

173rd year

ANNUAL REPORT 2015



Sparebanken Øst

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Key figures - Group

	2015	2014	2013	2012	2011
Average no. of outstanding equity certificates	20.731.183	20.731.183	20.731.183	20.731.183	20.731.183
Average equity *) (NOK millions)	2.755,3	2.563,9	2.268,1	1.960,6	1.814,5
Average total assets (NOK millions)	34.067,2	33.618,8	30.263,2	28.698,8	26.502,2
1. Return on equity (%)	9,29	16,72	12,46	13,38	8,58
2. Result level I (%)	0,75	1,28	0,93	0,91	0,59
3. Result level II (%)	1,05	1,66	1,34	1,34	0,86
4. Net interest income (%)	1,72	1,81	1,87	1,78	1,66
5. Cost/income ratio (before losses on loans/guarantees) (%)	44,69	34,72	42,04	43,20	55,95
Cost/income ratio, excl. return on financial investments (%)	42,00	43,21	44,55	48,48	55,77
6. Cost-effectiveness of personnel costs (%)	0,49	0,48	0,54	0,57	0,63
7. Cost-effectiveness of other costs (%)	0,31	0,34	0,37	0,39	0,42
8. Cost-effectiveness of total operating costs (%)	0,85	0,88	0,97	1,02	1,09
9. Equity ratio (%)	8,25	7,60	7,91	6,99	6,55
Growth in total assets - last 12 months (%)	-1,42	12,35	4,82	4,00	15,16
Growth in gross lending to customers - last 12 months (%)	-2,55	11,28	13,80	1,71	13,65
10. Losses in relation to net lending to customers (%)	0,06	0,09	0,07	0,11	0,09
Proportion of provisions for losses in relation to net lending to customers (%)	0,44	0,48	0,54	0,65	0,64
12. Deposit coverage ratio (%)	47,04	46,68	48,68	51,81	40,27
Capital adequacy ratio (%)	20,29	18,17	18,41	15,68	15,77
Tier 1 capital ratio (%)	18,29	15,89	16,47	14,85	14,23
13. CET 1 capital ratio (%)	16,29	13,94	13,23	12,76	12,07
No. of full-time equivalents	226	225	233	224	252
Dividend (NOK)	3,30	5,00	3,00	3,00	2,00
14. Earnings per equity certificate after tax (NOK)	4,79	8,57	5,90	5,69	3,46
15. Ownership fraction (%)	38,79	41,44	43,28	44,98	46,04
16. Book equity per equity certificate (NOK)	55,06	54,81	52,29	46,22	42,49
Turnover rate (sold/issued %)	16,02	10,46	21,81	11,69	21,61

Key figures for 2013 have been restated due to the inclusion of accrued interest in interest-bearing balance sheet items.

*) Proposed dividends are not included in the basis for calculating average equity.

Definitions

1. Profit/loss after tax as a % of average equity
2. Profit/loss after tax as a % of average total assets
3. Profit/loss before losses on loans/guarantees as a % of average total assets
4. Net interest and credit commission income as a % of average total assets
5. Total operating costs as a % of net interest and credit commission income and total other operating income
6. Personnel costs as a % of average total assets
7. Other operating costs as a % of average total assets
8. Total operating costs as a % of average total assets
9. Equity exclusive of dividend as a % of total assets
10. Losses as a % of net lending to customers at the start of the period
11. Loss provisions for lending as a % of gross lending to customers
12. Deposits from customers as a % of net lending to customers
13. Net tier 1 capital less hybrid tier 1 capital in tier 1 capital as a % of the calculation basis (risk-weighted balance sheet)
14. Equity share capital's proportion of the bank's profit/loss after tax per outstanding equity certificate as at 31.12.
15. Equity certificate holders' proportion of total equity (excl. provisions for year's dividend) in % (Basis as at 01.01, time-weighted by issue).
16. Equity share capital divided by no. of equity certificates. Year's allocation for dividends is included in the calculation.

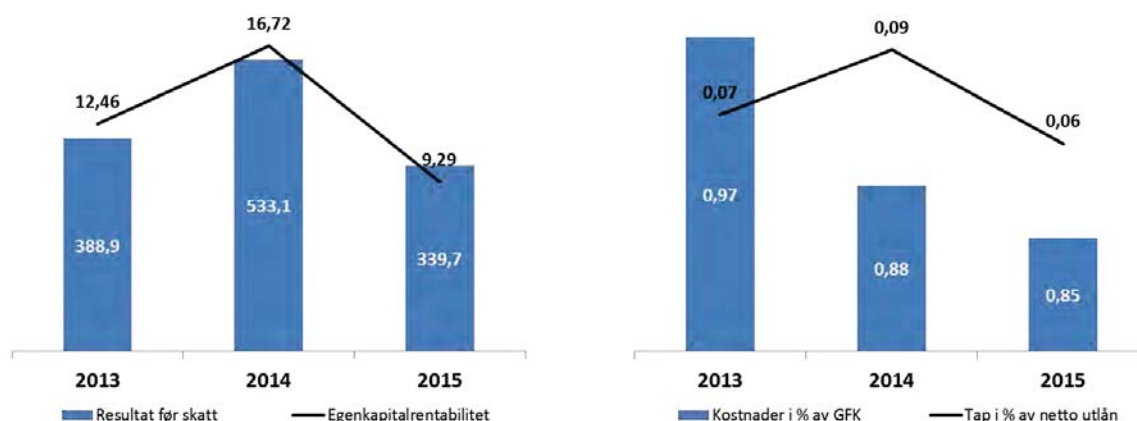
BOARD OF DIRECTORS' REPORT FOR 2015

At the end of the bank's 173rd year of operation, Sparebanken Øst is a very well-capitalised savings bank. The group had very sound tier 1 capital at the end of the year amounting to NOK 3,192.2 million, which corresponds to a capital adequacy ratio of 20.29 per cent. As at 31.12.15, the CET1 capital ratio was 16.29 per cent and was significantly above the bank's set target. Sparebanken Øst has, through goal-oriented measures, positioned itself so as to improve its competitiveness and increase its freedom of action. The group's profit before tax amounted to NOK 339.7 million for 2015. The profit after tax amounted to NOK 256.0 million, which corresponds to a return on equity of 9.29 per cent. The result is considered to be satisfactory in light of the bank's capital adequacy, balance sheet composition and the development of the financial markets. Given the bank's very sound capital situation and satisfactory result, a decision has been made to propose a cash dividend of NOK 3.30 per equity certificate and a social dividend from the social capital of NOK 34.2 million. The dividends are in line with the adopted dividend policy.

BUSINESS IN 2015

The group reported a profit before tax of NOK 339.7 million for 2015, compared with NOK 533.1 million for 2014. The proceeds from the sale of shares in Nets Holding AS had a considerable impact on the profit in 2014. The result for 2015 was significantly affected by negative value changes in the bank's liquidity portfolio due to general market developments in securities, as well as the reduced net interest income and credit commission income due to significantly increased competition. The Sparebanken Øst group consists of the parent bank and four wholly owned subsidiaries. AS Financiering, established in 1930, is a central market actor within used car financing. Sparebanken Øst Eiendom AS and its subsidiaries own, manage and develop properties. Sparebanken Øst Boligkreditt AS securitises mortgages for the bank and thereby achieves lower funding costs for the group. Øst Prosjekt AS's main object is to take over projects to hedge and realise exposed positions in the parent bank. In 2015, the bank's subsidiaries have been important contributors to the group's overall earnings.

The group's return on equity was 9.29 per cent in 2015 and is regarded as satisfactory in light of the significantly increased equity and the fact that the bank had no significant non-recurring gains in 2015. Cost control in the bank remains very good.



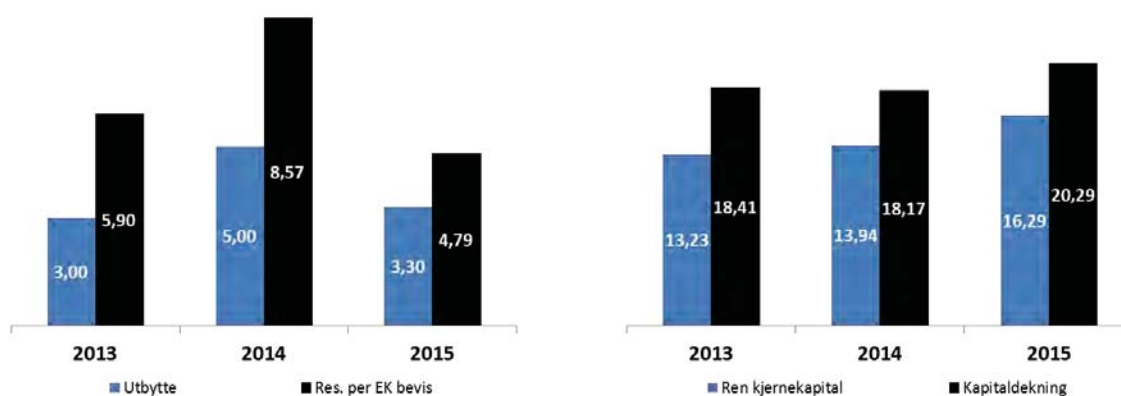
Total assets decreased by NOK 497.0 million in 2015 and amounted to NOK 34,509.1 million at the end of 2015. Net lending to customers increased by 2.5 per cent as a result of the bank's strategic choices.

The Sparebanken Øst group carried out no research or development activities in 2015.

The group is very well-capitalised and had a CET1 capital ratio of 16.29 per cent at the end of 2015, based on the standard method. The corresponding figure for 2014 was 13.94 per cent.

In a year of significant fluctuations and greater uncertainty, credit risk, expressed by our risk classification, developed positively. The bank had a higher proportion of commitments in the best risk class at the end of 2015 than at the end of 2014. An increasing proportion of retail customers is helping to reduce concentration risk further. Non-performing and impaired loans have been significantly reduced. Compliance controls carried out by the internal auditor and the compliance and control department show a consistently satisfactory process for the assessment of risks, satisfactory formulation of procedures and routines, and that the compliance with procedures and routines is good. No incidents resulting in a risk of significant losses were registered in 2015.

The board is proposing a dividend of NOK 3.30 per equity certificate. Earnings per equity certificate after tax for the group were NOK 4.79. Book equity per certificate as at 31.12.15 was NOK 55.06, inclusive of the proposed dividend. The proposed dividend for equity certificate holders is within the adopted and communicated dividend policy and amounts to 68.9 per cent of the equity certificate holders' share of the group's profit for the year. The proposed social dividend for worthwhile public causes amounts to NOK 34.2 million.



The board and executive management team would like to thank the group's employees for their great efforts in 2015.

STRATEGY AND GOALS

Vision

Sparebanken Øst wants to be a leading savings bank in Eastern Norway.

Business concept

Sparebanken Øst's mission is to be a non-affiliated, independent and locally managed provider of financial services, to enable people in general, along with small and medium-sized enterprises, to exploit their financial resources in the best possible manner.

Savings bank identity

Sparebanken Øst wants to be a socially-oriented bank with high ethical standards.

We want to be a contributor to value creation and sustainable development – especially in the municipalities of Øvre Eiker, Nedre Eiker and Drammen.

We want to be development-oriented while remaining rooted in the local community.

We want to be a solid, long-term and credible savings bank.

Core values

Sparebanken Øst want to live up to the following three core values:

- predictable
- down-to-earth
- forward-leaning

Market

The bank's head office is in Drammen and its business address is in Hokksund in the municipality of Øvre Eiker.

175,000 people live in our local market; 67,000 of them in Drammen alone. Business development in the municipalities is good and the business sector is doing well. Strong population growth and an increase in commercial enterprises are expected in the region. The bank has a total catchment area of almost 2 million people, around 40 per cent of Norway's population, within just an hour's travel time from Drammen. Sparebanken Øst wants to be a small actor within this area, while being a major actor in Nedre Buskerud. Sparebanken Øst defines the central area of Eastern Norway as its main market, although it regards the entire country as a potential market for retail customers via its online distribution channels.

Core activities

Sparebanken Øst wants to satisfy its customers' needs for ordinary financial products. Our main products are savings products, credit products and payment products.

Organisational and employee development

Sparebanken Øst wants to be a market-oriented organisation that offers interesting challenges to responsible and qualified employees. We want to develop our employees so that they may be in a position to meet future skills and reorganisation requirements, and we want to be an attractive employer by offering a good working environment and competitive terms.

The bank is affiliated with the authorisation scheme for financial advisers (AFR) and at the end of the year had 51 authorised financial advisers. The bank's internal academy facilitates the necessary skills

training in line with developments in our framework conditions and the sector in general.

Market and brand strategy

Sparebanken Øst serves the markets via a combination of the bank's branches, online solutions and external intermediaries. Sparebanken Øst has a tripartite and segmented market model based on a 'house of brands' brand strategy. The model enables the bank to serve all types of customers, both those who wish to interact with the bank face-to-face and those who wish to perform most of their banking services themselves. The model also enables us to serve both current and future bank customers. The market model is continuously being developed so that we can serve all of our customers in the best possible manner.

DinBANK.no was launched in September 2006. The concept is now established as a very simple, efficient and straightforward banking alternative for self-service customers. DinBANK.no mainly offers loans to customers against property mortgages up to a loan-to-value ratio of 75 per cent. Its customers come from all over Norway, although the majority come from the counties of Oslo, Akershus and Buskerud.

Topprente.no was established in March 2011 and is an efficient self-service concept that offers highly competitive interest rates on savings. Topprente.no has customers come from all over Norway, although the majority come from the counties of Oslo, Akershus and Buskerud.

Boligkreditt.no was established by Sparebanken Øst Boligkreditt AS in December 2012 and is a self-service concept offering mortgages with security in freehold housing. Boligkreditt.no offers competitive terms for mortgages for more than NOK 2 million up to 75 per cent of the property's market value.

Sparebanken Øst also monitors the trends within environmental and sustainable development and adapts its activities to developments in this area. In 2014, we therefore established two new products: **green mortgages** and **green car loans**.

Overall financial objectives

Sparebanken Øst wants to be a profitable bank run according to business principles. The board has set three overall financial objectives for the organisation:

- The group's target for liquidity is for non-liquid assets must be financed by long-term financing of 105 per cent over time.
- The group's CET1 capital ratio target has been set at 14.5 per cent from and including 1 July 2016.
- The group's target for its return on equity has been set at 10 per cent over time.

The board believes that expanding the bank can best be achieved through organic growth, and considers sustained growth important in ensuring that the bank can achieve its objectives, and retain its independence.

All growth must comply with the conditions established by the bank's three central financial objectives.

COMMENTS ON THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with IFRS, International Financial Reporting Standards, approved by the EU.

The board hereby confirms that the conditions for the presentation of the financial statements under the going concern assumption are present.

STATEMENT OF INCOME

The group reported a profit before tax of NOK 339.7 million for 2015, compared with NOK 533.1 million for 2014. The sale of shares in Nets Holding AS had a considerable impact on the profit in 2014. This gain amounted to NOK 134.7 million. Gains from the sale of properties had a positive non-recurring effect of NOK 34.6 million in 2015. The net profit for the year was adversely affected by a substantial negative change in the value of the bank's liquidity portfolio and reduced net interest income.

As a percentage of average total assets, profit before tax amounted to 1.00 per cent compared with 1.59 per cent in 2014.

The profit after tax was NOK 256.0 million, compared with NOK 428.7 million for 2014. This represents a return on equity after tax for 2015 of 9.29 per cent, compared with 16.72 per cent for 2014.

The result after tax for the parent bank was a profit of NOK 182.1 million in 2015, compared to NOK 360.6 million in 2014. In 2015, the parent bank received dividends from subsidiaries amounting to NOK 90.0 million. In 2014, the parent bank received dividends from subsidiaries amounting to NOK 60.0 million. Dividends are eliminated at the group level.

Net interest income

Net interest income and credit commission income amounted to NOK 586.7 million for 2015, a decrease of NOK 20.2 million compared with 2014. As a percentage of average total assets, net interest income and credit commission income amounted to 1.72 per cent in 2015, compared with 1.81 per cent in 2014.

A levy of NOK 11.3 million was charged in 2015 for the Norwegian Banks Guarantee Fund, compared to NOK 10.4 million in 2014.

Operating income

The dividends received from equity instruments amounted to NOK 1.3 million compared with NOK 7.3 million in 2014. This reduction was due to the loss of dividends from Nets Holding AS.

Commission income and income from banking services amounted to NOK 79.8 million, which is a decrease of NOK 1.8 million compared with the previous year. Commission income is derived from traditional banking services.

Commission costs and costs from banking services amounted to NOK 39.2 million, a decrease of NOK 4.5 million from 2014.

Net value changes and gains/losses on financial assets resulted in a negative value change of NOK 42.7 million in 2015. By comparison, net value changes and gains/losses on financial assets provided recognised income of NOK 160.2 million in 2014. Last year, the profit from the sale of shares in Nets Holding AS amounted to NOK 134.7 million and the profit from the selldown in Frende Holding AS amounted to NOK 11.7 million. The value change in the guarantee to Eksportfinans ASA involved recognition of NOK 5.1 million in costs in 2015, compared with recognition of NOK 10.2 million in income in 2014. Besides this, the reason for the decrease lies in the general widening of margins that occurred in relation to bonds in the liquidity portfolio.

Other operating income amounted to NOK 61.0 million, an increase of NOK 20.5 million compared to 2014. The increase primarily relates to profit from the sale of properties totalling NOK 34.6 million. These sales will result in reduced rental income.

Operating costs

Total operating costs amounted to NOK 289.1 million, which corresponds to 0.85 per cent of the average total assets. By comparison, total operating costs amounted to NOK 296.1 million in 2014, equivalent to 0.88 per cent of the average total assets.

Payroll and general administration costs amounted to NOK 218.5 million in 2015, compared with NOK 217.5 million in 2014. The number of active full-time equivalents in the group at the end of 2015 was 226, compared to 225 at the end of 2014. The number of active full-time equivalents in the parent bank at the end of 2015 was 196, compared to 195 at the end of 2014.

Depreciation and amortisation amounted to NOK 17.9 million in 2015, compared to NOK 19.8 million in 2014.

Other operating costs amounted to NOK 52.7 million in 2015, compared to NOK 58.8 million in 2014.

Losses on loans and guarantees

The group's recorded losses on loans and guarantees amounted to NOK 18.1 million in 2015, compared to NOK 23.6 million in 2014.

Individual write-downs on loans and guarantees to customers amounted to NOK 81.0 million at the end of 2015, a reduction of NOK 13.3 million since the beginning of the year. The reduction was due to the recognition of earlier write-downs.

Collective write-downs on loans to customers amounted to NOK 43.4 million at the end of 2015, and were unchanged from the beginning of the year.

Gross non-performing and impaired commitments amounted to NOK 242.9 million at the end of 2015, compared to NOK 423.8 million at the end of 2014. Net defaults and non-performing commitments amounted to NOK 161.9 million, having decreased by NOK 167.6 million compared to the end of 2014. The decline in non-performing and impaired commitments is a result of the measures implemented to reduce risk in the loan portfolio.

Allocation of the profit for the year

The board proposes that the profit for the year of the parent bank be allocated as shown below: The proposed dividend is NOK 3.30 per equity certificate and the provision for the social dividend totals NOK 34.2 million. The proposed dividend for equity certificate holders and the social capital amount

to 40.08 per cent of the group's profit. Calculated on the basis of the profit in the parent bank, the total dividend amounts to 56.34 per cent. For information about the rules for dividends please see section 10-6 of the Financial Activities Act, especially the third and fourth paragraph.

(Figures in NOK millions)	2015
Equity certificate dividend	68.4
Social dividend	34.2
Transferred to the Equalisation Fund	2.2
Transferred to primary capital	77.3
Profit for the year	182.1

The Equalisation Fund (exclusive of dividends) currently amounts to NOK 272.8 million, which is equivalent to NOK 13.16 per equity certificate.

BALANCE SHEET

Total assets decreased by NOK 497.0 million during the year and amounted to NOK 34,509.1 million at the end of 2015.

Cash and receivables at central banks decreased by NOK 103.5 million during the year and amounted to NOK 378.0 million as at 31.12.15.

Net loans to financial institutions increased by NOK 0.6 million during the year and amounted to NOK 8.1 million as at 31.12.15. Lending to financial institutions in Norway involves interbank loans only.

Net loans to customers amounted to NOK 27,975.8 million, which represents a decrease of NOK 722.0 million in the last 12 months, equivalent to 2.5 per cent. Net lending to retail customers decreased by 2.6 per cent, while net lending to corporate customers decreased by 2.0 per cent.

Gross lending to retail customers accounted for 85.6 per cent of total lending to customers, which is the same proportion as at the end of 2014.

Holdings of certificates and bonds increased by NOK 650.4 million from the beginning of the year and amounted to NOK 4,760.2 million at the end of 2015. These holdings consist exclusively of the liquidity portfolio and amount to NOK 4,737.3 million in nominal terms.

The bank's shares in Frende Holding AS and Eksportfinans ASA are classified as available for sale. The shares in Frende Holding AS were valued at NOK 210.0 million at the end of 2015. The increase from 2014 reflects a proportion of the value creation in the company that falls to Sparebanken Øst. The holding of shares in Eksportfinans ASA at the end of 2015 was valued at NOK 200.0 million. The reduction from 2014 reflects the company's result as at the end of the third quarter of 2015.

In November last year, Visa Inc. (USA) announced an agreement to purchase all of the shares in Visa Europe Ltd. Sparebanken Øst has an indirect ownership interest in Visa Europe Ltd through its membership of Visa Norway. The bank's estimate is based on the updated valuation of the ownership interests in Visa Europe Ltd. at the end of the year. The value of the stake in Visa Norway has been set at NOK 17.4 million. The ownership interest is classified as available for sale and the

value change was recognised in other comprehensive income (equity). The agreement depends on the approval of a number of competition authorities and the increase in value in other comprehensive income at the time of realisation will be recognised as a gain in the ordinary statement of income.

Deposits from customers amounted to NOK 13,159.3 million as at 31.12.15, having decreased by NOK 237.7 million over the past 12 months, equivalent to 1.8 per cent. The deposit-to-loan ratio at the end of 2015 was 47.04 per cent, compared to 46.68 per cent at the end of 2014.

The deposit-to-loan ratio in the parent bank at the end of 2015 was 74.39 per cent, compared to 70.68 per cent at the end of 2014.

Securities issued amounted to NOK 17,205.3 million, which is a decrease of NOK 344.6 million since the beginning of the year.

Other long-term loan agreements amounted to NOK 150.3 million at the end of 2015, which represents a reduction of NOK 60.2 million since the beginning of the year.

Short-term borrowing (defined as borrowing with a remaining term to maturity of less than 1 year) amounted to NOK 2,725.0 million as at 31.12.15.

SUBSIDIARIES

Sparebanken Øst Boligkreditt AS is a wholly owned subsidiary of Sparebanken Øst. The company was established on 14.04.09 with the object of granting or acquiring home mortgage loans, property mortgage loans, loans secured by liens on other registered assets or public loans, and of financing lending activities, mainly by issuing covered bonds. At the end of 2015, the loan-to-value ratio (LTV) of the security portfolio was 45.8 per cent. For comparison, the equivalent figure was 46.3 per cent at the end of 2014.

