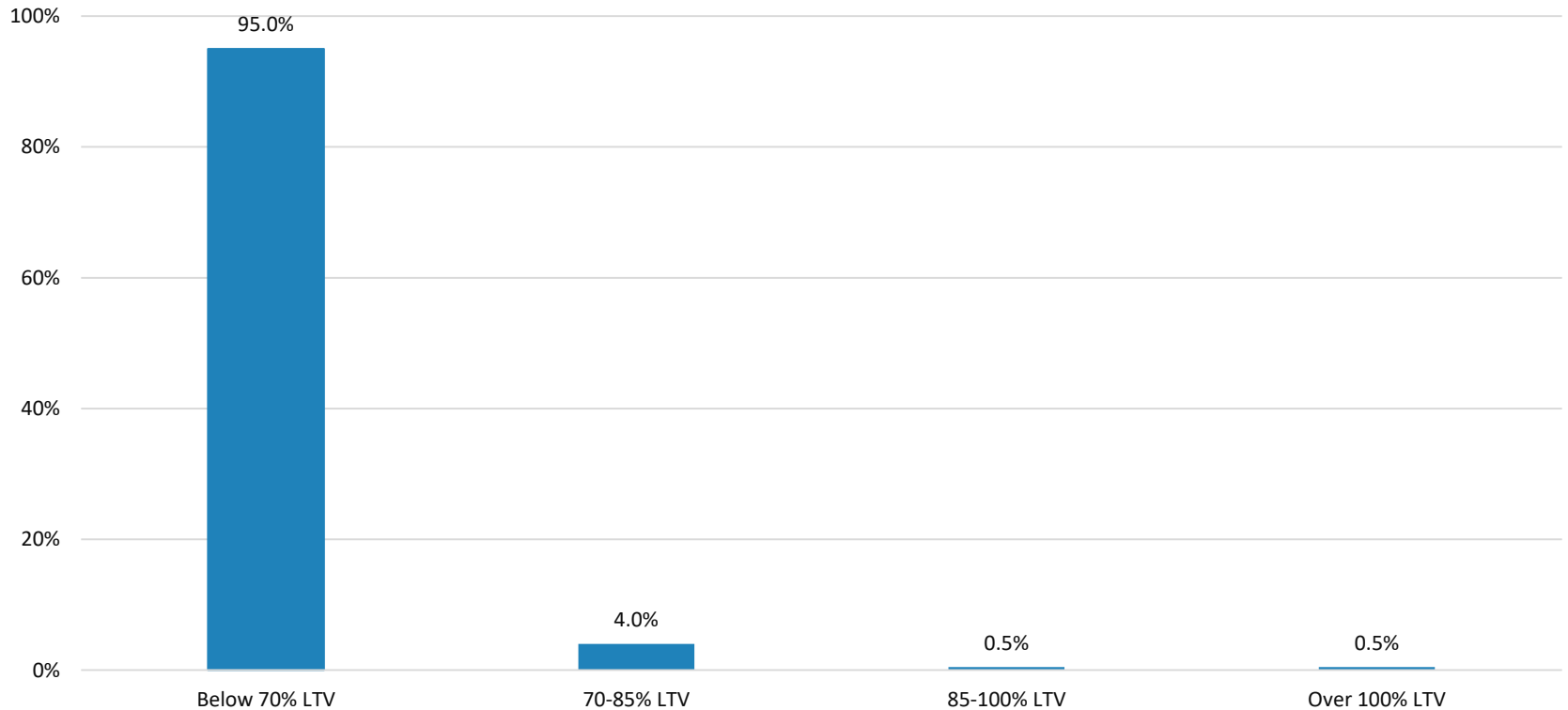
High quality credit process – falling LTV

Percentage of granted mortgages and average LTV per county



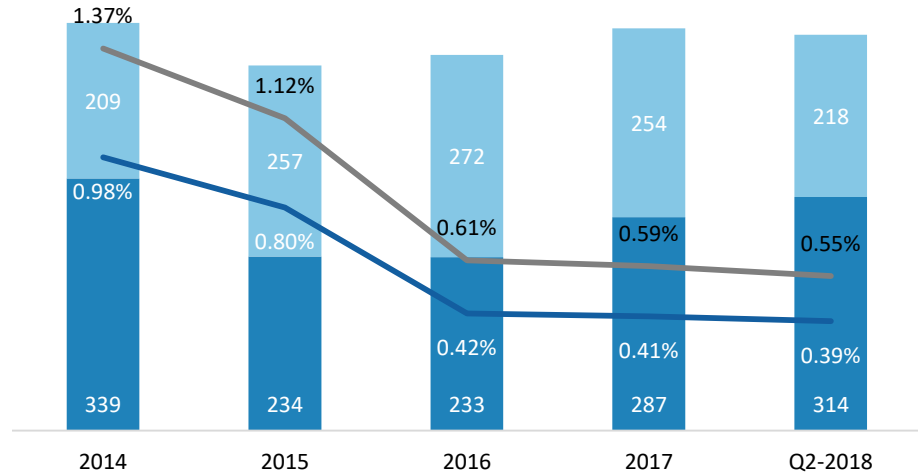
Predominantly low LTV in the residential mortgage lending

Exposure per LTV bucket in the residential mortgage portfolio



Low and decreasing levels of problem loans

Non-performing and other doubtful commitments*



■ Gross doubtful commitments (not in default)

■ Gross defaulted commitments for more than 90 days

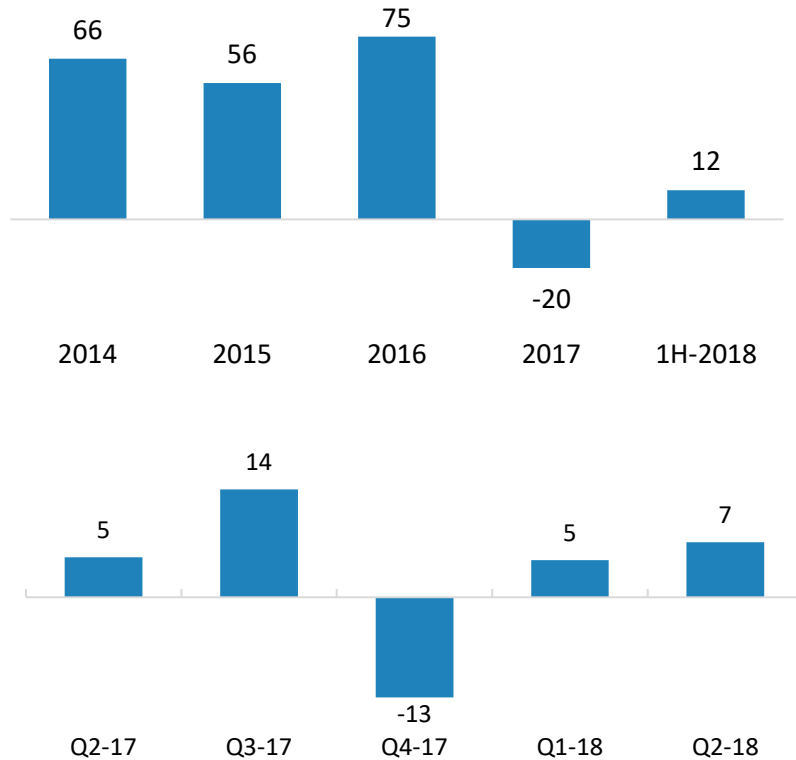
— Gross doubtful (not in default) and gross defaulted commitments as % of gross loans

— Gross doubtful and gross defaulted commitments as % of gross loans incl. loans transferred to covered bond companies

- The proportion of problem loans decreases further

Still very low losses on loans

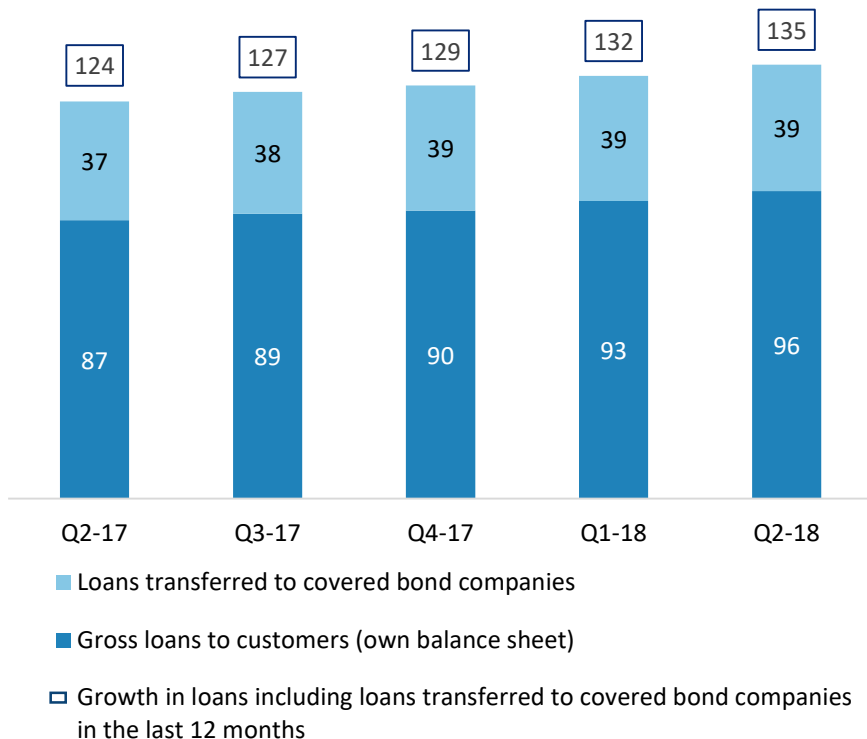
Losses on loans and guarantees (NOK million) in 2Q-2018



- Losses on loans and guarantees were NOK 7
- Equals an annualised loss rate of 0.03% of gross lending

Continued strong lending growth

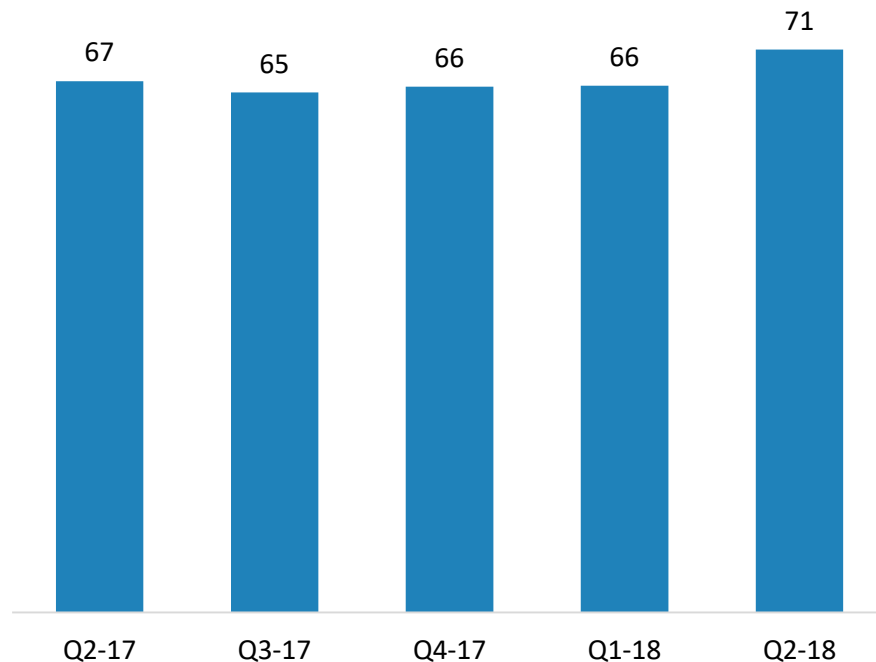
Lending volume (Group, NOK billion)



