

## ISSUER PROFILE

7 August 2018

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## SpareBank 1 Østlandet

### Key Facts and Statistics - Q1 March 2018

#### Company overview

SpareBank 1 Østlandet (known as Sparebanken Hedmark prior to April 2017) is a Norwegian regional savings bank that provides retail and corporate financial products and services, from loans and deposit facilities to insurance, pension, payment, leasing, real estate brokerage and accounting services. As of 31 March 2018, the bank had total consolidated assets of NOK114.1 billion (€11.8 billion).

As of 31 March 2018, the bank operated through a network of 38 branches, with offices in Hedmark, Oppland, Akershus and Oslo.

Since 2006, SpareBank 1 Østlandet has been a member of the SpareBank 1 Alliance, a consortium of 14 SpareBank 1 banks. The financial holding company SpareBank 1 Gruppen AS is collectively owned by SpareBank 1 SR-Bank ASA, SpareBank 1 SMN, SpareBank 1 Nord-Norge, SpareBank 1 Østlandet, Samarbeidende Sparebanker AS and the Norwegian Confederation of Trade Unions (Federation of Trade Unions). The alliance also includes joint-product companies (including fund management and life and non-life insurance businesses), and engages in joint marketing and development of common IT and internet platforms.

SpareBank 1 Østlandet can trace its roots back to 1845, to the establishment of the first savings bank in the county of Hedmark, and traded as Sparebanken Hedmark since 1982. In December 2015, Sparebanken Hedmark signed an agreement with the Norwegian Confederation of Trade Unions and banks forming part of the SpareBank 1 Alliance to buy the remaining shares in Bank 1 Oslo Akershus AS (B1OA)<sup>1</sup>. After this acquisition, which was completed on 29 June 2016, B1OA became a wholly owned subsidiary of the Sparebanken Hedmark Group. On 1 April 2017, Sparebanken Hedmark and B1OA merged their operations and the entity was named SpareBank 1 Østlandet. Also, in November 2015, the bank converted 60% of its primary capital into equity share capital by issuing equity capital certificates (ECC). At the same time, it established Sparebankstiftelsen Hedmark (the foundation). All the bank's ECCs were transferred to the foundation, making it the sole owner of the bank's equity share capital. On 13 June 2017, the bank listed part of its equity share capital on the Oslo Stock Exchange (TICKER: SPOL). As of 31 March 2018, the foundation held 54.73% stake in the bank's equity share capital.

Currency converted at exchange rates of NOK-€0.10346, as of 31 March 2018

Source: Company reports (annual report Dec 2017, interim report March 2018, presentation March 2018 and EMTN prospectus June 2018), Company data, [www.oanda.com](http://www.oanda.com), and Moody's research

## Financial highlights

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on SpareBank 1 Østlandet, please see <[SpareBank 1 Østlandet](#) page on moodys.com>.

Exhibit 1

### Latest full-year results

#### SpareBank 1 Østlandet

(in NOK Million)	31-Dec-17	31-Dec-16	31-Dec-15	% Change 17/16	% Change 16/15
Total Assets	108,321	101,242	55,970	6.99	80.89
Total Shareholders' Equity	13,331	12,107	8,718	10.11	38.87
Shareholders' Equity excluding Minority Interest	13,269	12,060	8,718	10.02	38.33
Total Regulatory Capital	14,138	12,656	7,179	11.71	76.29
Tier 1 Ratio (%)	17.70	17.90	17.50	(20) bps	40 bps
Net Income	1,263	1,100	930	14.82	18.28
Net Income Attributable to Equity Holders	1,257	1,095	930	14.79	17.74
NOK/ € Period end	0.10157	0.11005	0.10452	-	-

Notes: 1) Consolidated figures have been considered.

2) Figures for 2017 and 2016 are of SpareBank 1 Østlandet (entity formed post merger of Sparebanken Hedmark and Bank 1 Oslo Akershus AS (B1OA), while for 2015 figures are of Sparebanken Hedmark.