At the end of 2015, the company's total assets amounted to NOK 9,254.9 million and mainly consisted of first priority mortgages on homes, which are financed via covered bonds and drawing rights on the parent company. The company's paid-up equity is NOK 650.0 million, of which NOK 319.8 million is share capital and NOK 330.2 million makes up the share premium account. Its result after tax was a profit of NOK 80.5 million in 2015, compared to NOK 87.6 million in 2014. The company has no employees, but procures services from Sparebanken Øst. Covered bonds issued by Sparebanken Øst Boligkreditt AS have been rated AAA by Moody's since the first quarter of 2011.

AS Finansiering is a wholly owned financing subsidiary of Sparebanken Øst. Its main product is debenture financing for used cars. The company achieved a profit after tax of NOK 39.7 million, compared to NOK 32.5 million in 2014. Total assets amounted to NOK 1,692.6 million. At the end of 2015 the company had 25 employees.

Sparebanken Øst Eiendom AS's main object is standard property operations, including purchase, sale, rental and development of real estate, as well as the purchase and sale of fixtures and fittings within various business areas. Operating income amounted to NOK 63.4 million in 2015 compared to NOK 44.0 million in 2014. This increase was due to profit from sales of real estate in 2015. The result after tax was a profit of NOK 39.2 million in 2015, compared to a profit of NOK 7.0 million in 2014. The company has six employees. Its share capital amounts to NOK 35.1 million.

Øst Prosjekt AS's main object is to take over projects and to undertake industrial and commercial activities to hedge and realise exposed positions in the parent bank. The company has no employees and its share capital amounts to NOK 12.0 million. The result after tax was a profit of NOK 0.7 million in 2015, compared to a loss of NOK 0.1 million in 2014.

CORPORATE SOCIAL RESPONSIBILITY

The bank's overall strategy states that Sparebanken Øst wants to be community-oriented and have high ethical standards. This means that the bank has a responsibility within the community beyond creating commercial profits. It means that high ethical standards must be set, not only for the bank's employees, but also with regard to customers, suppliers and other stakeholders. The bank has stipulated ethical guidelines for employees and elected representatives of the bank and its subsidiaries. These rules provide instructions for correct conduct with regard to customers, the authorities, suppliers, competitors and colleagues. The rules are easily accessible on the bank's intranet pages and are subject to annual review with the employees.

Human rights

Basic human rights form the basis for and are governed by Norwegian legislation. Among other things, these include prohibiting discrimination on the grounds of sexual orientation, gender identity and gender expression, prohibiting discrimination due to ethnicity, religion and beliefs, and prohibiting discrimination due to physical disability. The bank has implemented no special measures in this area beyond ensuring general compliance with the legislation and regulations.

Employee rights and social conditions

The employee rights and social conditions of the bank's employees are ensured through central and local agreements with employee organisations, which are subject to annual negotiations, as well as other legislation and regulations.

Our purchasing routines state that the bank, through its influence as a customer, must influence our suppliers to provide us with ethically responsible products and services. Follow-up measures include ongoing control of the pay and working conditions offered to subcontractors.

A system has been put in place whereby the bank's suppliers of products and services must confirm via a self-declaration form that they do not contribute to any breaches of human and employee rights, adverse environmental impacts or corruption.

The external environment

The bank utilises district heating where possible and electrical heating in the bank's buildings where it is not. This means that the bank's buildings cause very limited pollution in the external environment. The bank is currently not considering any further measures in this area. The bank's input factors and products have a limited impact on the external environment.

Combating corruption

The ethical rules include due diligence requirements with regard to suspicious transactions by customers. Through our measures against money laundering and the financing of terrorism, we follow up all suspicious transactions, including possible corruption payments. Suspicious transactions are reported to the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM). The money laundering regulations include strict rules for the identification and verification of a customer's identity. Comprehensive internal checks have been established to ensure compliance with the money laundering regulations. The bank practises a zero

tolerance policy with respect to breaches of the money laundering regulations. The scope of the internal checks will be maintained at a high level going forward.

Since the bank solely operates nationally and with customers that generally do the same, these are regarded as satisfactory measures with regard to the follow-up of human rights, employee rights and social conditions, and measures to prevent corruption.

RISK MANAGEMENT AND INTERNAL CONTROL

In accordance with section 2-9 of the Financial Activities Act, from 01.01.16 section 13-5 (1) of the Financial Institutions Act, the bank must be organised and operated in a responsible manner. This involves having a clear organisational structure, clear division of responsibilities, clear and appropriate management and control systems, and appropriate guidelines and routines for identifying, managing, monitoring and reporting risks to which the bank is or may be exposed.

The bank's board and executive management team bear ultimate responsibility for risk management and internal control. The board adopts the overall risk strategy and approves principles for monitoring, control, and risk thresholds. The executive management team regularly reports to the board on all significant risks, including the actual level of risk compared to established limits. An annual report on internal control, including confirmation that internal control has been carried out, is also produced together with an overall annual risk assessment.

Risk management must support the bank's development and achievement of objectives, and must ensure financial stability and responsible business operations. This must be achieved via a risk profile that must be characterised by a strong risk culture and a high awareness of risk management. Risk tolerance is quantified within the individual risk areas. The bank must have sufficient capital based on the selected risk profile. The process for risk management and internal control within the bank is described in more detail in the 'Risk management and internal control' section of the 'Corporate Governance of Sparebanken Øst' section in this annual report.

RISK AND CAPITAL SITUATION

Credit risk

Sparebanken Øst has prepared a credit strategy that deals with various types of credit risk related to loans, credits and guarantees granted to customers in the retail and business markets, as well as counterparty risk for securities.

The credit strategy is intended to help ensure that the bank's activities in the credit area are in line with the framework conditions and guidelines in the bank's overall business concept and strategic plans, including ensuring that the activities are prudent in relation to the bank's capacity and willingness to bear risk. The strategy is intended to ensure that the bank's management of credit risk complies with the requirements stipulated by laws, regulations, directives from the authorities, and other regulatory conditions. This in turn is intended to ensure that the quality and composition of the established credit portfolio contributes to profitability in both the short and the long term.

The bank's credit assessment principles are defined in the retail and business markets' credit manuals, as well as in the bank's instructions manual.

Within the retail and business markets, the capacity and willingness to pay are key aspects of credit assessment. The risk associated with loan commitments is measured and followed up by risk classifying customers. Risk classification has been established as an integral element of the credit process when arranging and renewing commitments.

Credit risk trends are continuously monitored through quarterly reports to the management and the bank's board.

The bank's geographical catchment area offers both the retail and business departments a large market area with flexibility in terms of customers and markets. In order to ensure the quality of the credit assessments in a branch-based organisational structure, all authorisations to grant credit in the retail market have been established in a central credit department. In the business market, local authorisations in the line are only valid up to a certain low level. All cases that exceed the established line authorisations are processed by a central credit department. The bank's loan portfolio to retail customers and businesses is primarily spread across the central Eastern Norway area. The local market, defined as the municipalities of Øvre Eiker, Nedre Eiker and Drammen, accounts for around 32 per cent of the group's loans portfolio, while the portfolio encompassing the surrounding areas/counties in which the bank has branches accounts for around 60 per cent. The portfolio otherwise has a broad spread, and predominantly relates to the bank's online banking concepts. A small proportion of lending to business customers contributes to a low sector concentration risk. The lending activities in the business market are not deemed to be particularly exposed to individual companies (cornerstone industries) or one-sided economic development in the region. The bank has almost no direct exposure to the oil or oil services industries. Exposure to property and property development has over time accounted for a relatively large share of the business portfolio, but measured as a share of the group's total lending portfolio this exposure accounts for a limited share of the bank's total lending portfolio. In 2015, the bank experienced strong competition in the long-term financing of commercial property and development projects (housing and commercial properties).

Loans and credit facilities extended to the retail market primarily concern commitments against mortgages on real estate within appropriate loan-to-value ratios. The bank's exposure to loans/credit without associated security is low.

Investments in interest-bearing securities for liquidity purposes are linked to the financial strategy adopted by the board. The adopted strategy specifies risk tolerance, allocation of asset classes, frameworks and mandates. In addition, a significant element of the portfolio must be suitable for use as collateral for a borrowing facility at Norges Bank. When investing funds in certificates and bonds, risk is assessed on the basis of the liquidity of the securities, the issuer's rating and other counterparty-specific factors. Interest-bearing securities are generally booked at market value so that changes in risk are continuously reflected in the financial statements. Disregarding unrealised value changes, there have been no credit losses on the securities portfolio in 2015.

Market risk

Interest risk is kept within fixed limits and is limited since assets and liabilities are subject to variable rates or have been changed to variable rate terms. The credit spread risk, or the risk of margin changes on fixed-income securities, is managed such that the loss upon a change in the credit spread does not exceed a fixed level. Currency risk is reduced by entering into futures or basis swaps and kept within set limits. Exposure to equity instruments beyond the bank's subsidiaries and strategic investments is limited.

Liquidity risk

The bank has a conservative attitude towards liquidity risk in which a long-term, proactive view in relation to future maturity is a fundamental factor. The bank has limits that ensure compliance with the authorities' requirements concerning the liquidity buffer (LCR) and long-term funding (Liquidity Indicator 1). The bank's liquidity prognosis as at the end of 2015 shows adequate liquidity for a period of more than 12 months of operations. Deposits are a key source of funding for banks. Following the financial crisis, the competition for deposits has intensified. Adjustments to the range of products available to our customers have led to an increased inflow of deposits. Topprente.no has made a particular contribution to increasing the bank's deposit cover, which has been stable in 2015.

Sparebanken Øst Boligkreditt AS is an integrated element of the group's financing structure and provides opportunities to issue covered bonds. This further strengthens the group's funding situation.

The Norwegian bond market is the most important funding source for the group. The market for covered bonds has become a central part of the Norwegian securities market. Covered bonds provide security to investors in the form of preferential rights to low-risk mortgages. The market is attractive for Norwegian institutional investors because the supply of Norwegian government debt is low, but foreign players also invest in such bonds. Through the issuance of covered bonds, the group secures access to external capital, often with a somewhat longer maturity than senior unsecured bonds. There is therefore a focus on facilitating the issuing of covered bonds.

Operational risk

The management and control of operational risk is ensured through annual reviews of key procedures and an established internal control process with semi-annual confirmation from managers that such internal control has been carried out. Registered incidents, follow-up points after internal audit projects have been carried out, and compliance checks, as well as assessed risk in relation to set risk limits and targets, are reported to the board each quarter. The group has not registered significant losses due to the failure of internal processes, systems, human error or unforeseen events in 2015.

Assessment of overall risk and capital requirements

The bank's board assesses the need for equity based on an overall risk assessment through ICAAP. The assessments are carried out at a company and a group level and are forward looking. The group's target for primary capital is set at a level that enables growth and plans for growth in lending and other assets. Otherwise, there is a heavy focus on maintaining the prudent management of commercial operations so that the group can achieve good results and satisfactory returns on invested capital over time. This ensures that the bank remains attractive to investors and helps to ensure the group access to capital when required to strengthen its equity. The bank currently has no plans concerning new equity issues.

Net primary capital amounted to NOK 3,541.7 million at the end of 2015, of which the group's tier 1 capital amounted to NOK 3,192.2 million. With a calculation basis of NOK 17,452.6 million, this corresponds to a capital adequacy ratio of 20.29 per cent, of which 18.29 per cent constitutes the tier 1 capital ratio. The CET1 ratio amounts to 16.29 per cent. The bank uses the standardised approach when calculating minimum requirements for subordinated capital for credit risk.

RATING

On 11.05.15, Sparebanken Øst's rating was upgraded from Baa1 to A3 (stable). This was a result of Moody's Investor Service announcing rating changes as a result of new rating methods for banks.

MACROECONOMIC DEVELOPMENTS

Global growth in 2015 was again characterised by major differences. The US saw increased growth and improvements in the labour market driven by consumer spending and in December its base rate was raised above zero for the first time in 7 years. The US dollar strengthened significantly against the Norwegian kroner and the euro. The eurozone saw stable, low growth, low investments and very low price inflation. The ECB is continuing to supply massive amounts of liquidity in order to stimulate growth and prevent deflation. China and the other growth economies remain the most important contributors to growth, albeit at a slower pace of investment. Close attention is being paid to China, which in 2015 experienced major challenges with a collapse in share prices, high credit growth in industry, and over-investment in the housing market. Russia is in recession after the drop in oil prices and imposition of sanctions.

The Norwegian mainland economy saw GDP growth of around 1.3 per cent in 2015, which is significantly lower than in previous years where we saw high growth driven by record high oil investment. The imbalance between production and demand in the oil market has resulted in the oil price falling by 75 per cent, in terms of dollars, since July 2014 when the fall in oil prices started. In 2014, the oil sector accounted for one fifth of GDP, half of exports and one third of total investment and the state's income. The fall in prices is therefore having a significant impact on the Norwegian economy. The level of activity on both the Norwegian continental shelf and in the supply industry is being affected and the value of the Norwegian kroner has been significantly weakened, both because of the fall in oil prices and the lower base rate. The weaker Norwegian kroner and lower oil price abroad could result in increased activity for traditional export industries.

Inflation is also affected by the Norwegian kroner exchange rate and has increased to around Norges Bank's target. Lower wages growth than has been seen in decades, a continued high level of saving, and lower household consumer spending are expected. Norges Bank says that it is now seeing the effects of the fall in oil prices being propagated to regions and industries other than those that are directly related to oil. Unemployment increased significantly in 2015 and is expected to climb further in 2016. Although the unemployment rate at the start of the year was low in Eastern Norway, we could see secondary effects in services linked to the oil sector and these could in turn affect the rest of the economy.

Housing prices, which rose strongly in 2014, stabilised somewhat in the second half of 2015. The yearly rise was 5 per cent on a national basis, but there were large regional differences. The yearly rise was 9.5 per cent in Oslo and 7.4 per cent in Drammen, while Stavanger saw a fall of no less than 5.3 per cent. Household borrowing grew by 6.2 per cent in 2015, on a par with the year before. The growth in business sector borrowing amounted to 3.2 per cent, a slight reduction. Competition in the credit market appeared to lessen somewhat in the last half of 2015, with stable margins in the home mortgage market the result. A slight widening of margins has been seen in the business market lately because of the increased risk. Interest rates are expected to remain low for a long time and there is a clear expectation that the base rate will be lowered further by Norges Bank in 2016.

EMPLOYEES, MANAGERS AND THE BOARD OF DIRECTORS

At the end of 2015 the group had 237 employees, corresponding to 226 full-time equivalents. The number of full-time equivalents in the parent bank was 196 as at 31.12.15. The average age of employees in the parent bank was 48. The proportion of female employees was 64 per cent. The percentage of women in management positions increased somewhat in 2015 compared to 2014 and

amounted to 36 per cent at the end of the year. The average age of employees in management positions was 46.21. The bank believes it is positive that it can recruit people to management positions internally. All employees in the bank are offered the same opportunities in terms of advancement and personal and professional development. The bank's overall strategy includes organisational and employee development targets and stipulates that it must be sought to achieve equal opportunities in every area of the bank. Equal opportunities are protected by central and local agreements with employee organisations, as well as other legislation and regulations. A special function has been established as an equal opportunities contact in the bank under the auspices of the employee organisations. Pål Strand is the company's CEO. He has extensive experience from various professional and management roles within the bank and has been a member of the bank's executive management team since 2003. In 2015, the executive management team consisted of the following seven people:

Pål Strand, born 1965

CEO

Bank employee since 1984

Kjell Engen, born 1969

Deputy CEO/CFO

Bank employee since 2003

Per Øyvind Mørk, born 1965

Director - Communications and Marketing

Bank employee since 2011

Jan-Roger Vrabel, born 1971

Director - Retail and Business Markets

Bank employee since 2011

Lars-Runar Groven, born 1966

Director - Credit

Bank employee since 1992

Arnljot Lien, born 1965

Director - IT and Business Support

Bank employee since 2001

Of the bank's eight elected board members, four are women. The chair of the board is a woman. The following sat on the board of directors in 2015: Jorund Rønning Indrelid (chair), Knut Smedsrud (deputy chair), Morten A. Yttreide, Elly Therese Thoresen, Sverre Nedberg, Hanne Margrete Lenes Solem, Øivind Andersson, Inger Helen Pettersen (employee representative), and Sissel Album Fjeld (deputy employee representative).

Jorund Rønning Indrelid, born 1959

Managing director

Board member since 2001

Deputy chair from 2003, chair from 2009.

Previously a deputy member of the board and control committee.

Knut Smedsrud, born 1960

Director

Board member since 2009

Deputy chair of the board since 2009.

Previously a deputy member of the board.

Elly Therese Thoresen, born 1957

Project Manager

Board member since 2012

Previously a member of the board of trustees.

Sverre Nedberg, born 1956

Master of Business and Economics

Board member since 2006

Previously a member of the board of trustees.

Morten Andre Yttreide, born 1967

Managing director

Board member since 2012

Previously a deputy member of the board.

Hanne Margrete Lenes Solem, born 1966

Group Controller

Board member since 2010

Previously a deputy member of the board.

Øivind Andersson, born 1956

State Authorised Accountant

Inger Helen Pettersen, born 1953

Main employee representative

Board member since 2015
Previously a deputy member of the board of trustees and chair of the bank's control committee.

Employee representative on the board since 2013.
Previously a deputy member of the board and board member from 1999-2011.

Board members' attendance at board meetings in 2015:

Jorund Rønning Indrelid	12 of 14 meetings
Knut Smedsrud	11 "
Sverre Nedberg	14 "
Elly Therese Thoresen	14 "
Hanne Margrete Lenes Solem	13 "
Morten André Yttreeide	14 "
Roar Norheim Larsen	4 of 4 meeting (left the board on 26.03.15)
Øivind Andersson	7 of 10 meetings (joined the board on 26.03.15)
Employee representative	
Inger Helen Pettersen	13 of 14 meetings
Deputy employee representative	
Sissel Album Fjeld	12 of 14 meetings

HEALTH, SAFETY AND ENVIRONMENT

The bank ensures that statutory health, safety and environment (HSE) requirements are implemented in a systematic manner, including via established procedures and a close cooperation with the occupational health service.

Follow-up care in connection with robberies is included in the bank's overall HSE work and is addressed by a special follow-up team consisting of a personnel consultant, the head of security, the chief safety representative and representatives of the occupational health service. The bank was not subject to any robberies in 2015. Two minor personal injuries were registered in 2015. These were reported to the relevant authorities and followed up in accordance with the applicable procedures.

Total sick leave in 2015 amounted to 3.58 per cent of total working hours, compared with 3.40 per cent in 2014. The sick leave rate for men was 1.59 per cent and for women 4.55 per cent in 2015.

MEASURES AGAINST MONEY LAUNDERING AND THE FINANCING OF TERRORISM

Sparebanken Øst has established procedures and instructions in order to comply with all laws and regulations concerning the prevention of money laundering and the financing of terrorism. We have established comprehensive control procedures to uncover any nonconformities and provide regular training on the subject.

Risk-based customer checks are carried out on all existing customers twice a year. New customers are subject to customer checks based on a 'know your customer' principle. This entails checks to authenticate identification papers and storing identification documents.

We still require the presentation of a valid passport before a customer relationship is established. In our self-service channels, BankID is the only valid means of identification that can be used. All new and existing customers who contact our offices must complete a form that states the customer's reasons for opening accounts and the products they wish to use.

We also continuously monitor all transactions carried out in our systems. All suspicious transactions are reported to the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM). In 2015, we reported 79 suspected incidents of money laundering to ØKOKRIM. This is an increase compared with 2014 when 69 cases were reported. A thorough training programme and constant vigilance throughout the organisation, coupled with good systems and procedures, are prerequisites for achieving good quality in this work.

DIVIDEND POLICY

The board of Sparebanken Øst approved changes to the dividend policy from and including the 2015 financial year.

Sparebanken Øst's financial goals for its activities are to achieve results that provide a good, stable return on the bank's equity and to create value for equity certificate holders with competitive returns in the form of dividends and capital appreciation on equity certificates.

Profit for the year will be divided between equity certificate holders and social capital in accordance with their respective proportion of the bank's equity. Sparebanken Øst will endeavour to pay 50 to 75 per cent of the profit allocated to equity certificate holders as dividends.

Sparebanken Øst also aims to distribute an amount equivalent to 50 to 75 per cent of the dividend paid to equity certificate holders as dividends on social capital in the form of gifts to charitable causes. When determining the dividend and donations, account will be taken of the bank's financial performance, market situation, dividend stability and core capital requirements.

OUTLOOK

The level of uncertainty in the Norwegian economy is expected to rise higher in 2016 than it has been in previous years. This will affect the bank's general growth and earnings opportunities. Low oil prices are affecting the business sector in some regions of Norway and thus employment rates.

Sparebanken Øst's customer portfolio is generally not directly affected by lower activity in the oil sector. Low interest rates are strengthening the debt serving capacity of households and companies, including those with lower incomes. A weak Norwegian kroner exchange rate is providing Norwegian export companies with competitive advantages abroad and thus increased income. Rising unemployment could lessen the payment capacity of affected households. Sparebanken Øst is seeing that higher unemployment and lower activity in the oil sector will gradually affect economic growth in large parts of Norway. The constantly rising housing prices in the central Eastern Norway area can be explained by low interest rates for home buyers and a shortage of housing in areas under pressure. The bank's activities are to a large degree rooted in the areas under pressure in Eastern Norway and the bank expects stable housing prices in its market area in 2016.

The bank has a very sound capital situation that satisfies the authorities' requirements at the start of 2016. This provides the bank with room for manoeuvre and not least security in a year of greater uncertainty. The bank's target for CET1 capital is 14.5 per cent. The bank also has a solid liquidity buffer that provides security should the bank experience problems accessing funding during the year. The bank's target for long-term funding is 105 per cent of non-liquid assets. The bank expects to be able to obtain new funding with margins on a par with those of the major regional banks. The bank believes it is in a good position in the capital markets and aims to ensure simple, open communication with its various investors. The bank's target for its return on equity has been set at 10 per cent.

Growth in lending to and deposits from customers in 2016 will depend on the general competition in the banking market and access to long-term funding. The bank expects growth in lending to both retail and business customers. The growth is expected to be distributed evenly across different distribution channels and geographical markets. Little or no growth is expected in regions with significantly higher risk and the same is true for industries that are especially vulnerable to negative macroeconomic factors. Growth in lending to retail customers will primarily come from home mortgages and financing used cars (AS Financiering). The growth in lending to business will generally occur in the bank's local markets in Drammen and Eiker. Repayment loans with security in real estate will again be the bank's main product in the business market in 2016.

Banking involves risk and non-performance and losses on loans to customers cannot be excluded. In 2015, the bank significantly reduced its volume of non-performing and impaired commitments. The bank has substantial in-house expertise that will work to resolve any problem commitments that might arise in 2016. This includes expertise within recovery as well as property development and operation. Fluctuations in the value of securities in the form of equities and bonds cannot be excluded. The holding of bonds is exclusively held for liquidity purposes. No significant changes in the bank's ownership interests in Frende Holding AS and Eksportfinans ASA are expected in 2016.