- Total lending in the Group, including loans transferred to covered bond companies, increased by NOK 3.5 billion during the quarter.
- This is equivalent to a 2.7% growth during the quarter.
- Lending growth in the Group the last 12 months was 8.9% (8.0%)
 - Retail lending increased 9.3%
 - Corporate lending increased 7.9%

Satisfactory deposit coverage

Deposit volume (Group, NOK billion)



- Deposit growth last 12 months 6.0%
 - Deposit growth - retail 8.1%
 - Deposit growth - corporates 3.2%
- Deposit coverage ratio 73.6%
- Deposit coverage ratio, including mortgages transferred to the covered bond companies, 52.1%

A1 Moody's Senior Unsecured rating

Based on Credit Opinion as of 14 June 2018

Main take aways

- “SpareBank 1 Østlandet'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, on the back of a lower credit risk portfolio”
- “Strengthened franchise following the acquisition of Bank 1 Oslo Akershus”
- “However, the expected implementation of the official resolution regime in Norway in the coming months, will likely cause us to reconsider/lower our government support assumptions for all rated savings banks in Norway, including SpareBank 1 Østlandet, as reflected by the current negative rating outlook.”*
- **Latest development: System Outlook from Moody's 28 August 2018 upgraded the Norwegian banking system from negative to stable.**

Moody's INVESTORS SERVICE
FINANCIAL INSTITUTIONS

CREDIT OPINION
14 June 2018

SpareBank 1 Ostlandet
Update to credit analysis

Update
Rate this Research

RATINGS
SpareBank 1 Ostlandet

Rating	Home	Foreign
Long Term Debt	A1	A1
Senior Unsecured	Egn	Egn
Outlook	Negative	Negative
Long Term Deposit	A1	A1
Type	□ Bank Deposits	□ Egn
Outlook	Negative	Negative

Summary
SpareBank 1 Ostlandet's long-term deposit and senior unsecured debt ratings of A1 take into account the bank's baseline credit assessment (BCA) of baa1, but also our loss given failure (LGF) analysis and government support assumptions that combine to three-notches of rating split from its BCA.

SpareBank 1 Ostlandet's BCA of baa1 primarily reflects the bank's strengthened franchise following the acquisition of Bank 1 Oslo Akershus (BIOA) in June 2016 and its legal merger in April 2017, as well as the bank's healthy standalone credit profile. The immediate benefits conferred to the bank include better asset quality (problem loans ratio dropped to 0.4% at end-March 2018 from 0.9% at end-December 2015), as well as deeper loans and earnings geographical diversification. The bank's capital and profitability metrics are also satisfactory, despite some immediate pressure following the acquisition. The bank's BCA also takes into account its relatively high level of capital markets funding, a common feature among the largest savings banks in Norway.

The bank's A1 deposit, senior unsecured debt and issuer ratings take into account our Loss Given Failure (LGF) analysis, which benefits from its large volume of deposits and substantial layers of subordination resulting in two notches of rating split from its BCA. Our current assessment of a moderate probability of government support, which results in one additional notch of rating split, is likely to be revised shortly due to the BRRD law in Norway (please see [press release](#) for more details).

Rating Scorecard - Key Financial Ratios

(SpareBank 1 Østlandet (BCA 2017))

Ratio	SpareBank 1 Østlandet (BCA 2017)	Median Peer (Other Banks)
Return on Assets	15.2%	10.5%
Capital	15.2%	10.5%
Profitability	15.2%	10.5%
Equity	15.2%	10.5%
Loan Losses	0.4%	0.9%
Problem Loans	0.4%	0.9%
Loan Losses	0.4%	0.9%
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Loan Losses	0.4%	0.9%
Problem Loans	0.4%	0.9%

Source: Moody's Financials/Statistics
SpareBank 1 Østlandet

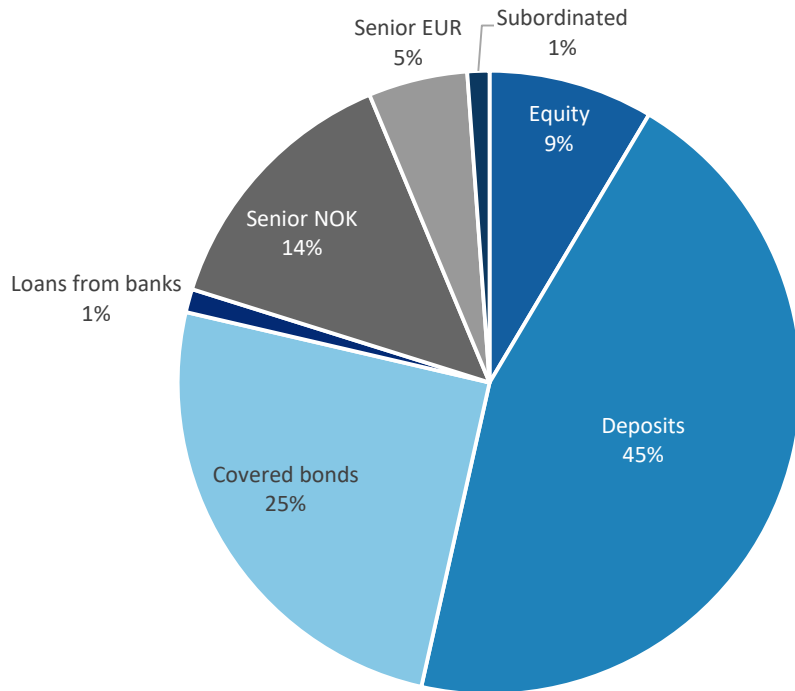
CLIENT SERVICES

America 1-212-553-1033
Asia Pacific 852-3531-3077
Japan 81-3-5408-4100

Senior Unsecured MTN	A1	
LT Bank deposits	A1/P-1	Neg (*)
BCA	baa1	

The bank's ambitions for the funding strategy (1)

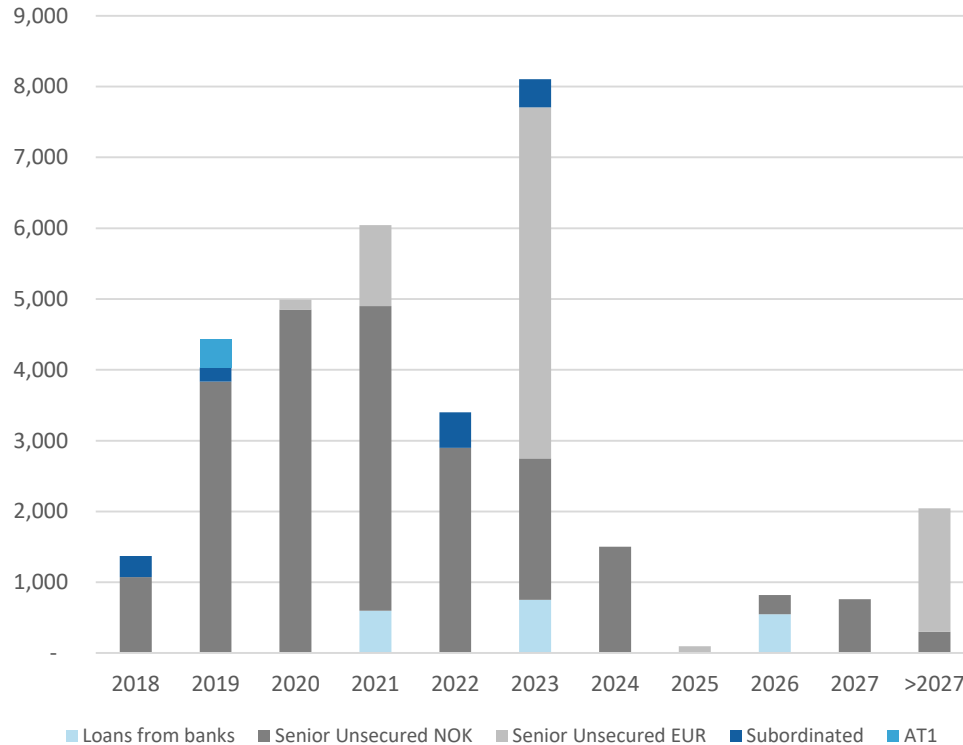
Today's funding mix and thoughts on funding going forward



- The Bank's revised business strategy leads to higher funding activity going forward
- Deposits are and will continue to be the Bank's most important funding source
- The Bank exclusively uses SPABOL for covered bond funding
- Senior unsecured in NOK will still be the most important source for senior funding
- **Senior unsecured in EUR will be important going forward**
 - The inaugural EUR 500 million senior preferred was very well received by the market
 - In addition the Bank has high activity in EUR private placements
 - Planning at least one EUR benchmark issue per year going forward

The bank's ambitions for the funding strategy (2)

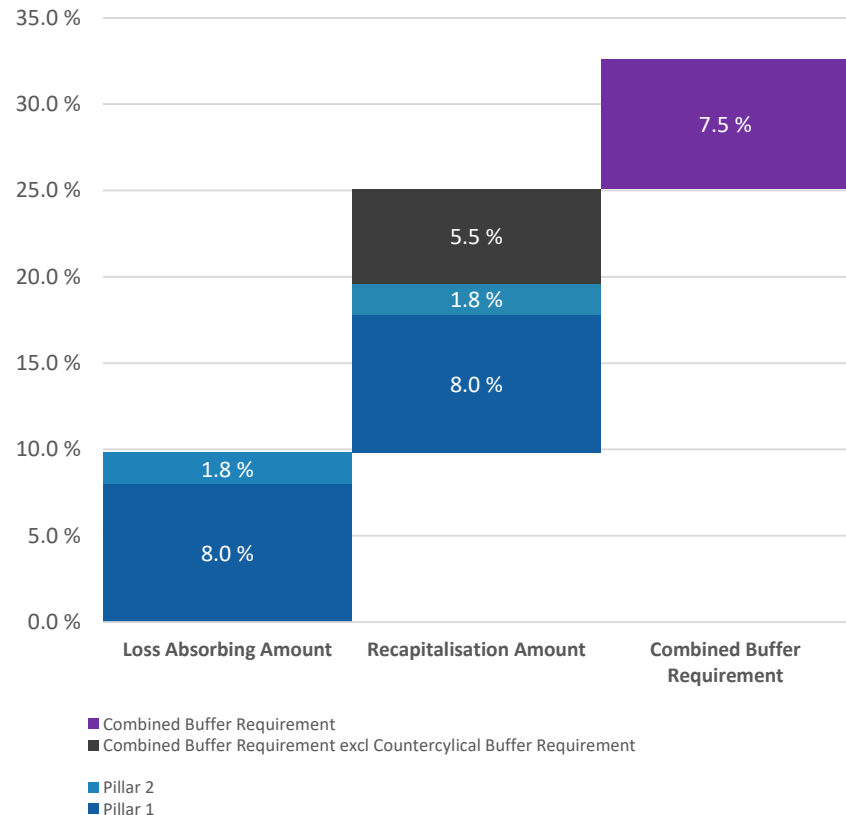
Funding profile as of August 2018 (NOK million)



