



SpareBank 1 Østlandet

Company presentation

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DNB's SME Conference 2018

Oslo, 21 March 2018

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

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.

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>Organizations & 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>Real estate agent</p>
100%	<p>EiendomsMegler 1 Oslo Akershus AS</p> <p>Real estate agent</p>
95%	<p>SpareBank 1 Finans Østlandet AS</p> <p>Financing / Leasing</p>
100%	<p>SpareBank 1 Regnskapshuset Østlandet AS</p> <p>Accounting</p>

Selected other ownership interests

~25%	<p>Totens Sparebank</p> <p>Savings bank</p>
~24%	<p>KOMM-IN AS</p> <p>Local venture capital</p>
100%	<p>Vato AS</p> <p>Property management</p>
50%	<p>Torggt 22 AS</p> <p>Real estate SPV</p>
100%	<p>Youngstorget 5 AS</p> <p>Real estate SPV</p>

Part of the SpareBank 1 Alliance

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

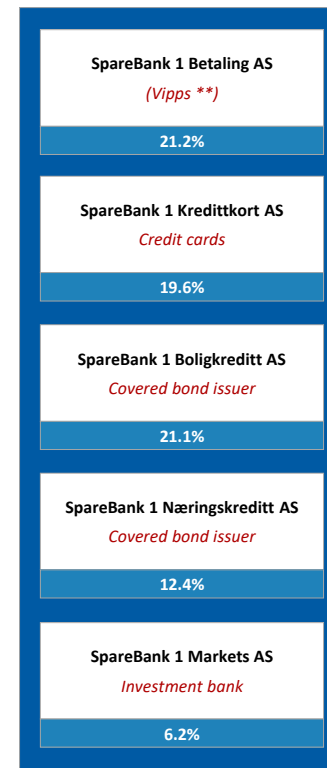
Key comments

- The SpareBank 1 Alliance (“SB1A”) consists of 14 independent savings banks, who cooperate on branding and providing a joint platform.
- SB1A is Norway’s second largest* financial group in terms of total assets.
- SB1A was created in 1996 to strengthen each local bank’s competitiveness, profitability and solvency, as well as to ensure each bank’s future independence and regional ties.

Key joint ventures

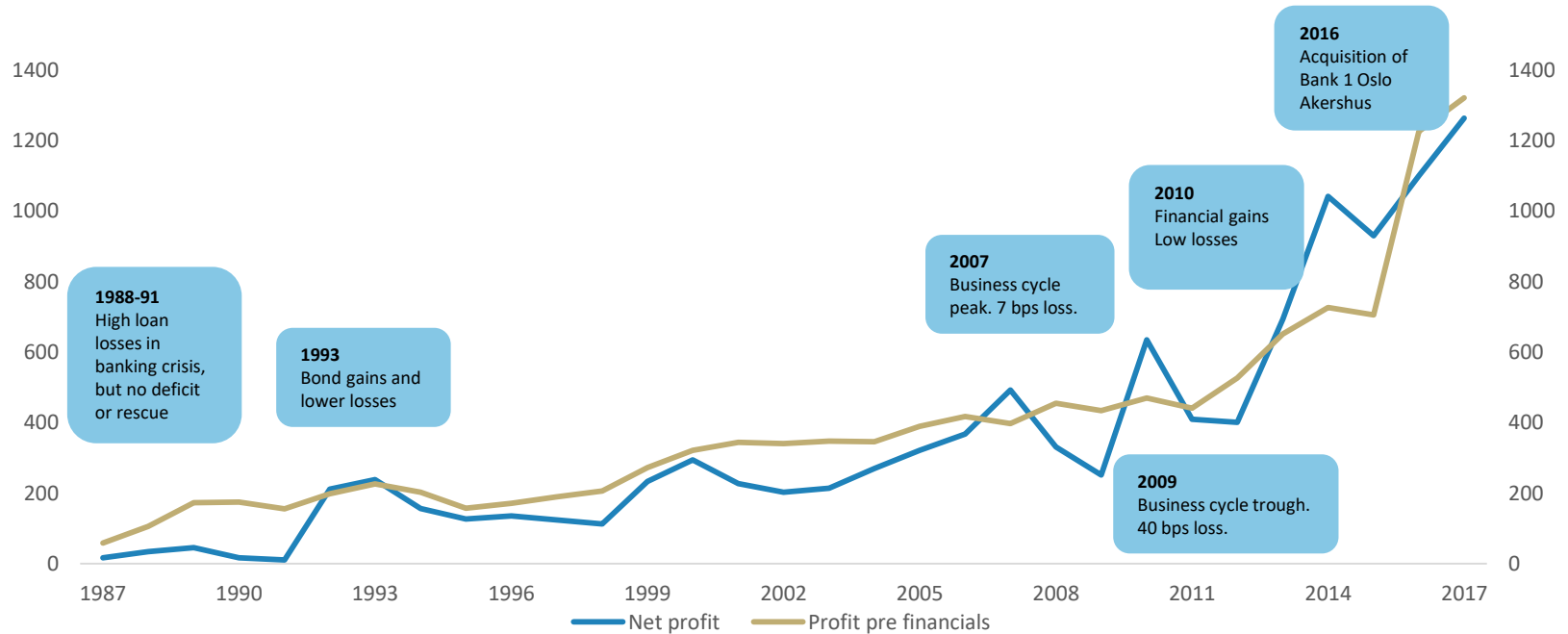


Key associated companies



Long history of profits

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

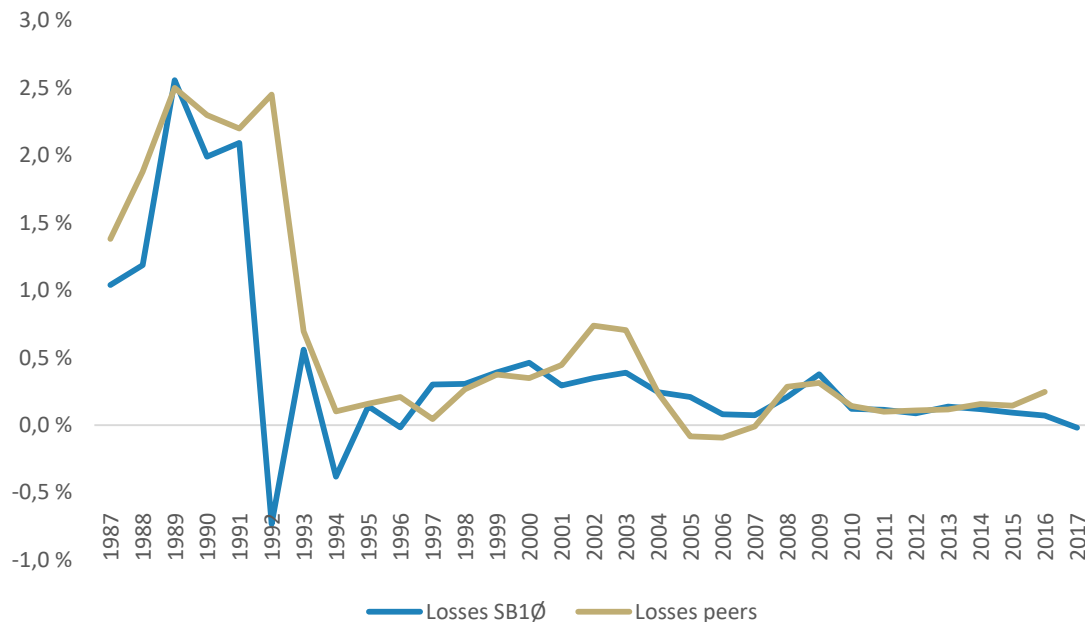


Source: Bank reports and SpareBank 1 Markets .

Long history of low loan losses

Lower and more stable than peer average

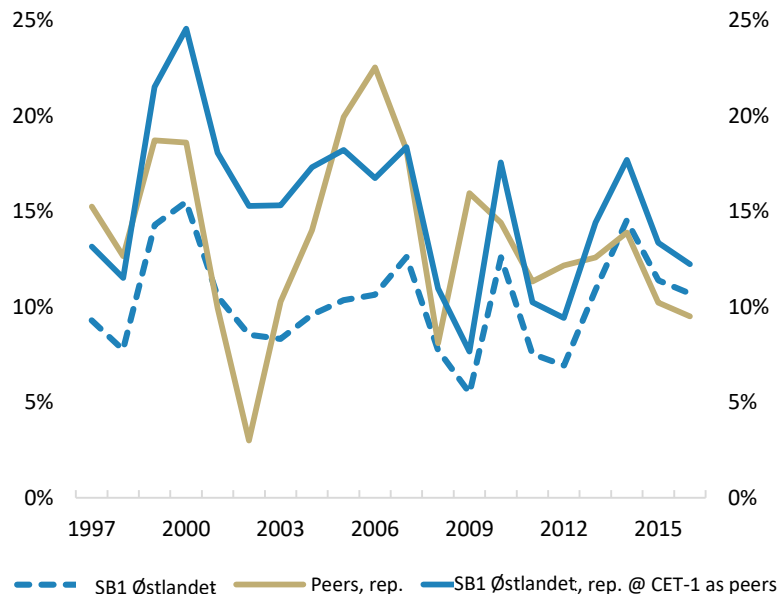
Loan loss provisions, incl transfer to covered bond company (% of lending)



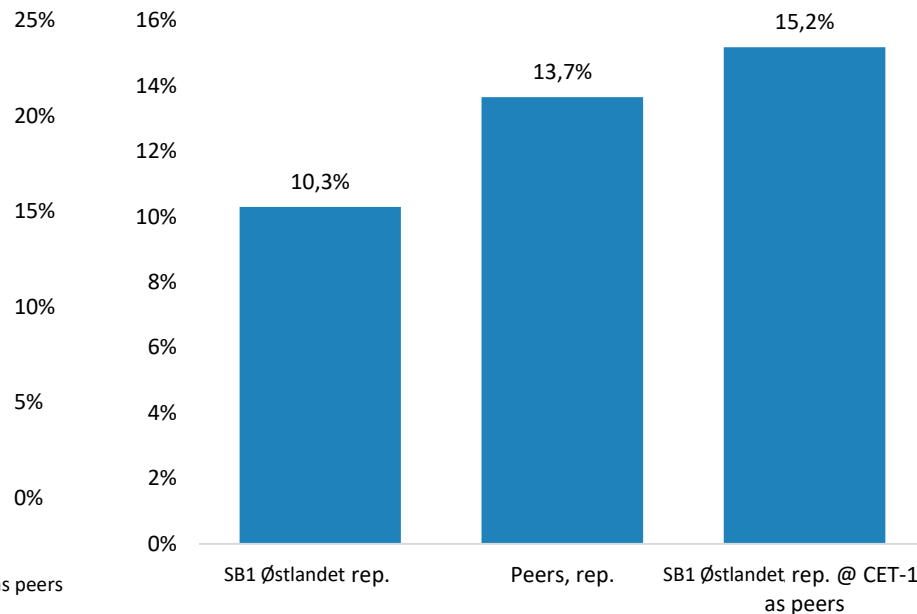
Strong profitability adjusted for gearing

Return on equity (per cent)

ROE history 1996-2016



Average 1996-2016



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

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.