The bank expects continued pressure on margins on loans to retail customers in 2016. The supply side in the bank market is expected to decrease somewhat, although the level of competition is expected to persist in high quality customer segments. Margins for lending to business are generally expected to increase to compensate for the higher risk and funding costs. A base rate close to zero is challenging for the bank's interest margin between loans and deposits. The level of uncertainty regarding macroeconomic developments, the bank's competitiveness, and the development of margins for the bank's borrowing in 2016 are similarly sources of uncertainty with respect to the bank's earnings and return on equity.

Hokksund, 31 December 2015

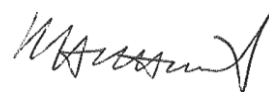
Drammen, 10 March 2016



Jorund Rønning Indrelid
Chair



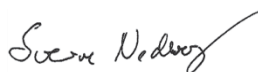
Knut Smedsrud
Vice Chair



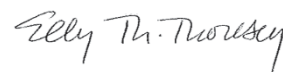
Morten André Yttreide
Board member



Øivind Andersson
Board member



Sverre Nedberg
Board member



Elly Therese Thoresen
Board member



Hanne Margrete Lenes Solem
Board member



Inger Helen Pettersen
Employee representative



Pål Strand
CEO

CORPORATE GOVERNANCE

Savings banks are self-owned foundations. The Norwegian Code of Practice for Corporate Governance, created by the Norwegian Corporate Governance Board (NUES), has been prepared for limited liability companies owned by shareholders with shares listed on regulated markets in Norway. The standard applies to savings banks as appropriate. The Board of Trustees is the supreme governing body of Sparebanken Øst. The Board of Trustees corresponds to the general meetings of limited liability companies. The Board of Trustees is elected from among the equity certificate holders, employees, customers and municipal nominees in Drammen, Nedre Eiker and Øvre Eiker. Each member of the Board of Trustees has one vote. The purpose of the NUES recommendation is to ensure that companies listed on regulated markets in Norway have corporate governance which clarifies the division of roles between the shareholders, Board of Directors and management, beyond that which is stipulated in the legislation. In a savings bank, it is also necessary to clarify the roles in relation to employees, customers and municipality-appointed representatives. This is done through Sparebanken Øst's Articles of Association.

The Board of Directors and management of Sparebanken Øst annually assess the corporate governance principles and how they are practised and adhered to within the organisation. Sparebanken Øst first submits a report on the corporate governance principles and practice in accordance with Section 3-3(b) of the Accounting Act. This is followed by a report with comments on each item of the Norwegian recommendation. The review is based on the last revised version of the recommendation of 30 October 2014.

The Act Relating to Financial Institutions (Financial Institutions Act) entered into force on 1 January 2016, with transitional rules that give the banks one year to fulfil the act's requirements, unless otherwise is specified through other transitional rules. Sparebanken Øst's Articles of Association were amended in accordance with the requirements and rules stipulated in the Financial Institutions Act on 5 January 2016. The report on corporate governance has been prepared in accordance with the legislation and Articles of Association that applied as at 31 December 2015. Changes that follow from the new Financial Institutions Act and/or amended Articles of Association have been explained under each individual section in the report.

Report on corporate governance

The following description explains how Section 3-3(b)(2) of the Accounting Act is complied with in Sparebanken Øst. The structure refers to the numbering in the section.

1-3. Statement of the corporate governance recommendations and regulations to which Sparebanken Øst is subject or follows

Savings banks are subject to licensing and extensive regulations, which govern the bank's activities. The Financial Supervision Act, Savings Bank Act and Financing Activities Act and associated regulations play a central role. From 01.01.2016, the Savings Bank Act and Financing Activities Act will be replaced by the Financial Institutions Act. This act defines at length what is regarded as good corporate governance in savings banks. Savings banks are

subject to supervision by the Financial Supervisory Authority of Norway. Sparebanken Øst furthermore adheres to the Norwegian corporate governance recommendations published by the Norwegian Corporate Governance Board as appropriate. Deviations may be necessary in order to take all the interest groups within the savings bank into account. The recommendations are available at www.nues.no. Any deviations from the recommendations are noted.

4. Description of the main elements of the savings bank's internal control and risk management systems relating to the financial reporting process

See section entitled "Risk management and internal control" below.

5. Provisions in the Articles of Association that fully or partly extend or waive provisions in Part 5 of the Public Limited Companies Act

Until 31.12.2015, Sparebanken Øst was governed by the Savings Bank Act and the Articles of Association, and has complied with the requirements of this act. From 01.01.2016 the bank will be regulated by the Financial Institutions Act, and the Articles of Association were amended on 05.01.2016, partly as a result of this.

6. The composition of managerial bodies and a description of the key elements of applicable instructions and guidelines for the work of the bodies and any committees

See sections entitled "The Board of Trustees", "Nomination committees", "Corporate Assembly and Board of Directors, composition and independence" and "The Board of Directors' assignments" below.

7. Provisions of the Articles of Association governing the appointment and replacement of members of the Board of Directors

See section entitled "Corporate assembly and Board of Directors, composition and independence" below.

8. Provisions of the Articles of Association and delegation of authority entitling the Board of Directors to make decisions to buy back or issue own shares or own equity certificates

See section entitled "Company capital and dividends" below.

Corporate governance

Report on corporate governance

The corporate governance of Sparebanken Øst contributes to safeguarding the interests of employees, customers, equity certificate holders and other external parties in Sparebanken Øst. Corporate governance is the overall responsibility of the Board of Directors and must ensure that bodies and functions work in accordance with regulations, and that the business activities are managed in an effective and purposeful manner over time.

Management principles at Sparebanken Øst are founded on a declared vision, company mission, the company's objectives, strategies, and core values, see section entitled "Strategy

and objectives” in the Directors’ Report for 2015, including the savings bank’s ethical rules as determined by the Board of Directors. The introduction to the rules is as follows:

“Sparebanken Øst and the other savings banks play a central role in modern society. We are more dependent on trust from all groups than other businesses. Of course trust is not just based on solidity and profitability; but also on attitudes and the conduct we as a bank demonstrate. We cannot act independently of our surroundings. We have to be accepted by the market. To achieve this there must be no doubts about our ethical level.

The ethical level in Sparebanken Øst is the employee’s responsibility. It is naturally also the responsibility of the management and the staff representatives. Via their conduct, managers determine the level of the standard, but managers cannot ensure a high ethical standard alone. Everyone contributes to determining the ethical level in the savings bank. This is our common challenge.

At Sparebanken Øst we require loyalty, integrity and openness among managers and employees. There is scope for disagreement in internal discussions and deliberations, but after a decision has been made all employees are expected to loyally stand by the decision.”

Sparebanken Øst must be development-oriented, with a local anchoring, and be sound, far-sighted and credible. Sparebanken Øst’s corporate social responsibility is anchored in statutes and guidelines. In the savings bank’s overall strategy it is clearly stated that Sparebanken Øst is to be community-oriented and have high ethical standards. The savings bank shall be a contributor to wealth creation and sustainable development, particularly in the municipalities of Øvre Eiker, Nedre Eiker and Drammen. Corporate social responsibility also applies to financing the development of the local business community, the development of the local community via local development, and donations to culture, sport and other social activities in the local community. The Board of Trustees is the savings bank’s highest body. The composition of the Board of Trustees is stated in the Articles of Association and exhibits clear corporate social responsibility to the local community through its very composition, which gives equal representation to customers (elected by investors), the local community (elected by the local municipality) and the employees, in addition to the bank’s equity certificate holders. In 2015 the savings bank donated gifts worth NOK 7.0 million. These donations were made to associations and clubs involved in sport, culture and social activities. For a complete overview, see the summary after the notes to the financial statements.

Management control is maintained by the savings bank’s chosen agencies and functions to which responsibilities are ascribed. Solid qualifications and competences in the savings bank’s core activities, with purposeful organisation based on private and business market activities, financial operations, IT operations and recovery respectively, form the basis for effective and target-oriented operations at Sparebanken Øst. Furthermore, the savings bank possesses solid internal legal competence. The framework for corporate governance in savings banks is laid down in a comprehensive body of legislation and regulations. The body of regulations consists of special rules for financial undertakings that in a number of areas are significantly more comprehensive than general corporate law and recommendations directed at corporations in general. The special rules pertain to supervisory requirements,

concessions, nature of business, equity and dividends, composition and responsibility of steering bodies, risk management and control in relation to acquisitions, mergers, etc.

Sparebanken Øst practices a “comply or explain” principle with regard to the Code of Practice (NUES), so that any deviations from NUES are commented on. In this respect we take into account the fact that savings banks are self-governing institutions and that the governance structure and composition of the governing bodies differ significantly from limited liability companies.

Presentations, quarterly reports and the Articles of Association, etc., are available at www.oest.no, under “Investor”.

The company

Sparebanken Øst’s overall activities are presented in the Articles of Association. In accordance with the Articles of Association applicable until 05.01.2016, Sparebanken Øst aims to promote saving by accepting deposits from an unlimited circle of depositors and managing the funds the savings bank administers in accordance with the legislation and regulations that apply to savings banks at any given time. The savings bank may also undertake financing activities and in this way offer, manage and provide guarantees for credit and in other ways contribute to the financing of others’ activities, in accordance with the Financial Institutions Act and other provisions that apply to financing enterprises at any given time. Furthermore, the savings bank may undertake all normal banking operations and banking services in accordance with the Savings Banks Act or provisions pursuant to this act.

The savings bank may own stakes in other financial institutions as well as in companies that run activities with a natural connection to banking and financial enterprises in accordance with the provisions of the Financing Activities Act, Savings Bank Act and other laws in effect at any given time. The savings bank may also own shares in other companies, but may not operate or participate actively as a responsible party in companies that undertake activities other than those stated in this section, unless this is temporary and necessary in order to secure the bank’s claims. The savings bank’s activities are executed within the framework specified in the concession for operating a savings bank, and in accordance with the provisions of the Savings Banks Act, the Financing Activities Act, and other legislation and regulations that apply to savings banks.

In accordance with the amended Articles of Association of 05.01.2016, the savings bank’s objective is to undertake business activities and services that it is natural to expect savings banks to undertake in accordance with current applicable legislation and current concessions.

For a further description of the company’s activities, refer to the “Directors’ report for 2015”.

Company capital and dividends

Company capital

The Board of Directors undertakes an ongoing assessment of the capital situation in the light of the company’s mission, strategy and required risk profile. Minimum requirements regarding equity for savings banks are stipulated in Section 2-9(a) of the Financing Activities

Act, and from 01.01.2016 in Section 14-1 of the Financial Institutions Act. Requirements regarding a capital conservation buffer, systemic risk buffer and countercyclical capital buffer are governed by Section 2-9(e) of the Financing Activities Act, and from 01.01.2016 by Section 14-1 of the Financial Institutions Act. The group's common equity tier 1 capital ratio target is 14.5 per cent from 01.07.2016. For further details of the rules regarding capital adequacy, which principles are used as the basis for the assessment of capital requirements, and a further specification of the elements in the savings bank's capital adequacy, reference is made to the savings bank's pillar 3 reporting on risk management, risk exposure and capital adequacy conditions, which is published on the bank's website. The Financial Supervisory Authority of Norway conducts inspections to ensure that the savings bank is operated with adequate financial solidity in relation to actual risk levels. The dividend policy is summarised in the Directors' Report. The Board of Trustees has granted the Board of Directors authorisation to acquire and/or pledge security in the form of own equity certificates. The authorisation is valid for 18 months from 12.03.2015 and is subject to annual review. The Financial Supervisory Authority of Norway has approved the authorisation. For practical reasons, the savings bank deviates from the NUES recommendation that such authorisations shall apply for one year.

Capital augmentation

The Board of Trustees has not granted the Board of Directors a general authorisation to augment the bank's capital. If the savings bank requires increased capital this will be considered as a separate matter at a meeting of the Board of Trustees. Decisions to increase the ownership capital must be approved by the Financial Supervisory Authority of Norway, cf. Section 2(b)-23(6) of the Financing Activities Act, and from 01.01.2016 Section 10-4(3) of the Financial Institutions Act.

Equal treatment and transactions with related parties

Equal treatment

Sparebanken Øst has one equity certificate class. The savings bank's equity certificates are listed on the Oslo Stock Exchange in line with the rules stipulated in the financial legislation. All equity certificate holders have the same rights. In 2015 no transactions took place between the savings bank and the equity certificate holders and their related parties other than loans, deposits and payment settlements, as well as salaries/fees to employees and staff representatives who are equity certificate holders.

Preferential rights

The preferential rights of equity certificate holders in the event of capital increases are stated in Section 2(b)-23(3) of the Financing Activities Act, and from 01.01.2016 Section 10-10(3) of the Financial Institutions Act. This states that in the event of an increase in ownership capital, the owners of equity certificates have preferential rights to subscribe to the new equity certificates in the same ratio in which they already own equity certificates issued by the institution. Section 10-5 of the Public Limited Liability Companies Act regarding the disregarding of preferential rights applies accordingly.

Transactions with related parties

The savings bank's ethical rules stipulate that Board members and employees have a duty to state whether they directly or indirectly hold significant interests in agreements entered into by the savings bank (the group). No such notifications were received in 2015.

Free marketability

The savings bank's equity certificates are traded freely on the Oslo Stock Exchange. There are no ownership restrictions other than the applicable rules of the Financing Activities Act (from 01.01.2016 the Financial Institutions Act) regarding ownership restrictions and licensing obligations, and the rules stipulated in the Articles of Association regarding Board approval of purchases of equity certificates that apply to equity certificate holders in Sparebanken Øst.

Board of Trustees

The Board of Trustees shall ensure that the savings bank acts in line with its purpose in accordance legislation, the Articles of Association and decisions passed by the Board of Trustees. The Board of Trustees adopts the financial statements and approves remuneration for the savings bank's representatives, including the Board of Directors, control committee, nomination committee and selected auditor. The Board of Trustees appoints the nomination committee from among the members of the Board of Trustees.

In accordance with the Articles of Association applicable until 05.01.2016, the Board of Trustees shall make decisions on all matters that the Board of Directors presents to the Board of Trustees for a decision. The Board of Trustees shall:

- Elect the Board of Directors, including the Chair and Vice Chair of the Board of Directors
- Elect the control committee
- Adopt the Directors' Report
- Elect the auditor
- Determine the fee paid to the bank's representatives
- Make decisions in all cases relating to changes to the savings bank's activities, acquisitions of other companies, or other matters that are of special importance to the savings bank. However, this does not apply to the acquisition of smaller companies within the savings bank's current area of business, or if for other specific reasons the case ought to be decided by the Board of Directors and only thereafter submitted to the Board of Trustees.

In accordance with the Articles of Association applicable from 05.01.2016, the following matters shall be handled by the ordinary Board of Trustees:

- Election of the Chair and Vice-Chair of the Board of Trustees
- Adoption of the annual financial statements and Directors' Report, including the allocation of profit / distribution of dividends
- Other matters pertaining to the Board of Trustees in accordance with legislation or statutes

Composition

The composition of the Board of Trustees is stated in the Articles of Association. Local corporate social responsibility is exercised via the composition of the Board of Trustees, in

which customers (elected by depositors), the local community (municipal representatives), equity certificate holders and the employees are represented. The composition in accordance with the new Articles of Association adopted on 05.01.2016 is given in parentheses. The Board of Trustees consists of a total of 48 (32) members with 36 (23) deputy members. Nine (6) members are elected by the depositors (customers), with 2 (1) from Øvre Eiker, 3 (2) from Nedre Eiker and 4 (3) from Drammen. Nine (6) municipally elected (publically elected) members are elected with proportional shares from the municipalities of Øvre Eiker, Nedre Eiker and Drammen. Twelve (8) members are elected by the employees, and 18 (12) members are elected by the equity certificate holders. The members of the Board of Trustees are elected for terms of 4 years. The members of the Board of Trustees are elected in accordance with the Savings Bank Act (Financial Institutions Act) and the bank's Articles of Association. This means that the position is personal and meetings may not be attended by proxy. NUES' recommendation regarding the use of proxies at general meetings therefore does not apply to equity certificate holders in Sparebanken Øst. In 2015, the Chair of the Board of Trustees was Frank Borgen and the Deputy Chair was Lars M. Lunde.

Meetings

The Board of Trustees holds one fixed meeting per year. In addition, meetings of the Board of Trustees are convened as deemed necessary by the Chair of the Board of Trustees. The Board of Trustees held two meetings in 2015. Eight days' notice is required to convene a meeting of the Board of Trustees, in accordance with Section 11(3) of the Savings Bank Act. NUES recommends that the invitation is sent with 21 days' notice. The savings bank's auditor, Board of Directors and any members of the control committee who are not trustees are all invited to meetings of the Board of Trustees. The Board of Trustees' meetings are chaired by the Chair of the Board of Trustees, cf. the Articles of Association and the Savings Bank Act, and thus comply with the recommendation for the independent chairing of meetings. The savings bank adheres to the NUES recommendation in all aspects relating to case documents, reminders, elections and the publication of minutes of the meetings of the Board of Trustees.

In accordance with the Financial Institutions Act applicable from 01.01.2016, invitations to the meetings of the Board of Trustees will hereafter be provided by the Board of Directors. In addition, meetings will be convened with at least 21 days' notice, cf. Section 8-3(1) of the Financial Institutions Act.

Control committee

This item is not subject to the recommendation. The control committee conducts inspections of the savings bank's activities in accordance with Section 13 of the Savings Banks Act and the instructions provided by the Board of Trustees. The control committee reviews the Board's minutes, numbered letters, cf. Section 5-4 of the Auditors Act, and the auditor's report, examines the security for selected loans, and ensures that the management of the savings bank's funds is undertaken on a responsible basis. The Board of Directors and the internal auditor are obligated to give the control committee all the information the committee deems necessary in order to execute its tasks. The control committee makes reports to the Board of Trustees concerning the annual financial statements and the Directors' Report, and concerning the adoption of the annual financial statements. If the

control committee obtains knowledge of significant omissions, errors or discrepancies of significance or scope, or if it believes that the savings bank has suffered major losses, the committee is obligated to immediately report the matter to the Financial Supervisory Authority of Norway. The control committee is elected by and from among the members of the Board of Trustees. In 2015, the control committee consisted of the following persons:

Eli Kristin Nordsiden, Chair (from 26.03.2015)
 Randi H. Sandli
 Sjur Kortgaard
 Oddmar Nilsen (from 26.03.2015)
 Øivind Andersson (member and Chair until 26.03.2015)

Management secretary Nina Sem is the secretary of the control committee.

The Financial Institutions Act contains no provisions regarding the control committee. In accordance with the amendment to the Articles of Association of 05.01.2016, the control committee will be discontinued from the same date.

Nomination committees

The savings bank's Articles of Association state that the nomination of members of the Board of Trustees and the Board of Directors must take place in accordance with the recommendations of a nomination committee. There are three nomination committees in Sparebanken Øst:

- 1) Nomination committee for the Board of Trustees and the Board of Directors
- 2) Nomination committee for investor representatives (customers from 05.01.2016)
- 3) Nomination committee for equity certificate holders

The employees' representatives on the Board of Trustees and the Board of Directors are elected by and from among the employees, in accordance with Regulation no. 9386 of 23.12.1977. The nomination committee for the Board of Trustees features representatives from all groups that are represented on the Board of Trustees, including the equity certificate holders. It must be ensured that due consideration is paid to independence and legal competence in the relationship between the nomination committee and those appointed, and it is also emphasised that the various nomination committees must maintain their independence from the Board of Directors of the savings bank. The various nomination committees shall also ensure that access to the necessary competence is available with regard to the tasks faced by the nomination committee.

The nomination committee for the Board of Trustees and the Board of Directors is elected by and from among the members of the Board of Trustees. The composition of the nomination committee is specified in the savings bank's Articles of Association. In this respect, NUES' recommendations are followed to the extent that they are sanctioned by the Articles of Association. The recommendations of the nomination committee regarding the Board of Trustees are made in accordance with NUES. The nomination committee has drawn up separate guidelines, which have been approved by the Board of Trustees. In 2015, the

nomination committee for the Board of Trustees and Board of Directors has consisted of the following persons:

Kåre J. Grøtta, Chair. From 26.03.2015 Petter Qvam, Chair
 Thomas F. Halvorsen
 Jon Aas
 Bent Inge Bye
 Anne Siri Rhoden Jensen, employee. From 26.03.2015 Jan Christian Skau, employee

The savings bank fulfils the requirement that a majority of the members of the nomination committee must be independent of the Board of Directors and other senior employees. The savings bank's Articles of Association require that all members of the nomination committee are members of the Board of Trustees. NUES' recommendation that at least one member should not be a member of the corporate assembly, board of representatives (Board of Trustees) or the Board of Directors, is therefore not relevant.

In 2015, the nomination committee held separate meetings with both the Chair of the Board of Directors and the bank's CEO.

Corporate assembly and Board of Directors, composition and independence

Sparebanken Øst does not have a corporate assembly.

Composition of the Board of Directors

The Board of Directors consists of seven external members and one representative from the employees, with the right to vote. The deputy representative elected by the employees also attends meetings. The CEO and Deputy CEO are entitled to attend meetings, but do not hold voting rights.

The composition of the Board of Directors, and the Board members' backgrounds and participation in Board meetings in 2015, are described in the presentation of the Board of Directors in the Directors' Report for 2015. More detailed information about each Board member can be found on our website at [www.oest.no/om_oss/styret og ledelse](http://www.oest.no/om_oss/styret_og_ledelse).

The deputy representative elected by the employees also attends Board meetings. The CEO has attended 13 of the 14 Board meetings, and the Deputy CEO has attended 13 of the 14 Board meetings.

Election of the Board of Directors

The election of Board members occurs following the establishment of a nomination committee appointed by the Board of Trustees. The nomination committee prepares a recommendation to the Board of Trustees.

Board members are elected for two years at a time. The Board of Trustees nominates the Chair and Vice-Chair. The competence and professional experience of the Board members are presented to the Board of Trustees in connection with the nomination process.

Independence

The Board of Directors must act independently and the members of the Board that are not employee representatives must be assessed as being independent of the savings bank's significant business relations and the savings bank's day-to-day management. None of the savings bank's senior employees are members of the Board of Directors. The composition of the Board of Directors constitutes a diversity in which competence and abilities form the basis for the performance of the necessary work of the Board. The instructions for the Board of Directors state that the Board acts as a single unit. However, each individual Board member is responsible for the decisions made and transactions undertaken by the Board.

Board members' holdings of own equity certificates

The Board members' holding of equity certificates in Sparebanken Øst as at 31.12.2015 is stated in Note 56.

The work of the Board of Directors

The duties of the Board

The Board of Directors leads the savings bank's activities in compliance with legislation, regulations, the Articles of Association and additional instructions provided by the Board of Trustees.

The management of the savings bank falls to the Board of Directors. The Board of Directors shall ensure the responsible organisation of the savings bank, and ensure that the requirements regarding the bank's organisation and the establishment of satisfactory management and control systems are met.