Source: Company reports (annual report Dec 2017 and Dec 2016), [www.oanda.com](#)

Exhibit 2

### Latest first-quarter results

#### SpareBank 1 Østlandet

(in NOK Million)	31-Mar-18	31-Mar-17	% Change 18/17
Total Assets	114,088	101,861	12.00
Total Shareholders' Equity	13,007	12,370	5.15
Shareholders' Equity excluding Minority Interest	12,950	12,321	5.11
Total Regulatory Capital	14,028	12,649	10.90
Tier 1 Ratio (%)	17.00	17.60	(60) bps
Net Income	314	274	14.60
Net Income Attributable to Equity Holders	312	273	14.29
NOK/ € Period end	0.10346	0.10918	-

Source: Company reports (annual report Dec 2017 and Dec 2016), [www.oanda.com](#)

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](#) for the most updated credit rating action information and rating history.

## Business description

As a Norwegian regional savings bank, SpareBank 1 Østlandet provides a range of financial products, including loans, deposit facilities, insurance, pension, payment, leasing, financing, real estate brokerage and accounting services, to customers primarily in the counties of Hedmark, Oppland, Oslo and Akershus. These customers primarily include private individuals, small and medium-size enterprises, and public-sector entities.

The bank operates through the following seven business segments: Personal Market, Corporate Market, SpareBank 1 Finans Østlandet, EiendomsMegler 1 Hedmark Eiendom, EiendomsMegler 1 Oslo Akershus Group, SpareBank 1 Regnskapshuset Østlandet, and other activities. In the financial year ended 31 December 2017 (2017), the largest contributor to the bank's net interest income was the Retail Banking segment.

**Personal market:** Accounting for 46.9% of the bank's net interest income in 2017, this segment comprises retail products and services, including retail deposit-taking, savings accounts, insurance and advisory services. As of 31 December 2017, it reported total consolidated assets of NOK57.6 billion (€5.9 billion).

**Corporate market:** This segment comprises corporate products and services, including deposit-taking facilities and business loans. As of 31 December 2017, it reported total consolidated assets of NOK27.3 billion (€2.8 billion), and accounted for 37.5% of the bank's net interest income in 2017.

**SpareBank 1 Finans Østlandet:** This segment comprises the activities of the bank's subsidiary SpareBank 1 Finans Østlandet AS, which offers leasing and financing of movable property like cars and boats. Until 31 December 2015, SpareBank 1 Finans Østlandet AS was a wholly owned subsidiary of Sparebanken Hedmark. However, on 1 January 2016, SpareBank 1 Ringerike Hadeland acquired 5% of the company's total share capital. As of 31 December 2017, this segment reported total consolidated assets of NOK7.2 billion (€736.1 million), and accounted for 15.6% of the bank's net interest income in 2017.

**EiendomsMegler 1 Hedmark Eiendom:** This segment comprises the activities of the bank's wholly owned subsidiary EiendomsMegler 1 Hedmark Eiendom AS, the largest real estate agent in the county of Hedmark. As of 31 December 2017, it reported total consolidated assets of NOK61.0 million (€6.2 million).

**SpareBank 1 Regnskapshuset Østlandet:** This segment comprises the activities of the bank's wholly owned subsidiary SpareBank 1 Regnskapshuset Østlandet AS (formerly known as Consis AS), a specialist accounting, payroll and consultancy services company. As of 31 December 2017, it reported total consolidated assets of NOK130.0 million (€13.2 million).

**EiendomsMegler 1 Oslo Akershus Group:** This segment comprises the bank's wholly owned subsidiary EiendomsMegler 1 Oslo Akershus AS, which is an administration and settlement office for the Group's real estate services in the Oslo and Akershus region. The company supports and owns 100% of the real estate agency EiendomsMegler 1 Oslo AS. As of 31 December 2017, it reported total consolidated assets of NOK84.0 million (€8.5 million).

**Other activities:** This segment, which comprises activities which are not included elsewhere, reported total consolidated assets of NOK15.9 billion (€1.6 billion) as of 31 December 2017.