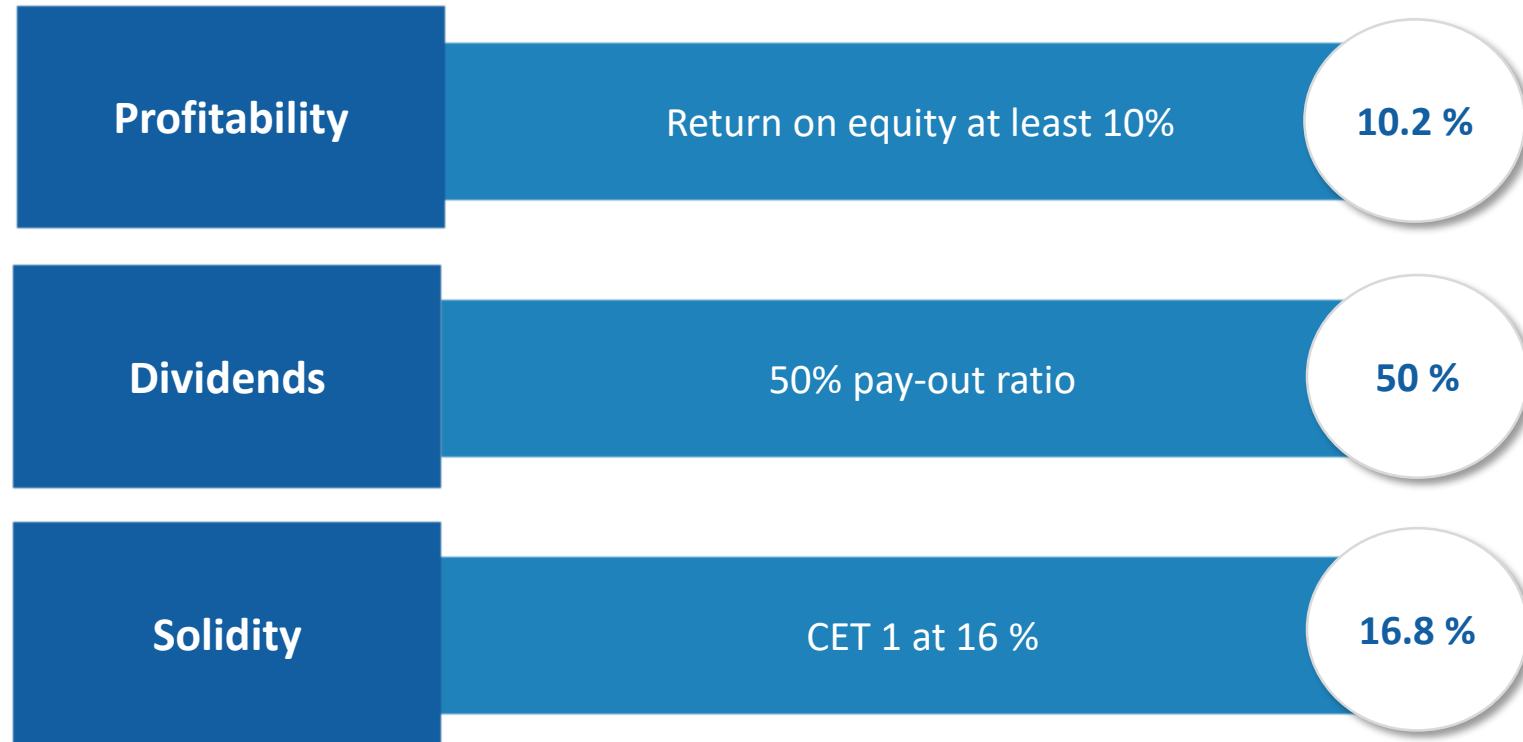
2017 - Successful merger and IPO

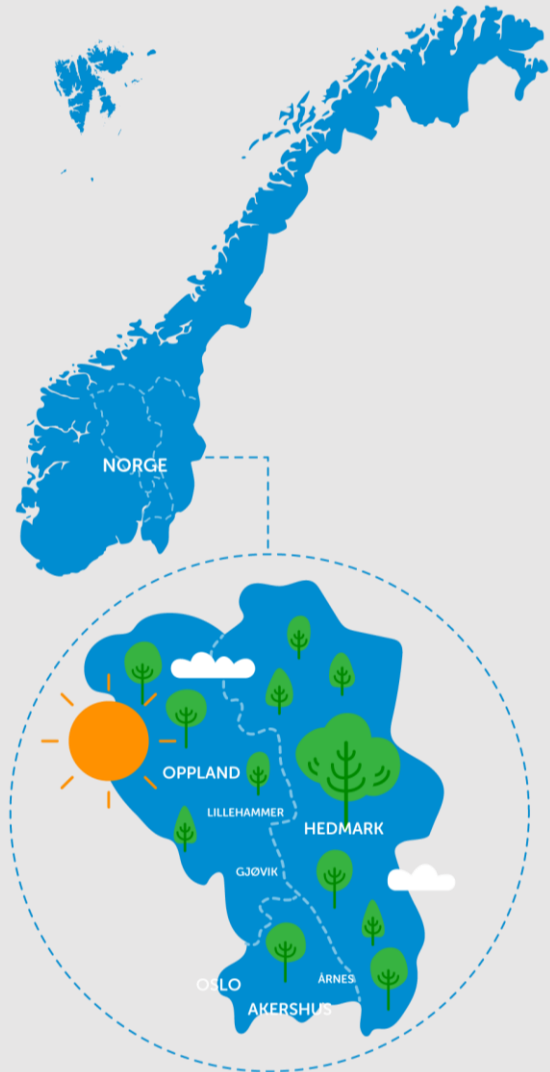
Targets for synergies achieved

- 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

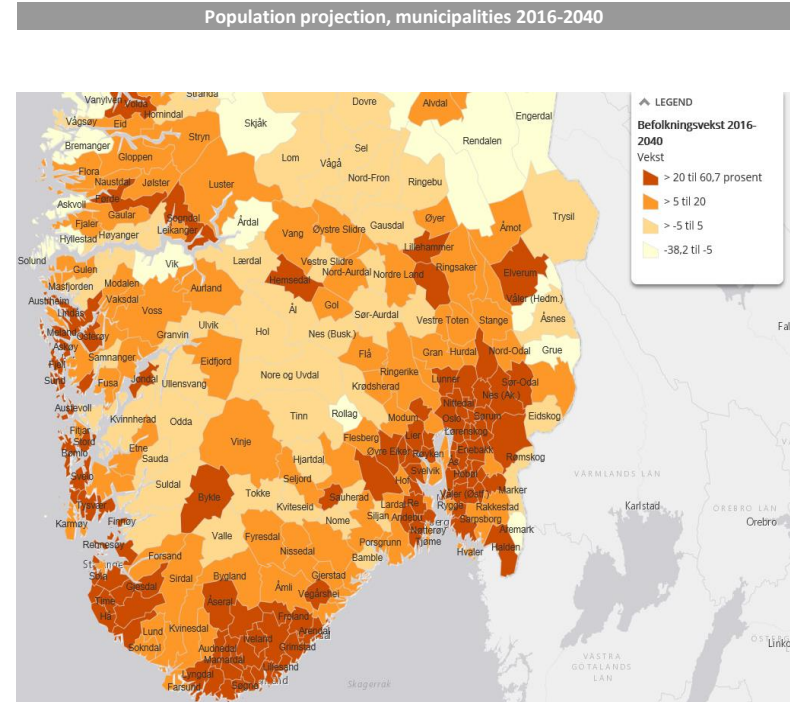
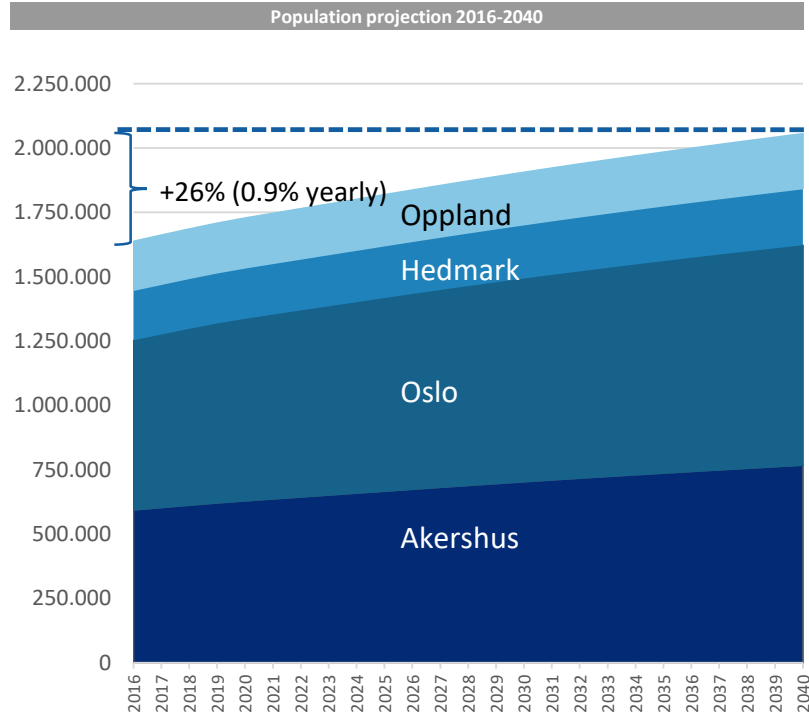




Region and economic outlook

A market area with long term growth potential

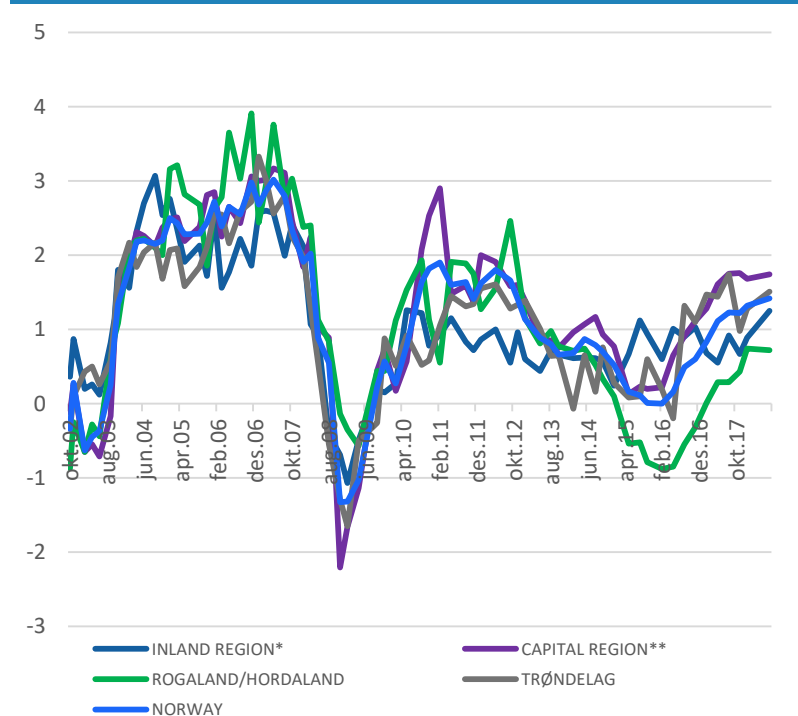
Expected long-term population growth



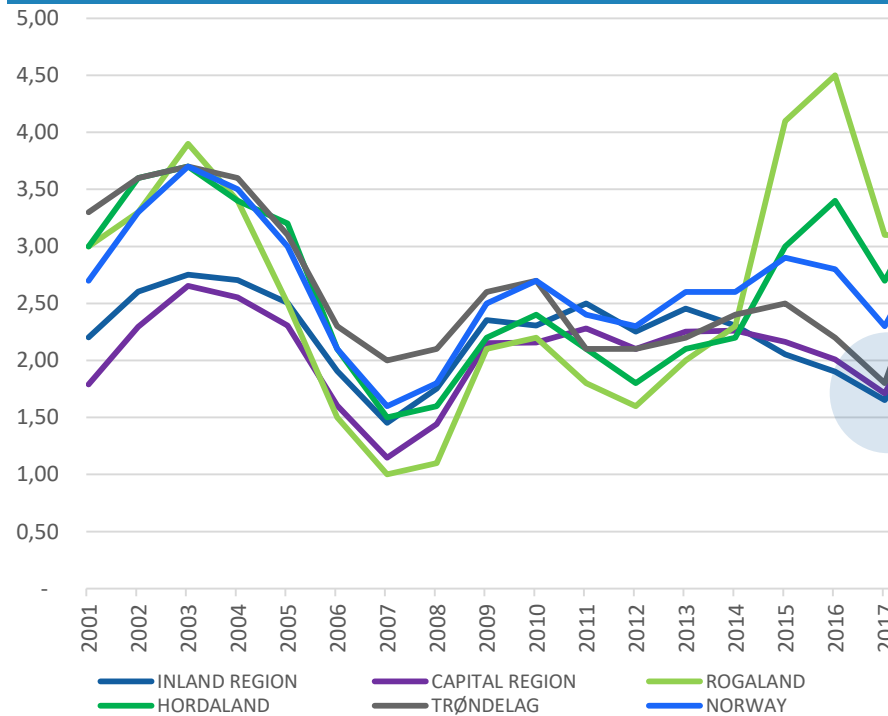
Stable activity and low unemployment regionally