The Board of Directors shall establish plans and budgets for the bank's activities. The Board of Directors shall also establish guidelines for the organisation, including confidentiality rules that apply to the bank and its activities.

The Board of Directors shall keep up-to-date regarding the bank's financial position and obligations, in order to ensure that its activities, accounts and asset management are subject to satisfactory control. At least once per quarter, the Board of Directors shall hold a meeting with the auditor without the bank's General Manager or other members of the bank's management being present.

The Board of Directors shall supervise the management and the bank's other activities. The Board of Directors shall establish instructions for the General Manager, and ensure that the General Manager regularly informs the Board of the bank's activities, position and profit performance.

The Board of Directors shall undertake the investigations necessary in order to carry out its duties.

The Board of Directors is responsible for ensuring that the savings bank has, at any given time, sufficient equity to cover the risks and scope of the savings bank's activities. The Board of Directors has delegated parts of the management responsibility to the administration through various delegation resolutions. These resolutions are given for various durations.

The Board of Directors has also established procedures and rules for the internal auditor, who undertakes operational audits in line with applicable standards for such audits. Sparebanken Øst's internal auditor is KPMG.

Duty of confidentiality

All elected representatives at Sparebanken Øst are subject to the same confidentiality rules, ethics, and legal competence as apply to the savings bank's employees in general. Independence between the savings bank's various managing and controlling bodies is a central criterion for the responsible management of the activities. Among the elected representatives at Sparebanken Øst there exist – according to the Board of Directors' assessment – no close personal relationships that could influence the individual elected representatives' independence and decision-making powers.

Instructions for the Board of Directors

The Board of Directors' responsibilities and tasks are stipulated in the Savings Bank Act, the Financial Institutions Act and the Articles of Association. The Financial Institutions Act replaces the Savings Bank Act and Financing Activities Act from 01.01.2016. The Board of Directors has drawn up its own separate set of instructions, which are subject to regular review. The instructions were last reviewed on 10.02.2015. The instructions describe the Board of Directors' responsibilities, the matters the Board of Directors will consider, and the rules that apply to the consideration of these matters. The Board of Directors has set instructions for the CEO, who is responsible for the day-to-day operations and management of the savings bank. The instructions for the Board of Directors and instructions for the General Manager specify the division of responsibilities and tasks between the Board of Directors and the General Manager.

Financial reporting

The Board of Directors receives monthly financial reports in which the savings bank's economic and financial status is commented on. The monthly reports form the basis for internal management and communication regarding the status of the savings bank. The Board of Directors receives periodic reports that present the savings bank's compliance with the delegated authorisations, as well as quarterly reports presenting developments in the bank's overall risks.

Annual plan

The Board of Directors prepares an annual plan for its work. The annual plan contains a meeting plan for the year, details of fixed tasks at specific meetings, and a financial calendar. The Board of Directors completes a self-evaluation process each year. This evaluation includes an assessment of the Board members' competence, the composition of the Board of Directors, and how the members of the Board of Directors function both as a group and individually. This self-evaluation is made available to the nomination committee for the Board of Trustees.

Committees of the Board of Directors

Remuneration committee

In accordance with the requirements of Section 2-18 et seq. of the Financing Activities Act, from 01.01.2016 Section 15-1 et seq. of the Financial Institutions Act, and the regulations regarding remuneration in financial institutions, a remuneration committee has been established within the savings bank. The purpose of the remuneration committee is to prepare guidelines for the Board of Directors regarding the remuneration of senior employees. It must also ensure that the company at all times has and practices guidelines and a framework for the remuneration scheme in accordance with the rules for the remuneration schemes of financial institutions, securities firms and investment management companies.

The committee undertakes its duties in accordance with the guidelines adopted by the Board of Directors. The committee nominates its Chair. Its members are elected by the Board of Directors. In 2015, the remuneration committee consisted of the following persons:

Hanne Margrete Lenes Solem, Chair

Sverre Nedberg

Jorund Rønning Indrelid

Inger Helen Pettersen, employee representative on the Board of Directors

Deputy CEO Kjell Engen has been the secretary for the committee. The Board of Directors has approved the Remuneration Guidelines for Sparebanken Øst.

Audit committee

In accordance with Section 17(c) of the Savings Bank Act, and from 01.01.2016 Section 8-18 of the Financial Institutions Act, the savings bank has established an audit committee in accordance with the guidelines provided by the act. The members are elected by the Board of Directors, and serve for one year at a time. The Chair of the committee is appointed by the Board of Directors. The main tasks of the audit committee are to prepare the Board of Directors' follow-up work regarding the accounts and reporting, monitor the systems for risk management and internal control and the internal auditor's work, and assess and monitor the internal auditor's independence.

The committee undertakes its duties in accordance with the instructions adopted by the Board of Directors. The audit committee holds six to seven meetings per year. In 2015, the audit committee consisted of the following persons:

Øivind Andersson, Chair from 05.05.2015

Sverre Nedberg, Chair until 05.05.2015

Hanne Margrete Lenes Solem

Elly Therese Thoresen until 05.05.2015

Risk committee

In accordance with Section 2-9(b) of the Financing Activities Act, and from 01.01.2016 Section 13-6(4) of the Financial Institutions Act, the savings bank has established a risk committee as described by the act. The members of the committee are elected by the Board

of Directors, and serve for one year at a time. The Chair of the committee is appointed by the Board of Directors. The risk committee's main task is to prepare for and advise the Board of Directors in accordance with the savings bank's existing and future risk appetite and risk strategy, as well as to follow up and implement this strategy. The committee is also tasked with monitoring the extent to which the savings bank's pricing of products towards customers fully reflects the risk borne by the savings bank. The committee undertakes its duties in accordance with the instructions adopted by the Board of Directors. The risk committee holds six to seven meetings per year in connection with the meetings of the audit committee. In 2015 the audit committee consisted of the following persons:

Morten A. Yttreide, Chair from 05.05.2015
 Sverre Nedberg, Chair until 05.05.2015
 Elly Therese Thoresen
 Hanne Margrete Lenes Solem, Chair until 05.05.2015

Minutes are kept of the meetings of the audit committee and the risk committee. The minutes are presented by the chairs of the committees to the convened Board of Directors at the next meeting of the Board of Directors.

Risk management and internal control

Risk management shall support the savings bank's development and achievement of objectives, and shall ensure financial stability and responsible business operations. This is achieved through a risk profile that is characterised by a strong risk culture and a high awareness of risk management.

In order to ensure an effective and appropriate process for risk management and internal control, the savings bank has used the COSO model as a basis. This is a recognised framework for risk management and internal control. The basis of the model is that risk management and internal control apply to all parts of the organisation, and that an overall perspective of risk management and internal control is used. Further, risk management and internal control cover both strategic and operative conditions, and particular focus is placed on quality in external reporting and compliance with legislation and rules. The model builds upon the following components:

- Internal environment
 The company culture is the foundation of integrated risk management and internal control, and consists of the management philosophy, management style, people within the organisation and their attitudes, values, ethical guidelines, control and management structure and organisation.
- Establishment of objectives
 Objectives must be established before risks can be identified and assessed with regard to the achievement of these objectives, and necessary measures can be implemented in order to manage the risks. The objectives must support and be in accordance with the savings bank's objectives and reflect the savings bank's risk appetite.

- Identification of risks
Incidents that may influence the implementation of the strategy or achievement of objectives must be identified. This must take place on an ongoing basis and in the event of significant changes in the savings bank's activities.
- Risk assessment
Identified risks are analysed in order to determine how they shall be managed. The assessment shall cover all significant risks, including commercial and operational risks. All significant risks shall be quantified to the greatest extent possible.
- Risk management
Various alternatives for managing risks are evaluated; avoid, accept, reduce through various measures or share the risk with others.
- Control activities
Guidelines and routines are established and implemented in order to ensure that the form of risk management is selected in an effective manner.
- Information and communication
Processes that ensure that relevant information is identified and communicated in the correct form at the correct time.
- Follow-up
Shall provide the Board of Directors and management with a reasonable level of assurance that the activities are being carried out as planned and that all significant risks are identified, managed and controlled in an effective manner.

Roles and responsibilities

The bank's Board of Directors holds the overall responsibility for risk management and internal control. The Board of Directors determines principles for risk management and internal control, determines risk tolerances, is responsible for ensuring that the savings bank has sufficient capital with regard to the underlying risk and future growth plans, and must ensure that risk management and internal control are established and carried out in accordance with legislation and regulations, the Articles of Association, orders from the Financial Supervisory Authority of Norway and guidelines provided to the management by the Board of Directors.

The CEO is responsible for ensuring and following up that responsible risk management and internal control are established in accordance with the guidelines provided by the Board of Directors. The responsibility also includes ensuring that risk management and internal control are documented, undertaken and monitored in a responsible manner, and that the reporting obligation to the Board of Directors is in accordance with legislation, regulations, the Articles of Association and the savings bank's adopted principles in this area. The responsibility also includes ensuring that the risk management systems are implemented and followed up and that the controls are documented in accordance with legislation, regulations, strategy/policy and routines, and that the risk management process is appropriate and effective.

The managers for the individual business areas are responsible for identifying, managing, controlling and reporting risks. This is achieved through the annual review of key processes, in which the management defines the savings bank's most critical business areas and undertakes a risk assessment of each individual area and the measures that are implemented in order to reduce identified risks. Every six months, the managers must provide confirmation that internal control has been carried out, and that this is functioning as expected. The managers are responsible for ensuring that all incidents are reported in the central incident register.

The management and control department is responsible for risk models and the further development of risk systems, and for ensuring that the risk management systems are implemented, used and followed up, and for following up the savings bank's risk status and development in relation to the adopted risk strategy targets and business strategy. The department shall receive and/or prepare periodic and sufficient information in order to undertake and follow-up reporting to the CEO. Furthermore, the department must ensure that effective systems and processes are created to ensure compliance with applicable regulations, as well as to identify changes to legislation/regulations, industry standards and internal guidelines, in order to ensure that these are implemented within the savings bank. The department coordinates its annual management confirmation in accordance with the Financial Supervisory Authority of Norway's regulations regarding risk management and control, and is responsible for the central incident register. The department shall test, assess and provide advice on internal control, and participate in meetings of the Board's risk committee.

Internal audit is responsible for independently monitoring that the risk management systems are effective and function as intended. Internal audit reports to the Board of Directors, is entitled to attend Board meetings, and reports on risk management and internal control a minimum of once per year. Internal audit also provides advice to the Board of Directors and management regarding the bank's risk management and the development of and compliance with controls, as well as compliance with established routines, procedures and guidelines. The savings bank's internal auditor in 2015 was KPMG. The savings bank finds that KPMG holds the necessary expertise within the central specialist and risk areas that affect the savings bank's operations. The savings bank's two subsidiaries, AS Financiering and Sparebanken Øst Boligkreditt AS, are also subject to statutory internal audits.

The savings bank's balance sheet management committee holds regular meetings, at which the status and measures connected to the liquidity situation are discussed. The CEO, Deputy CEO, General Manager and Financial Manager of Sparebanken Øst Boligkreditt AS attend meetings of the balance sheet management committee.

Within the private market, central credit departments have been established as the approval bodies for the granting of credit to private customers. Each individual credit department is located and organised as a unit, but manages various market channels. All of the departments are organised under the Credit Director. Within all credit departments, individual authorisations and authorisation matrices have been established in order to describe the existing authorisation hierarchy.

BM Kreditt is a central credit function, and the body that approves the granting of credit to small business customers following processing via the savings bank's branch network. The department is structured as a single unit and has no sales responsibilities. The department's employees have their own individual authorisations in accordance with the adopted authorisation matrix.

The Credit department makes credit decisions above a certain size for customers in the business market and the private market. The department consists of two Financial Managers and one Senior Credit Consultant. If the allocation of the credit exceeds the authority given to the credit department, the case is considered by the Credit department and a decision is made at an overall level in accordance with the current authorisation matrices. Smaller commitments are entered into in accordance with the adopted framework and personal authorisations held in the business market department.

The risk committee assesses risk exposure and undertakes risk reporting. The committee also assesses capital requirements. The members of the committee are the Credit Manager BM, Head of the PM Credit department, Financial Manager, Head of SE department, IT Manager and controllers. The committee's conclusions and comments are recorded in the minutes. Remarks recorded in the minutes, as well as a declaration that the risk report has been reviewed and exhibits the correct exposures, are submitted as an appendix to the risk report. The report is submitted to the Board of Directors on a quarterly basis.

The accounting department is responsible for financial reporting, internal financial management, taxes and duties.

A separate operative position of Anti-money Laundering Officer has been created. The position entails following up compliance with the regulations and the control of all new customer undertakings.

A number of independent bodies undertake independent evaluations of the savings bank's profile, follow-up and organisation with regard to the handling of financial and operational risk. These include the control committee, internal auditor, external auditor and Moody's Investor Service.

Remuneration of the Board of Directors and employee representatives

Remuneration to the Board of Directors, Board of Trustees, control committee and nomination committee is determined by the Board of Trustees. The remuneration is sought to be adapted to the workloads and responsibilities incumbent upon each elected representative. Details can be found in the notes to the annual financial statements. The remuneration is not dependent on the savings bank's results, and consists of a specified amount. There are no result-based or variable remuneration schemes for the bank's representatives. Remuneration to members of the Board of Directors is listed in Note 31 to the annual financial statements. In 2015, none of the Board's members have undertaken tasks for the bank other than their duties as Board members.

Remuneration to employees in senior positions

In accordance with applicable legislation, Sections 2-18 to 2-22 of the Financing Activities Act, and from 01.01.2016 Sections 15-1 to 15-6 of the Financial Institutions Act, the Board determines the necessary guidelines for the remuneration of employees in senior positions. The remuneration of employees in senior positions is listed in Note 31 to the annual financial statements. The fixed salary constitutes the main income of all employees in Sparebanken Øst. The Board of Directors determines the remuneration to the CEO. The CEO determines the remuneration to members of the executive management. There is no agreement concerning variable remuneration, nor option or bonus agreements. The Board of Directors may decide to grant a one-off supplement to the CEO and Deputy CEO. Other members of the executive management participate in the profit sharing scheme adopted by the Board of Directors.

Information and communication

The savings bank's goals and objectives for information and communication are based on openness and accessibility. In order to ensure the necessary information flow, financial information must be published in line with the fixed financial calendar on the savings bank's website through the submission of information to the Oslo Stock Exchange and via presentations to investors and other stakeholders. The savings bank arranges open investor presentations in conjunction with the presentation of annual and quarterly results. The presentations given in connection with the annual and quarterly results are made available on the savings bank's website. The rules regarding information and communication, rules for good stock market ethics, and general requirement regarding equal treatment, do not restrict the savings bank's opportunities regarding the provision of information, including to analysts.

Sparebanken Øst has drawn up investor relations guidelines. These guidelines show how the savings bank wishes to maintain extensive and effective communication with the financial markets, with an emphasis on openness and credibility. The savings bank wishes to have long-term, mutually beneficial relations with as many brokerages as possible. Investment decisions must be based on financial calculations rather than relations. The savings bank must take a positive approach to investment decisions that have no significant impact on current profitability estimates, and which would be favourable for investors. The Finance department manages contact with brokers in order to ensure the consistency of the information that is issued and received.

Information which is deemed to be of an important and sensitive nature is first sent to the Oslo Stock Exchange. The savings bank will endeavour to provide correct and balanced verbal and written information, and no investors shall receive preferential treatment. All provided information must be distributed to all investors and must be presented in a uniform manner. The savings bank must seek to be available to investors and enquiries must be answered without unreasonable delay. Information deemed to be crucial for investors must be distributed via the savings bank's website, the Oslo Stock Exchange and mailing lists.

Takeover

Savings banks may not be taken over by other enterprises or individuals. For this reason, the NUES recommendations relating to this area are not relevant to savings banks. The Board of

Trustees will make decisions in all matters concerning changes to the savings bank's business activities, the acquisition of other companies, or other cases of particular importance to the savings bank. However, this does not apply to the acquisition of small companies within the savings bank's current area of activity, or if, for other special reasons, the matter should be decided upon by the Board of Directors and only thereafter presented to the Board of Trustees.

Auditor

Auditing at Sparebanken Øst is undertaken in accordance with acknowledged auditing principles, with due consideration to planning, implementation, and reporting. Ernst & Young AS is the savings bank's external auditor. At least once a year, the external auditor attends a meeting of the audit committee as well as Board meetings, and reviews its assessments of the savings bank's risks. The external auditor always attends the Board meeting at which the annual financial statements are adopted, as well as the accounts meeting of the audit committee, and reviews its assessment of significant conditions within the savings bank. The external auditor also attends other Board meetings if necessary. At least once a year, the external auditor holds a meeting with the Board of Directors without the CEO being present. In accordance with Section 8-6(3) of the Financial Institutions Act, from 01.01.2016 it is a requirement that the Board of Directors holds a meeting with the auditor without the general management being present at least once per quarter. The external auditor is invited to all meetings of the Board of Trustees. In connection with the remuneration to the auditor, including the division of the remuneration, reference is also made to Note 34 to the annual financial statements.

2016 financial calendar

Publication of quarterly results

- | | |
|--------------------------------------|------------------|
| • Meeting of the Board of Trustees | 05 January 2016 |
| • Preliminary results 2015 (Q4 2015) | 10 February 2016 |
| • Annual financial statements 2015 | 31 March 2016 |
| • Ex. Dividend date | 01 April 2016 |
| • Payment of dividend | 12 April 2016 |
| • Q1 2016 | 11 May 2016 |
| • Q2 2016 | 14 July 2016 |
| • Q3 2016 | 02 November 2016 |

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Statement pursuant to section 5-5 of the Securities Trading Act

We hereby confirm that the annual financial statements for the period from 1 January to 31 December 2015 to the best of our knowledge have been prepared in accordance with applicable accounting standards and that the information gives a true and fair view of the group and parent company's assets, liabilities, financial position and profit or loss as a whole and that the information in the Board of Directors' Report gives a true and fair view of the development, profit or loss and financial position of the group and parent company, together with a description of the principal risks and uncertainties faced by the group.

Hokksund, 31 December 2015
Drammen, 10 March 2016

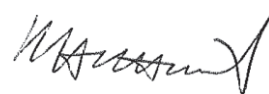
THE BOARD OF DIRECTORS OF SPAREBANKEN ØST



Jorund Rønning Indrelid
Chair



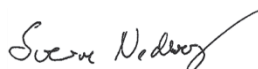
Knut Smedsrud
Vice Chair



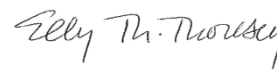
Morten André Yttreide
Board member



Øivind Andersson
Board member



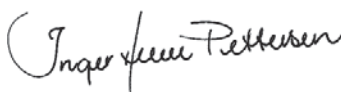
Sverre Nedberg
Board member



Elly Therese Thoresen
Board member



Hanne Margrete Lenes Solem
Board member



Inger Helen Pettersen
Employee representative



Pål Strand
CEO

STATEMENT OF INCOME

Group	Group			Parent bank	Parent bank
2015	2014	(Amounts in NOK millions)	Notes	2015	2014
1.167,0	1.350,4	Interest income and similar income	25, 26	790,9	951,5
580,3	743,5	Interest costs and similar costs	25, 26, 53	447,3	588,2
586,7	606,9	NET INTEREST AND CREDIT COMMISSION INCOME		343,6	363,3
1,3	7,3	Dividends and other operating income from securities with variable yields	27	91,3	67,3
79,8	81,6	Commission income and income from banking services	28	89,7	92,1
39,2	43,7	Commission costs and costs from banking services	28	17,6	18,3
-42,7	160,2	Net value change and gains/losses on financial instruments	29	-46,3	160,2
61,0	40,5	Other operating income	30	4,7	5,8
166,8	161,9	Payroll etc.	31, 50	139,8	136,1
51,7	55,6	Administration costs		44,6	47,2
17,9	19,8	Depreciation/write-downs and value change for non-financial assets	39	10,9	8,8
52,7	58,8	Other operating costs	33, 34, 40	43,4	50,2
357,8	556,7	PROFIT/LOSS BEFORE LOSSES		226,7	428,1
18,1	23,6	Losses on loans and guarantees	11, 13, 16	7,3	10,6
339,7	533,1	PROFIT/LOSS BEFORE TAX COSTS		219,4	417,5
83,7	104,4	Tax costs	35	37,3	56,9
256,0	428,7	PROFIT FOR THE YEAR		182,1	360,6
4,79	8,57	Earnings per equity certificate	55	3,41	7,21
4,79	8,57	Diluted earnings per equity certificate	55	3,41	7,21


STATEMENT OF COMPREHENSIVE INCOME

Group	Group			Parent bank	Parent bank
2015	2014	(Amounts in NOK millions)	Notes	2015	2014
256,0	428,7	PROFIT FOR THE YEAR		182,1	360,6
		Items that will not be reclassified to the statement of income			
29,8	-45,9	Actuarial gains and losses on defined-benefit plans	50	27,4	-42,0
-7,4	12,3	Tax related to items that cannot be reclassified	35, 50	-6,8	11,3
		Items that may later be reclassified to the statement of income			
18,2	-90,2	Changes in fair value of investments available for sale	29	18,2	-90,2
-0,1	0,0	Tax related to items that cannot be reclassified	29	-0,1	0,0
296,5	304,9	OTHER COMPREHENSIVE INCOME		220,8	239,7

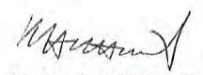
BALANCE SHEET

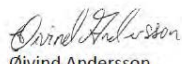
Group 31.12.15	Group 31.12.14	(Amounts in NOK millions)	Notes	Parent bank 31.12.15	Parent bank 31.12.14
ASSETS					
378,0	481,5	Cash and receivables from central banks		378,0	481,5
8,1	7,5	Loans to and receivables from financial institutions	15, 16, 20	2.101,3	2.337,2
27.975,8	28.697,8	Loans to and receivables from customers	11, 12, 13, 14, 20	17.717,9	18.986,3
4.554,6	3.904,0	Certificates, bonds, etc. at fair value	20, 23, 36	4.554,6	3.904,0
478,1	457,5	Stocks and units	20, 23, 37	478,1	457,5
494,7	604,1	Financial derivatives	20, 21, 22, 23	282,5	352,7
205,6	205,8	Certificates and bonds, held to maturity	20, 23, 36	205,6	205,8
0,0	0,0	Ownership interests in group companies	38	887,5	887,3
0,0	0,0	Deferred tax asset	35	15,0	11,1
249,8	395,8	Investment properties	39	0,0	0,0
131,6	134,5	Property, plant and equipment	39	77,8	80,5
25,3	108,9	Other assets	41	4,0	10,0
7,5	8,7	Prepaid non-accrued costs and earned but not received income	42	8,0	9,1
34.509,1	35.006,1	TOTAL ASSETS		26.710,3	27.723,0
LIABILITIES AND EQUITY					
150,3	210,5	Liabilities to financial institutions	20, 43, 47	424,8	469,6
13.159,3	13.397,0	Deposits from and liabilities to customers	20, 44	13.179,5	13.420,0
68,4	56,8	Financial derivatives	20, 21, 22, 23	68,4	56,8
17.205,3	17.549,9	Securities issued	20, 45, 47	9.557,4	10.375,7
98,4	105,5	Tax payable	35	51,4	57,1
68,6	74,8	Other liabilities	48	52,4	51,4
34,9	34,7	Accruals and deferred income		28,9	29,5
59,7	87,6	Provisions for accrued costs and liabilities	49, 50	57,6	82,5
10,2	20,5	Deferred tax liability	35	0,0	0,0
702,9	703,1	Subordinated loan capital	20, 46, 47	702,9	703,1
31.558,0	32.240,4	TOTAL LIABILITIES		24.123,3	25.245,7
595,1	595,1	Paid-up equity	55	595,1	595,1
2.356,0	2.170,6	Retained earnings		1.991,9	1.882,2
2.951,1	2.765,7	TOTAL EQUITY	6	2.587,0	2.477,3
34.509,1	35.006,1	TOTAL LIABILITIES AND EQUITY		26.710,3	27.723,0

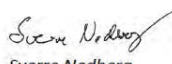
Hokksund, 31 December 2015
Drammen, 10 March 2016

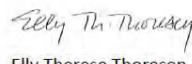

Jorund Rønning Indrelid
Chair


Knut Smedsrud
Vice Chair

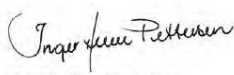

Morten André Yttreide
Board member


Øivind Andersson
Board member


Sverre Nedberg
Board member


Elly Therese Thoresen
Board member


Hanne Margrete Lenes Solem
Board member


Inger Helen Pettersen
Employee representative


Pål Strand
CEO

CHANGES IN EQUITY - GROUP

(Amounts in NOK millions)

	Total equity	Paid-up equity			Retained earnings		Available for sale reserve	Other equity
		Equity certificates	Share reserve	Equalisation fund	Primary capital	Gift fund		
2015								
Equity as at 31.12.14	2.765,7	207,3	387,8	366,3	1.308,0	45,5	162,4	288,4
Profit for the year	256,0	0,0	0,0	70,6	111,5	0,0	0,0	73,9
Changes in fair value of investments in JV/AC	18,1	0,0	0,0	0,0	0,0	0,0	18,1	0,0
Actuarial gains and losses on defined-benefit plans	22,4	0,0	0,0	8,0	12,6	0,0	0,0	1,8
Other comprehensive income	296,5	0,0	0,0	78,6	124,1	0,0	18,1	75,7
2014 dividend finally adopted	-103,7	0,0	0,0	-103,7	0,0	0,0	0,0	0,0
Changes in endowment fund	-7,4	0,0	0,0	0,0	0,0	-7,4	0,0	0,0
Equity as at 31.12.15	2.951,1	207,3	387,8	341,2	1.432,1	38,1	180,5	364,1

The year's proposed dividend of NOK 68.4 million remains part of the Equalisation Fund and the year's proposed dividend on social capital of NOK 34.2 million remains part of the primary capital until they are finally adopted by the board of trustees.