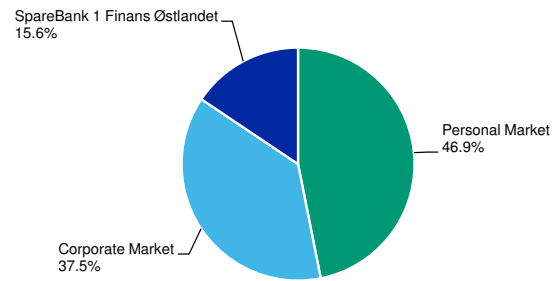
Note: Currency converted using exchange rate of NOK-€0.10157 as of 31 December 2017

Source: Company reports (interim report March 2018, annual report Dec 2017 and Dec 2012, financial results presentation Dec 2017, EMTN prospectus June 2018), Moody's research, [www.oanda.com](http://www.oanda.com)

Exhibit 3

**Business segment**

(% of Net interest income, consolidated, for 2017)



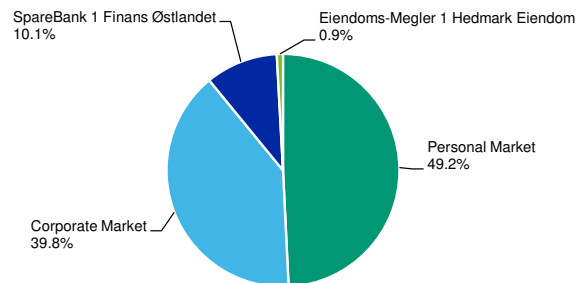
Note: EiendomsMegler 1 Hedmark Eiendom, EiendomsMegler 1 Oslo Akershus Group, SpareBank 1 Regnskapshuset Østlandet and other operations are excluded due to their negligible and negative contributions

Source: Company report (annual report Dec 2017, Pg: 65)

Exhibit 4

**Business segment**

(% of Profit after tax, consolidated, for 2017)



Note: Excluding Eiendoms- Megler 1 Oslo Akershus Group, SpareBank 1 Regnskapshuset Østlandet and other operations due to its negative contribution

Source: Company report (annual report Dec 2017, Pg: 65)

## Distribution channels

As of 31 March 2018, SpareBank 1 Østlandet operated through 38 branches in eastern Norway, with offices in Hedmark, Oppland, Akershus and Oslo. In addition, the bank offers its products and services through alternative distribution channels, including online, mobile and telephone banking.

As of 31 March 2018, SpareBank 1 Østlandet was Norway's fourth largest savings bank in terms of total consolidated assets (including loans transferred to SpareBank1 Boligkreditt and SpareBank1 Næringskreditt).