- Well diversified funding profile
- Average time to maturity 4.0 years
- Total maturities of NOK 33.6 billion
- Mortgages of NOK 39.4 billion transferred to SPABOL as of 2Q-2018

Minimum Requirement for Own Funds and Eligible Liabilities

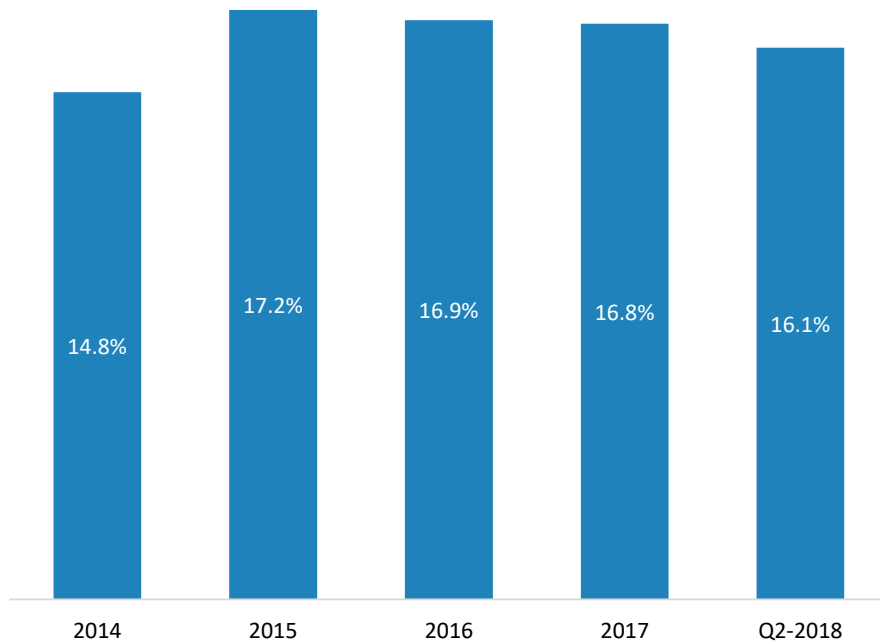
MREL – The proposal from the Norwegian FSA 29 June 2018



- Proposal
 - Loss absorbing amount to be covered by Pillar 1 and Pillar 2 requirements
 - Recapitalization amount to be covered by excess capital and capital subordinated to senior debt
- Preliminary calculations indicate that SpareBank 1 Østlandet will need to issue NOK 7 billion in “tier 3” capital*
 - Final consequences to be concluded
 - Probably moderate relative to peers
 - Gradually refinancing of maturing senior debt with tier 3 until YE2022

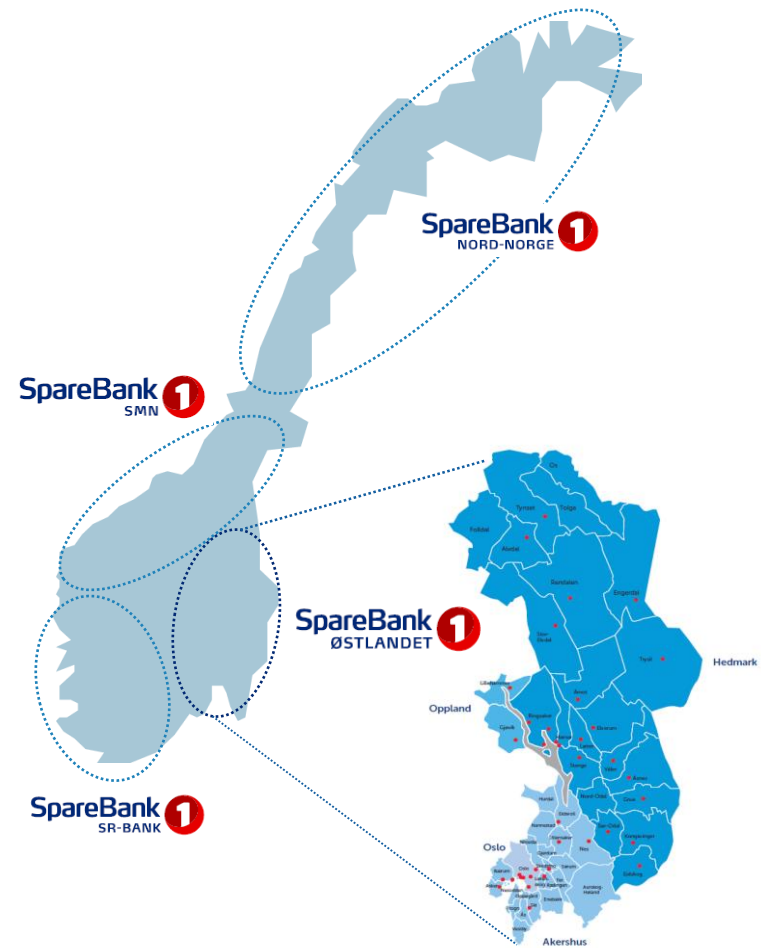
CET 1 above target

Common equity tier 1 ratio (Group)



- The Group's common equity tier 1 ratio in 2Q-18 was 16.1% .
- The target for CET 1 is 16.0%.
- The reduction in CET 1 in Q2 was due to strong lending growth in the period.
- The leverage ratio was 7.3% 2Q.

Norwegian and regional outlook



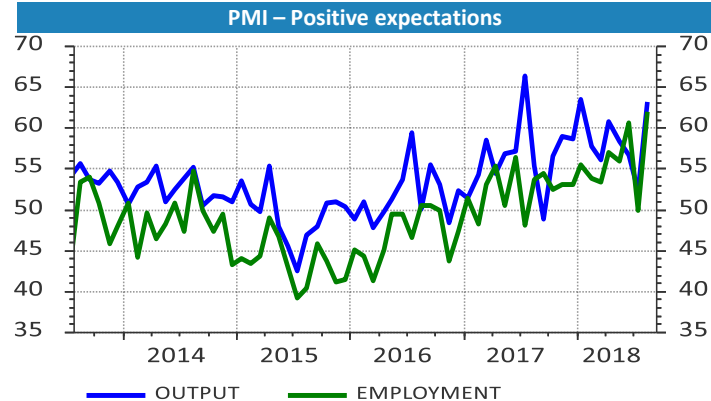
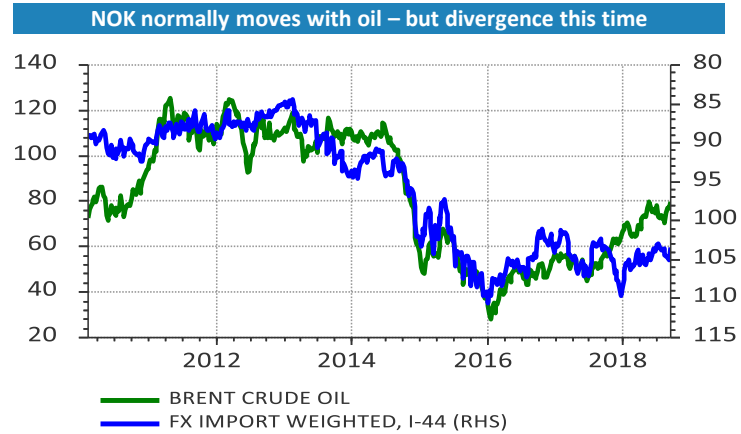
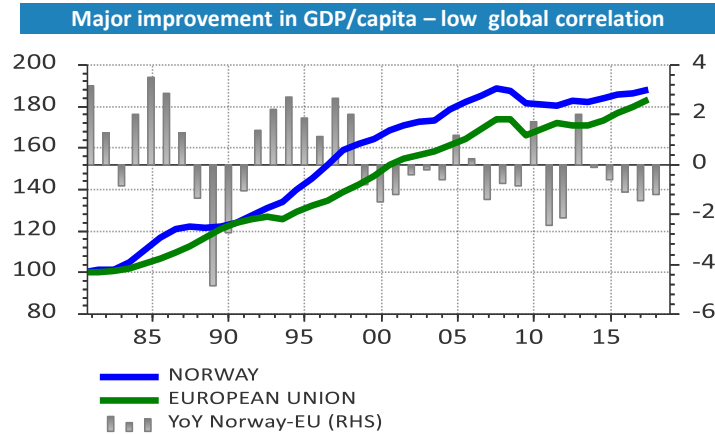
Norwegian economy at a glance

Balanced growth and strong public finances

Economic Indicators (real growth or level in per. cent)	2013	2014	2015	2016	2017	2018E	2019F
GDP growth - mainland	2.3	2.2	1.4	1	1.8	2.1	2.5
Household consumption growth	2.7	1.9	2.6	1.5	2.3	2.5	2.8
Investment growth (mainland*)	2.9	0.4	-0.2	6.1	5.5	-0.1	1.6
Investment growth offshore oil and gas	19.3	-3.2	-12.2	-16.9	-2.0	2.4	3.8
Inflation rate (CPI)	2.1	2	2.1	3.6	1.8	2.5	1.5
3 month NIBOR/mortgage rate	1.8/4.0	1.7/3.9	1.3/3.2	1.1/2.6	0.9/2.6	1.1/2.7	1.4/3.1
Household savings ratio	7.4	8.2	10.3	7.1	7.1	7.2	7.7
Unemployment rate (survey)	3.5	3.5	4.4	4.7	4.2	3.9	3.8
HH sector real disp. income growth	3.8	2.8	5.2	-1.5	2.4	2.4	2.9
Current account surplus/GDP	10.3	10.5	7.9	3.9	5.5	8.1	9.3
Gov. budget surplus*/GDP	12	10	7	4	3	4	n/a
Sovereign Wealth Fund/GDP	164	204	238	241	302	295	n/a