Home market with low spillover from oil downturn

Growth in production, last 3 months and forecast for 6 months



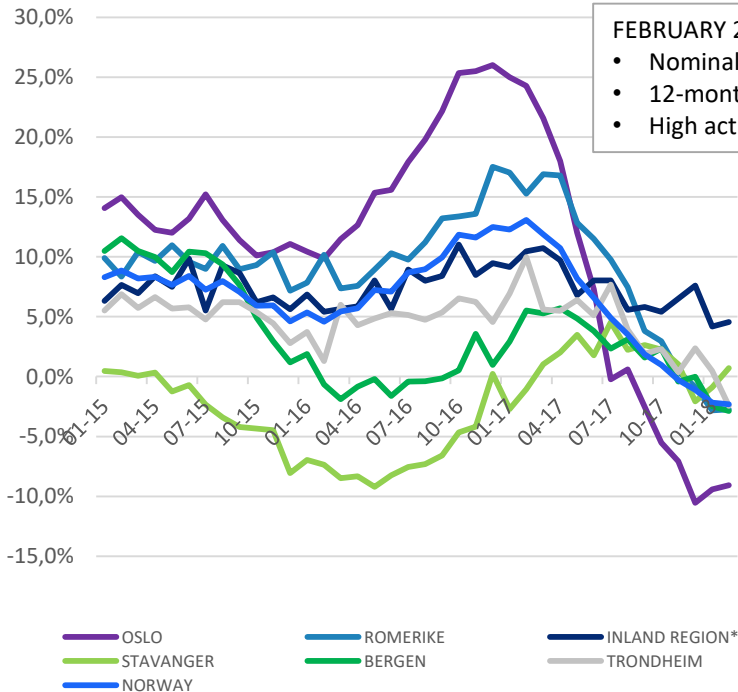
Registered unemployment rate



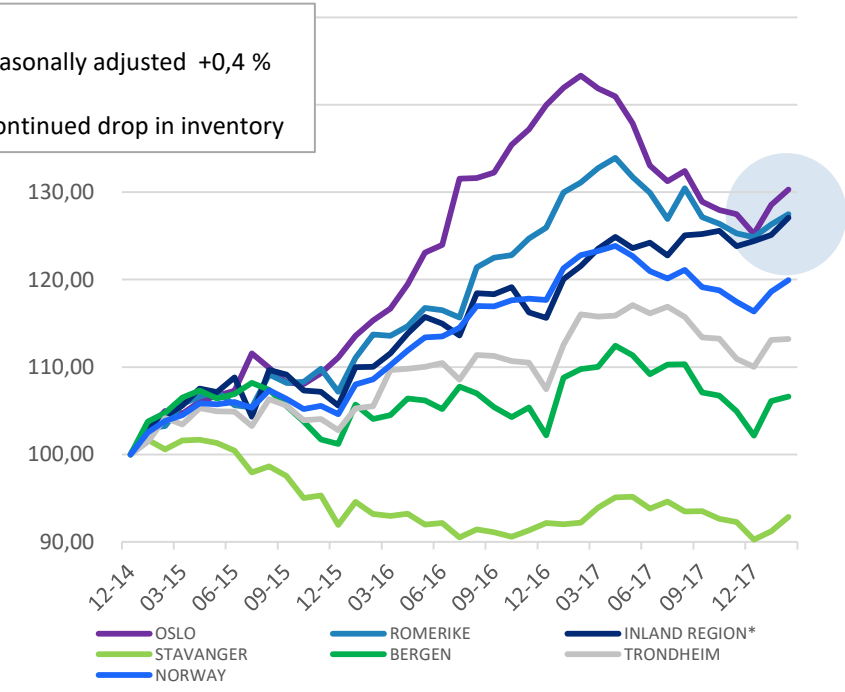
Housing prices levelling off

House price developments outside Oslo has seen moderate and stable growth

House prices by area, 12-month growth

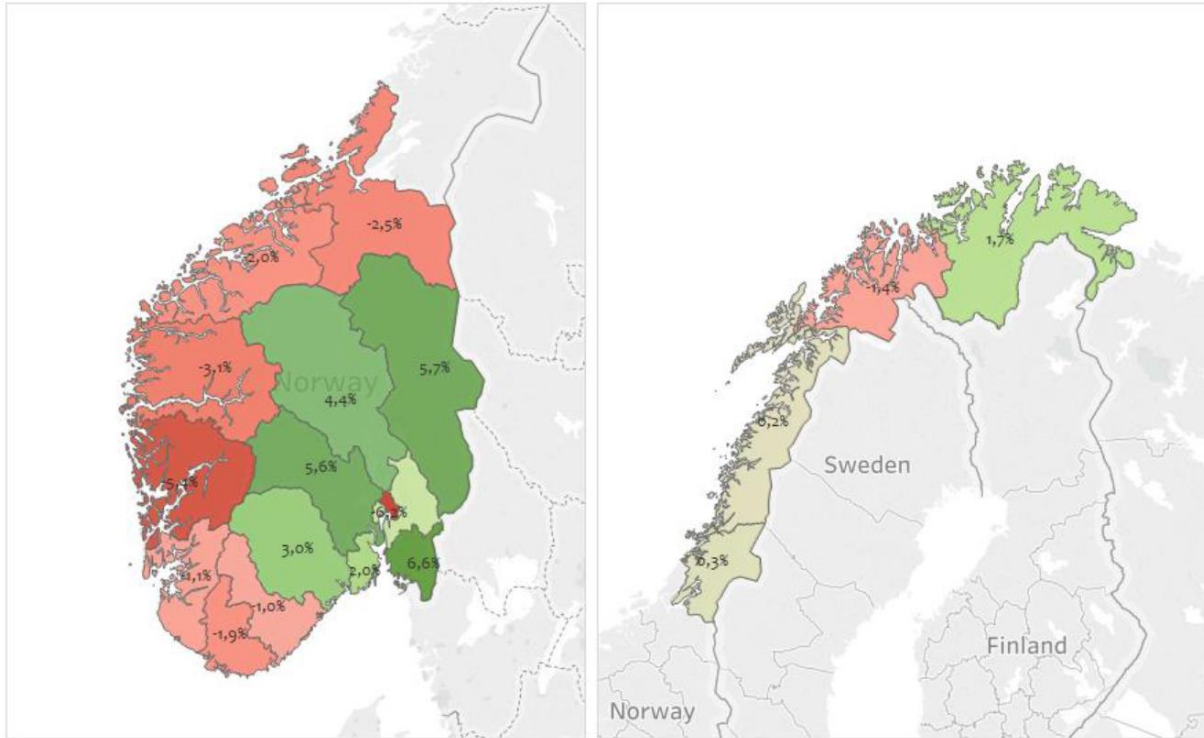


House prices, indexed**



Diversified housing market in the region

12-month price growth – by county as of 31 December 2017



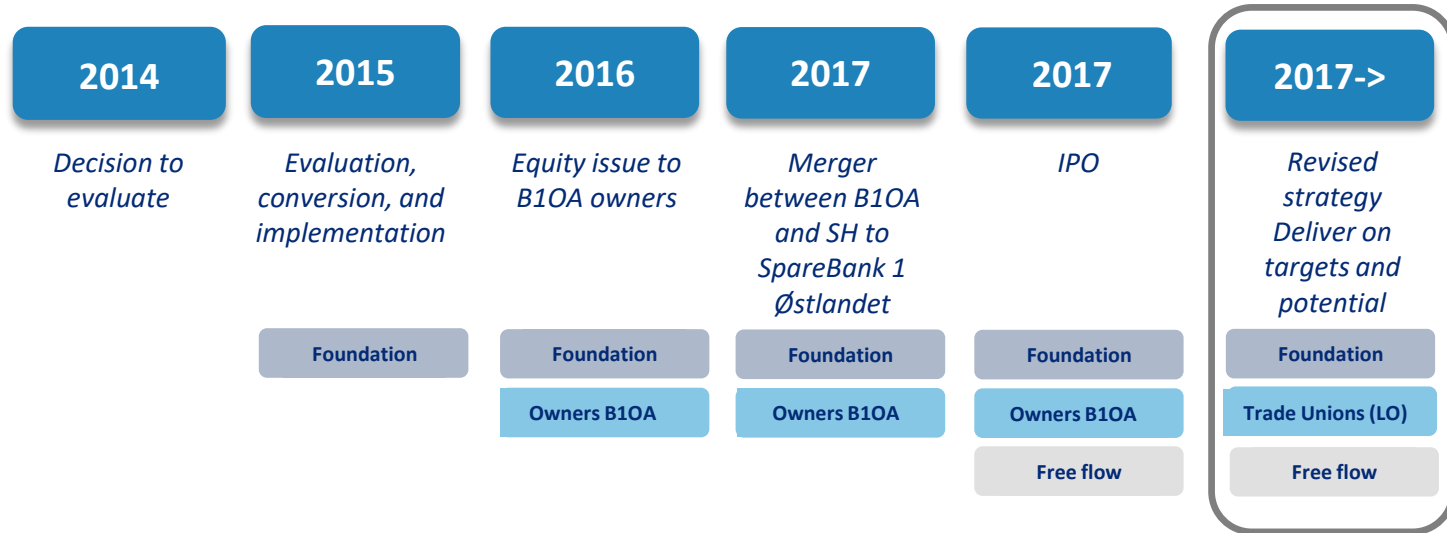
- Growth in all counties surrounding Oslo
 - Oslo - 6.2 %
 - Hedmark + 5.7 %
 - Akershus + 0.8 %
 - Oppland + 4.4 %
- Sales records in Hedmark, Akershus and Oppland in 2017
- Turnover time up in Oslo and Akershus but was down in Hedmark and Oppland.
- Number of unsold homes falling in all counties
 - Drop in inventory

Strategy and ambitions



Continuous development of the Bank

Merger and IPO basis for future growth



Customer dividend ensures a stable EEC ratio

Solid position and growth opportunities

Market leader in Hedmark, market challenger in other counties

Hedmark

Population	197,000
Market share* RM	49 %
Market share CM	45 %
Position	market leader
Unemployment	1.7 %

Oppland

Population	189,000
Market share RM	4 %
Market share CM	8 %
Position	growth market
Unemployment	1.6 %

Oslo

Population	669,000
Market share RM	11 %
Market share CM	2 %
Position	growth market
Unemployment	2.5 %

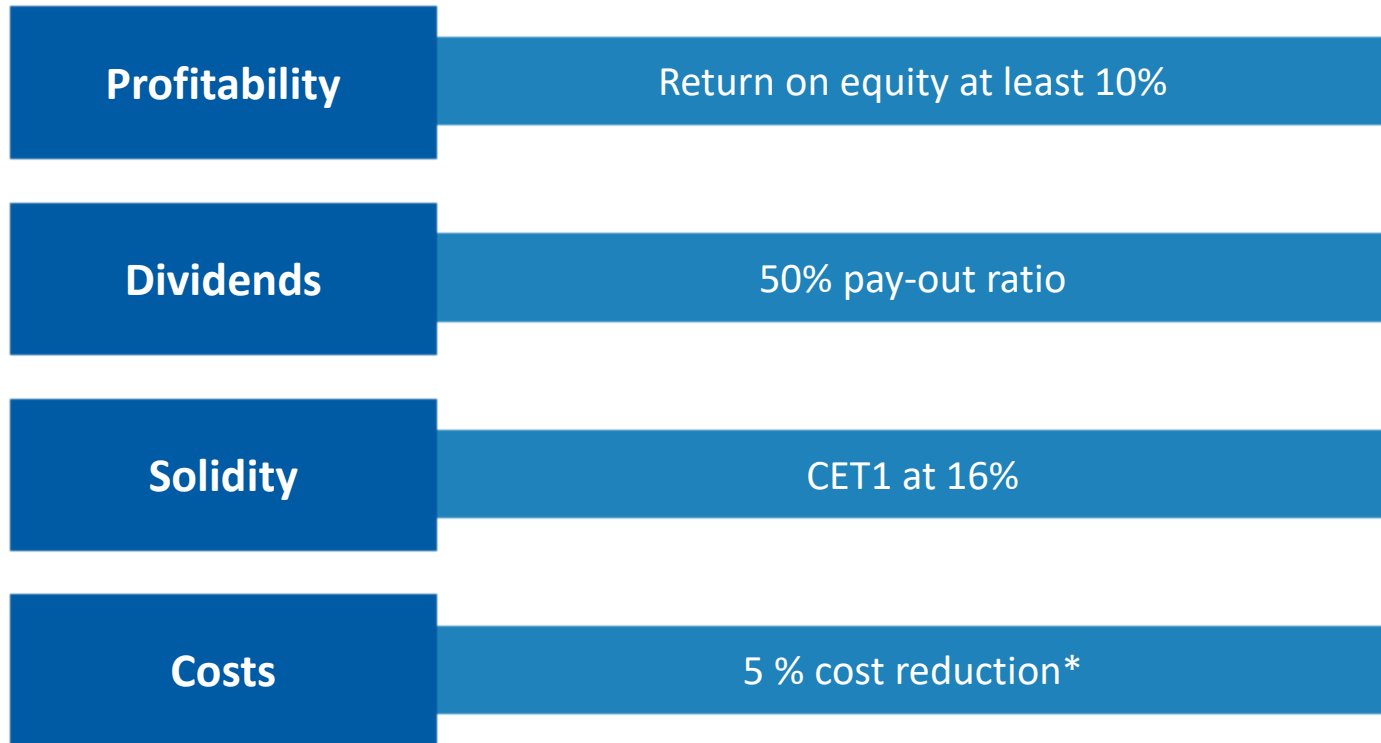
Akershus

Population	610,000
Market share RM	7 %
Market share CM	4 %
Position	growth market
Unemployment	1.9 %