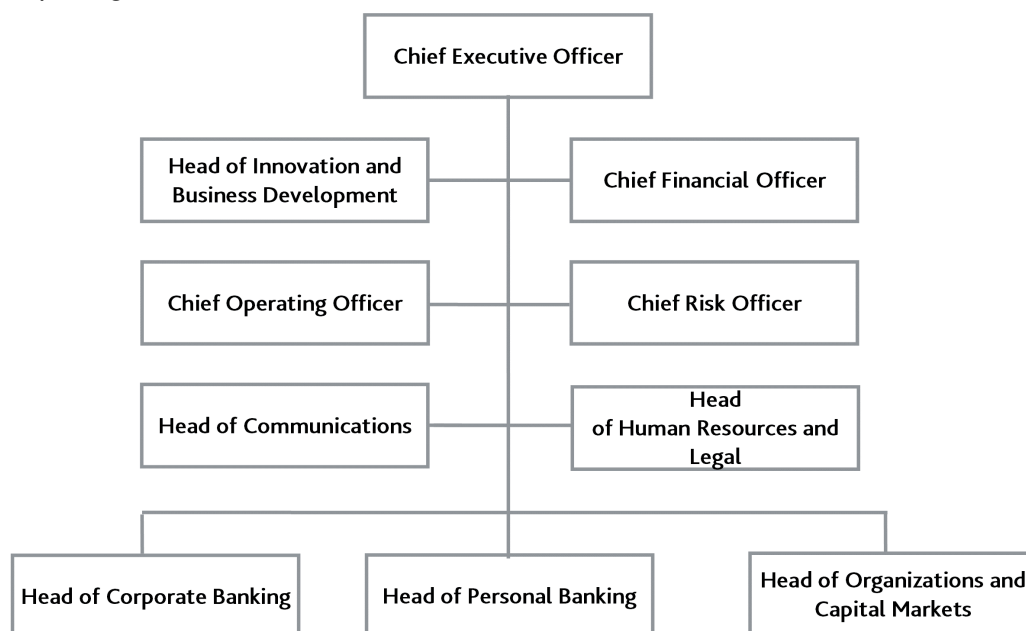
## Ownership structure

Until November 2015, SpareBank 1 Østlandet's capital consisted only of primary capital, which included its retained earnings. In November 2015, following establishment of Sparebankstiftelsen Hedmark (the foundation) and conversion of 60% of the bank's primary capital into equity share capital, SpareBank 1 Østlandet became an equity certificate bank owned solely by the foundation. The bank's ECC's were listed on the Oslo Stock Exchange (TICKER: SPOL) on 13 June 2017. As of 31 March 2018, the foundation held 54.73% stake in the bank's equity share capital which consisted of 107,179,987 ECC's.

Source: Company reports (annual report 2016, interim report Q1 March 2018, EMTN prospectus June 2018 and May 2017), Moody's research

Exhibit 5

### Corporate governance as of 31 December 2017



Source: Company report (annual report Dec 2017)

## Subsidiaries

As of 31 December 2017, the bank's subsidiaries, associates and joint ventures were as follows:

Exhibit 6

### SpareBank 1 Østlandet

Company	Location	% Held*
<b>Subsidiaries</b>		
Vato AS	Hamar, Norway	100.00
EiendomsMegler 1 Hedmark Eiendom AS	Hamar, Norway	100.00
SpareBank 1 Finans Østlandet AS	Hamar, Norway	95.00
SpareBank 1 Regnskapshuset Østlandet AS	Hamar, Norway	100.00
EiendomsMegler 1 Oslo Akershus AS*	Oslo, Norway	100.00
Youngstorget 5 AS	Oslo, Norway	100.00
<b>Associated Companies</b>		
SpareBank 1 Boligkreditt AS	Stavanger, Norway	21.08
SpareBank 1 Næringskreditt AS	Stavanger, Norway	12.40
SpareBank 1 Kredittkort AS	Trondheim, Norway	19.59
KOMM-IN AS	Raufoss, Norway	23.70
SpareBank 1 betaling AS	Oslo, Norway	21.20
Proaware AS	Tromsø, Norway	20.00
SMB Lab AS	Raufoss, Norway	20.00
<b>Joint Ventures</b>		
Torggt 22 AS	Hamar, Norway	50.00
SpareBank 1 Gruppen AS	Tromsø, Norway	12.40
SpareBank 1 Banksamarbeidet DA	Oslo, Norway	18.00

\* Subsidiary of B10A as of 31 March 17. Merger with B10A effective from 1 April 2017  
Source: Company report (annual report Dec 2017)

## Company management

Exhibit 7

### SpareBank 1 Østlandet

Company management	Current title
Richard Heiberg	Chief Executive Officer
Geir-Egil Bolstad	Chief Financial Officer
Hans Olav Wedvik	Head of Corporate Banking
Kari Elise Gishnås	Head of Personal Banking
Eldar Kjendlie	Head of Human Resources and Legal
Siv Stenseth	Head of Communication
Dag-Arne Hoberg	Head of Innovation and Business Development
Vidar Nordheim	Chief Risk Officer
Espen Mejlænder-Larsen	Head of Organizations and Capital Markets
Gudrun Michelsen	Chief Operating Officer

As of 26 July 2018

Exhibit 8

### SpareBank 1 Østlandet

Board of Directors	Affiliation*	Age**
Siri J. Strømmevold	SpareBank 1 Østlandet: Chair; Nordøsterdalsmuseet: Chair; Tynset Bokhandel AS: Managing Director; Feste NordØst AS: Board Member; Nord-Østerdal Kraftlag: Member of Supervisory Board	57
Nina Cecilie Lier	SpareBank 1 Østlandet: Deputy Chair; HK Data AS: Board Member	46