See also Note 55 - Equity Certificates.

	Total equity	Paid-up equity			Retained earnings		Available for sale reserve	Other equity
		Equity certificates	Share reserve	Equalisation fund	Primary capital	Gift fund		
2014								
Equity as at 31.12.13	2.527,9	207,3	387,8	291,7	1.129,9	35,5	252,6	223,1
Profit for the year	428,7	0,0	0,0	149,5	196,1	15,0	0,0	68,1
Changes in fair value of investments in JV/AC	-90,2	0,0	0,0	0,0	0,0	0,0	-90,2	0,0
Actuarial gains and losses on defined-benefit plans	-33,6	0,0	0,0	-12,7	-18,0	0,0	0,0	-2,9
Other comprehensive income	304,9	0,0	0,0	136,8	178,1	15,0	-90,2	65,2
2013 dividend finally adopted	-62,2	0,0	0,0	-62,2	0,0	0,0	0,0	0,0
Changes in endowment fund	-5,0	0,0	0,0	0,0	0,0	-5,0	0,0	0,0
Equity as at 31.12.14	2.765,7	207,3	387,8	366,3	1.308,0	45,5	162,4	288,4

The year's proposed dividend of NOK 103.7 million remained part of the Equalisation Fund until it was finally adopted by the board of trustees.

CHANGES IN EQUITY - PARENT BANK

	Total equity	Paid-up equity			Retained earnings		Available for sale reserve
		Equity certificates	Share reserve	Equalisation fund	Primary capital	Gift fund	
2015							
Equity as at 31.12.14	2.477,3	207,3	387,8	366,3	1.308,0	45,5	162,4
Profit for the year	182,1	0,0	0,0	70,6	111,5	0,0	0,0
Changes in fair value of investments in JV/AC	18,1	0,0	0,0	0,0	0,0	0,0	18,1
Actuarial gains and losses on defined-benefit plans	20,6	0,0	0,0	8,0	12,6	0,0	0,0
Other comprehensive income	220,8	0,0	0,0	78,6	124,1	0,0	18,1
2014 dividend finally adopted	-103,7	0,0	0,0	-103,7	0,0	0,0	0,0
Changes in endowment fund	-7,4	0,0	0,0	0,0	0,0	-7,4	0,0
Equity as at 31.12.15	2.587,0	207,3	387,8	341,2	1.432,1	38,1	180,5

The year's proposed dividend of NOK 68.4 million remains part of the Equalisation Fund and the year's proposed dividend on social capital of NOK 34.2 million remains part of the primary capital until they are finally adopted by the board of trustees.

See also Note 55 - Equity Certificates.

	Total equity	Paid-up equity			Retained earnings		Available for sale reserve
		Equity certificates	Share reserve	Equalisation fund	Primary capital	Gift fund	
2014							
Equity as at 31.12.13	2.304,8	207,3	387,8	291,7	1.129,9	35,5	252,6
Profit for the year	360,6	0,0	0,0	149,5	196,1	15,0	0,0
Changes in fair value of investments in JV/AC	-90,2	0,0	0,0	0,0	0,0	0,0	-90,2
Actuarial gains and losses on defined-benefit plans	-30,7	0,0	0,0	-12,7	-18,0	0,0	0,0
Other comprehensive income	239,7	0,0	0,0	136,8	178,1	15,0	-90,2
2013 dividend finally adopted	-62,2	0,0	0,0	-62,2	0,0	0,0	0,0
Changes in endowment fund	-5,0	0,0	0,0	0,0	0,0	-5,0	0,0
Equity as at 31.12.14	2.477,3	207,3	387,8	366,3	1.308,0	45,5	162,4

The year's proposed dividend of NOK 103.7 million remained part of the Equalisation Fund until it was finally adopted by the board of trustees.

CASH FLOW STATEMENT

Group 2015	Group 2014	(Amounts in NOK millions)	Note	Parent bank 2015	Parent bank 2014
Operating activities					
339,7	533,1	Profit before tax		219,4	417,5
		Adjusted for:			
3,3	9,2	Change in net interest income earned and accrued interest costs		2,8	6,2
0,0	0,0	Net payment/disbursement of loans to financial institutions		236,5	-236,3
713,3	-2.924,4	Net disbursement of loans to customers		1.261,3	-1.985,0
-650,3	-587,3	Change in certificates and bonds at fair value		-650,3	-345,6
98,4	-41,2	Change in other operating assets	54	20,7	31,2
0,0	0,0	Net payment/disbursement of deposits with financial institutions		15,4	43,5
-236,1	851,3	Net payment/disbursement of deposits from customers		-238,9	861,4
-11,5	20,7	Change in other operating liabilities		-1,4	18,5
4,5	18,4	Non-cash items included in profit before tax	54	-2,3	1,8
-35,2	-147,0	Net gains from investing activities		-0,2	-147,0
4,0	8,1	Net losses from financing activities		2,2	8,1
-105,1	-101,1	Taxes paid for the period		-57,0	-53,3
125,0	-2.360,2	Net cash flow from operating activities	A	808,2	-1.379,0
Investing activities					
-87,8	-20,6	Payment on purchase of fixed assets		-8,5	-16,5
250,4	0,3	Proceeds from sale of fixed assets		0,4	0,0
1,1	256,6	Net proceeds/costs on the sale/purchase of financial investments		1,1	256,6
0,0	0,0	Net payment/disbursement concerning investments in subsidiaries		-0,2	-200,1
163,7	236,3	Net cash flow from investing activities	B	-7,2	40,0
Financing activities					
-60,0	-562,1	Net incoming/outgoing payments for loans to/from financial institutions		-60,0	-562,1
-3.036,6	-2.265,5	Payments on repayment of securities		-2.250,7	-1.750,3
2.808,7	5.136,6	Proceeds on issuance of securities		1.510,5	3.836,5
0,0	0,0	Proceeds on issuance of equity certificates		0,0	0,0
-103,7	-62,2	Payment of dividend		-103,7	-62,2
-391,6	2.246,8	Net cash flow from financing activities	C	-903,9	1.461,9
-102,9	122,9	Net change in cash and cash equivalents	A+B+C	-102,9	122,9
489,0	366,1	Cash and cash equivalents as at 01.01.		489,0	366,1
386,1	489,0	Reserves of cash and cash equivalents as at 31.12.	54	386,1	489,0

Liquidity reserves include cash and deposits with central banks and loans to and deposits with financial institutions which are investment placements.

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NOTE 1 - GENERAL INFORMATION

Sparebanken Øst is an equity certificate savings bank listed on the Oslo Stock Exchange. The bank's head office is at Bragernes Torg 2, Drammen. The bank's business address is Stasjonsgt. 14, N-3300 Hokksund. Sparebanken Øst is non-aligned and has operated savings bank activities since 1843.

The bank also has branches in the municipalities of Øvre Eiker, Nedre Eiker, Lier, Asker, Bærum, Oslo, Fredrikstad, Ullensaker, Horten, Tønsberg, Skedsmo, Kongsberg, Hønefoss and Svelvik. The Sparebanken Øst group consists of the parent bank and the wholly owned subsidiaries Sparebanken Øst Boligkreditt AS, AS Financiering, Øst Prosjekt AS and its subsidiary Borreveien 44 AS, and Sparebanken Øst Eiendom AS and its subsidiaries Hawø Eiendom AS, Arbeidergata 28 AS, Krokstad Terrasse AS, Stasjonsgata 14 AS, Tollbugt. 49-51 AS and Ingeniør Rybergsgate 101 AS.

Sparebanken Øst provides services within the areas of financing, savings and investment, money-transfer services, insurance, property management and financial advice.

The annual financial statements for 2015 were reviewed and approved by the board of directors of Sparebanken Øst on 10.03.16.

NOTE 2 - ACCOUNTING POLICIES

1. GENERAL INFORMATION

Sparebanken Øst's consolidated financial statements and the parent company's financial statements are prepared in accordance with international accounting standards, International Financial Reporting Standards (IFRS), which are approved by the EU.

The policies are used as the basis for historic cost accounts, with the exception of financial derivatives and investments that are held for trading or are available for sale, as well as that part of the securities portfolio for which the executive management team has chosen to use the 'fair value option' (FVO). These items are valued at fair value. Where the group uses hedge accounting the value is adjusted on the hedged object for value changes associated with hedged risk. Interest-bearing balance sheet items include earned/accrued interest.

The group's balance sheet is primarily based on an assessment of the liquidity of items posted to the balance sheet.

Unless otherwise specified, all amounts are stated in NOK millions in the notes.

2. CHANGES TO THE ACCOUNTING POLICIES

The accounting policies applied are generally unchanged from the policies applied to the 2014 annual financial statements, with the exception of the changes in IFRS that were implemented in the group in 2015. The changes in IFRS that are relevant to the group and that come into force in 2015, and their effect for the group's annual financial statements, are listed below.

IFRIC 21 Levies

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The standard stipulates the criteria for the recognition of liabilities. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The changes have resulted in the levy for the Norwegian Banks Guarantee Fund being recognised in its entirety when the liability arises. The levy is directly related to the deposit guarantee scheme and is recognised in the statement of income as an interest cost. The changes have had no effect on the group's financial position, result and/or disclosures.

2.1 Annual improvement project 2011 – 2013:

IFRS 13 Fair Value Measurement

The amendment clarifies that the portfolio exception can be applied to financial assets, financial liabilities and other contracts that fall under the scope of IAS 39 Financial Instruments: Recognition and Measurement. Resulted in no changes to the annual financial statements.

3. CONSOLIDATION

The consolidated financial statements cover the parent bank and all subsidiaries.

A company is deemed to be controlled by the group when the group is exposed to or has rights to variable returns from its involvement in the company in question, and is able to influence this return via its control of the company. Each investment is subject to assessment.

The consolidated financial statements cover the wholly owned subsidiaries Sparebanken Øst Boligkreditt AS, AS Financiering, Øst Prosjekt AS and its subsidiary Borreveien 44 AS, and Sparebanken Øst Eiendom AS and its subsidiaries Hawø Eiendom AS, Arbeidergata 28 AS, Krokstad Terrasse AS, Stasjonsgata 14 AS, Tollbugt. 49-51 AS and Ingeniør Rybergsgate 101 AS.

Companies acquired or divested during the year are included in the consolidated financial statements from the time the group takes control until such control ceases. The takeover method is used when recognising acquisitions of subsidiaries. When control of a company is taken over, all identifiable assets and commitments are stated at fair value. Goodwill is recognised as a positive difference between the acquisition price and the balance sheet value of the acquired company after excess/deficit value has been assigned to identifiable assets at the time of acquisition. Where the difference is negative, this is charged to income upon acquisition. Goodwill is tested each year for impairment and is recognised on the balance sheet at cost price minus any accumulated write-downs.

When preparing the consolidated financial statements, internal transactions, internal gains and outstanding balances between companies within the group are eliminated.

The accounting policies of subsidiaries are adjusted when necessary in order to harmonise them with the accounting policies of the group.

3.1 Ownership interests in subsidiaries and associated companies

If the group holds the majority of the voting rights in a company, the company is presumed to be a subsidiary in the group. In order to support this, and if the group does not hold the majority of the voting rights, the group assesses all relevant factors and circumstances, in order to evaluate whether the group holds control of the company in which it invests. This includes assessing the ownership interest, voting rights, ownership structure and relative strength, as well as options controlled by the group and shareholder agreements or other agreements. The group re-assesses whether it controls or does not control a company when facts and circumstances indicate changes in one or several of the control elements. See also Note 38 - Ownership Interests in Group Companies.

In the parent company's financial statements, investments in subsidiaries are assessed at historical cost.

Associated companies are entities in which the group has significant influence, but not control or shared control of the financial and operational management. The group has no ownership interest in companies defined as associated companies.

4. CURRENCY

The financial statements are presented in NOK, which is the functional currency for all companies in the group.

Transactions in foreign currency are translated to the functional currency (NOK) at the exchange rates on the transaction date. Foreign currency items are translated at the official average exchange rates on the balance sheet date. Currency losses and gains attributable to different rates of exchange on the transaction and settlement dates, and translation differences on foreign currency items which cannot be assessed, are charged to income.

5. INCOME

5.1 Interest income and costs

Interest income and costs are recognised in the statement of income using the effective interest method. The effective interest is determined by discounting contractual cash flows within the expected maturity.

If a financial asset or a group of similar assets are depreciated as a result of value impairment, interest income is recognised by using the interest rate at which future cash flows are discounted to calculate such impairment.

Recognition of interest as income according to the effective interest method is employed for both balance sheet items which are assessed at amortised cost, and balance sheet items which are assessed at fair value over the profit.

5.2 Commission income and costs

Commission income and costs are recognised in the income statement at the time the service is performed. Charges associated with interest-bearing instruments are not recognised as commission, but are included in the calculation of effective interest rates and correspondingly recognised in income.

5.3 Other operating income

Rental income from real estate is recognised linearly over the tenancy period.

5.4 Dividends received

Dividends received in equity instruments are recognised in the results once the group's right to receive payment has been determined, and included in 'Dividends and other operating income from securities with variable yields'.

6. FINANCIAL INSTRUMENTS

6.1 Recognition and derecognition

Financial assets and liabilities are recognised when the group becomes a party to the instrument's contractual conditions.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the rights to receive the cash flow are transferred. Financial liabilities are derecognised when the liability ends; this is when the liability stated in the contract is fulfilled, cancelled or expires.

6.2 Classification

The group's financial instruments subject to IAS 39 are classified into one of the following categories:

Financial assets:

- Financial assets at fair value with changes through profit or loss
 - financial assets held for trading
 - financial assets are recognised at fair value with changes through profit or loss, reserved at initial recognition
- Investments held to maturity, recognised at amortised cost
- Loans and receivables, carried to amortised cost
- Financial assets available for sale, assessed at fair value with value adjustments presented as other operating income or costs in the statement of comprehensive income

Financial liabilities:

- Financial liabilities at fair value with changes through profit or loss
- Financial liabilities, carried at amortised cost

6.3 Measurement

6.3.1 Initial recognition of financial instruments

Financial instruments that are assessed at fair value through profit or loss are measured at fair value at the time of agreement for initial recognition. Fair value will normally be the transaction price. Financial assets and liabilities which are not classified in this category are measured at fair value with the addition/deduction of directly attributable transaction costs upon initial recognition.

6.2.3 Subsequent measurement

Measurement at fair value

In principle, observable market rates must be the basis on which a financial instrument at fair value is estimated. Where observable market prices do not exist and the fair value cannot be derived directly or indirectly from observable inputs in the market, various valuation techniques are used. These are methods that can involve using discretionary evaluations to some degree. Such discretionary evaluations may be liquidity risk, credit risk and volatility. Changes in the attitude toward these factors may affect the determination of the fair value of a financial instrument. All adjustments to fair value are recognised directly in the statement of income, unless the asset is classified as available for sale where the value adjustment is carried to other comprehensive income.

Measurement at amortised cost

Financial instruments not measured at fair value, are valued at amortised cost and income/costs are calculated according to the effective interest method. The effective interest is determined by discounting contractual cash flows within the expected maturity. Amortised cost is the present value of cash flows discounted by the effective interest rate.

Write-down of financial assets

At each balance sheet date an assessment is made of whether there is objective evidence that financial assets have been exposed to any impairment. If there is objective evidence of impairment the financial asset is written down and write-downs are recognised in the accounts according to where they belong, based on their nature. Write-downs are discussed in more detail under 6.4.

6.3.3 Takeover of assets

Assets that are taken over in connection with follow-up on defaulted or written-down loans are valued at fair value at the time of takeover.

6.3.4 Hedge accounting

The bank employs fair value hedging of fixed rate borrowing and currency borrowing. For fair value hedging the hedged instrument is recognised at fair value and the value of the hedged item is adjusted in accordance with the change in value linked to the hedged risk. If the hedge relationship is interrupted or adequate hedge efficiency cannot be verified, the value adjustment linked to the hedged item is amortised over the remaining maturity.

6.4 More on financial instruments

6.4.1 Lending

At initial recognition lending is assessed at fair value and direct transaction costs are added. Arrangement fees are capitalised and recognised as income over the expected maturity of the loan. Income is recognised on a monthly basis. Upon subsequent measurement loans are valued at amortised cost, applying the effective interest method. Interest income on financial instruments classified as loans and receivables, is included in 'Interest income and similar income' in the statement of income. Write-downs on loans for the period are recognised under 'Losses on loans and guarantees'. Interest calculated using the effective interest method on the impaired value of loans is included in 'Interest income and similar income'.

Non-performing and impaired commitments

Non-performing loans are defined as loans that have defaulted on payment exceeding 90 days. Loans and other commitments that are not defaulted on, yet where the customer's financial situation makes it likely that the group will accrue losses are classified as impaired commitments.

Individual write-downs of loans and guarantees

Loans are written down for credit losses on a case by case basis (individually) if there is objective evidence of impairment. Objective evidence is considered to exist in cases of major financial problems at the debtor, payment default or other material breach of contract, granting of deferral of payments or new credit to pay forward, agreed changes in interest rates or other terms and conditions as a result of problems at the debtor, debt negotiation with the debtor, other financial restructuring or bankruptcy proceedings.

Estimates of any credit loss are based on the size of expected future cash flows from sales of collateral etc., when the cash flows are expected to be paid and the discount rate. The size of the loss is a direct function of the difference between the book value and the present value of the discounted future cash flows, discounted at the loan's effective interest rate.

Collective write-downs of loans

Assessing the need to write down a group of loans to retail customers are based on a loss indicator which takes various macroeconomic variables into consideration to indicate whether the bank is in a better or worse economic situation to the normal loss situation. Assessing the need for write-downs of groups of business loans is based on changes in the risk classification of the commitments. If there are negative changes between risk classes during a financial period, write-downs are made based on the bank's loss history for the risk classes involved. Assessment of loans is described in more detail in Note 3 - Assessments and Use of Estimates.

Declaring losses

Losses are not ascertained until composition or bankruptcy has been declared by the debtor, when execution has not been successful, there is a legal judgement or in cases where the bank has cancelled the loan or parts of it, or in other cases where it is most likely that the losses are final. Declared losses that are covered by previous write-downs are posted to allocations. Declared losses that cannot be recovered from loss provisions, and any surplus or deficit in relation to previous write-downs, are recognised in the statement of income.

6.4.2 Certificates and bonds

The group has classified certificates and bonds into the following categories:

- at fair value through profit or loss
- hold to maturity

Fair value through profit or loss

The group's portfolio of certificates and bonds purchased after 01.01.11 are part of the bank's liquidity strategy and are included in the category held for trading. The value adjustment and realised profit and losses are posted to 'Net value adjustments and profit/loss on financial instruments'.

The group's portfolio of certificates and bonds purchased before 01.01.11 are part of the bank's liquidity and investment strategy and are recognised at fair value.

Hold to maturity

Bonds which the group intends and is able to hold to maturity are classified in the hold to maturity category.

Initial measurement is made at fair value including transaction costs. Subsequent measurement is made at amortised cost by applying the effective interest method.

The current interest income is entered to income and any excess or deficit value at the time of acquisition is amortised by applying the effective interest method and entered to income as an adjustment of the bond's current interest income.

When there is objective evidence of credit loss on a bond in the hold to maturity category, the bond is written down in the statement of income for this credit loss under 'Net value adjustments and profit/loss on financial instruments' in the statement of income. The write-down is directly proportional to the difference between the book value and the present value of discounted future cash flows. Discounts are based on effective interest. Any reversals of previous write-downs are recognised as an increase in the book value to the extent that it does not exceed what the amortised cost would have been had the write-down not been made. Realised profit and losses are posted to 'Net value adjustments and profit/loss on financial instruments'.

6.4.3 Equity instruments

The group has classified equity instruments in the following categories:

- held for trading
- available for sale

Held for trading

Equity instruments owned for the purpose of selling or buyback in the short term, which are included in a portfolio and owned for the purpose of obtaining capital gains, are classified as held for trading. The value adjustment and realised profit and losses are posted to 'Net value adjustments and profit/loss on financial instruments'. The group's listed shares and capital certificates fall into this category.

Dividends received on equity instruments are recognised in the result once the group's right to receive payment has been determined, and posted to 'Dividends and other operating income from securities with variable yields'.