Financial targets 2018

Remaining solid and continue the focus on profitability



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

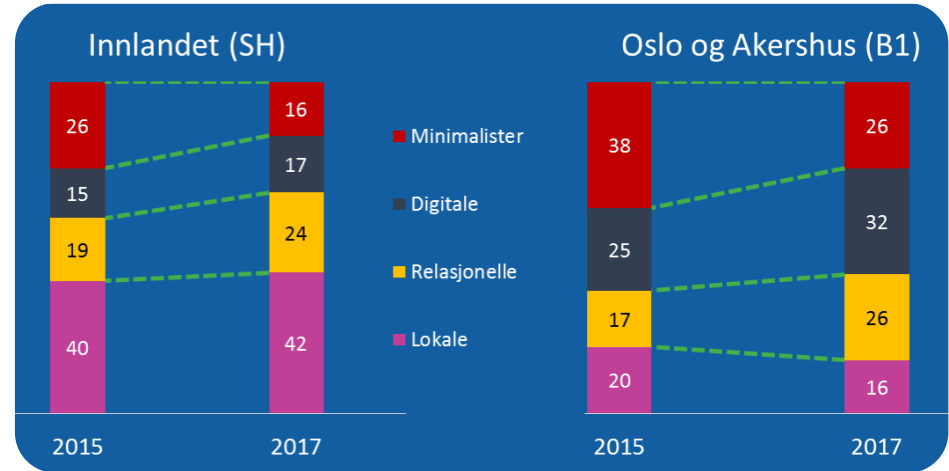
- A long list of innovations
 - Norway's first telephone bank (1994)
 - Europe's first internet bank (1996)
 - Norway's first mobile banking app (with the SB1 Alliance) (2010)
 - Norway's first bank with customer dividend (2016)
 - Norway's first voice controlled mobile banking app (2017)
- **To be continued..**



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)

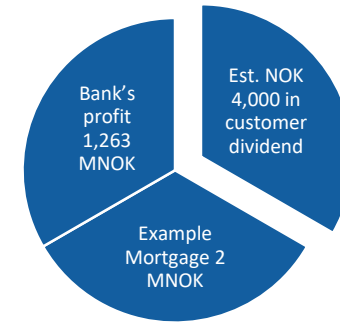
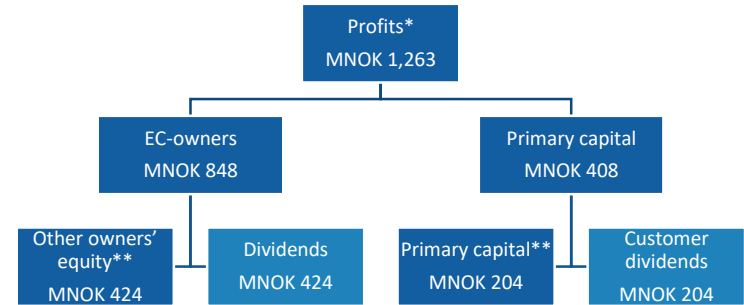
- «Minimalists» are very price sensitive and require plain vanilla products
- «Digitals» desire a bank with leading digital services delivery
- «Relationals» desire a bank with personal advisory capabilities
- «Locals» require the bank to have local presence and to play a supporting role in the local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

Staying innovative: The Customer dividend

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

ILLUSTRATIVE

- *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.



*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

Bytt til banken med **kundeutbytte**

Start her >>

SpareBank 1 ØSTLANDET



Flytte og bytte til banken med **kundeutbytte?** Start her >>

SpareBank 1 ØSTLANDET



Flytte og bytte til banken med **kundeutbytte?** Start her >>

SpareBank 1 ØSTLANDET

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Bytt til banken med **kundeutbytte**

Start her >>

SpareBank 1 ØSTLANDET

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Flytte og bytte til banken med **kundeutbytte?**

Start her >>

SpareBank 1 ØSTLANDET



Boliglån med **kundeutbytte?**

Ja takk

SpareBank 1 ØSTLANDET

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

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



- All members are SpareBank 1 customers through LOfavor group policies

We take sustainability seriously

Among the first in providing green financing for retail customers

Østlendingen Vi bryr oss!

ONSDAG 17. JANUAR 2018 ■ 118. ÅRGANG ■ NR. 14 ■ LØSSELS KR. 40,00 SMS-tips: ØTIPS TIL 2005

MEGET AKTIV NYKKOMMER
Klubbmedlemmer skal nå Norum gåkk rett til topps under Aktiv Awarde!
SIDE 2

alv.

ENIGE OM NYTT NAVN
Fylkesrådsleder i Nordmark og Oppland er enige om å bytte navn.
SIDE 8

UTESTENGT
Jeger Østlandet fra fjellveggen til siste kultursenter fag og her kritiserer styret sine. Saks- eban Gedde.
SIDE 10-11



NULLRENTE: Daglig leder Eivorm Vekst og Odd-Erling Løngje (til venstre) og konsernsjef Richard Heberg (til høyre) foran et bord som skal kjøpe bolig i Ydalir.

Tilbyr grønt bolig-lån med null rente

MILJØLÅN: Sparebank Østlandet ønsker å opparbeide seg en sterk bærekraftsprofil ved å tilby grønt boliglån til energieffektive og miljøvennlige boliger med 0 prosent rente for deler av lånet første året. De første som får tilbud om lånet er boligkjøpere i nullutslippsbydelen Ydalir i Elverum. **SIDE 4-5**

Kredittverdige boligkjøpere i Ydalir kan få flying start

Tilbys grønt boliglån med null rente



NULLRENTE: Daglig leder Eivorm Vekst, Odd-Erling Løngje (til venstre) og konsernsjef Richard Heberg (til høyre) foran et bord som skal kjøpe bolig i Ydalir.

ELVERUM: Eivorm Vekst og Sparebank Østlandet har innngitt et avtale om å tilby grønt boliglån til svært gunstige vilkår for deler av lånet for de første årene.

BÆREKRAFTSLÅN

«Dette er en viktig dag for oss og en anerkennelse av et lag for det som vil bli et viktig samarbeid med å utvikle grønt i Ydalir til et miljøvennlig og bærekraftig område.

«Sparebanken har gjort et stort arbeid med å utvikle grønt i Ydalir til et miljøvennlig og bærekraftig område.

Ferdig dokument

Det grønne boliglån skal nå bli ferdig dokumentert i samarbeid med kommunen i Ydalir. Dette betyr at de første som får tilbud om lånet, kan begynne å bygge ut sine boliger i Ydalir.

«Lånet vil dokumenteres i samarbeid med kommunen i Ydalir og vil bli et viktig samarbeid med å utvikle grønt i Ydalir til et miljøvennlig og bærekraftig område.

«For å få lånet vil det være viktig å samarbeide med kommunen i Ydalir og vil bli et viktig samarbeid med å utvikle grønt i Ydalir til et miljøvennlig og bærekraftig område.

BÆREKRAFT: Sparebank Østlandet vil sette på bærekraft og står for med å bygge ut nye boliger i Ydalir. For å utvikle grønt i Ydalir til et miljøvennlig og bærekraftig område.

Contact details



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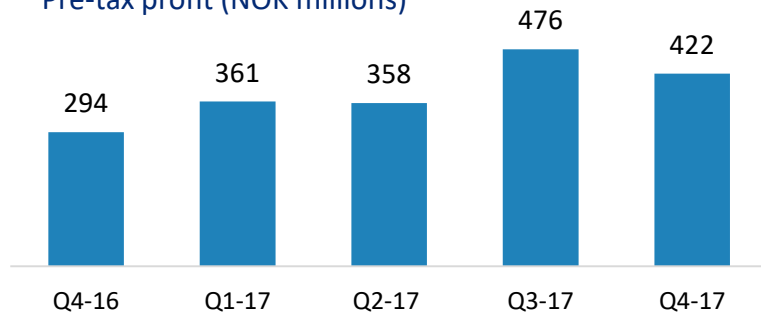


Appendix: Financials 2017

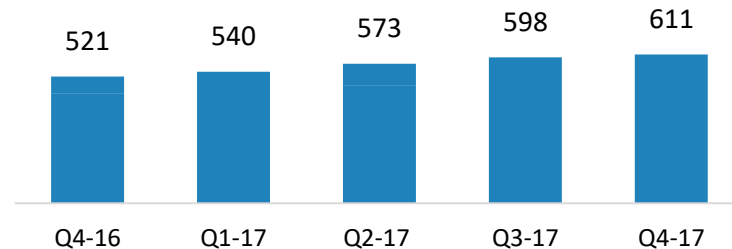
Key financials – quarterly

(1)

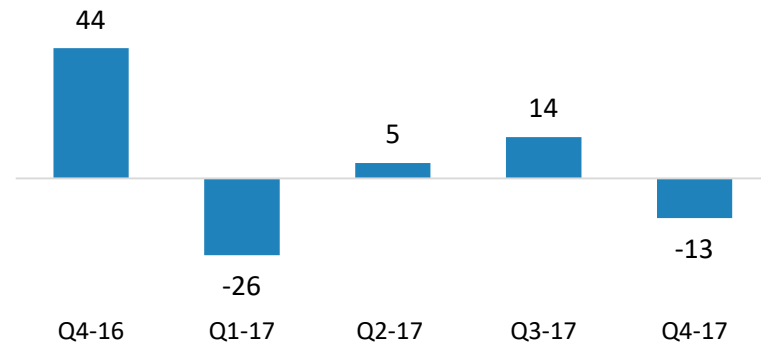
Pre-tax profit (NOK millions)



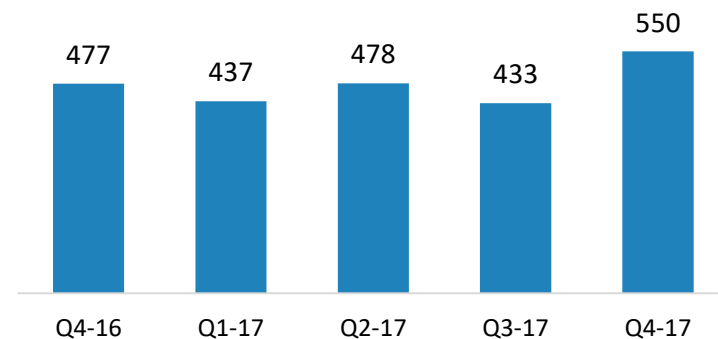
Net interest income and commission fees from the covered bond companies (NOK millions)



Losses on loans and guarantees (NOK millions)



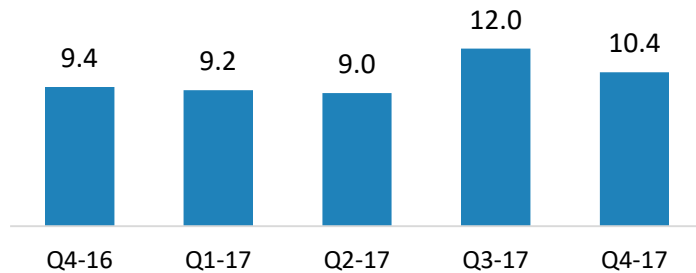
Total operating costs (NOK millions)



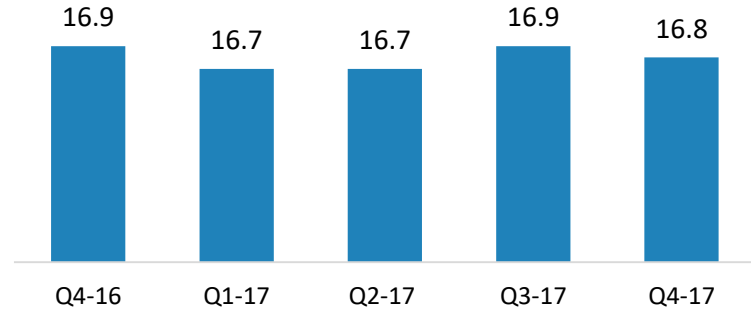
Key financials – quarterly

(2)