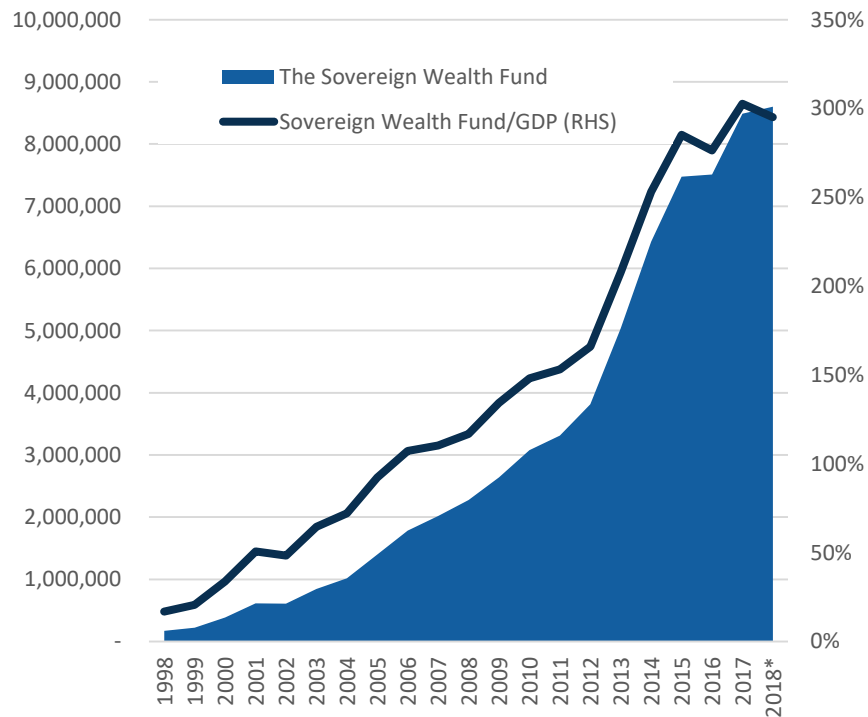
Norway: Positive economic conditions and outlook

Turnaround in oil, growth on trend and falling unemployment



Strong Public sector finances

The Sovereign Wealth Fund

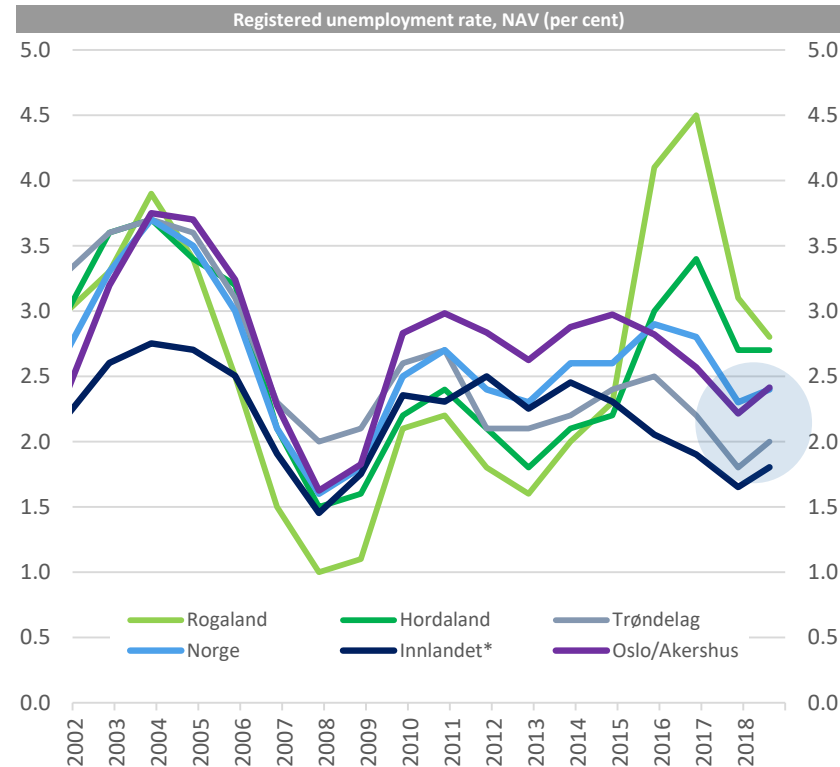
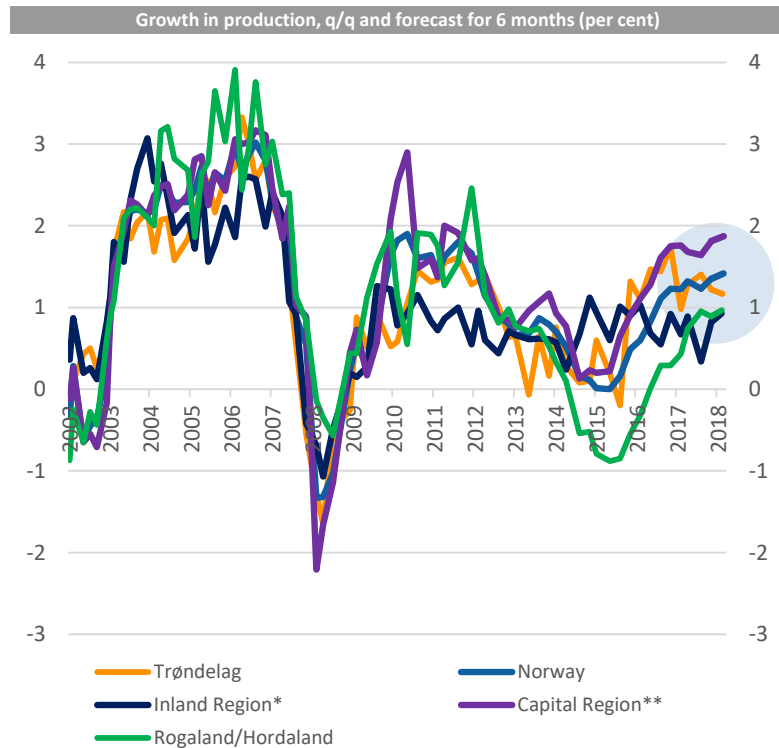


- The sovereign wealth fund is almost 3 times GDP
- All petroleum related income – oil taxes and direct revenue flows into the fund
- 3 % of the fund’s size may be spent in the National Budget
 - Could be used as a countercyclical buffer through the cycle
 - In 2016 and 2017, total government expenditure was slightly above its income (before oil income)
 - The countercyclical buffer is used in these years
- The fund is restricted from investing in Norwegian assets or banks
- The return from the fund outweighs the reduction in buffer
 - Positive net return

Sources: NBIM, Ministry of Finance “Revised National Budget 2018”

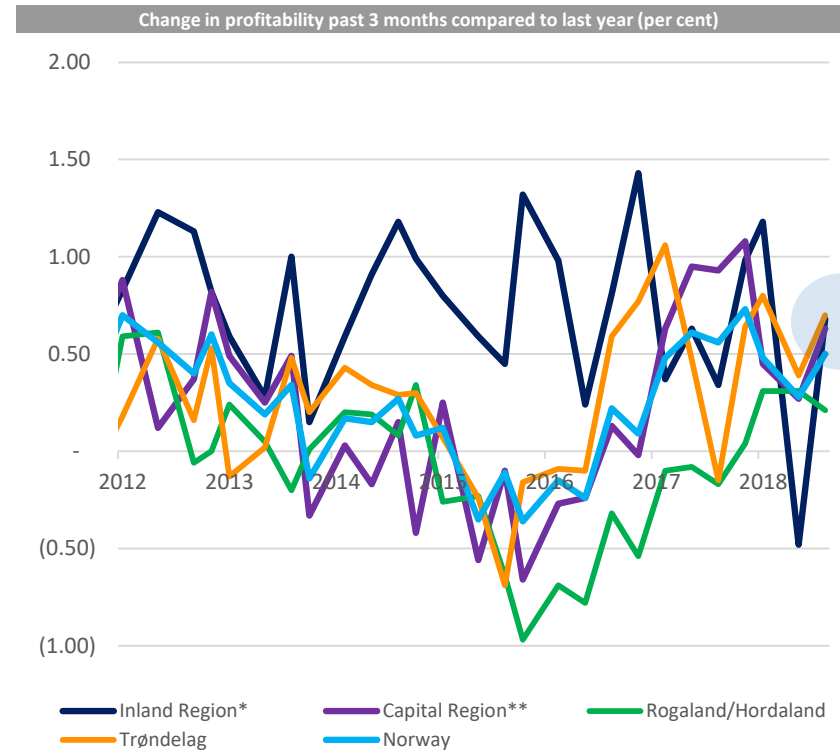
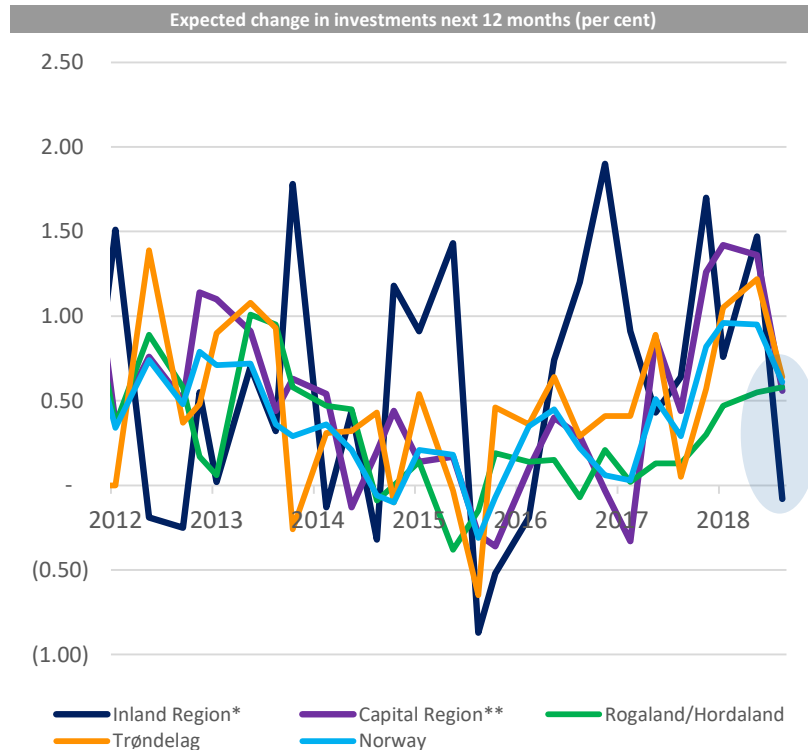
High economic activity in our market area (1)

Increasing productivity and low unemployment



High economic activity in our market area (2)

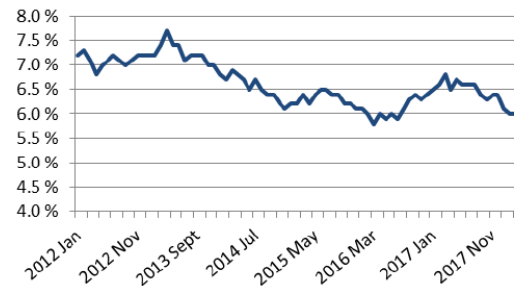
Investment leveling out on higher profitability