Available for sale

The group's holdings of equity instruments that are not classified as held for trading are classified as available for sale, and are valued at fair value with value changes presented as income and costs in other comprehensive income. Write-downs of impairments are recognised in 'Net value adjustments and profit/loss on financial instruments' in the period in which they arise. Upon divestment, accumulated gains or losses on the financial instruments which were previously recognised in other comprehensive income are reversed, and gains and losses are recognised under 'Net value adjustments and profit/loss on financial instruments'.

The group writes down equity instruments in the available for sale category when there has been enduring impairment of the fair value or the fair value is significantly lower than the book value. The bank deems it significant when the impairment is more than 20 per cent, and when the impairment lasts longer than 6 months. Impairment losses recognised through profit or loss for this category will not be reversed through profit or loss.

Dividends received on equity instruments are recognised in the results once the group's right to receive payment has been determined, and are posted to 'Dividends and other operating income from securities with variable yields'.

6.4.4 Financial derivatives

Financial derivatives are contracts that are signed to neutralise an already relevant interest and/or foreign currency risk the group has taken on. Derivatives include foreign currency and interest instruments. Financial derivatives are recognised at fair value with value adjustment through profit or loss. The derivative is recognised as an asset if the fair value is positive and as a liability if the fair value is negative.

Sparebanken Øst participates in a guarantee consortium in Eksportfinans ASA which supports Eksportfinans ASA's liquidity portfolio for value losses on credit risk. This guarantee is a derivative measured at fair value. See also note 21.

Realised and unrealised profits and losses on financial derivatives are recognised in the statement of income under 'Net value adjustments and profit/loss on financial instruments'. The accounting treatment of financial derivatives when hedge accounting is used is described in a separate paragraph.

6.4.5 Hedge accounting

Sparebanken Øst mainly makes use of financial derivatives to reduce interest and/or currency risks.

The bank employs fair value hedging of fixed rate borrowing and currency borrowing. In a fair value hedge the company seeks to hedge against exposure to changes in the fair value of recognised assets or liabilities. Bond debt at fixed interest rates constitutes an interest risk. Bond debt in foreign currency constitutes both an interest and a currency risk. Hedge accounting is applied to financial derivatives used to hedge the fair value of recognised liabilities where certain criteria are met. Changes in the fair value of financial derivatives classified as and meeting the requirements of fair value hedging are recognised in the statement of income together with any change in the fair value of the hedged liability which can be ascribed to the hedged risk. The group mainly uses interest rate swaps and combined interest rate and currency swaps (basis swaps) as hedging instruments.

The value adjustment on hedged instruments and items is posted to 'Net value adjustments and profit/loss on financial instruments'.

On entering into the hedging relationship the formal relationship between the hedged item and hedging instrument is documented, including the risk that is hedged, the objective and the strategy for hedging and the method that will be used to determine the effectiveness of hedging. It must be possible to reliably measure the effectiveness of hedging. Hedging, including hedging effectiveness is assessed and documented continuously, on a quarterly basis. The group predominantly uses one-to-one hedging, meaning for example that the nominal amount and principal, terms, repricing dates, dates of receipt and payment of interest and principal, as well as the basis for measuring interest rates, are the same for the hedging instrument and the hedging object. If the measurement shows that the value changes on the hedging instrument counteract 80-125 per cent of the changes in the hedging object, the hedge will still qualify as a hedge under IAS 39. Any ineffective portion of the hedge is recognised. If the hedge relationship is interrupted or adequate hedge efficiency cannot be verified, the value adjustment linked to the hedged item is amortised over the remaining maturity.

6.4.6 Borrowing and other financial liabilities

The group measures financial liabilities, apart from derivatives, at amortised cost. Financial liabilities are measured at amortised cost where the differences between the amount received less transaction costs and the redemption value are accrued over the loan term, using the effective interest method. Interest costs and amortisation effects on instruments are posted to 'Interest costs and similar costs' in the statement of income. Holdings of own bonds are posted as reductions of liabilities. In the case of buybacks, the difference between the book value and the remuneration paid is recognised in the statement of income under 'Net value adjustments and profit/loss on financial instruments'.

7. FIXED ASSETS AND INVESTMENT PROPERTIES

Fixed capital assets comprise buildings, land, and operating assets. Buildings and operating assets are recognised on the balance sheet at cost price less ordinary accumulated depreciation and write-downs. Land is not depreciated and is capitalised at cost less any write-downs. The cost price includes all directly attributable costs on the procurement of assets, with the addition of cost price for later improvements. All other repair and maintenance costs are recognised in the period for which they are incurred. On determining a depreciation plan allowance is made for the fixed asset's expected useful life and estimated residual value. The group buildings are broken down into four components: building structure, technical installations, façades and fixed inventory. Depreciation is calculated for each sub-component based on the expected useful life and estimated residual value.

The group's buildings for external rental, as well as buildings occupied to achieve appreciation, are classified as investment properties. The bank has assessed investment properties at cost price less accumulated depreciation. Cost price on the inclusion date and annual depreciation are determined according to the same principles as described above for other properties.

Depreciation is calculated on a linear basis over the following useful lives:

Buildings	10-100 years
Machines/fixtures and fittings/means of transport	2-8 years

The depreciation period, method and residual value are assessed annually.

Gains/losses arising from the sale of operating assets are the difference between the sales price and the book value and are included in the statement of income.

Buildings under construction are classified as plant and equipment and stated at cost until the construction is completed. Buildings under construction are not written off before the building is taken into use. Building loan costs are recognised on the balance sheet on an ongoing basis and included in the cost price.

Assessments are performed of depreciation when there are indications of impairment of value. If the book value of an operating asset is higher than the recovery amount, it is written down through profit or loss. The recoverable amount is the

highest of net sales price and the discounted cash flow from continued use. The net sales price is the amount that can be achieved on sale to an independent third party, less sales costs. The recoverable amount is determined separately for all properties. If this is not possible, the recoverable amount is determined together with the unit the asset falls under.

8. LEASES

A lease is classified as a financial lease if it primarily transfers all the risk and returns associated with ownership. Other leases are classified as operating leases.

The group as lessor

Financial leases are presented as 'Loans to and receivables from customers' on the balance sheet and are recognised at amortised cost. Rent paid in advance is capitalised and recognised as income over the maturity period and posted as current liabilities in the accounts.

The group as lessee

The group has only signed operating leases as a lessor. Lease payments are recognised as a cost in the statement of income on a linear basis over the term of the lease, unless another systematic basis provides a better expression of the utility value over time.

9. UNCERTAIN COMMITMENTS

The group issues financial guarantees as part of its ordinary business. See also note 51. Assessment of loss provisions on guarantees issued by the bank together with assessment of losses on lending. See also note 13. The same principles are used to assess whether there has been a reduction in value. Provisions are made for other uncertain commitments if in all likelihood the commitment will materialise and the financial consequences can be reliably estimated.

10. CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are not recognised in the annual financial statements. Information is provided on major contingent liabilities with the exception of contingent liabilities where there is great probability that the liability is low.

Contingent assets are recognised if they are likely to occur.

11. PENSIONS

The group has various defined-benefit schemes, as well as defined-contribution schemes.

Defined-benefit schemes

In defined-benefit pension schemes the employer is obliged to contribute to the future pension of a specified size. The group's collective pension schemes are administered by a life assurance company. The estimated accrued obligation is related to the value of the paid-in and saved up pension funds. If the total pension funds exceed the estimated pension liability on the balance sheet date, the net value is recognised as an asset on the balance sheet if it is likely that excesses can be utilised for future obligations. If the pension liabilities exceed the pension funds, the net liability is classified as a liability on the balance sheet.

The group also has unsecured pension liabilities which are funded through the group's operations. Pension liabilities on such agreements are posted as a liability on the balance sheet.

Pension liabilities are estimated annually by an independent actuary whereby the linear accrual method is applied. The pension liability is estimated as the present value of the estimated future pension contributions which for the purposes of accounting are regarded as accrued on the balance sheet date.

Changes to pension plans are recognised as income or costs at the time that the plan is changed.

The pension costs are based on requirements determined at the start of the period. The annual net pension cost consists of the present value of the annual pension accrued, interest costs on the net pension liability and accrued employer's payroll tax. The net pension costs for the period are posted to 'Salaries, etc.' in the statement of income.

The actuarial calculations are based on several actuarial assumptions, see note 50. When the liabilities' present value and fair value of the pension funds are calculated on the balance sheet date, actuarial gains and losses may occur as a result of changes in actuarial assumptions and actual effects. Actuarial gains and losses are included in other comprehensive income.

The assessment of pension liabilities is described in Note 3 Assessments and Use of Estimates.

Defined-contribution schemes

Defined-contribution schemes involve the group depositing an annual contribution toward the employees' pension savings. This scheme is handled by a life assurance company. The future pension will depend on the size of the contribution and the annual return on the pension savings. The group has no further commitments in terms of the work performed, once the annual contribution is paid. There are no provisions for pension commitments for such schemes. Defined-contribution pension schemes are recognised directly as costs and are included under 'Salaries, etc.' in the statement of income.

12. INCOME TAX

The annual tax costs in the statement of income consist of the tax payable for the income year, any surplus/deficit on allocated tax payable for the previous year, tax at source, and recognised deferred tax. These are recognised as income or costs and are included in the statement of income as tax costs with the exception of current and deferred tax on transactions which are recognised directly in other comprehensive income or under equity.

Deferred tax commitments/deferred tax portions are calculated on the basis of provisional differences. The provisional difference is the difference between the book value and the tax value of assets and liabilities. Deferred tax assets are calculated on the tax effects of losses carried forward.

Deferred tax assets are entered as assets on the balance sheet to the extent it is expected that the group will have sufficient taxable profit in later periods to utilise the deferred tax assets. Deferred tax assets and deferred tax liabilities are calculated in accordance with the tax rate expected to apply to temporary differences when they are reversed, based on applicable legislation at the time of reporting. Deferred tax assets and deferred tax liabilities are not discounted.

Deferred tax on transactions recognised in other comprehensive income or equity is recognised as the underlying transaction, either in other comprehensive income or in equity. In other comprehensive income this is shown as the tax effect. Tax payable is entered directly on the balance sheet to the extent that the tax items relate to equity transactions.

Property tax is not regarded as income tax as per IAS 12, and is recognised as an operating cost.

13. SEGMENTS

For the purpose of management the bank is organised into five operational segments based on the products and services. The segments form the basis for primary segment reporting. Financial information concerning the segments is presented in note 4.

14. CASH FLOW STATEMENT

Cash flow statements show the cash flows grouped according to types and employment area. Cash and cash equivalents include cash, deposits with central banks, treasury bills and loans to and receivables from financial institutions relating to the placement of funds.

15. EQUITY**15.1 Earnings per equity certificate**

Earnings per equity certificate is calculated as the equity certificate holders' share of the bank's profit for the period divided by the weighted average number of equity certificates during the period.

15.2 Dividends

Dividends on equity certificates are recognised in the annual financial statements as equity until they are adopted by the bank's board of trustees.

16. EVENTS AFTER THE BALANCE SHEET DATE

New information after the balance sheet date concerning the company's financial position as at the balance sheet date will be included in the basis for assessing the accounting estimates in the accounts and will thus be taken into consideration in the annual financial statements. Events after the balance sheet date which do not affect the company's financial position on the balance sheet date, but which will affect the company's financial position in the future, are reported if such information is material.

17. FUTURE CHANGES TO ACCOUNTING POLICIES

Standards and interpretations adopted at the time of the presentation of the annual financial statements, but where there is a later date of entry into force, except those assessed not to be relevant, are stated below. The Group's intention is to implement the relevant changes as at the date of entry into force, provided that the EU approves the changes before the presentation of the consolidated financial statements.

Income-based depreciation methods – changes to IAS 16 and IAS 38

The change states that using income-based methods to calculate the depreciation of an asset is not permitted. The change also states that income is generally assumed not to be a correct basis for measuring the consumption of the financial benefits of an intangible asset. The change has been approved by the EU and comes into effect for the financial year starting after 01.01.16. The changes are not expected to affect the group's financial position, result and/or disclosures.

IAS 19 Employee Benefits

The change introduces an opportunity to recognise contributions from employees or third parties as a reduction in pension costs in the same period in which the contributions are payable if, and only if, the contributions are exclusively linked to the employees' 'services' in the same period. The change must be implemented retrospectively. The change has been approved by the EU with effect for the financial year starting after 01.02.15. The changes are not expected to affect the group's financial position, result and/or disclosures.

IFRS 9 Financial instruments

IFRS 9 entails changes related to classification and measurement, hedge accounting and write-downs. IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement. The parts of IAS 39 that are not changed as part of this project have been transferred and included in IFRS 9. The standard has not yet been approved by the EU. The group started a project in 2016 to study the effects of introducing IFRS 9 and it is too early to provide an estimate of the expected effects of implementing IFRS 9.

As far as the group is concerned, IFRS 9 means that the write-down rules will be changed from the current loss model in which losses must have been incurred to an expected losses model.

IFRS 9 may result in changes in the classification of financial assets where these must be classified based on the business model used to manage the asset and the contractual cash flows based on the following three categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The rules for financial liabilities remain largely unchanged compared with today's IAS 39, with the exception that own debt is recognised at fair value where any value change due to a change in own credit risk must be recognised in other comprehensive income pursuant to IFRS 9. The group uses amortised cost and the change is expected to have no effect for the group.

Simplifications in the requirements for hedge accounting in that the hedge effectiveness must be more closely tied to the executive management team's risk management are expected to provide more opportunities to use hedge accounting than with the current IAS 39.

IFRS 15 Revenue from Contracts with Customers

The standard replaces all existing standards and interpretations for the recognition of income. The core principle of IFRS 15 is that income is recognised so as to reflect the transfer of agreed goods or services to customers, and at an amount that reflects the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The standard includes a model for the recognition and measurement of the sale of non-financial assets (excluding the sale of properties, plant and equipment) and applies to all income contracts. The rules in IFRS 9 must be used for contracts that are recognised in line with the rules in IFRS 9. The standard has not yet been approved by the EU. The changes are not expected to affect the group's financial position, result and/or disclosures.

IFRS 16 Leases

IFRS 16 replaces the existing IFRS standard leases, IAS 17 Leases. IFRS 16 specifies principles for recognition, measurement, presentation and information about leases for both parties to a lease, i.e. the customer (lessee) and the provider (lessor). The new standard requires the lessor to recognise assets and liabilities for most leases, which is a significant change from the current principles. As far as the lessee is concerned, IFRS 16 largely continues the existing principles in IAS 17. In line with these, a lessee must continue to classify its leases as operational or financial leases and recognise these two types of leases differently. The standard has not yet been approved by the EU. The group's provisional assessment is that the standard will result in changes in the recognition of leases for premises, which will largely affect the balance sheet.

17.1 Annual improvement project 2010-2012

IAS 24 Related Party Disclosures

The amendment clarifies that an enterprise that provides management services and provides key personnel for the executive management team is a close associate (related party) subject to the disclosure requirements for close associates. In addition, a company that makes use of such services shall disclose the costs incurred for management services. The changes have been approved by the EU and apply from the financial year starting after 01.02.15. The changes are not expected to result in significant changes to the disclosures in the annual report's notes to the annual financial statements.

17.2 Annual improvement project 2012-2014

IAS 19 Employee Benefits

The change clarifies that any assessment concerning a liquid market for corporate bonds of high quality must be based on the currency in which the pension liability is denominated instead of the country in which the pension liability is located. This means that corporate bonds of high quality issued by companies registered in other countries must be taken account of in the assessment, assuming that they are issued in the currency in which the pension benefits will be paid. This change must be applied prospectively. The change has been approved by the EU with effect from the financial year starting after 01.01.16. The changes are not expected to affect the group's financial position, result and/or disclosures.

NOTE 3 - ASSESSMENTS AND USE OF ESTIMATES

Due to the uncertainties associated with business activities, many accounting items cannot be accurately measured, but only estimated. The executive management team has exercised judgement in the application of the accounting policies, and used assumptions and expectations of future events that are regarded as likely. Estimates and assessments are regularly evaluated and are based on the most recent reliable data available, as well as experience from similar assessments. There will always be an inherent uncertainty associated with financial items that are not measured accurately, and the executive management team's assessments and best estimates may differ significantly from actual results.

Estimates are particularly used in the consolidated financial statements in relation to measurement of the following items:

- Losses on loans and guarantees
- Fair value of financial instruments
- Net pension liabilities

3.1 Losses on loans and guarantees

Loans are written down for credit losses on a case to case (individually) basis if there is objective evidence that such credit losses have occurred. Examples of such objective evidence include significant financial difficulties of debtors, defaults on payment, significant breach of contract, agreed changes to the interest rate or contractual conditions as a result of financial difficulties of debtors, bankruptcy, etc. Estimates of any credit loss are based on the size of expected future cash flows from sales of collateral etc., when the cash flows are expected to be paid and the discount rate. The size of the loss is directly proportional to the difference between the book value and the present value of discounted future cash flows. The main uncertainty when estimating the size of credit losses stems from the assessment of the size of the cash flows and when they are expected to be received. See also note 13.

Groups of loans are written down corresponding to individual loans when there is objective evidence that the group has reduced in value as a result of an event that has occurred. Estimates of credit losses on groups of loans are based on historical loss data compared with bank-specific and/or market parameters such as, for example, risk classification, macroeconomic factors and comparative figures for the sector. The main uncertainty when estimating the size of credit losses on groups of loans is associated with the data basis used. How representative the data basis is and its quality are important. Write-down of impairment/losses on groups of loans is based on models of both an estimated and statistical nature. The general model risk will always be an uncertainty factor that is transferred to the estimates the models are intended to calculate. See also note 13.

3.2 Fair value of financial instruments

In principle, observable market rates must be used as the basis for measuring financial instruments at fair value. Where observable market prices do not exist and the fair value cannot be derived directly or indirectly from observable inputs in the market, various valuation techniques are used. These are methods that can involve using discretionary evaluations to some degree. Such discretionary evaluations may be liquidity risk, credit risk and volatility. Changes in the attitude toward these factors may affect the determination of the fair value of a financial instrument.

In those cases where equity instruments cannot reliably be established, equity instruments must be measured at cost.

See also note 23 for valuations of financial assets and liabilities at fair value.

3.3 Net pension liability

The group's defined-contribution pension liabilities are calculated by an external actuary. The calculations are based on standardised assumptions concerning death and disability and other demographic assumptions drawn up by Finance Norway (FNO). A number of economic assumptions are also used as the calculation basis, including the expected return on pension funds, the discount rate, annual payroll growth, the change in G (the National Insurance Scheme's basic amount) and the regulation of pensions.

The discount interest rate is based on the rate of interest on covered bonds in the Norwegian market, since the market for covered bonds in Norway is regarded as satisfying the requirements for corporate bonds of high quality with a deep market. The discount rate is adjusted by a premium to arrive at an interest rate that reflects the estimated time of payment. The expected return on the pension funds is set as the discount rate in accordance with IAS 19. Pension funds are mostly invested in liquid assets valued at fair value on the balance sheet date. The other economic assumptions are based on the expected long-term change in the parameters. A far higher risk is assessed to be associated with estimated gross pension liabilities than with estimated pension funds. See also note 50 for further information.

NOTE 4 - OPERATIONAL SEGMENTS

Segment reporting is based on the bank's internal reporting format, in which the parent bank and the mortgage credit company are split into the retail market, the business market and the financial market. There are also other subsidiaries, as well as a non-reportable segment with items that are not allocated to other segments. Almost all the group's income comes from Norway. For the geographical distribution of loans to customers, see note 11.

For the purpose of management the bank is organised into five operational segments based on the products and services as follows: The retail market and business market segments mainly consist of lending to and deposits from customers. Finance mainly consists of the bank's liquidity portfolio, while the main product of AS Financiering is debenture financing of vehicles. Sparebanken Øst Eiendom AS is a property management company that buys, sells, leases out and develops real estate. Income from the retail market, business market and AS Financiering mainly comprise net interest income, while income from Sparebanken Øst Eiendom AS primarily comprises income from leasing. Income taxes are managed on a group basis and not allocated to operating segments, except for subsidiaries that are reported as separate operating segments.

Interest rates are reported on a net basis since the majority of segment income is derived from interest income on loans. The executive management team primarily bases its work on net interest income and not gross interest income and costs. Transactions between operational segments are based on arm's length pricing equivalent to transactions with third parties. No single customer accounts for more than 10 per cent of the bank's total income in 2015 and 2014.