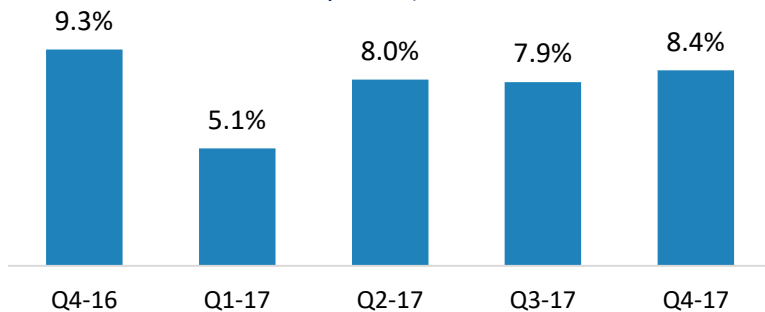
Return on equity (%)



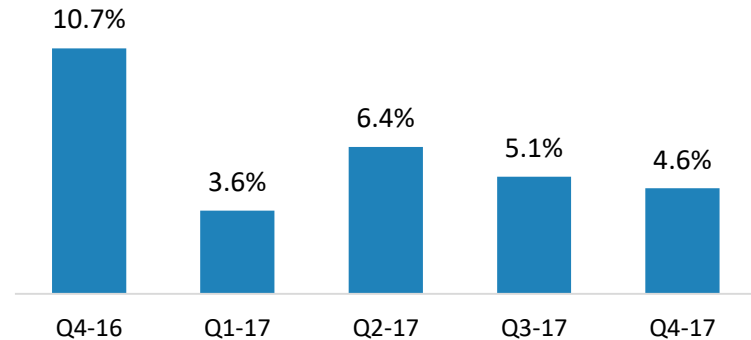
Core equity tier 1 capital ratio (%)



Lending growth 12 months (incl. covered bond companies)



Deposit growth 12 months



Income statement Q4-2017

Adjusted (pro forma) Group*

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

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

Contribution from joint ventures

2017 (2016)



SpareBank 1 Gruppen

- Profit before tax NOK 2,210 million (NOK 2,019 million)
- Ownership 12.4 %



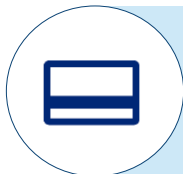
SpareBank 1 Boligkreditt AS

- Profit before tax NOK -238 million (NOK -146 million)
- Ownership 21.1 %



SpareBank 1 Næringskreditt

- Profit before tax NOK 79 million (NOK 112 million)
- Ownership 9.2 %

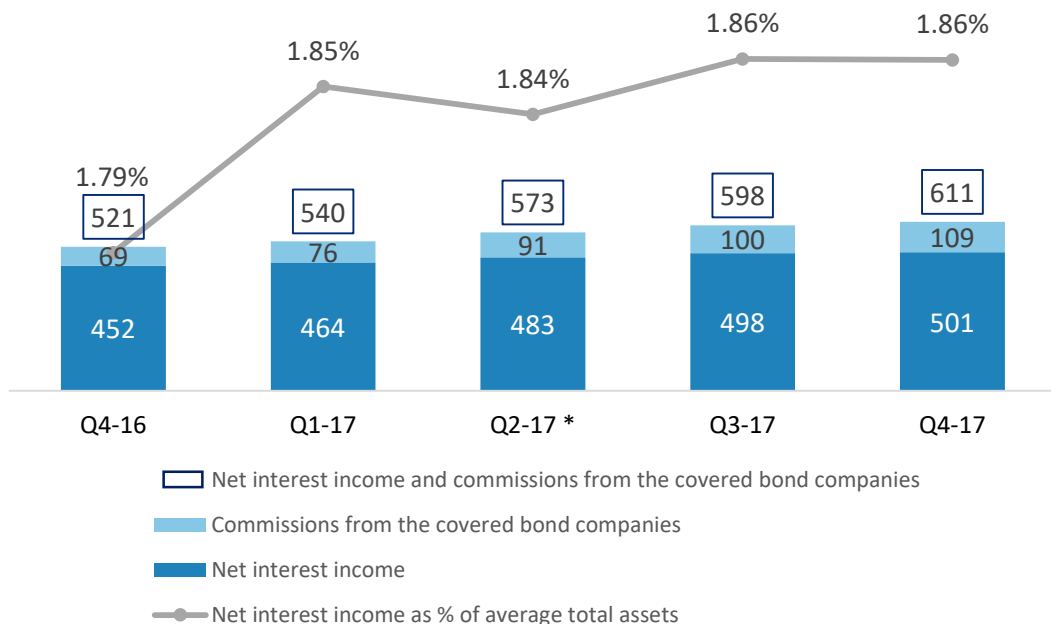


SpareBank 1 Kredittkort

- Profit before tax NOK 112 million (NOK 172 million)
- Ownership 19.6 %

Solid growth in net interest income

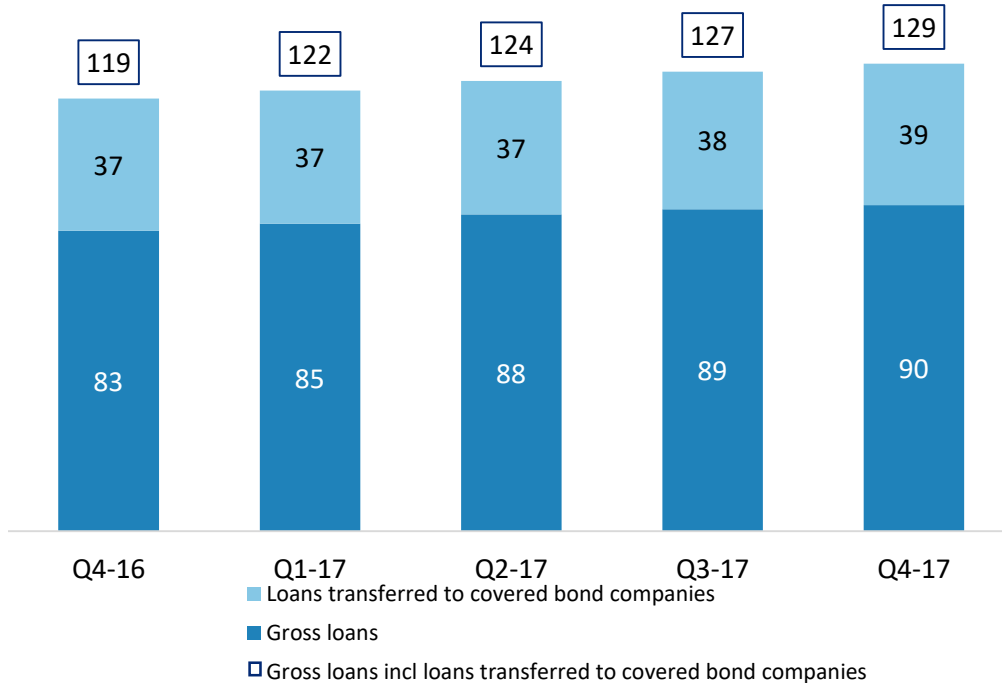
Net interest income incl. commissions from covered bond companies



- 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

Solid lending growth in 2017 as well

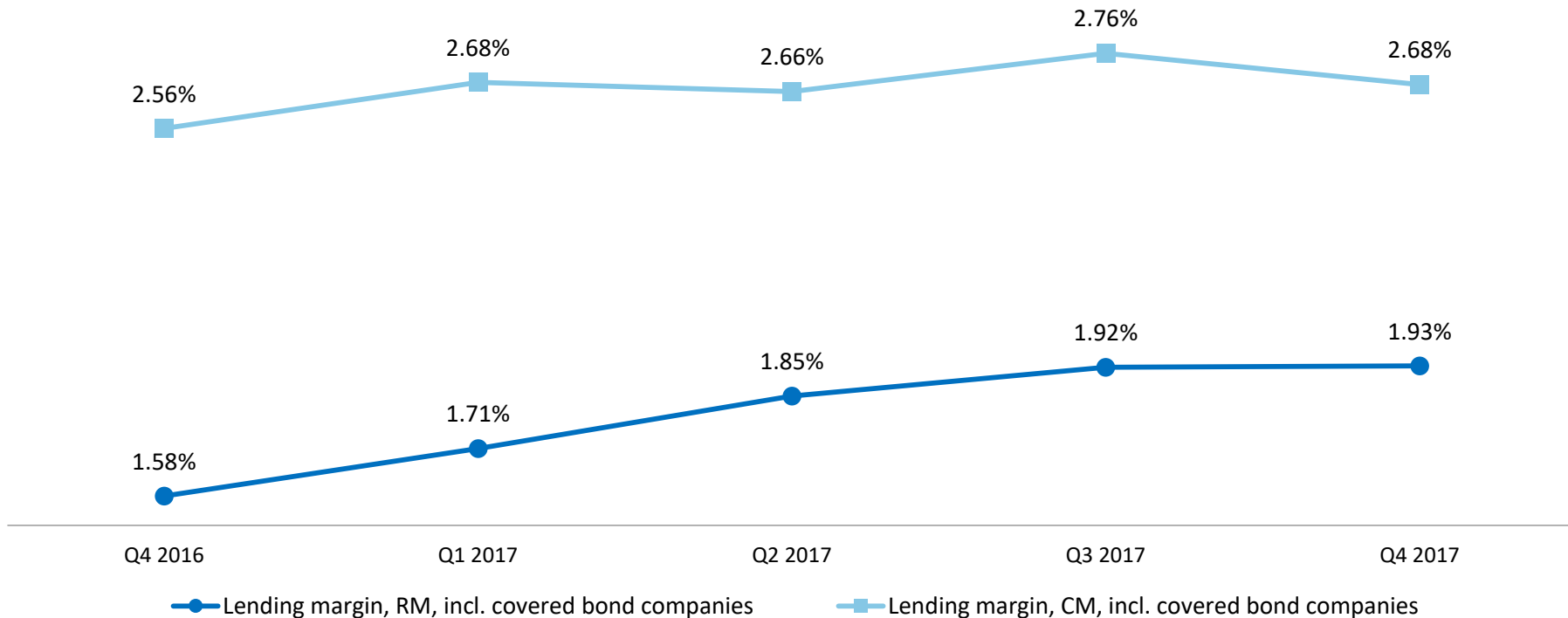
Lending volume, Group, incl. transferred to the covered bond companies (NOK billions)



- Lending growth in the Group in the last 12 months was 8.4 %
- Lending growth retail 8.7 %
- Lending growth corporates 7.7 %

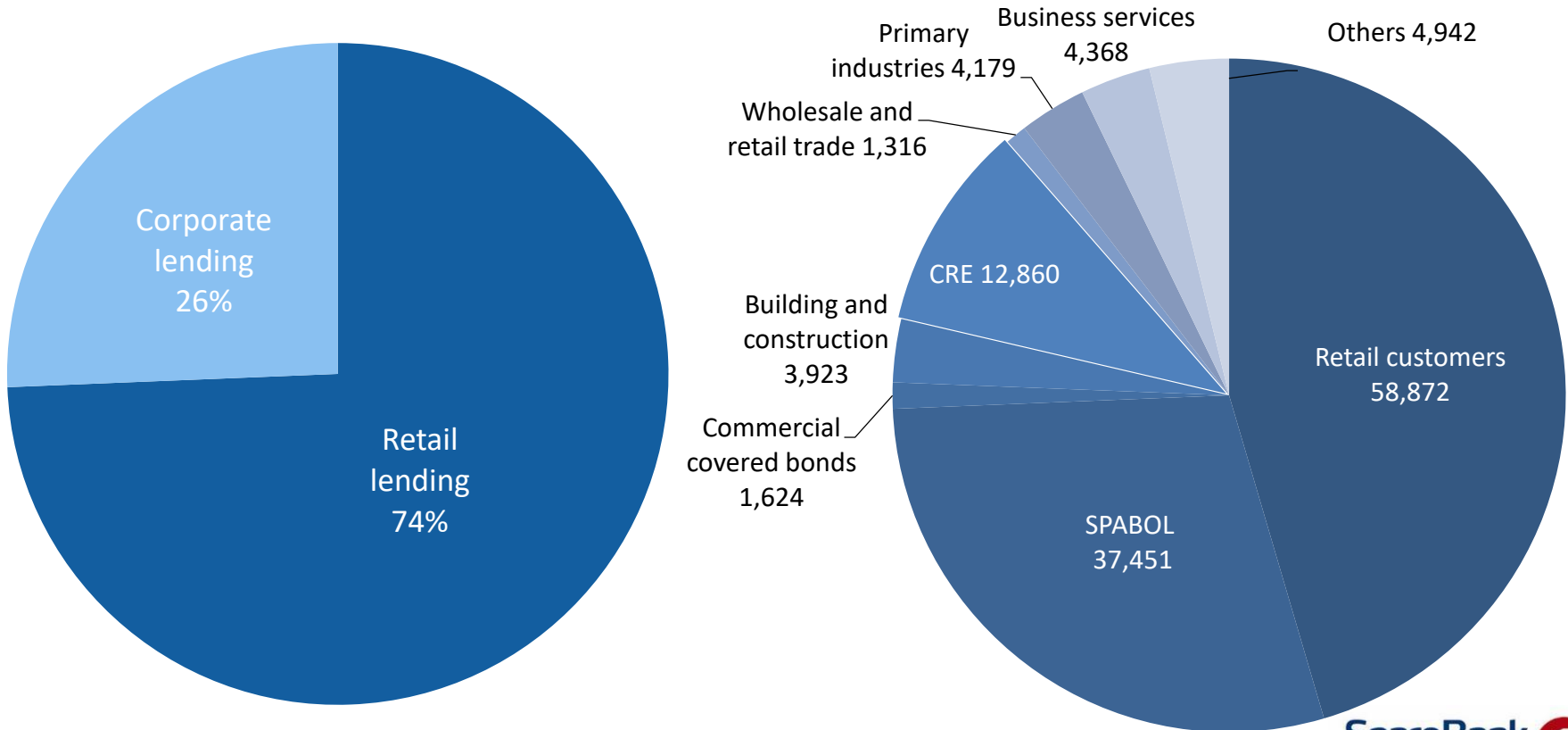
Lending margins

Retail market and corporate market (parent bank)