Erik Garaas	SpareBank 1 Østlandet: Member of the Board; Stiftelsen Scheibler (Chair), Positron Capital AS (Chair), Banebakken 38 AS (Chair), Solheimsveien 3 AS (Chair), BSA Lange Kontrakter AS (Chair), Verdipapirservice AS: Board Member; Stiftelsen Scheibler: Business Administrator	68
Guro Nina Vestvik	SpareBank 1 Østlandet: Member of the Board; Sparebankstiftelsen Hedmark: Board Member	51
Morten Herud	SpareBank 1 Østlandet: Member of the Board; Sintef Raufoss Manufacturing-Kongsvinger AS: General Manager; Elmico AS (Chair) and Gjøstad gård AS: Board Member	59
Hans-Christian Gabrielsen	SpareBank 1 Østlandet: Member of the Board; LO: Second Vice President; MARUT: Strategic Advisory Member; World Skills Norway, LO/NHO fondsstyre and LO Partner AS: Board Member; Den faste tvistenemda and Den faste sanksjons nemda: Member	51
Richard Heiberg	SpareBank 1 Østlandet: Chief Executive Officer	62
Espen Bjørklund Larsen	SpareBank 1 Østlandet: Member of the Board, Principal Union Representative; SpareBank 1 Gruppen AS and Sparebank 1 Banksamarbeidet DA: Board Member	42
Vibeke Hanvold Larsen	SpareBank 1 Østlandet: Member of the Board, Employee representative; Norsk Langbuelag and Middelalderforeningen I Hedmark: Board Member	41

\*\*As of 31 Dec 2017

\*As of 15 June 2018

Source: Company report (Annual report Dec 2017 and EMTN prospectus June 2018), company data

## Company history

SpareBank 1 Østlandet (former Sparebanken Hedmark) originated in 1845, when local granaries, forest commons, municipalities and private individuals established the first savings bank in the Norwegian county of Hedmark. The bank is the result of a succession of mergers involving 22 local savings banks. In 2006, the bank joined the SpareBank 1 Alliance.

Previously, the bank had acquired Vato AS (1981); the real estate firm Hedmark Eiendom AS (1988, renamed EiendomsMegler 1 Hedmark Eiendom AS); the movable property leasing and financing company SpareBank 1 Finans Østlandet AS (1995); the property company Meglereiendom AS (2008); and the accounting services company Consis AS (2011, renamed SpareBank 1 Regnskapshuset Østlandet AS in 2013).

In 2011, SpareBank 1 Østlandet liquidated its wholly owned subsidiary Meglereiendom AS. Furthermore, in January 2012, the bank sold a 40% stake in its wholly owned subsidiary Consis AS to SpareBank 1 SMN Regnskap AS. At that time, SpareBank 1 Østlandet acquired the 74.5% stake in Consis Credit AS that had previously been held by Consis AS.

In 2013, SpareBank 1 Østlandet sold its stake in Consis Credit AS to Conecto AS. During the same year, SpareBank 1 Østlandet increased its stake in B1OA to 40.5% from 12.0%, becoming the largest owner of B1OA. The bank purchased those shares from SpareBank 1 SR-Bank ASA, SpareBank 1 SMN and SpareBank 1 Nord-Norge.

In the third quarter of 2013, the bank acquired 14.7% of the shares in SpareBank 1 Markets AS. Previously, SpareBank 1 Østlandet had indirectly owned a 12% stake in SpareBank 1 Markets AS through its stake in SpareBank 1 Gruppen AS. In the fourth quarter of 2013, SpareBank 1 Østlandet sold 1% of its shares in SpareBank 1 Gruppen to B1OA, as a result its stake in SpareBank 1 Gruppen came down to 11%.