Income statement

2015	RM	BM	Finance	AS Financiering	Spb Øst Eiendom	Undistrib uted	Eliminations	Group
Net interest and commission income, external	596.3	154.6	60.4	149.6	0.5	-374.7	0.0	586.7
Net interest and commission income, internal	-256.7	-24.8	-87.2	-29.6	-5.7	404.3	-0.3	0.0
Net interest and commission income	339.6	129.8	-26.8	120.0	-5.2	29.6	-0.3	586.7
Total net other operating income, external	53.1	12.4	-47.6	-18.8	55.0	6.1	0.0	60.2
Total net other operating income, internal	0.0	0.0	0.0	0.0	8.4	-5.3	-3.1	0.0
Total income	392.7	142.2	-74.4	101.2	58.2	30.4	-3.4	646.9
Payroll and general administration costs	63.3	22.2	0.0	27.6	6.0	99.4	0.0	218.5
Depreciation	0.0	0.0	0.0	1.9	5.0	11.0	0.0	17.9
Other operating costs, external	0.8	0.5	0.0	5.6	7.9	37.9	0.0	52.7
Other operating costs, internal	0.0	0.0	0.0	0.5	0.0	8.0	-8.5	0.0
Total operating costs	64.1	22.7	0.0	35.6	18.9	156.3	-8.5	289.1
Profit/loss before losses	328.6	119.5	-74.4	65.6	39.3	-125.9	5.1	357.8
Losses on lending, guarantees, etc.	-0.2	7.5	0.0	10.8	0.0	0.0	0.0	18.1
Profit/loss before tax costs	328.8	112.0	-74.4	54.8	39.3	-125.9	5.1	339.7
Tax costs	0.0	0.0	0.0	15.1	0.1	67.2	1.3	83.7
Profit/loss after tax	328.8	112.0	-74.4	39.7	39.2	-193.1	3.8	256.0

Income statement

2014	RM	BM	Finance	AS Financiering	Spb Øst Eiendom	Undistrib uted	Eliminations	Group
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Net interest and commission income, external	612.2	233.7	79.0	153.7	0.0	-471.7	0.0	606.9
Net interest and commission income, internal	-297.4	-46.6	-109.1	-35.9	-12.6	501.6	0.0	0.0
Net interest and commission income	314.8	187.1	-30.1	117.8	-12.6	29.9	0.0	606.9
Total net other operating income, external	50.3	16.7	5.3	-23.0	36.0	160.6	0.0	245.9
Total net other operating income, internal	0.0	0.0	0.0	0.0	8.0	-1.7	-6.3	0.0
Total income	365.1	203.8	-24.8	94.8	31.4	188.8	-6.3	852.8
Payroll and general administration costs	66.8	23.4	0.0	27.9	6.1	93.3	0.0	217.5
Depreciation	0.0	0.0	0.0	2.3	8.7	8.8	0.0	19.8
Other operating costs, external	0.7	0.5	0.0	6.5	7.0	44.1	0.0	58.8
Other operating costs, internal	0.0	0.0	0.0	0.5	0.0	7.5	-8.0	0.0
Total operating costs	67.5	23.9	0.0	37.2	21.8	153.7	-8.0	296.1
Profit/loss before losses	297.6	179.9	-24.8	57.6	9.6	35.1	1.7	556.7
Losses on lending, guarantees, etc.	1.9	8.7	0.0	13.0	0.0	0.0	0.0	23.6
Profit/loss before tax costs	295.7	171.2	-24.8	44.6	9.6	35.1	1.7	533.1
Tax costs	0.0	0.0	0.0	12.1	2.6	89.2	0.5	104.4
Profit/loss after tax	295.7	171.2	-24.8	32.5	7.0	-54.1	1.2	428.7

Balance sheet

2015	RM	BM	Finance	AS Financiering	Spb Øst Eiendom	Undistributed	Eliminations	Group
Net loans to and receivables from customers	21,914.9	3,906.6	0.0	1,674.3	0.0	666.2	-186.2	27,975.8
Other assets	14.7	0.0	5,145.7	18.3	342.0	2,677.8	-1,665.2	6,533.3
Total assets	21,929.6	3,906.6	5,145.7	1,692.6	342.0	3,344.0	-1,851.4	34,509.1
Deposits from and liabilities to customers	9,354.1	2,445.2	1,258.7	18.2	0.0	118.2	-35.1	13,159.3
Other liabilities	339.1	115.9	-28.6	1,456.7	228.1	17,927.4	-1,639.9	18,398.7
Offsetting	12,236.4	1,345.5	3,915.6	0.0	0.0	-17,497.5	0.0	0.0
Total liabilities per segment	21,929.6	3,906.6	5,145.7	1,474.9	228.1	548.1	-1,675.0	31,558.0
Total equity	0.0	0.0	0.0	217.7	113.9	2,795.9	-176.4	2,951.1
Total liabilities and equity	21,929.6	3,906.6	5,145.7	1,692.6	342.0	3,344.0	-1,851.4	34,509.1
Year's investments	0.0	0.0	0.0	2.1	77.7	8.5	0.0	88.3

Balance sheet

2014	RM	BM	Finance	AS Financiering	Spb Øst Eiendom	Undistributed	Eliminations	Group
Net loans to and receivables from customers	21,702.7	4,874.3	0.0	1,640.9	0.0	858.7	-378.8	28,697.8
Other assets	14.9	0.0	4,591.0	20.6	572.2	2,760.2	-1,650.6	6,308.3
Total assets	21,717.6	4,874.3	4,591.0	1,661.5	572.2	3,618.9	-2,029.4	35,006.1
Deposits from and liabilities to customers	8,543.3	3,521.4	1,236.2	19.8	0.0	117.6	-41.3	13,397.0
Other liabilities	301.8	169.6	25.9	1,435.2	437.8	18,281.1	-1,808.0	18,843.4
Offsetting	12,872.5	1,183.3	3,328.9	0.0	0.0	-17,384.7	0.0	0.0
Total liabilities per segment	21,717.6	4,874.3	4,591.0	1,455.0	437.8	1,014.0	-1,849.3	32,240.4
Total equity	0.0	0.0	0.0	206.5	134.4	2,604.9	-180.1	2,765.7
Total liabilities and equity	21,717.6	4,874.3	4,591.0	1,661.5	572.2	3,618.9	-2,029.4	35,006.1
Year's investments	0.0	0.0	0.0	1.8	3.7	16.5	0.0	22.0

NOTE 5 - RISK MANAGEMENT IN SPAREBANKEN ØST

Financial risk is reported pursuant to IFRS 7. Credit risk, market risk and liquidity risk are considered financial risks. Concentration risk is also discussed. Risks are reported quarterly to the executive management team and board. The reporting describes the current status in relation to various set limits for risk, both internal and statutory.

Credit risk

Credit risk is regarded as the risk of loss due to customers and other counterparties failing to meet their repayment obligations and any pledged collateral not covering the bank's outstanding debt.

Measuring risk when lending to customers by classifying the risk a customer represents is an integral part of the credit process.

The bank's credit strategy describes the bank's overall extension of credit in the retail and business markets. On a day-to-day basis, the credit strategy is implemented via credit manuals, limits and authorisations that are handled via the bank's credit departments. All departments authorised to grant credit have a responsibility to comply with the credit policy adopted by the bank.

Central credit departments with authorisation to grant loans against security have been established in the retail market.

A separate credit department has been established which makes decisions on credit exceeding a certain amount in the business market. Decisions are taken in the credit department individually or jointly, according to a decision-making hierarchy. If the allocation of credit exceeds the authority given to the credit department, the case can be decided either by the executive management team or the board, depending on the amount. Smaller exposures are entered into in accordance with the adopted limits and personal mandates of the business market department. The development in credit risk related to the bank's lending is monitored on an ongoing basis with framework control, periodic analyses and reports, and the use of random sampling at customer level.

Placement in interest-bearing securities for liquidity purposes is linked to the strategy for liquidity management adopted by the board. The adopted strategy and the investment policy specify the risk tolerance, allocation to asset classes, limits and mandates. Credit losses must be close to zero. Furthermore, a significant proportion of the portfolio must be suitable to act as collateral for lending from Norges Bank. When investing funds in certificates and bonds, the risk is assessed on the basis of the paper's liquidity, issuer's rating and other counterparty-specific factors. Interest-bearing securities are booked at market value so that changes in risk are continuously reflected in the annual financial statements.

Settlement risk is a form of credit risk. Should contract counterparties not meet their commitments, settlement in the form of cash or securities are at risk of being lost. The bank seeks to avoid such risks by entering into contracts with sound, and if possible rated, counterparties, and by using clearing systems with a good reputation.

Counterparty risk on derivatives and off balance sheet items is also a form of credit risk in that contracts may produce a loss if the counterparty goes bankrupt or is unable to fulfil its payment obligations. Such contracts are only entered into with financial institutions rated A or better by a credit assessment agency known by the bank.

Concentration risk

Concentration risk arises from low diversification with respect to geographical areas, industries and products. This is controlled in Sparebanken Øst by setting limits for exposure to industries and sectors, and commitment size.

The breakdown of the group's ordinary lending activities as at 31.12.15 was 86 per cent of gross lending to retail customers and 14 per cent to business customers. A small proportion of lending to business customers contributes to a low concentration risk.

The group's portfolio of lending to retail customers and business customers is geographically distributed within central Eastern Norway, with the majority in the municipalities of Øvre Eiker, Nedre Eiker and Drammen. The bank is not regarded as being particularly exposed to individual business customers (cornerstone industries) or one-sided financial growth in the region. The proximity to Oslo provides both the retail customer and business customer departments with a large market area with flexibility with regard to customers and markets.

The business customer lending portfolio includes a variety of industries. Exposure to property and property development accounts for a relatively large proportion. Sales and the operation of real estate account for 57 per cent of the business portfolio. Measured as a portion of the total lending portfolio in the group, exposure to sales and the operation of real estate is nonetheless no more than 8 per cent. Property is a cyclical industry that is particularly vulnerable in periods of economic downturn. The commitments are, however, regarded as well secured, often with additional collateral.

Sparebanken Øst has set limits for concentration size whereby the three largest exposures in the business market portfolio may not account for more than 13 per cent of the business market portfolio and the ten largest for no more than 25 per cent.

In its lending operations as at 31.12.15, apart from commitments with its own subsidiaries (AS Financiering, Sparebanken Øst Boligkreditt AS and Sparebanken Øst Eiendom AS), the bank had no exposures to external customers exceeding 10 per cent of its primary capital. As at 31.12.15, loans to the group's largest loan customer represented 0.8 per cent of gross lending. The group's ten largest loan customers represented 3.8 per cent of gross lending, and the group's 20 largest loan customers represented 4.2 per cent of gross lending.

Market risk

Market risk is the risk of a loss in the market value of financial assets and liabilities on the bank's balance sheet, or via a negative effect on earnings or equity in the event of changes in financial market prices.

Sparebanken Øst is exposed to market risk primarily through changes in the level of interest rates (interest risk), through changes in market prices of financial instruments, including changes in spreads for interest-bearing securities (credit spread risk), exchange rates (currency risk) and share prices (equities risk).

Market risk is managed via limits for maximum exposure to various asset classes, interest risk, currency risk and other risks.

Interest rate risk

When there is a change in the market interest rate, Sparebanken Øst is unable to immediately change the interest rate for all balance sheet items if these have different fixed-rate periods. A change in the market interest rate will then result in an increase or reduction of the net interest and balance sheet items' fair value. This risk is reduced by matching assets, liabilities and various derivatives with each other, in order to keep the risk within accepted limits.

Credit spread risk

The credit spread risk is the risk of losses due to changes in the margin (credit spread) on interest-bearing securities. The credit spread risk in the liquidity portfolio is managed by ensuring that the loss due to changes in the credit spread never exceeds a specific limit.

Currency risk

Currency risk is the risk of loss of value due to exchange rate fluctuations. Such risk is reduced by matching asset and liability positions with each other on the balance sheet or by using currency derivatives. Rolling swaps are used for assets where debtors are able to repay before the final due date. Where the final due date may not be deviated from, the positions are secured by basis swaps.

Equities risk

The bank has a holding of equities for mainly strategic purposes. This means that its equities risk is limited.

Risk reducing measures

The bank uses guarantees, derivatives and financial hedging to reduce risk exposure due to changes in interest rate levels, exchange rates and credit risks. Please see the descriptions of each individual risk area.

The low proportion of lending to business customers contributes to a low concentration risk for the bank. The lending activities in the business market are not deemed to be particularly exposed to individual companies (cornerstone industries) or one-sided economic development in the region. Exposure to property and property development accounts for a relatively large share of the business portfolio, but measured as a share of the group's total lending portfolio this exposure accounts for a limited share of the total lending portfolio. Real estate commitments are, however, regarded as well secured, often with additional collateral. Loans and credit facilities extended to the retail market primarily concern commitments against mortgages on real estate within appropriate loan-to-value ratios. The bank has low exposure to loans/credit facilities without related collateral.

Lending to other banks and lending as senior bond placements and certificates is provided on an unsecured basis. Investments in covered bonds provide security in a defined selection of issuer's assets, usually mortgages.

Liquidity risk

Liquidity risk is the risk of the bank not being in a position to meet its ongoing liabilities as they fall due or having to obtain necessary funding at a higher cost. The overall strategy dictates that Sparebanken Øst must practise a conservative liquidity risk policy. This involves a long-term and proactive approach to future liquidity needs, the distribution of borrowing between an adequate number of countries, and managing liquidity needs through investments in assets with low liquidity risk and credit risk. Limits have been established which govern the composition of the balance sheet with regard to the degree of long-term funding and the horizon for survival in a situation with no access to new liquidity. The bank maintains liquidity reserves in the form of cash, drawing rights in Norges Bank and a bond portfolio consisting of liquid securities with high credit quality.

Sparebanken Øst seeks at all times to diversify its sources of finance in order to be as independent as possible of events in individual markets. In addition to deposits from customers, the Norwegian certificate and bond market, including the market for covered bonds, are current funding sources.

Deposits are a key source of funding for the banks. Following the financial crisis, the competition for deposits has intensified. Adjustments to the range of products available to our customers have led to an increased inflow of deposits. Topprente.no has made a particular contribution to stabilising the bank's deposit coverage ratio. Topprente.no is a self-service concept which provides an opportunity to offer customers competitive deposit terms. As at 31.12.15, deposits from customers amounted to 47.0 per cent of the group's net lending, compared to 46.7 per cent as at 31.12.14.

It is primarily the larger institutional investors that invest in the banks' debt securities. In order to ensure liquidity in the securities issues it is desirable that the bonds are of a certain size. On the other hand, it is not desirable to have loans that are too large, since this will increase the funding risk. In principle, the largest bond loans are covered bonds.

Covered bonds provide security to investors in the form of preferential rights to low-risk mortgages. Given the economic situation in Europe and the rest of the western world, this market is also attractive to international investors. Issuing covered bonds therefore ensures low borrowing costs for the banks. There is therefore an focus on facilitating the issuing of covered bonds.

The balance sheet steering committee constantly addresses market events and agrees measures linked to the liquidity situation in accordance with the overlying strategy. A contingency plan has also been specified for dealing with liquidity crises.

Long-term capital management

Sparebanken Øst's long-term capital management is intended to ensure good solidity and adequate liquidity for the entire group. Good solidity is maintained first and foremost by ensuring that there are sufficient capital buffers in excess of the minimum capital requirements. The bank is adapting to the new capital adequacy rules and closely monitors the development in the market's capital expectations beyond the regulatory requirements. Calculations show that the bank will comply with the expected capital requirements up to and including 2016. The bank's CET1 capital adequacy objective is 14.5 per cent as from 01.07.16. This capital level provides capacity for growth, room for manoeuvre in relation to the regulatory requirements, competitiveness in the bond markets and the opportunity for a return on equity in line with the adopted objective.

Growth and planned growth in lending and other assets will therefore always take into consideration the need for buffer capital above the minimum requirements. Otherwise significant emphasis is placed on our maintaining appropriate management of commercial operations so that the group can achieve good results and provide satisfactory returns on invested capital over time. This will ensure the bank remains attractive to investors and help to ensure the group access to capital when required to strengthen its equity share capital.

NOTE 6 - CAPITAL ADEQUACY

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
		CET1 capital ratio		
2,951.1	2,765.7	Book equity	2,587.0	2,477.3
		Deductions from CET1 capital		
-5.6	-5.0	Additional value adjustments (prudent valuation requirement) (AVA)	-5.4	-4.8
-102.6	-103.7	Dividends	-102.6	-103.7
-0.1	-0.4	Intangible assets	-0.1	-0.4
0.0	0.0	CET1 capital instruments in other fin. inst. (not significant)	-6.7	0.0
0.0	0.0	CET1 capital instruments in other fin. inst. (significant)	0.0	0.0
0.0	-162.4	Fund for unrealised gains (transitional scheme up to 31.12.14)	0.0	-162.4
2,842.9	2,494.2	Total CET1 capital	2,472.2	2,206.1
		Other tier 1 capital		
349.3	349.1	Hybrid tier 1 capital	349.3	349.1
		Deductions from other tier 1 capital		
0.0	0.0	Other tier 1 capital instruments in other financial instruments (not significant)	-5.0	0.0
0.0	0.0	Other tier 1 capital instruments in other financial instruments (significant)	0.0	0.0
349.3	349.1	Total other tier 1 capital	344.3	349.1
3,192.2	2,843.3	Total tier 1 capital	2,816.5	2,555.2
		Tier 2 capital		
349.5	349.3	Subordinated loans	349.5	349.3
0.0	58.5	Fund for unrealised gains (transitional scheme up to 31.12.14)	0.0	58.5
		Deductions from tier 2 capital		
0.0	0.0	Tier 2 capital instruments in other fin. inst. (not significant)	-7.2	0.0
0.0	0.0	Tier 2 capital instruments in other fin. inst. (significant)	0.0	0.0
349.5	407.8	Total tier 2 capital	342.3	407.8
3,541.7	3,251.1	Net primary capital	3,158.8	2,963.0
		Calculation basis		
0.0	0.0	Governments and central banks	0.0	0.0

162.1	109.6	Local and regional authorities	162.1	109.6
0.0	0.0	Publicly owned companies	0.0	0.0
0.0	0.0	Multilateral development banks	0.0	0.0
272.0	310.1	Institutions	2,399.4	2,293.2
433.1	3,040.4	Companies	621.3	3,421.5
1,553.7	1,866.4	Mass market accounts	314.9	658.0
11,541.0	8,954.9	Accounts secured against property	8,239.4	5,793.3
178.0	381.7	Accounts due	151.3	344.7
239.6	241.2	Covered bonds	239.6	241.2
827.7	595.0	Equity positions	1,741.3	1,527.5
427.0	645.2	Other exposures	140.0	124.5
65.4	112.0	Securitisation	65.4	112.0
15,699.5	16,256.4	Calculation basis, credit and counterparty risk	14,074.8	14,625.4
0.0	0.0	Calculation basis, currency risk	0.0	0.0
1,393.5	1,184.5	Calculation basis, operational risk	1,106.6	952.9
359.5	450.8	Calculation basis, impaired counterparty credit rating (CVA)	157.1	178.2
17,452.6	17,891.6	Total calculation basis	15,338.5	15,756.5
16.29%	13.94%	CET1 capital ratio	16.12%	14.00%
18.29%	15.89%	Tier 1 capital ratio	18.36%	16.22%
20.29%	18.17%	Capital adequacy ratio	20.59%	18.80%

Group 2015	Group 2014	Buffers	Parent bank 2015	Parent bank 2014
436.3	447.3	Capital conservation buffer	383.5	393.9
174.5	0.0	Countercyclical buffer	153.4	0.0
523.6	536.7	Systemic risk buffer	460.2	472.7
0.0	0.0	Buffer for systemically important banks	0.0	0.0
1,134.4	984.0	Total buffer requirements	997.0	866.6
2,057.5	1,689.1	Available buffer capital	1,782.0	1,497.0
8.97%	7.93%	Tier 1 leverage ratio*	7.77%	7.02%

*) The tier 1 leverage ratio is calculated at the end of the quarter.

Transitional rules in which funds for unrealised gains from items classified as available for sale cannot be included in CET1 capital applied up to and including 31.12.14.

The bank uses the standardised approach to calculate the minimum subordinate capital requirement for credit risk. The calculation related to operational risk is performed according to the basis method. The capital charge for credit value adjustment (CVA) is calculated using the standardised approach. Exposure amounts for derivatives are calculated using the market value method.

The bank's primary capital must satisfy the minimum capital adequacy ratio requirements at all times, with the addition of a buffer equivalent to the company's accepted risk tolerance.

See also the group's pillar III document, which is available from Sparebanken Øst's website.

NOTE 7 - CREDIT RISK

Maximum credit risk

Maximum credit risk is represented as the book value of the financial assets, including derivatives, on the balance sheet. The group also has credit risk related to loan approvals, unused overdraft facilities and guarantees. The maximum credit risk in excess of book values is shown below.

Group	Group	Parent bank	Parent bank
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2015	2014		2015	2014
		Liabilities		
78.9	82.9	Loan pledges	40.9	41.2
1,586.8	1,600.4	Overdraft facilities	2,417.6	2,335.1
143.7	166.5	Guarantees to customers	141.8	165.7
242.0	242.0	Guarantee to Eksportfinans ASA	242.0	242.0
		Guarantee for all covered bond obligations in the mortgage credit company*		
0.0	0.0		7,423.0	6,942.9
2,051.4	2,091.8	Total liabilities	10,265.3	9,726.9

* The parent bank has issued a guarantee for all covered bond commitments in the mortgage credit company in connection the rating process for Sparebanken Øst Boligkreditt AS.

For more information on maximum credit exposure linked to the various classes of financial instrument, see the specific associated notes.

Risk-reducing measures

Sparebanken Øst's guarantee to Eksportfinans ASA amounts to NOK 242 million. A counter-guarantee has been signed which reduces the exposure to NOK 100 million. See also note 51 for the book value of the guarantee.

Credit risk

Sparebanken Øst's credit policy provides the basis for the credit activities in the bank. Debt-servicing capacity is central to any credit assessment in either the retail or the business markets. Normally, credit must not be provided if it is unlikely that the customer will be able to service the debt, even when adequate security is provided. The basis for the assessment of a customer's capacity to service the debt is current and future cash flows measured against the customer's obligations at any time. Cash flow is based on the salary income or business income of the customer(s) being financed. The extent to which the bank will be able to cover the commitments by realising the security in the event of any future default, reduction of cash flows, or other negative market changes, is also assessed.

Procedures and guidelines have been established for both the retail and business markets to help ensure that all elements relating to credit assessments are adequately described and known. These must also ensure that portfolios are properly followed up and that any changes relating to the risk assessed for the individual commitment can be monitored closely. Sparebanken Øst generally has very low exposure to unsecured loans/credit facilities in the retail and business markets.

The Ministry of Finance implemented, with effect from 01.07.15, the 'Regulations relating to new home mortgages', which replaced the Financial Supervisory Authority of Norway's 'Guidelines for responsible lending practises for mortgage lending' from 2011. Sparebanken Øst has adapted to the new Regulations without this having entailed any significant changes in the bank's established credit practices in the retail market. It is Sparebanken Øst's ambition to provide loans within the constraints of the home mortgage regulations. Assessing a customer's capacity to service loans and credit facilities is key to this assessment. As far as capacity to pay is concerned, a comprehensive liquidity calculation is performed based on the borrower's income and expenditure situation. The key factor in this is that one tests the available liquidity against a potential interest rate rise of 5 percentage points. In principle, consumer loans and credit facilities are only granted against adequate security. Adequate security primarily means security in various types of real estate, usually in relation to the borrower's home. The various types of real estate could be owner-occupied homes, semi-detached homes, row houses, or various types of cooperatively owned homes. An overwhelming proportion of repayment loans with this type of security are within the 85 per loan-to-value ratio, while credit limits are established within the 70 per cent loan-to-value ratio of an appraised value. The sound asset basis is usually based on documented marketable values, rates or agent valuations. Other types of security that may be used to some limited degree could be security in locked-in deposits, holiday homes, and land. Sales liens, securities, shares in flats/flats rented against a loan, life insurance policies, pledges or other security provided by a third party are used to a very small degree.

The basis for the credit process in the business market is an assessment of the customer's capacity to service the debt. A key aspect of this assessment is an analysis of the customer's current and future cash flows from the business activity being financed, and possibly also business activities that the company has already established. The degree of financing is also tested against a future increase in interest rates. Another key aspect of the credit process is assessing the business owners, and the owners' capacity to support the business activities. The main types of security in the business market are real estate, with mortgages related to various types of commercial property. Other types of financing could be linked to security such as stock, trade receivables, machinery and plant, and farming products. Other security may also be provided by a third party. When assessing the security's value, the going concern assumption is generally applied and account is taken of any easements. The credit guidelines describe the policy norms for different types of financing, as well as maximum financing rates for different types of security objects. Routines for the periodic follow-up of commitments have been established in the business market. These ensure the bank updated assessments at least once a year for the majority of the portfolio. In addition to the customary credit assessment, financial clauses in credit agreements are also used to reduce risk and ensure the follow-up and management of individual commitments. It is the total exposure to the individual customer that is taken into consideration when assessing the effect the security pledged has for the credit risk.

Chapter IV of the Financial Activities Act and related Regulations govern the activities of Sparebanken Øst Boligkreditt AS in detail and sets strict criteria concerning which loans may be included in the security pledged as collateral for covered bonds. These are more stringent regulations than for ordinary home mortgages and the Act also requires an independent

assessor appointed by the Norwegian Financial Supervisory Authority and an independent assessment of each individual pledge of security.