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

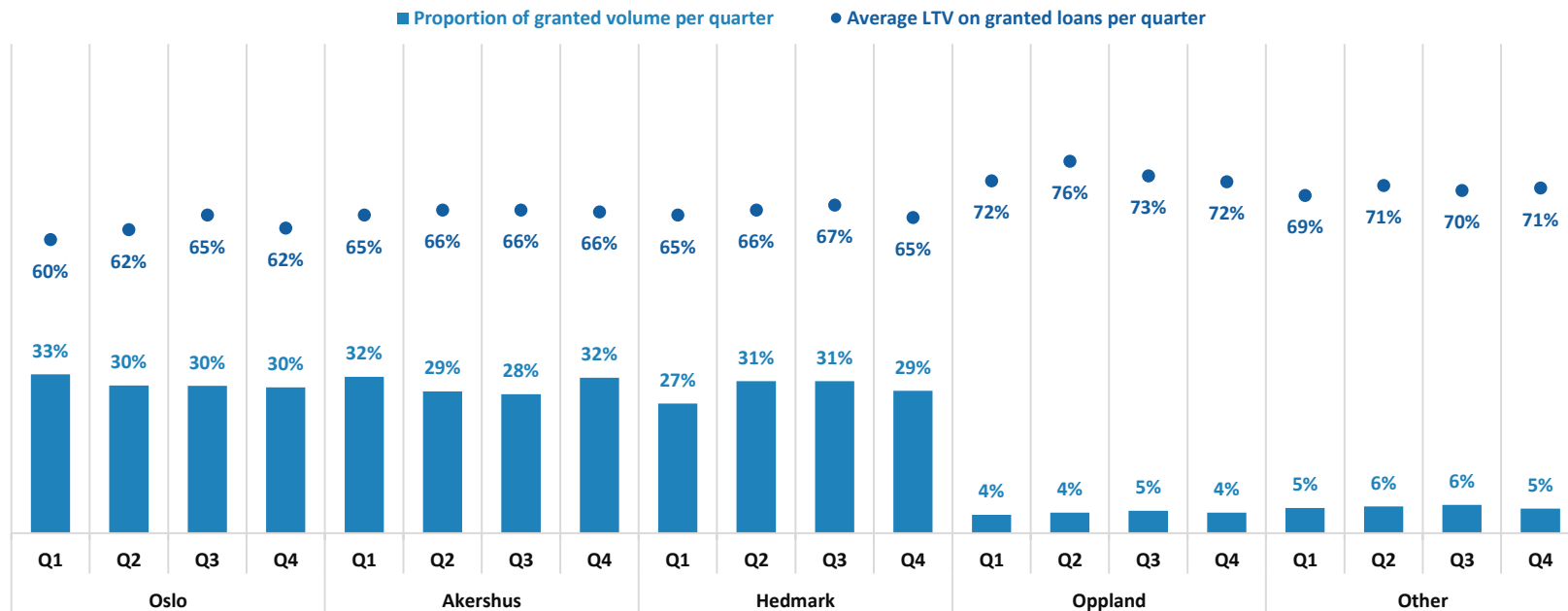
City of Oslo
7.4 %

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

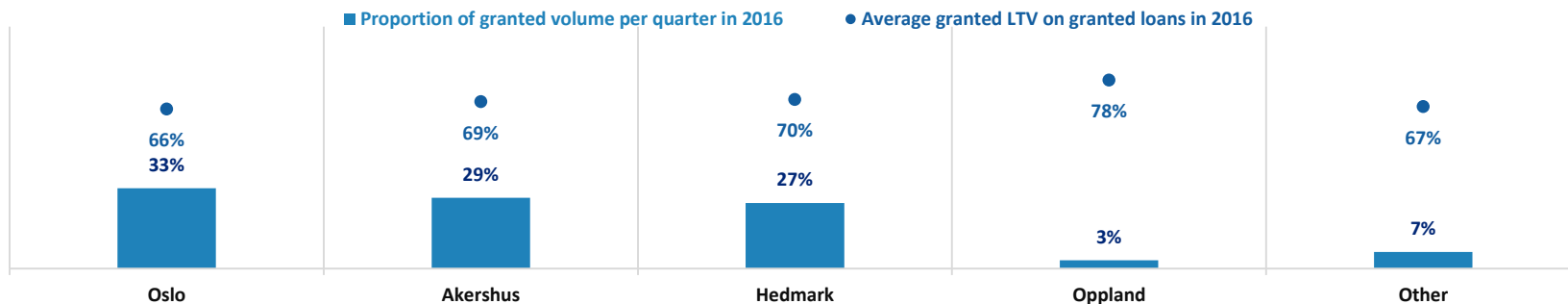
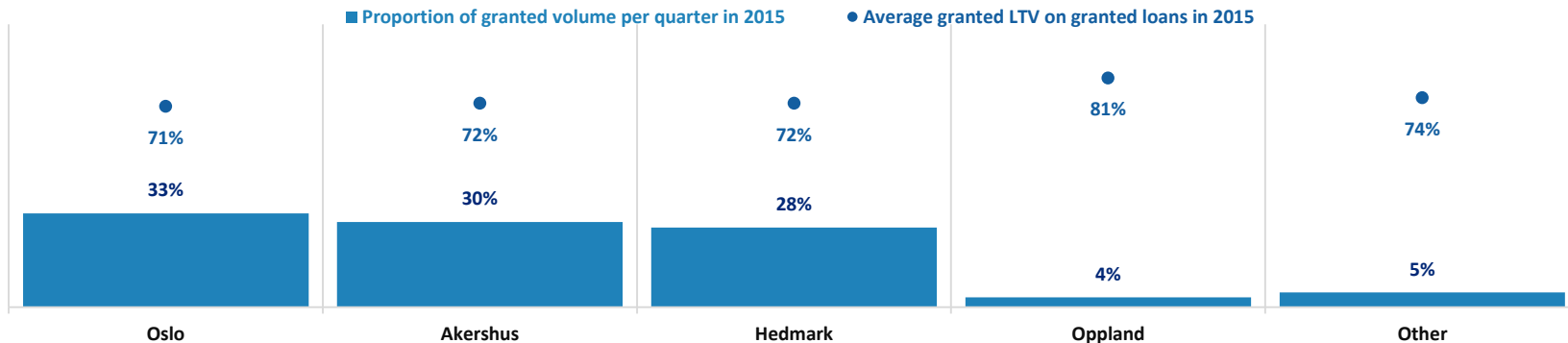
The Bank has reduced its LTVs during 2017...