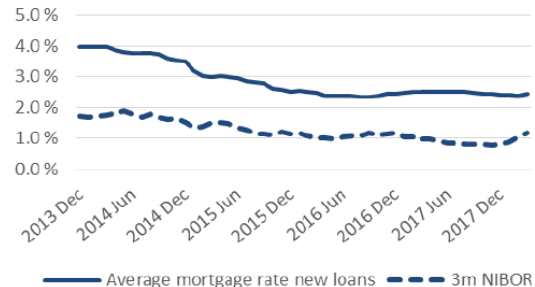
Mortgage market: key characteristics

Mortgage Market	<ul style="list-style-type: none"> Total size approximately NOK 3,000 billion (USD 375 billion, €330 billion) Private banks (incl. savings banks) are the dominant suppliers of mortgages with over 95% market share Scheduled repayment mortgages: 83.4%, flexible: 16.6% Typical maturity: 25 years First priority security market with thorough documentation vetting
Home Ownership	<ul style="list-style-type: none"> Over 80% of households owner occupied (little buy to let) Between 50 and 60% are detached one-family houses
Social security	<ul style="list-style-type: none"> Unemployment benefits represents ca 60% of salary for 2 years
Personal Liability	<ul style="list-style-type: none"> Borrowers are personally liable for their debt Swift foreclosure regime upon non-payment Transparent information about borrowers
Regulation	<ul style="list-style-type: none"> Loan to value: 85% (75% legal limit for cover pool) Flexible repayment mortgages: max 60% LTV 5% mortgage interest rate increase as stress test High risk weighting for banks for mortgage lending (20-25%) Maximum 5x debt / gross income for borrowers
Interest Payments	<ul style="list-style-type: none"> 90-95% of mortgages are variable rate Interest rates can be reset at the lender's discretion, by giving the debtor 6 weeks notice
Tax Incentives	<ul style="list-style-type: none"> 24% of interest paid is tax deductible (equal to the basic rate of tax) Low effective real estate tax (lower net worth tax on real estate than financial assets)

Household credit growth
(12 months growth rate)

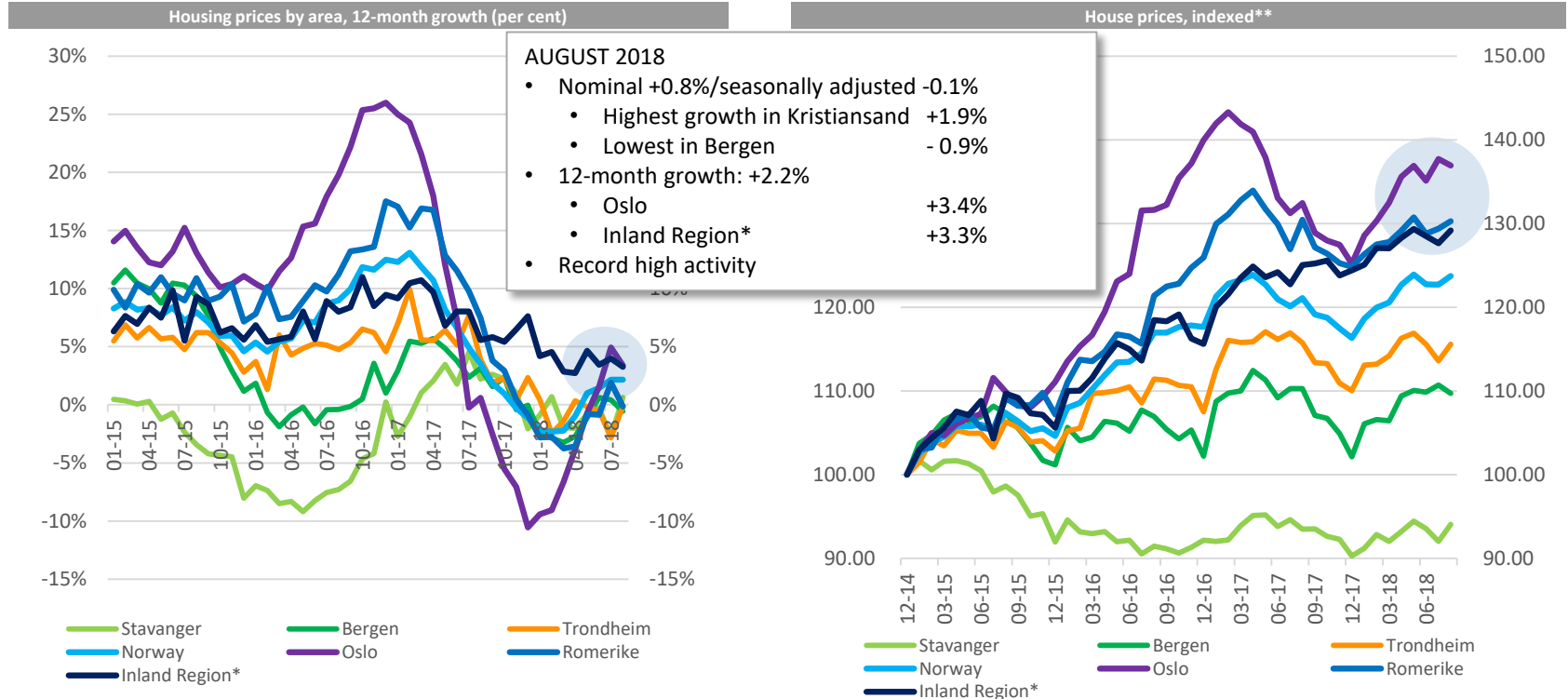


Avg. variable interest rate for new mortgages



Moderate housing price growth and high construction activity

House price developments for relevant areas compared with Norway



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Appendix



Financial accounts 1H-2018

Income statement 1H-2018

Group

	1H 2018	1H-2017	2017
Net interest income	1,006	956	1,956
Net commission income	564	526	1,095
Other income	93	98	168
Total operating expenses	918	915	1,898
Result bank operation before losses	745	665	1,321
Impairment losses on loans and guarantees	12	-21	-20
Result bank operation after losses	733	686	1,341
Dividends	13	11	11
Net profit from ownership interest	84	36	194
Net income from financial assets/liabilities	98	-13	72
Profit/loss before tax	928	719	1,618
Tax charge	198	171	356
Profit/loss after tax	730	548	1,263
Return on equity	11.4%	9.1%	10.2%
Total operating costs in relation to total income	49.4%	56.7%	54.3%
Impairment losses as percentage of gross loans	0.0%	0.0%	0.0%

Special items 2Q-2018

Description and effects

Vipps

- The merger of BankAxept, BankID and Vipps led to a write-up of book values.
- Net gain of NOK 59 million.

Torggata 22 AS

- The bank sold 50% of the shares in Torggata 22 AS in Hamar.
- Net gain of NOK 9 million.

SB1 Regnskapshuset Østlandet AS

- Restructuring of the company with the merger with TheVIT.
- Loss of NOK 13 million.

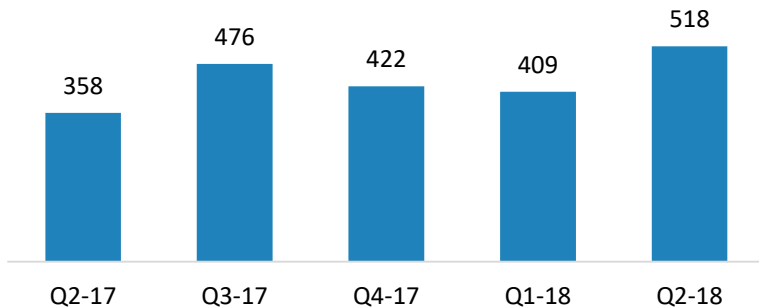
EiendomsMegler 1

- The real estate brokers terminated a development agreement linked to a new core system.
- Loss of NOK 5 million.

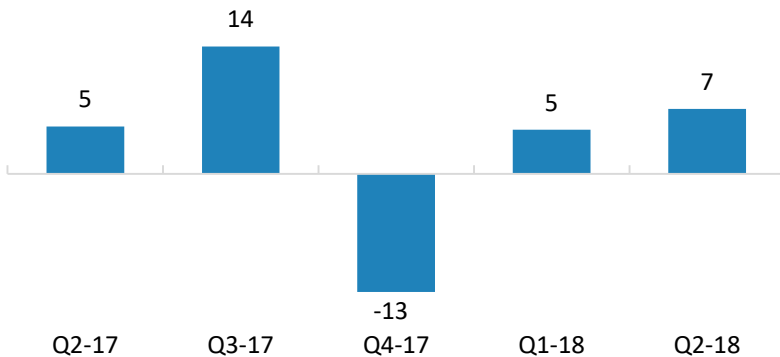
Key financials – quarterly

(1)

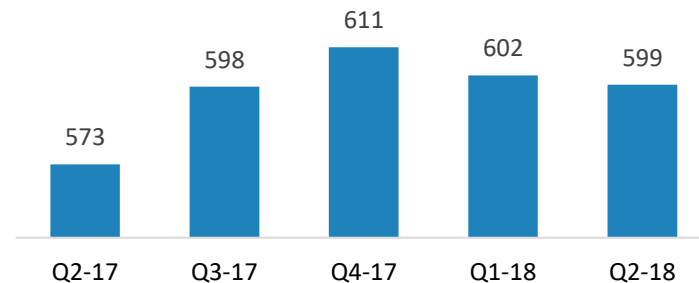
Pre-tax profit (NOK million)



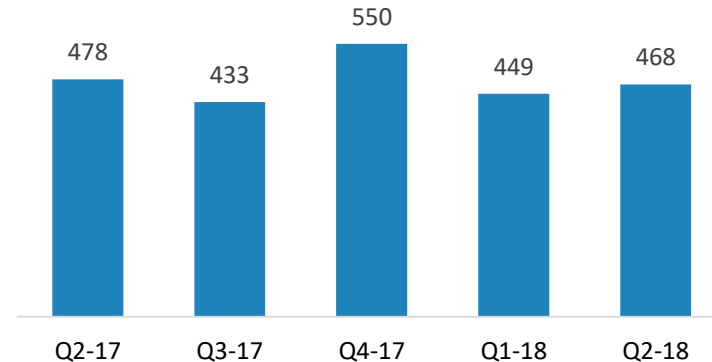
Impairments on loans and guarantees (NOK million)



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



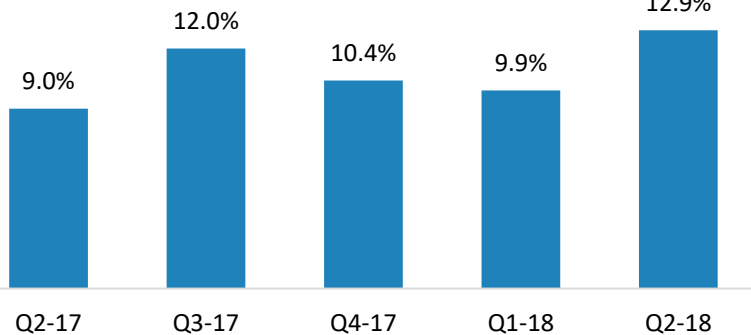
Total operating costs (NOK million)