In the first quarter of 2014, the bank sold both its 8.9% stake in SpareBank 1 Verdipapirservice AS and its 9.7% stake in SpareBank 1 Kundesenter to Alliansesamarbeidet SpareBank 1 DA. During the second quarter of 2014, Sparebanken Østlandet increased its stake in SpareBank 1 Markets AS to 16.6% from 14.7%. In the third quarter, it increased its stake in SpareBank 1 Markets AS to 16.8%. In the fourth quarter of 2014, the bank acquired SpareBank 1 SMN's 40% stake in SpareBank 1 Regnskapshuset Østlandet AS, after which it owned all the shares in the company.

During the second quarter of 2015, the bank reclassified its holding in associate SpareBank 1 Markets AS because of reduced ownership to 6.1 % after the merger with SB1 SMN Markets. During the fourth quarter of 2015, SpareBank 1 Østlandet acquired 12.6% of the

shares in the newly established company SpareBank 1 Mobilbetaling AS. In the same quarter, it wound up the joint venture Oslo Eiendom AS.

In December 2015, the bank agreed with the Norwegian Confederation of Trade Unions (LO) and other SpareBank 1 banks to acquire the remaining shares in B1OA. After this acquisition, which was completed with accounting effect from 29 June 2016, B1OA was a wholly owned subsidiary of the Sparebanken Hedmark Group. On 1 April 2017, Sparebanken Hedmark and B1OA merged their operations and the merged entity was named SpareBank 1 Østlandet.

In May 2015, SpareBank 1 Østlandet received regulatory approval to issue ECCs equivalent to 60% of its primary capital. In November 2015, the foundation was established with registered equity share capital of NOK3,987,000,000, comprising 79,740,000 ECCs, each with a nominal value of NOK50 and a subscription price of NOK50, which were subsequently transferred to the foundation for free. On 13 June 2017, the bank's equity certificates were listed on the Oslo Stock Exchange (TICKER: SPOL). As of 31 March 2018, the foundation held 54.73% stake in the bank's equity share capital.

In 2017, the bank acquired 20% of the shares in Proaware AS and 20% of the shares in SMB Lab AS.

In January 2017, the bank increased its stake in SpareBank 1 Kredittkort AS from 18.9% to 19.6% by means of a share repurchase agreement.

During the third quarter of 2017, the bank acquired 21.2% of the shares in SpareBank 1 Betaling AS and classified it as an associated company. SpareBank 1 Betaling AS owns 25% in Vipps AS - a mobile payment solutions company.

In April 2018, SpareBank 1 Østlandet became the first Norwegian bank to pay out a customer dividend. The dividend of NOK204 million was shared among the bank's retail as well as corporate customers.

*Source: Company reports (EMTN prospectus May 2017, interim report Q2 June 2017, June 2016 and Mar 2016, annual report Dec 2017, Dec 2015, Dec 2014, Dec 2013, Dec 2012 and Dec 2011), Moody's research*



## Peer group

- » [Aktia Bank Plc](#)
- » [Fana Sparebank](#)
- » [Länsförsäkringar Bank AB \(publ\)](#)
- » [Ringkjøbing Landbobank AS](#)
- » [SpareBank 1 Nord-Norge](#)
- » [SpareBank 1 SMN](#)
- » [SpareBank 1 SR-Bank ASA](#)
- » [Sparebanken Møre](#)
- » [Sparebanken Øst](#)
- » [Sparebanken Sogn og Fjordane](#)
- » [Sparebanken Sør](#)
- » [Sparebanken Vest](#)
- » [Sydbank AS](#)

## Related websites and information sources

For additional information, please see:

### The company's website

- » [SpareBank 1 Østlandet](#)

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## Moody's related research

### Issuer page on Moodys.com

- » [SpareBank 1 Østlandet](#)

### Credit opinion

- » [SpareBank 1 Østlandet](#)

### Industry outlook

- » [Norway, August 2017 \(1076131\)](#)

### Rating methodology

- » [Banks, August 2018](#)

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available on the issuer's page. All research may not be available to all clients.*

## Endnotes

<sup>1</sup> Prior to acquisition, Sparebanken Hedmark owned 40.5% in B1OA

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