Percentage of granted mortgages per county and average LTV per quarter 2017



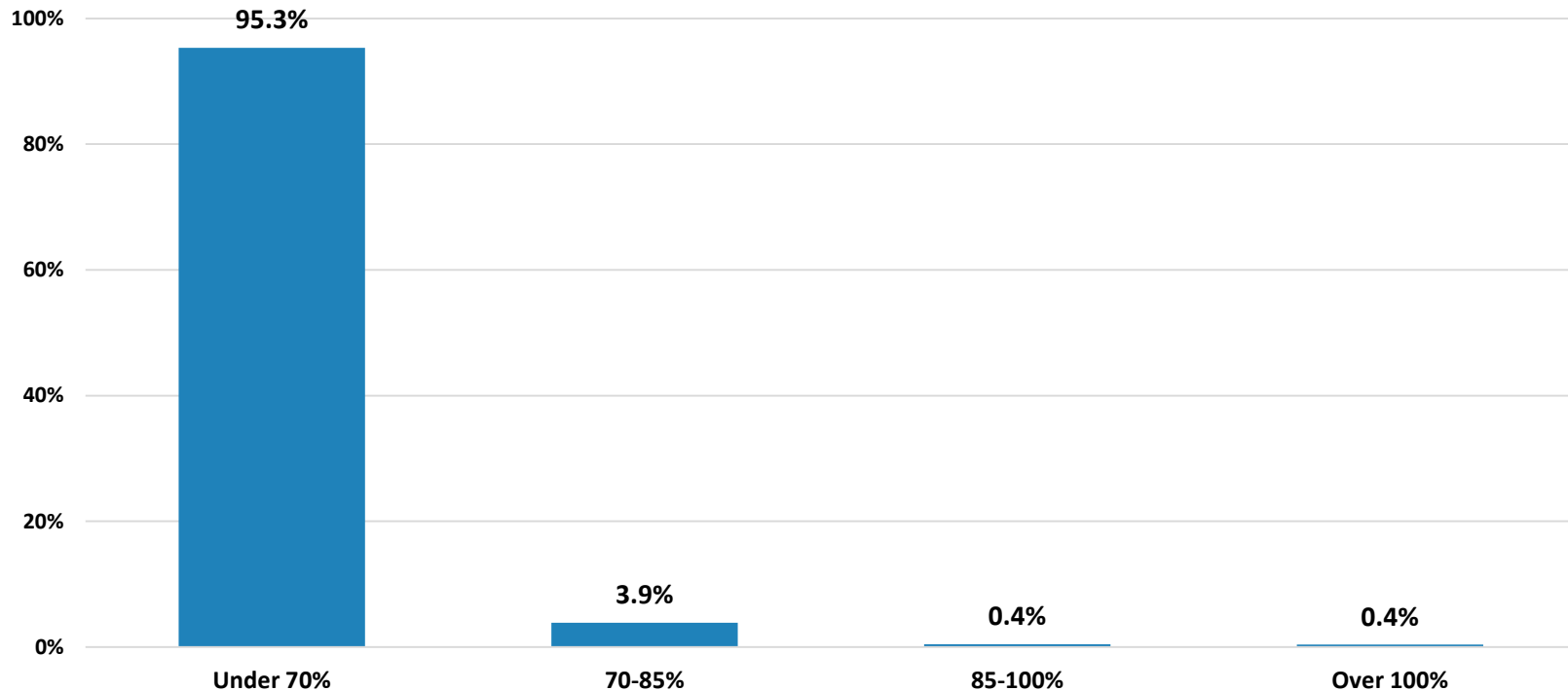
...compared to previous years

Percentage of granted mortgages and average LTV per county in 2015 and 2016



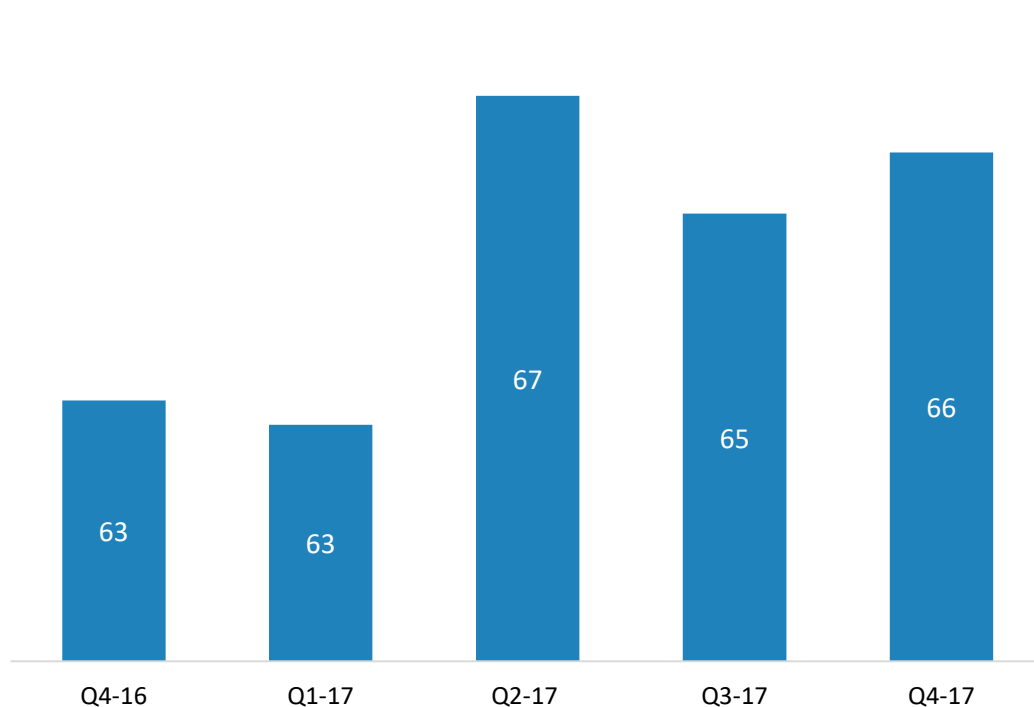
High quality retail portfolio

Loan to Value by exposure in the mortgage portfolio



Satisfactory deposit coverage

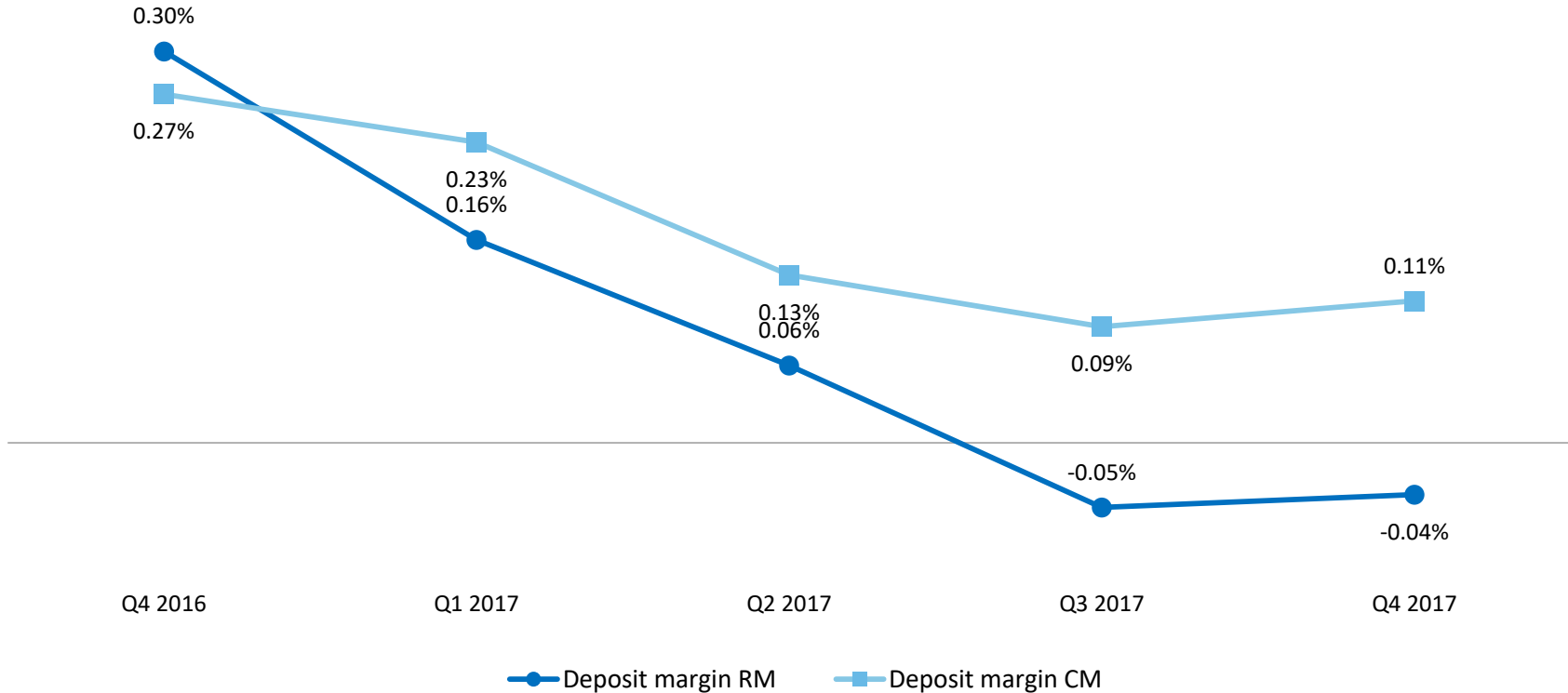
Deposit volume, Group (NOK billions)



- 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 %

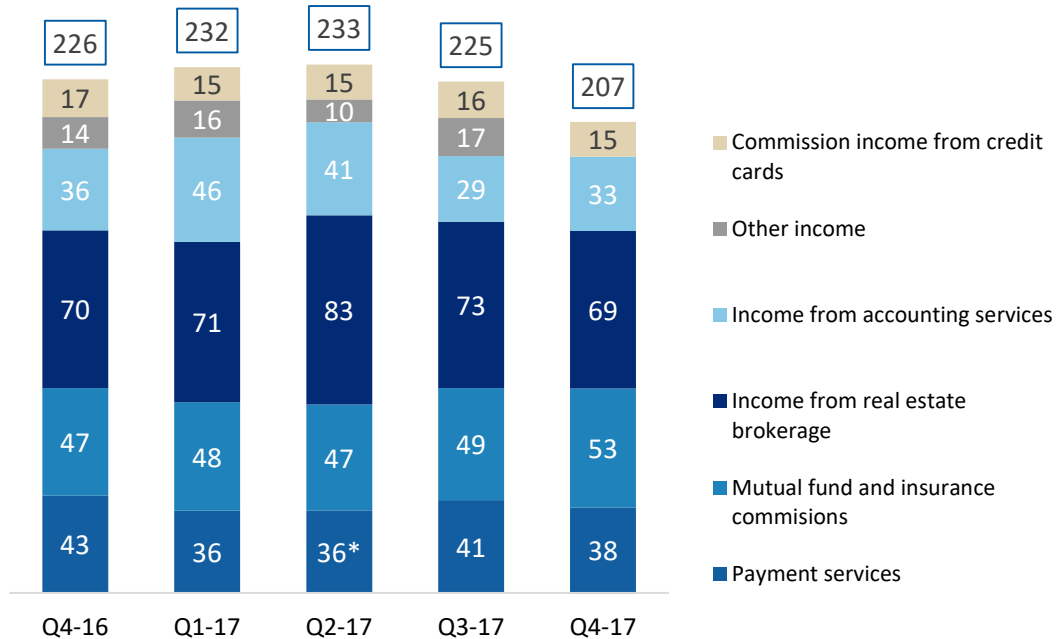
Deposit margins

Retail market and corporate market (parent bank)



Net commissions and other income

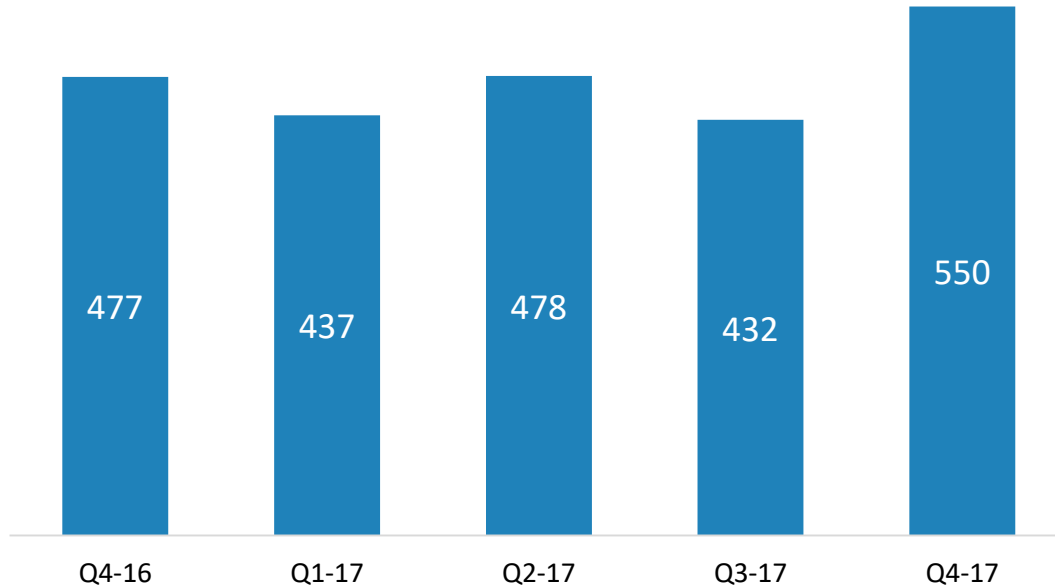
Commissions and other operating income by type (NOK millions)



- 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

Fourth quarter - marked by restructuring costs

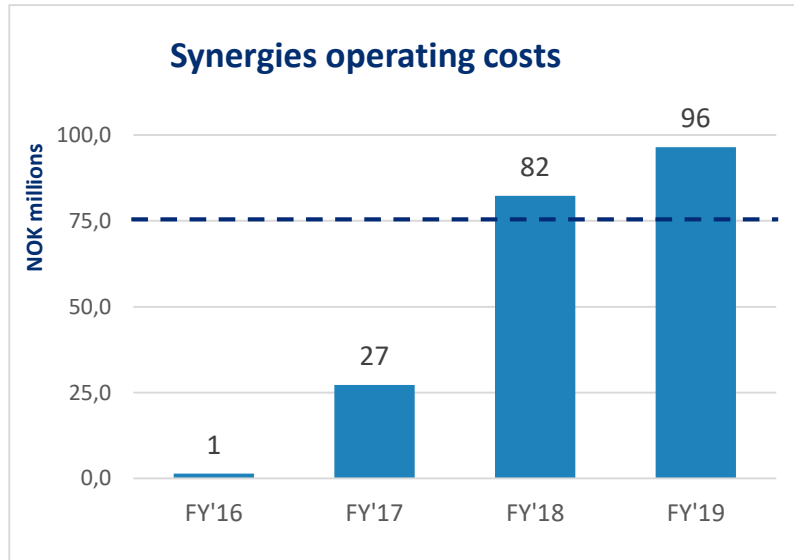
Operating costs per quarter (NOK millions)



- 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

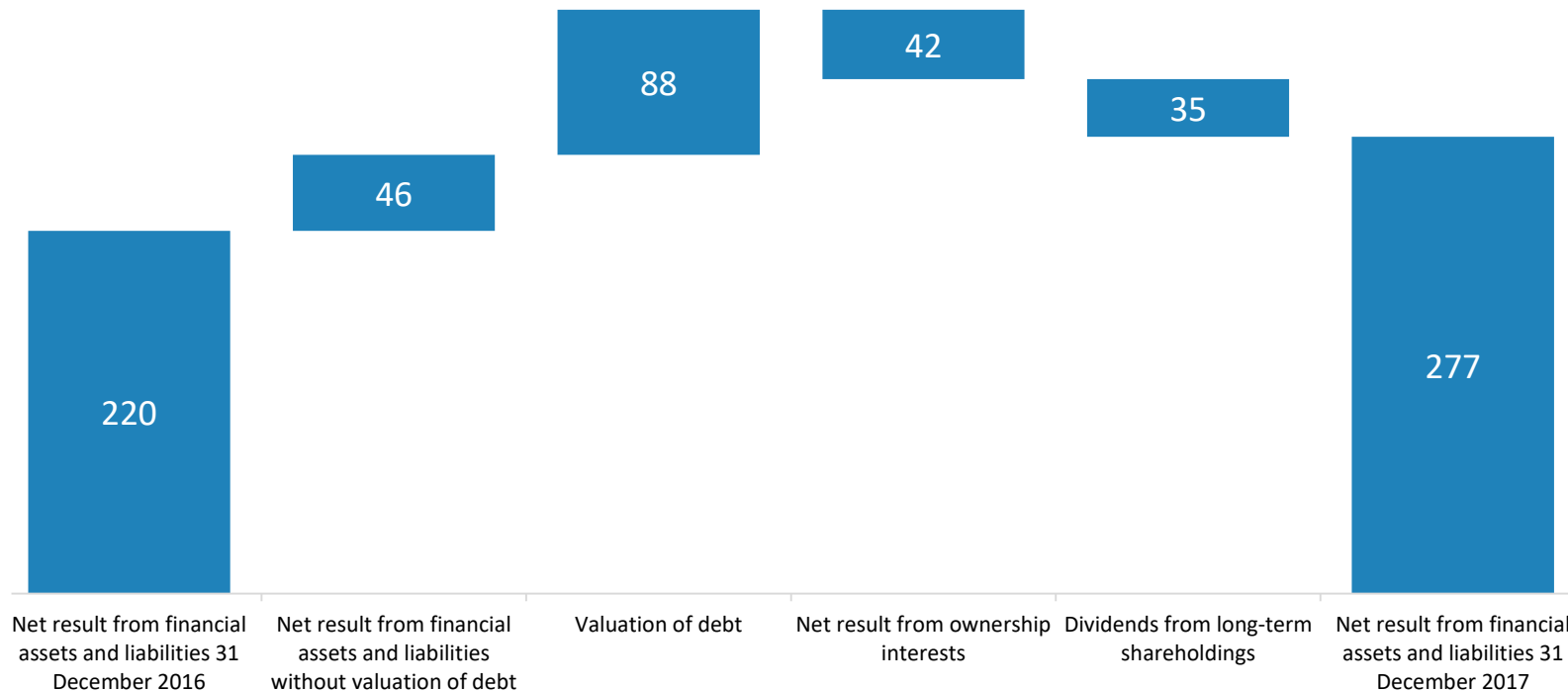
- Expected synergies of NOK 82 million in 2018 – compared with target of NOK 75 million
- Annual synergies are expected to rise to NOK 96 million from and including 2019
- 23 FTEs signed severance agreements in the fourth quarter
 - Most will leave in the first quarter of 2018
 - NOK 26 million was recognised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