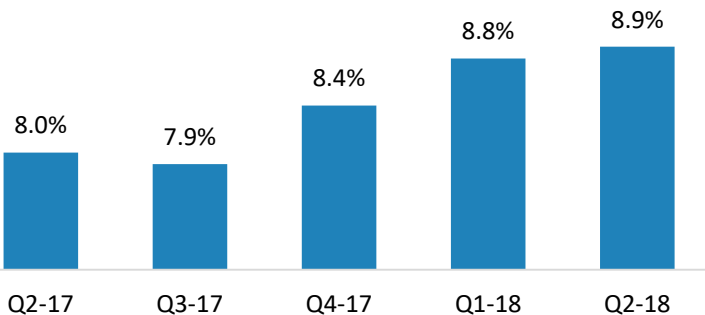
Key financials – quarterly

(2)

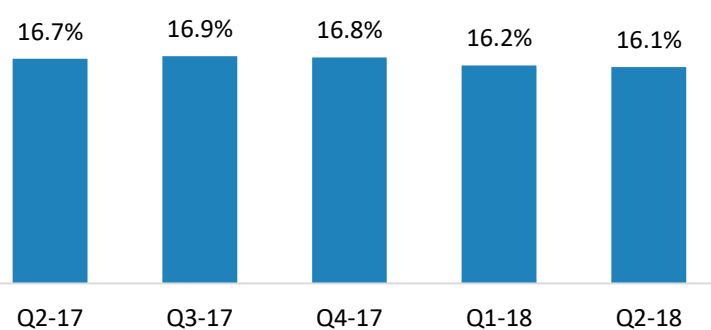
Return on equity



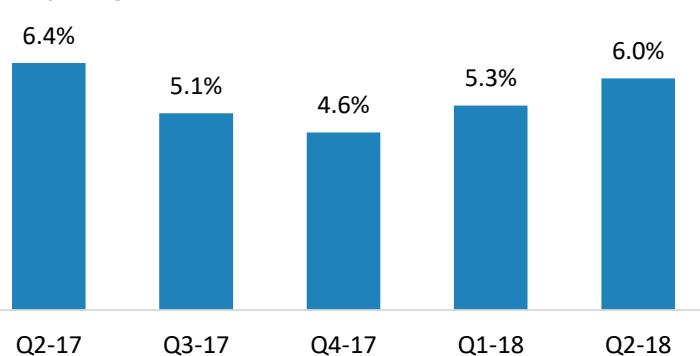
Lending growth (including loans transferred to covered bond companies) last 12 months



CET 1 ratio



Deposit growth last 12 months



Profit contributions from subsidiaries

1H-2018 (1H-2017)



SpareBank 1 Finans Østlandet

- Profit before tax NOK 96.9 million (NOK 87.8 million).
- Good growth and increasing profitability.
- Increased focus on innovation and business development.



EiendomsMegler 1 Hedmark

- Profit before tax NOK 9.9 million (NOK 12.9 million).
- Solid market position, expanded project and CRE brokerage increase market share.
- High activity level, but increased cost from termination of IT contract and new recruitment.



EiendomsMegler 1 Oslo Akershus

- Profit before tax NOK 4.7 million (NOK 3.8 million).
- Restructuring completed, higher activity and cross-selling.
- Accounting effects from termination of an IT contract and new recruitment.



SpareBank 1 Østlandet VIT AS (SpareBank 1 Regnskapshuset AS og TheVIT AS)

- Profit before tax NOK -2.5 million (NOK 3.2 million*).
- The merged company is well positioned with value adding offerings.
- Strengthened presence in Greater Oslo and continued digitalisation of key processes.

Contribution from joint ventures

1H-2018 (1H-2017)



SpareBank 1 Gruppen

- Profit before tax NOK 773 million (NOK 904 million)
- Ownership 12.4%



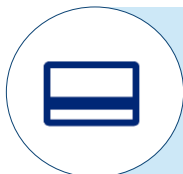
SpareBank 1 Boligkreditt AS

- Profit before tax NOK -6.9 million (NOK -259.9 million)
- Ownership 21.1%



SpareBank 1 Næringskreditt

- Profit before tax NOK 35.6 million (NOK 47.9 million)
- Ownership 12.4%

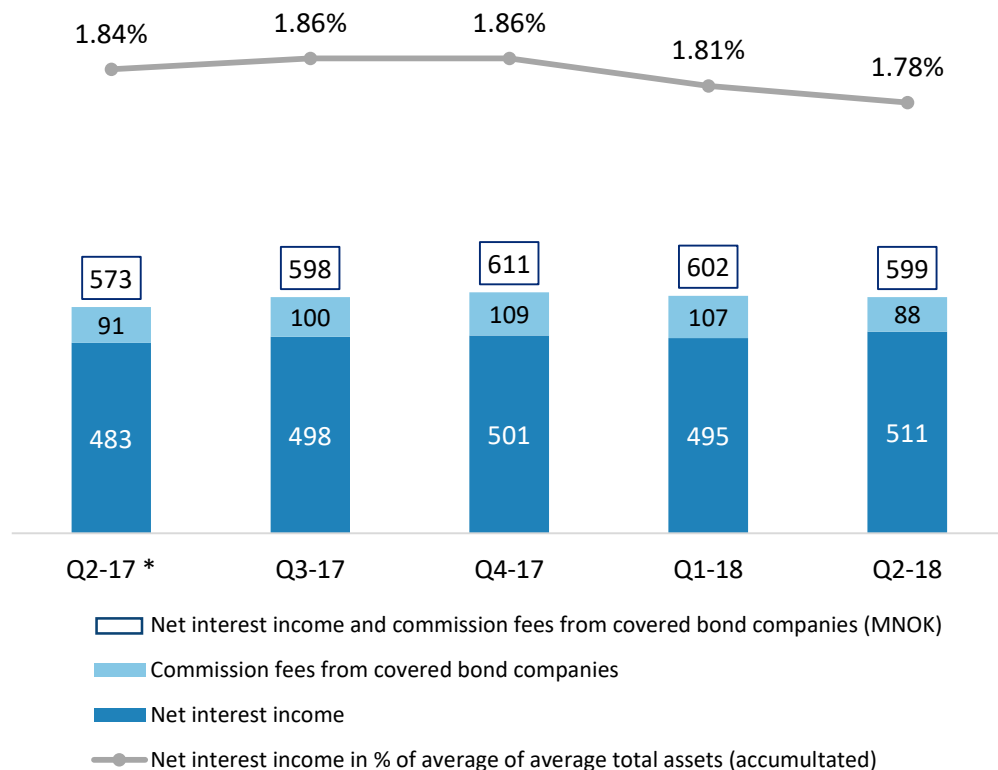


SpareBank 1 Kredittkort

- Profit before tax NOK 86.5 million (NOK 45.9 million)
- Ownership 20.5%

Net interest income

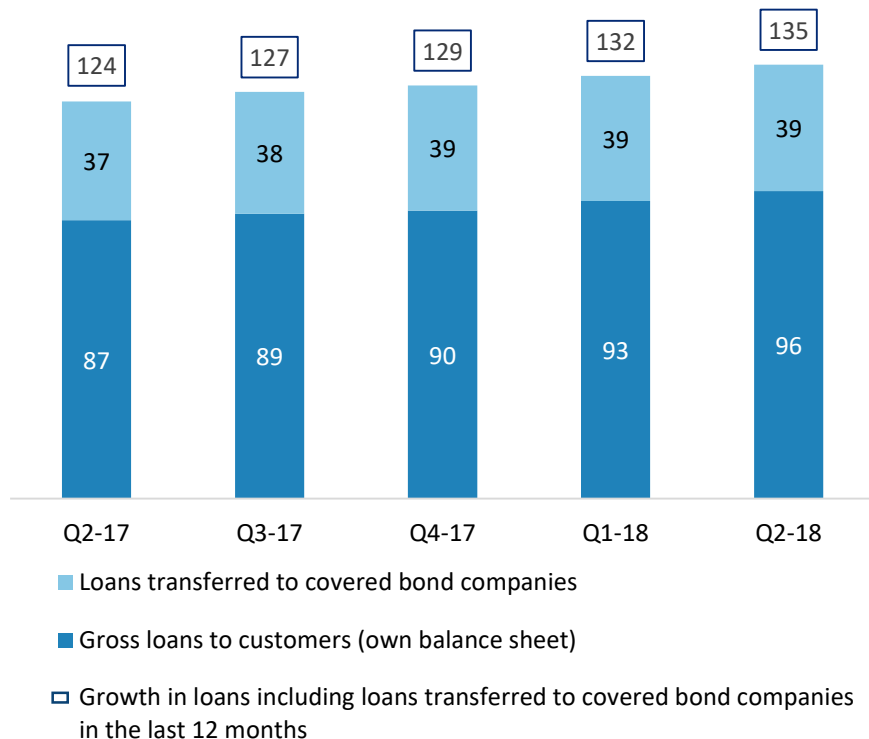
Net interest income incl. commissions from covered bond companies



- Higher NII last quarter due to strong lending growth
- Reduction in NII in per cent of average assets mainly due to increased Nibor
- Reduction in commission fees from the covered bond companies due to increased funding cost

Continued strong lending growth

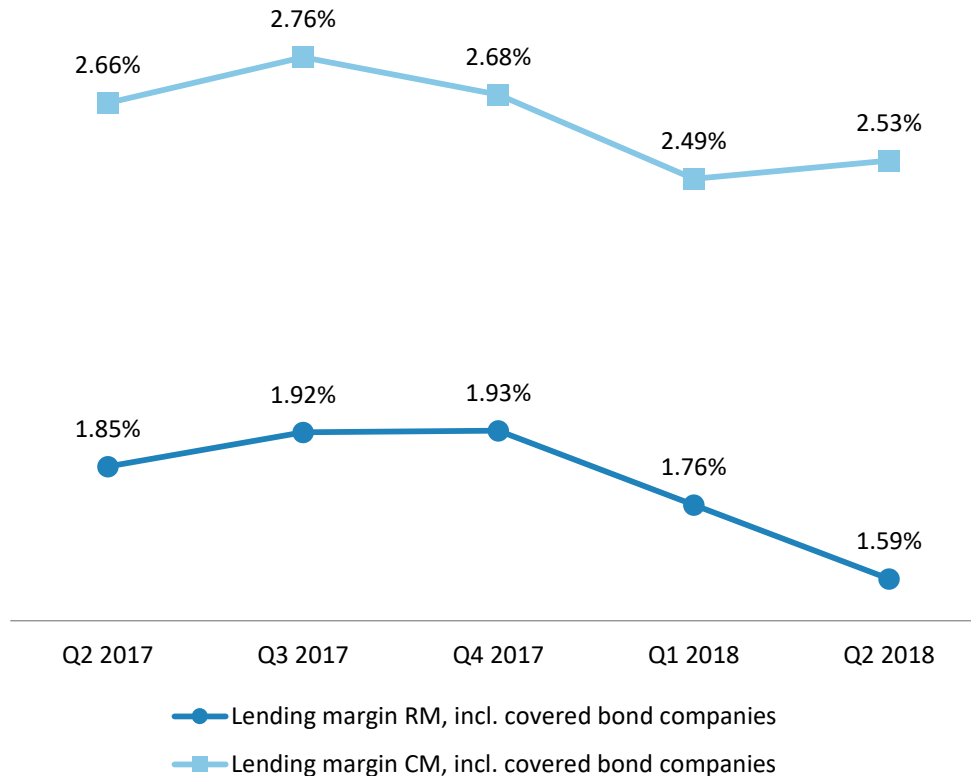
Lending volume (Group, NOK billion)



- Total lending in the Group, including loans transferred to covered bond companies, increased by NOK 3.5 billion during the quarter.
- This is equivalent to a 2.7% growth during the quarter.
- Lending growth in the Group the last 12 months was 8.9% (8.0%)
 - Retail lending increased 9.3%
 - Corporate lending increased 7.9%

Lending margins

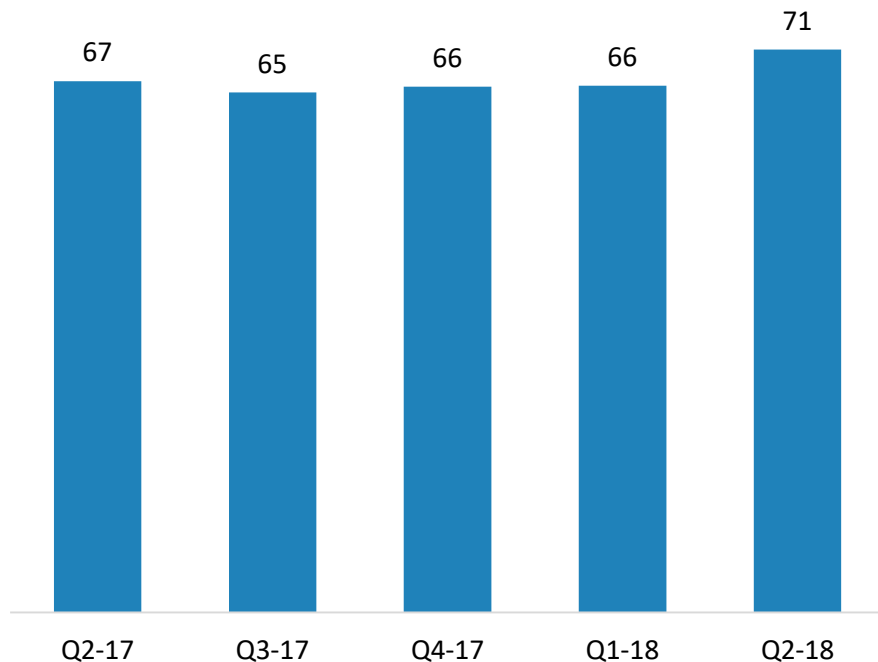
Retail and corporate markets (parent bank)



- Decreasing retail lending margins last quarter, due mainly to the increase in Nibor, but also competitive pressure for low risk customers.
- Increased corporate lending margins last quarter as a consequence of targeted repricing of defined customer segments and an increased focus on the pricing of new customers.

Satisfactory deposit coverage

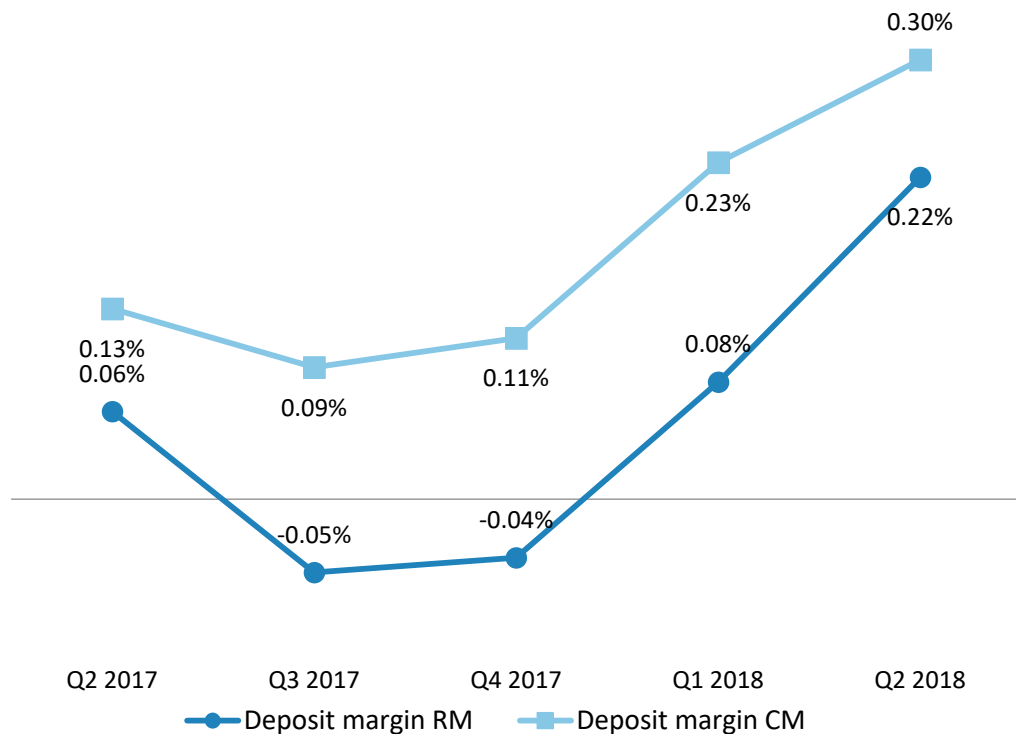
Deposit volume (Group, NOK billion)



- Deposit growth last 12 months 6.0%
 - Deposit growth - retail 8.1%
 - Deposit growth - corporates 3.2%
- Deposit coverage ratio 73.6%
- Deposit coverage ratio, including mortgages transferred to the covered bond companies, 52.1%

Deposit margins

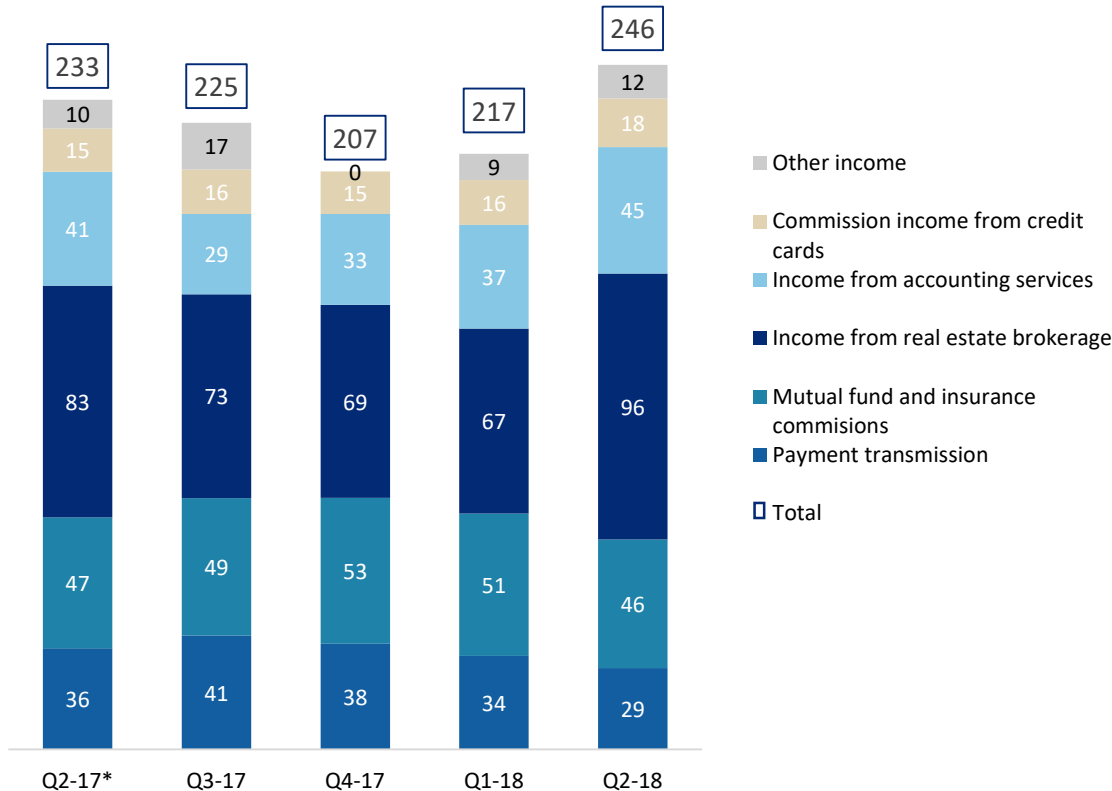
Retail and corporate markets (parent bank)



- Increasing deposits margins in parent bank last quarter.
- The higher margins are mainly explained by the increased Nibor.

Increased income in subsidiaries

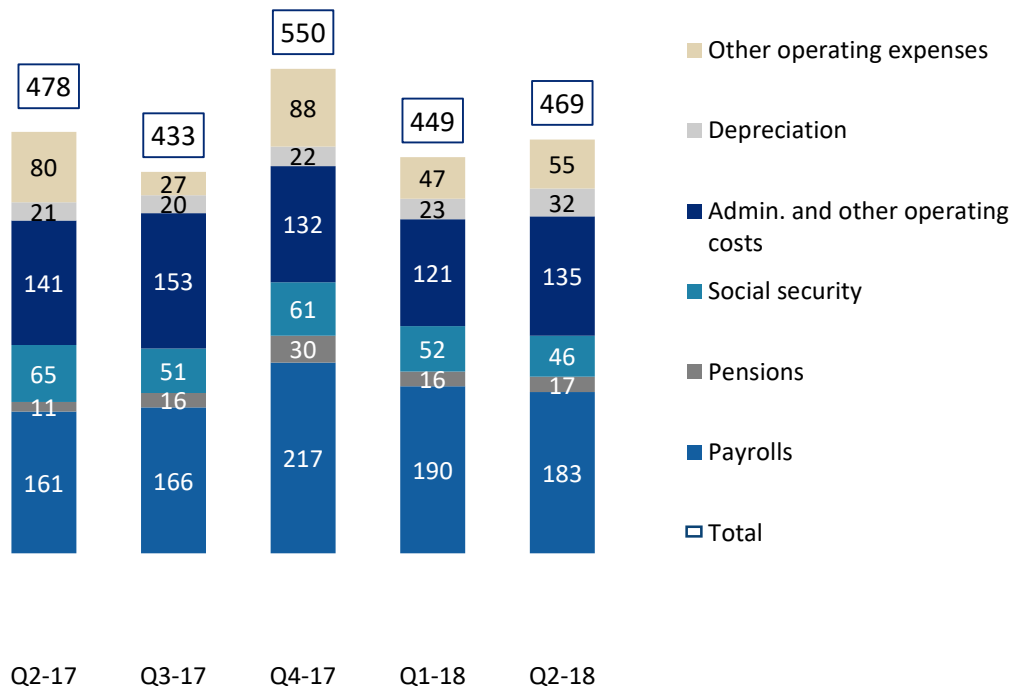
Commissions and other operating income (NOK million)



- Commissions and other operating income increased with 14% from last quarter, and 6% from last year.
- The increase is mainly due to higher activity levels in the accounting services and the real estate brokerage as the restructuring of these companies starts to take effect.