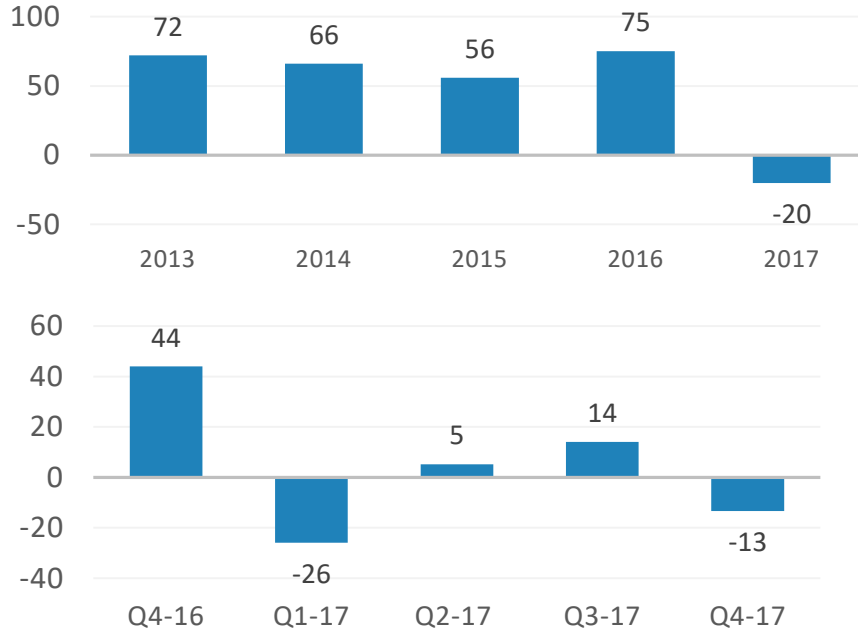
The contribution from financial items has increased

Net result from financial assets and liabilities (NOK millions)



Net reversals on losses

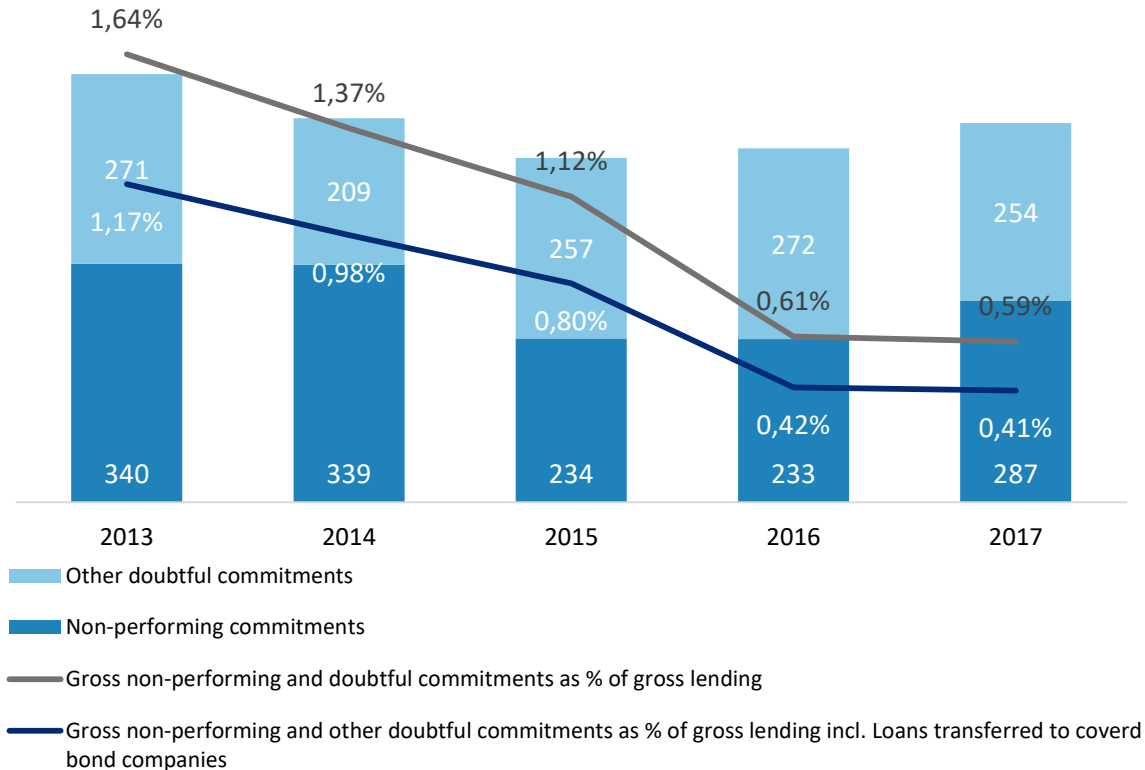
Net loan loss provisions (NOK millions)



- 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.

Low levels of problem loans

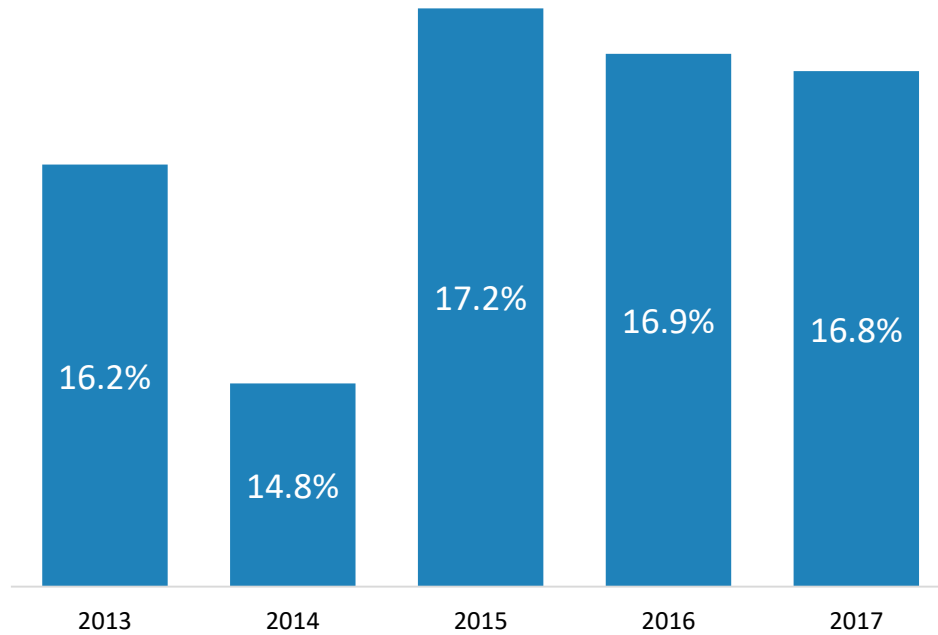
Non-performing and other doubtful commitments*



- The proportion of problem loans is stable at low levels

Solidity and capital adequacy

Core equity tier 1 ratio, Group (%)



- 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.

Regulations

IFRS 9 and Pillar 2

IFRS 9

NOK 22 million increase
in loss provisions

- 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.

**Pillar 2 requirement
increased
to 1.8 % effective
31 March 2018**

- 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.

SPOL and dividend

A dividend of NOK 3.96 per equity certificate is proposed

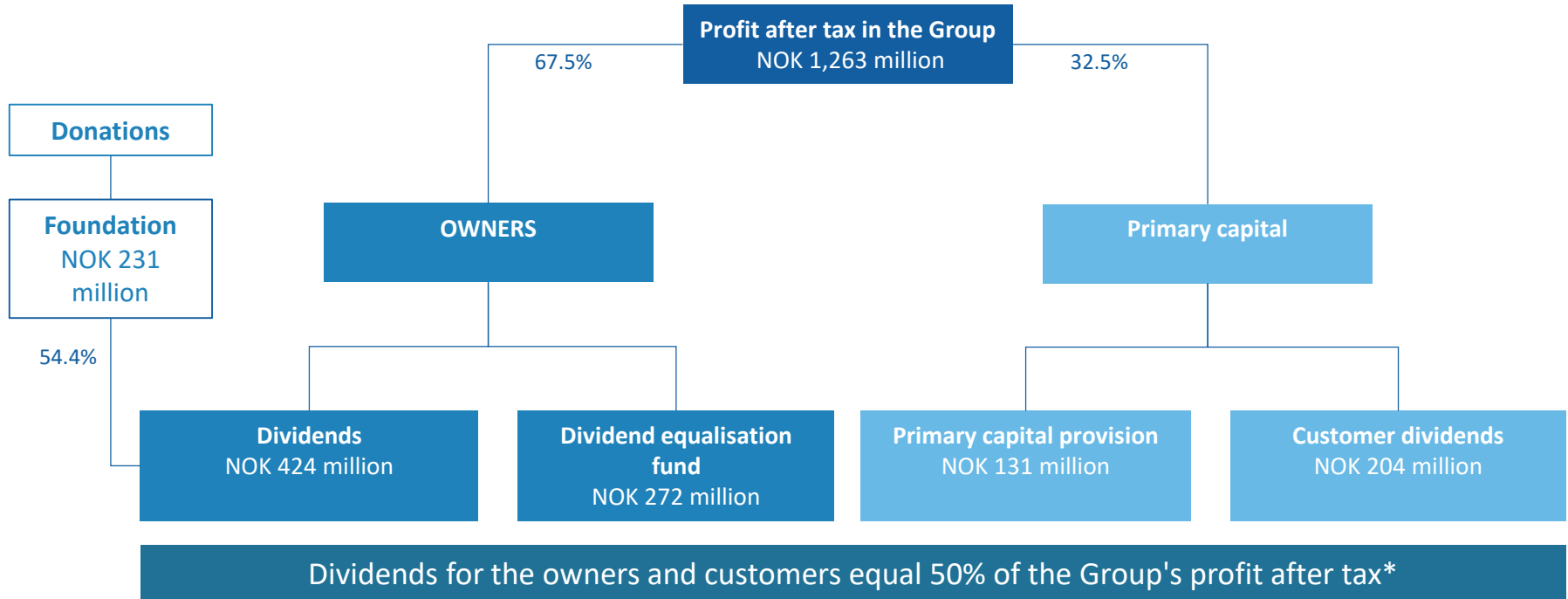
	31 December 2017
Equity certificates	
Market price (in NOK)	90.50
Market capitalisation (NOK millions)	9,700
Book equity per equity certificate	81.14
Earnings per equity certificate (in NOK):	7.92
Price/earnings per equity certificate:	11.43
Price/book equity	1.12

- 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

Solid dividends for owners and customers

Allocation of profit

ILLUSTRATIVE*



A stricter mortgage regulation* was introduced in 2017

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

Utilisation of flexibility quota in the fourth quarter of 2017

City of Oslo

7.4 %

Other areas

4.2 %

- 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
 - Flexibility quota
 - Daily follow-up ensures that utilisation remains within the permitted quota

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