Group operating costs

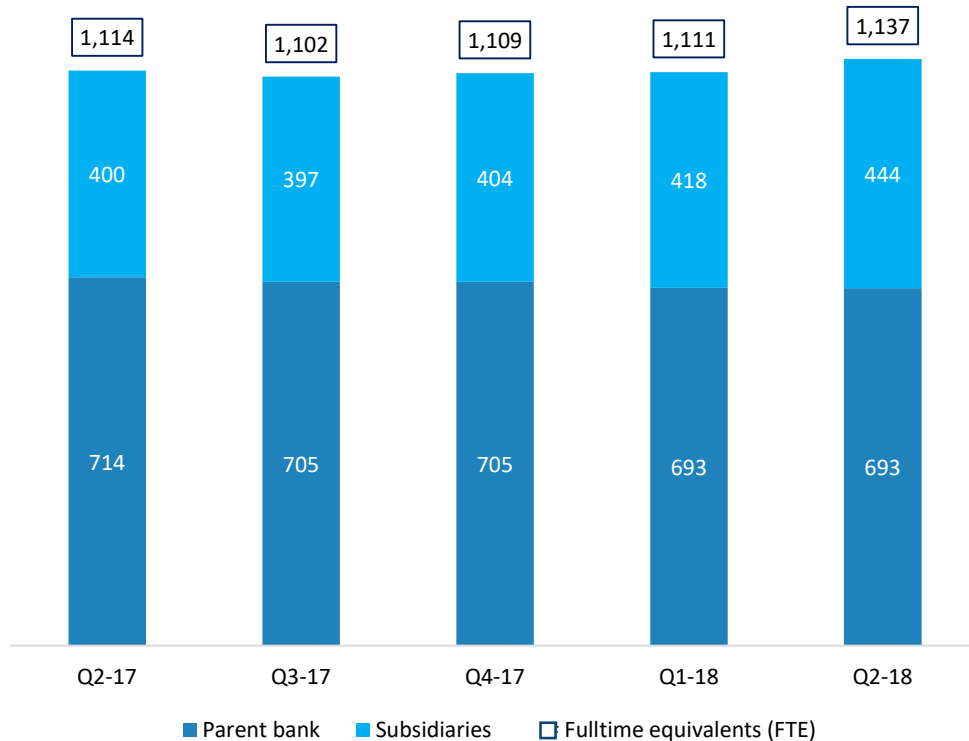
Operating costs per quarter (NOK millions)



- The operating costs are down 1.9% compared to last year.
- Personnel expenses have increased due to in the subsidiaries.
- Write-downs of an IT project in the EM1 alliance amounted to NOK 4.9 million.

Increased staffing in subsidiaries

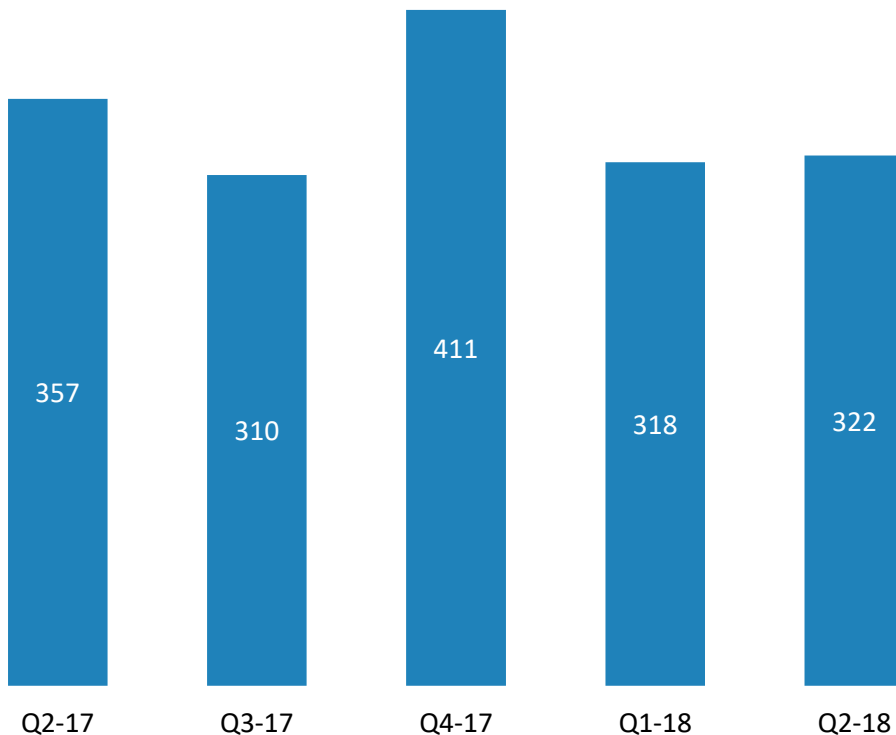
Headcount (FTE)



- Stable level of staffing in the Parent Bank after the merger downsizing has been completed
- Increased staffing in the subsidiaries due to higher ambitions and activity levels in real estate brokerage and accounting services.

Expenses Parent Bank (adjusted*)

Operating costs per quarter (NOK million)

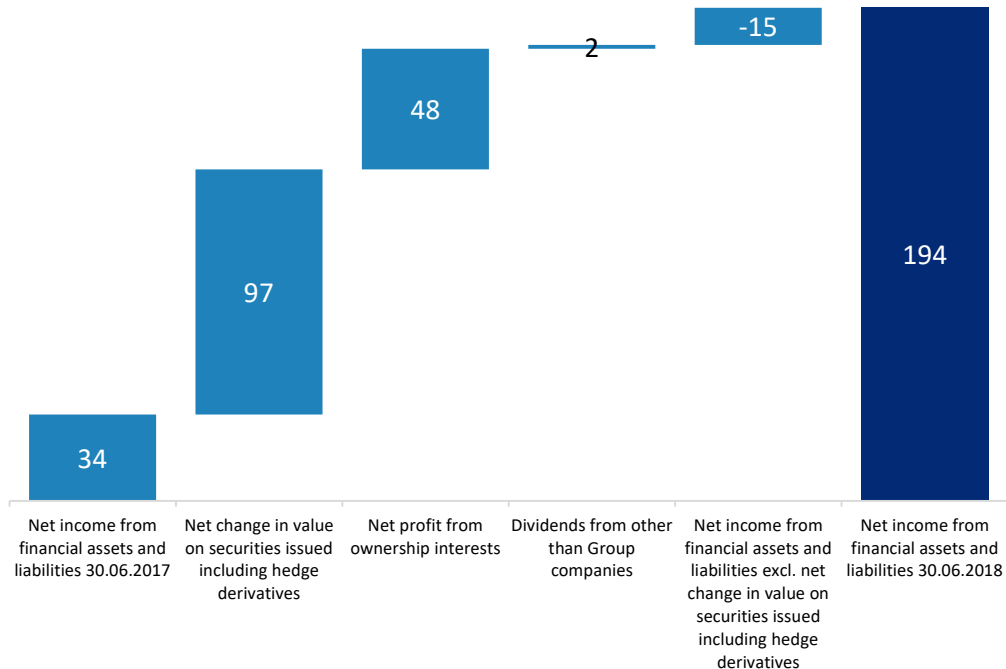


- The operating costs in the first half year of 2018 were NOK 21 million lower than in the same period in 2017.
- This is equivalent to a -3.1% cost reduction in the pro-forma parent bank compared with last year.
- The ambition of a 5% cost reduction in absolute terms for the pro-forma parent for the year 2018 compared with 2017 is maintained.

(*) The analysis takes into account the fact that former Bank 1 Oslo Akershus As was merged into the parent bank as of Q2-18. «Adjusted» or «Pro-forma» numbers are calculated as if the merger took place at the beginning of 2017 making the comparison of operating costs more relevant.

The contribution from financial items has increased

Net result from financial assets and liabilities (NOK million)



- Issued debt securities were in 1H-2017 generally assessed at fair value (IAS 39) and showed, mainly due to lower credit spreads, a loss of NOK 83 million.
- Issued debt securities are after 1 January 2018 generally assessed at amortised costs (reclassification due to transfer to IFRS 9).
- The remaining improvement in “net change on securities issues...” compared with last year is mainly explained by positive value adjustments in H1-18, of NOK 14 million, on a minor portfolio of securities funding fixed interest lending to customers.
- Increased profit from ownership interest – see previous slides.

Low losses and reduced net exposure in stage 3

Specification of impairment losses and net exposure per stage (NOK million)

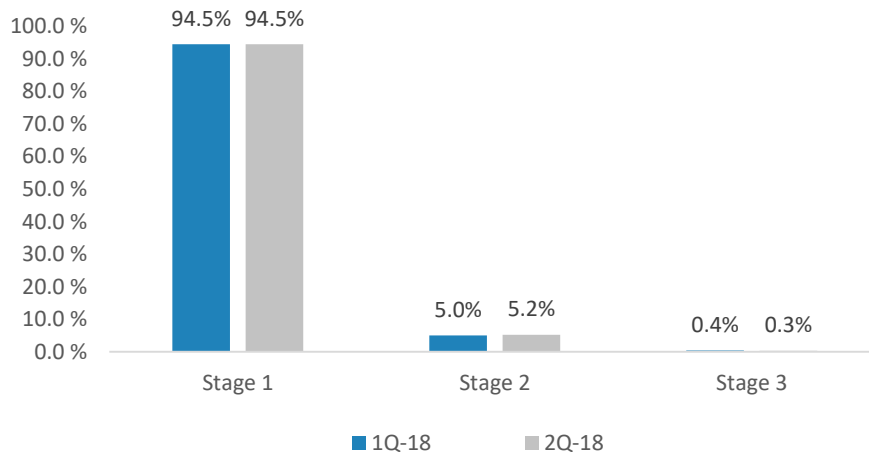
Impairment losses per segment

	2Q-18	1Q-18
Personal customers	1	3
Corporate customers	5	-2
SB 1 Finans Østlandet	1	4
Total	7	5

- Stage 1 – Initial recognition and no significant deterioration of credit quality – 12-month expected credit losses
- Stage 2 – Significant deterioration of credit quality – Lifetime expected credit losses
- Stage 3 – Significant deterioration of credit quality and objective credit losses – Lifetime expected credit losses

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

Net exposure	Stage 1	Stage 2	Stage 3	Total
1Q-18	87,353	4,647	406	92,406
2Q-18	90,355	4,995	282	95,632



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