NOTE 8 - CREDIT QUALITY BY CLASS OF FINANCIAL ASSETS

Sparebanken Øst's underlying credit quality relating to loans and advances to customers is shown by the portfolio's risk classification. The risk classification of customers is an integral and mandatory element of the credit process in both the retail and business markets. Risk classification plays a key role in continuous monitoring and reporting, and the credit strategy sets out limits for the minimum proportion of portfolios within the various risk classifications. The bank is always seeking to improve its internal risk classification models in order to ensure that the models always have high explanatory power based on the key drivers in the various customer segments. At the start of 2015, the bank's risk classification model for business customers was changed significantly due to the higher weight given to the factors relating to capacity and willingness to service debt, while factors relating to the security cover of the exposures were removed from risk classification. Risk classification is a key element in building up the bank's authorisation structure within the business market. The bank's risk classification in the business market is based on a scale consisting of eleven possible outcomes. At the start of 2016, the bank is in the process of changing risk classification in the retail market from the previous five possible outcomes to eleven. Adjustments are also being made to the underlying explanatory variables, as well as the weightings between the various parameters that risk classification involves. The note distributes the portfolio by the following categories of risk: high, medium and low. In the retail market, this scale was arrived at by condensing the old risk classification scale, whereby categories A and B are deemed to have a credit quality equivalent to low risk, C is deemed medium risk, and D and E are deemed high risk. Retail customers allocated to the bank's department for special commitments will be classified as high-risk. In the business market, categories A to D are deemed low risk, E and F are deemed medium risk, and G to K are deemed high risk. Risk classifications J and K refer to commitments that have already been identified as impaired and/or non-performing.

In the case of financial investments in certificates and bonds, the risk is assessed based on rating and counterparty-specific factors. Ratings from credit rating agencies are preferred. Where such ratings are not available, indicative ratings from Norwegian brokers as well as internal assessments are used.

Ratings from credit rating agencies and indicative ratings from brokers generally follow a scale from AAA to C, where AAA is the highest quality and C indicates the lowest quality. The scale is used such that AAA - A is deemed low risk, BBB - BB is deemed medium risk and B - C is deemed high risk.

Group as at 31.12.15

	Not due or written down				Due	Individually written down	Total
	Low risk	Moderate risk	High risk	Unclassified			
Loans							
Loans to and receivables from financial institutions	8.1	0.0	0.0	0.0	0.0	0.0	8.1
Loans to and receivables from customers							
- Financial leases	13.8	2.1	2.2	0.2	4.7	1.7	24.7
- Overdraft facilities and operating credits	1,846.7	82.2	208.1	12.5	89.8	10.5	2,249.8
- Building loans	100.3	154.4	4.1	1.6	37.5	0.0	297.9
- Repayment loans	21,424.1	2,377.5	548.2	186.6	786.3	205.1	25,527.8
Total loans	23,393.0	2,616.2	762.6	200.9	918.3	217.3	28,108.3
Financial investments							
Listed government bonds	205.6	0.0	0.0	0.0	0.0	0.0	205.6
Listed other bonds	3,266.0	172.4	0.0	0.0	0.0	0.0	3,438.4
Unlisted bonds	1,101.2	15.0	0.0	0.0	0.0	0.0	1,116.2
Total financial investments	4,572.8	187.4	0.0	0.0	0.0	0.0	4,760.2

Group as at 31.12.14

	Not due or written down				Due	Individually written down	Total
	Low risk	Moderate risk	High risk	Unclassified			
Loans							
Loans to and receivables from financial institutions	7.5	0.0	0.0	0.0	0.0	0.0	7.5
Loans to and receivables from customers							
- Financial leases	10.0	2.3	0.8	0.4	4.3	4.5	22.3

- Overdraft facilities and operating credits	2,439.7	94.5	31.4	22.3	97.3	14.3	2,699.5
- Building loans	123.3	120.5	0.0	1.1	11.0	0.0	255.9
- Repayment loans	21,206.2	2,560.0	627.0	219.8	1,014.7	229.6	25,857.3
Total loans	23,786.7	2,777.3	659.2	243.6	1,127.3	248.4	28,842.5

Financial investments							
Listed government bonds	205.8	0.0	0.0	0.0	0.0	0.0	205.8
Listed other bonds	3,011.3	229.8	0.0	0.0	0.0	0.0	3,241.1
Unlisted bonds	607.4	55.5	0.0	0.0	0.0	0.0	662.9
Total financial investments	3,824.5	285.3	0.0	0.0	0.0	0.0	4,109.8

Parent bank as at 31.12.15

	Not due or written down				Due	Individually written down	Total
	Low risk	Moderate risk	High risk	Unclassified			
Loans							
Loans to and receivables from financial institutions	2,101.3	0.0	0.0	0.0	0.0	0.0	2,101.3
Loans to and receivables from customers							
- Financial leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Overdraft facilities and operating credits	1,021.8	43.2	204.2	5.8	66.6	10.5	1,352.1
- Building loans	100.3	154.4	4.1	1.6	37.5	0.0	297.9
- Repayment loans	13,866.9	1,379.0	314.9	109.4	342.5	115.0	16,127.7
Total loans	17,090.3	1,576.6	523.2	116.8	446.6	125.5	19,879.0

Financial investments							
Listed government bonds	205.6	0.0	0.0	0.0	0.0	0.0	205.6
Listed other bonds	3,266.0	172.4	0.0	0.0	0.0	0.0	3,438.4
Unlisted bonds	1,101.2	15.0	0.0	0.0	0.0	0.0	1,116.2
Total financial investments	4,572.8	187.4	0.0	0.0	0.0	0.0	4,760.2

Parent bank as at 31.12.14

	Not due or written down				Due	Individually written down	Total
	Low risk	Moderate risk	High risk	Unclassified			
Loans							
Loans to and receivables from financial institutions	2,337.2	0.0	0.0	0.0	0.0	0.0	2,337.2
Loans to and receivables from customers							
- Financial leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Overdraft facilities and operating credits	1,921.8	44.6	25.3	15.3	67.4	14.3	2,088.7
- Building loans	123.3	120.5	0.0	1.1	11.0	0.0	255.9
- Repayment loans	14,063.8	1,416.9	389.1	142.5	566.2	134.5	16,713.0
Total loans	18,446.1	1,582.0	414.4	158.9	644.6	148.8	21,394.8

Financial investments							
Listed government bonds	205.8	0.0	0.0	0.0	0.0	0.0	205.8
Listed other bonds	3,011.3	229.8	0.0	0.0	0.0	0.0	3,241.1
Unlisted bonds	607.4	55.5	0.0	0.0	0.0	0.0	662.9
Total financial investments	3,824.5	285.3	0.0	0.0	0.0	0.0	4,109.8

NOTE 9 - AGE DISTRIBUTION OF LOANS MATURED BUT NOT WRITTEN DOWN**Group as at 31.12.15**

	Up to 30 days	31-60 days	61-90 days	Over 90 days	Total
Loans to and receivables from customers					
- Financial leases	4.6	0.1	0.0	0.0	4.7
- Overdraft facilities and operating credits	83.5	3.9	1.5	0.9	89.8
- Building loans	37.5	0.0	0.0	0.0	37.5
- Repayment loans	542.1	147.8	62.4	34.0	786.3
Total	667.7	151.8	63.9	34.9	918.3

Group as at 31.12.14

	Up to 30 days	31-60 days	61-90 days	Over 90 days	Total
Loans to and receivables from customers					
- Financial leases	4.1	0.0	0.2	0.0	4.3
- Overdraft facilities and operating credits	91.8	4.2	0.1	1.2	97.3
- Building loans	11.0	0.0	0.0	0.0	11.0
- Repayment loans	627.8	172.1	59.6	155.2	1,014.7
Total	734.7	176.3	59.9	156.4	1,127.3

Parent bank as at 31.12.15

	Up to 30 days	31-60 days	61-90 days	Over 90 days	Total
Loans to and receivables from customers					
- Financial leases	0.0	0.0	0.0	0.0	0.0
- Overdraft facilities and operating credits	60.3	3.9	1.5	0.9	66.6
- Building loans	37.5	0.0	0.0	0.0	37.5
- Repayment loans	233.2	59.4	15.9	34.0	342.5
Total	331.0	63.3	17.4	34.9	446.6

Parent bank as at 31.12.14

	Up to 30 days	31-60 days	61-90 days	Over 90 days	Total
Loans to and receivables from customers					
- Financial leases	0.0	0.0	0.0	0.0	0.0
- Overdraft facilities and operating credits	62.9	3.2	0.1	1.2	67.4
- Building loans	11.0	0.0	0.0	0.0	11.0
- Repayment loans	312.2	81.4	17.4	155.2	566.2
Total	386.1	84.6	17.5	156.4	644.6

NOTE 10 - CREDIT RISK BY RISK CLASS**Business customers - parent bank**

The risk parameters from the classification systems are included as an integral part of the credit process in the business market and are a deciding factor for the decision-making level and provide guidance with regard to pricing. Furthermore, the risk classification system is used with regard to the management and control of the current portfolio. The risk classification is based on a weighted calculation of the following key parameters: key figures from the borrowers' accounts, debt servicing history for current exposures and scoring from external credit information providers. The assessment of key figures and their weighting will differ somewhat according to the customer's sector (real estate or other sectors). In addition to the aforementioned, certain other factors are also weighted, depending on sector. In isolated terms, the key accounting figures have the highest weighting, irrespective of sector.

	2015						2014					
	Gross loans	Guarantees	Overdraft facil.	Individ. write-downs	Commitments	%	Gross loans	Guarantees	Overdraft facil.	Individ. write-downs	Commitments	%
Low risk	761	22	107	0	890	19	485	24	71	0	580	12
Moderate risk	2,029	58	101	0	2,188	48	2,463	82	150	0	2,695	54
Normal risk	1,120	54	122	0	1,296	28	1,071	45	124	0	1,240	25
Reasonably high risk	46	2	5	0	53	1	222	4	6	0	232	5
High risk	159	2	0	18	161	4	148	1	1	28	150	3
Undistributed	13	1	4	0	18	0	19	1	5	0	25	1
Total	4,128	139	339	18	4,606	100	4,408	157	357	28	4,922	100

In this table, the business market portfolio is classified into five risk categories. In the bank's credit strategy document, total target figures have been adopted for the exposure in the various risk categories. The credit strategy also provides specific guidelines for exposure within different sectors and especially the property segment. Furthermore, the bank's policy sets requirements regarding the minimum attained risk category upon the intake of new and/or recently established customers. The bank adheres to a principle whereby commitments that are subject to observation/processing in the bank's department for recovery are classified within the high-risk categories, cf. the aforementioned table.

Business customers undergo risk classification in the event of new application assessments and/or through annual renewals. The bank's largest commitment is reclassified at least once a year.

The bank performs quarterly analyses whereby the business portfolio, on a portfolio and individual basis, is followed up and measured against credit score and probability of default (PD) as calculated by the bank's credit information provider. Any negative development related to the individual exposure is monitored closely and triggers close follow-up of the customer. The external analyses are also used to reconcile the risk in the portfolio against the risk revealed through the bank's own risk classification system. These analyses confirm that the bank's own risk classification provides a good picture of the risk in the portfolio.

The bank's first line of defence is defined as the customer's capacity to pay. If a customer is assessed as not having the capacity to service the debt, the debt will generally not be granted, even if the security in itself is deemed adequate. Capacity to service the debt is also tested against a higher interest rate regime.

The requirements for security, the second-line of defence, for business loans will vary widely depending on the nature of the commitment, the sector concerned, the size of the commitment and, not least, the project's or commitment's assessed risk. Security is assessed in relation to a prudently assessed market value. The majority of the bank's business loans are secured entirely or partly via property mortgages. Valuations and market values often exist for commercial properties. Third party documentation of values must as a general rule be supplemented by the bank's own assessments of the security. These are carried out based on the security's historical and potential cash flow, location, nature, general market outlook, etc. For parts of smaller accounts, in addition to any operations-dependent securities, there will often be a related security in real estate, private homes, etc. For each type of security the bank has drawn up specific requirements for processing and precautionary assessments which are detailed in the bank's credit manual.

In its credit strategy the board has determined overall limits related to the maximum exposure per customer/group, industry exposure, risk class, concentration risk and requirements for the acceptance of new customers. The target figures and limits adopted by the board, as described in the credit strategy, are followed up via the quarterly risk reports.

In general, the pricing of loans and guarantees depends on the risk classification of the exposures. However such pricing will be affected by the bank's overall growth targets and the general market and competitive situation.

Collective write-downs of loans are not distributed by risk class.

Sparebanken Øst expresses its risk tolerance by ensuring that the bank's percentage loss of net lending over time may not exceed 0.2 per cent of the total net lending to customers (total of retail and business loans).

Retail customers - parent bank

The risk classification system is used for decision-making support, monitoring and reporting. The risk parameters from the classification systems are included as an integral part of the credit process and follow-up of the retail customer portfolio. The risk classification is based on a weighted calculation of the following parameters: level of debt, capacity to service the debt defined according to the customer's/household's net liquidity, taking into account a potential increase in interest rates by 5 percentage points, debt-servicing history, and credit score, obtained from an external credit information provider. The risk classification system for the retail market is under development at the start of 2016 with respect to the scaling of underlying elements, weighting and possible number of outcomes (changing from five to eleven possible outcomes).

The bank's organisation of the approval process within the retail market is based on centralised decision-making units. Checks show that this form of organisation has been extremely successful and has limited the operational risk related to the processing of loans to retail customers.

	2015						2014					
	Gross loans	Guarantees	Overdraft facil.	Individ. write-downs	Commitments	%	Gross loans	Guarantees	Overdraft facil.	Individ. write-downs	Commitments	%
Low risk	10,997	2	532	0	11,531	81	11,797	7	664	0	12,468	81
Moderate risk	1,687	0	59	0	1,746	12	1,671	1	59	0	1,731	11
Normal risk	498	1	16	0	515	4	623	1	18	0	642	4
Reasonably high risk	266	0	5	0	271	2	310	0	5	0	315	2
High risk	94	0	0	2	94	1	105	0	0	4	105	1
Unallocated	108	0	15	0	123	0	144	0	17	0	161	1
Total	13,650	3	627	2	14,280	100	14,650	9	763	4	15,422	100

Exposure limits have been adopted by the board within the various risk classes in order to manage the total portfolio in the retail market. The bank adheres to a principle whereby commitments that are under observation/processing in the bank's department for recovery are classified as reasonably high risk or high risk, depending on the assessment of the underlying security. The limits adopted by the board are followed up through quarterly risk reports for the bank's board.

Retail customers undergo risk classification in the event of new loan application assessments or the receipt of updated information relating to the parameters included in the classification.

The bank carries out quarterly analyses, where the development of the total portfolio is followed up against the credit score that is calculated by the bank's credit information provider. The external analyses are also used to reconcile the risk in the portfolio against the risk revealed through the bank's own risk classification system. These analyses confirm that the bank's own risk classification provides a good picture of the risk in the portfolio.

The bank's first line of defence is defined as the customer's capacity to pay. If a customer is assessed as not having the capacity to service the debt, the debt will generally not be granted, even if the security in itself is deemed adequate.

The retail market loan portfolio is primarily linked to secured mortgage loans where commitments are secured by real estate, property on leased land or housing associations with adequate loan-to-value ratios. The loan-to-value ratio is calculated based on the loan exposure in relation to an estimated market value of the security item. For the majority of the approved loans, the basis for the valuation is either a property valuation, broker evaluation, or sales value. Customers requiring loans with a loan-to-value ratio above 85 per cent have primarily been secured by obtaining adequate supplementary security. The development in approved deviations from the Financial Supervisory Authority of Norway's mortgage guidelines is followed up via quarterly reports. The pricing of loans to retail customers is primarily based on security coverage (loan-to-value ratio) and the size of the loan. However, such pricing will be affected by the bank's overall growth targets and the general market and competitive situation.

In terms of loans/credit/cards without security, Sparebanken Øst operates with a low volume and maintains a highly restrictive credit policy.

Total portfolio - parent bank

	2015						2014					
	Gross loans	Guarantees	Overdraft facil.	Individ. write-downs	Commitments	%	Gross loans	Guarantees	Overdraft facil.	Individ. write-downs	Commitments	%
Low risk	11,758	24	639	0	12,421	66	12,282	31	735	0	13,048	64
Moderate risk	3,716	58	160	0	3,934	21	4,134	83	209	0	4,426	22
Normal risk	1,618	55	138	0	1,811	10	1,694	46	142	0	1,882	9
Reasonably high risk	312	2	10	0	324	2	532	4	11	0	547	3
High risk	253	2	0	20	255	1	253	1	1	32	255	1
Unallocated	121	1	19	0	141	0	163	1	22	0	186	1
Total	17,778	142	966	20	18,886	100	19,058	166	1,120	32	20,344	100

Write-downs on groups of loans to customers in the parent bank amounted to a total of NOK 40.1 million as at 31.12.15.

Total portfolio - group

	2015						2014					
	Gross loans	Guarantees	Overdraft facil.	Individ. write-downs	Commitments	%	Gross loans	Guarantees	Overdraft facil.	Individ. write-downs	Commitments	%
Low risk	18,931	24	1,166	1	20,121	68	18,801	31	1,115	2	19,947	65
Moderate risk	5,179	60	229	2	5,468	18	5,555	84	283	3	5,922	19
Normal risk	2,876	55	154	24	3,085	10	3,097	46	159	22	3,302	11
Reasonably high risk	570	2	12	22	584	2	809	4	13	24	826	3
High risk	338	2	1	32	341	1	324	1	1	43	326	1
Unallocated	206	1	25	0	232	1	249	1	29	0	279	1
Total	28,100	144	1,587	81	29,831	100	28,835	167	1,600	94	30,602	100

The group figures show a summary of the parent bank, Sparebanken Øst Boligkreditt and AS Finansiering adjusted for eliminations in Sparebanken Øst Eiendom AS (including subsidiaries). Write-downs on groups of loans to customers in the group amounted to a total of NOK 43.4 million as at 31.12.15.

AS Finansiering is a wholly owned subsidiary of Sparebanken Øst and its activities mainly comprise the financing of used cars and leasing. Credit information is obtained when classifying risk in AS Finansiering. This is also adjusted for income, equity and any negative payment history AS Finansiering may have with the customer. Collective write-downs of loans are not distributed by risk class. AS Finansiering's losses for 2015 amounted to a total of NOK 10.8 million, compared with NOK 13.0 million in 2014. Book losses in 2015 amounted to 0.62 per cent of gross lending. The corresponding figure for 2014 was 0.76 per cent.

Security in relation to loans to customers – group 31.12.15

The table below shows security in relation to loans to customers. Security is not taken for the bank's other financial assets.

	Maximum exposure to credit risk	Security in property	Security in securities	Other security
Gross loans to customers incl. unused overdraft facilities and guarantees for customers	29,830.7	57,591.5	2.4	2,009.8

The table above shows the sum of the values the bank has used as the basis for all the security pledged for the portfolio of loans to customers. The market values in the table are therefore not limited to maximum credit exposure on the individual loans or commitment. The bank's lending portfolio is primarily secured by real estate.

Where a commitment is secured by real estate, the property value is based on an estimated market value at the time of the last assessment of the commitment. The estimated market value is based on known market values, valuations or other types of value assessments. In the business market, the security's cash flow will provide a guide as to the estimated market value. The estimated market values for all types of security, including operationally dependent security, will be conservative. The principles for valuing all underlying securities are described in the bank's guidelines.

For the parent bank, the estimated fair value of security for non-performing and impaired, but not written down, loans was NOK 54.8 million (NOK 148.3 million in 2014). The book value non-performing and impaired, but not written down, loans was NOK 54.9 million (NOK 149.5 million in 2014). The estimated fair value of security for loans written down was NOK 64.9 million (NOK 125.9 million in 2014), which is equivalent to the book value of loans written down. The security consists mainly of real property, but smaller amounts may be secured with deposits, goods, claims and movable operating equipment as security.

Sparebanken Øst Boligkreditt AS had no non-performing and impaired loans at the end of the year. The estimated fair value of security for non-performing and impaired, but not written down, loans was NOK 1.1 million in 2014. The book value non-performing and impaired, but not written down, loans was NOK 0.0 million (NOK 1.1 million in 2014).

AS Finansiering has an estimated 34.2 per cent (39.5 per cent in 2014) security cover on the loans that are written down.

NOTE 11 - DISTRIBUTION OF LOANS AND GUARANTEES FOR CUSTOMERS BY SECTOR, INDUSTRY AND GEOGRAPHY

Distribution by sector and industry - group

	Gross loans		Guarantees		Potential exposure via overdraft facilities		Losses charged to income	
	2015	2014	2015	2014	2015	2014	2015	2014
Salaried employees	24,049.8	24,693.4	2.4	8.6	1,258.9	1,250.5	10.1	13.0
Agriculture, forestry and fishing	130.2	136.3	0.6	0.6	18.1	20.9	0.0	0.0
Industry, mining, power and water	93.1	105.9	12.2	11.9	19.3	17.8	-4.1	-5.3
Building and construction	587.9	587.4	50.7	38.9	145.2	122.3	7.3	2.6
Wholesale and retail trade, hotels and restaurants	284.4	335.4	26.5	33.0	48.9	55.3	0.1	0.6
Transport and communications	56.5	60.3	9.3	9.6	4.9	6.0	0.0	-0.8
Business financial services	87.3	90.3	2.0	17.7	9.8	8.6	0.3	0.6
Other service industries	532.7	450.3	5.8	12.5	19.4	21.2	-0.4	1.8
Real estate sales and operation	2,248.7	2,347.7	34.2	33.7	60.9	96.1	4.7	10.9
Abroad	29.6	28.0	0.0	0.0	1.4	1.7	0.1	0.2
Group write-downs, industry	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	28,100.2	28,835.0	143.7	166.5	1,586.8	1,600.4	18.1	23.6

	Non-performing commitments		Impaired commitments		Individual write-downs		Collective write-downs of loans*	
	2015	2014	2015	2014	2015	2014	2015	2014
Salaried employees	128.0	172.7	1.8	2.2	60.4	62.9	4.9	4.9
Agriculture, forestry and fishing	0.8	0.2	0.0	0.0	0.2	0.2	0.0	0.0
Industry, mining, power and water	0.0	0.5	0.0	5.5	0.0	4.4	0.0	0.0
Building and construction	54.5	96.7	0.0	0.0	3.6	2.6	0.0	0.0
Wholesale and retail trade, hotels and restaurants	2.8	7.7	0.0	0.0	2.4	3.3	0.0	0.0
Transport and communications	2.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Business financial services	2.8	5.3	0.0	0.0	0.1	0.4	0.0	0.0
Other service industries	8.1	11.3	0.0	0.0	0.2	2.6	0.0	0.0
Real estate sales and operation	33.1	104.4	7.7	16.0	13.3	17.1	0.0	0.0
Abroad	1.1	1.2	0.0	0.0	0.8	0.8	0.0	0.0
Group write-downs, industry	0.0	0.0	0.0	0.0	0.0	0.0	38.5	38.5
Total	233.4	400.1	9.5	23.7	81.0	94.3	43.4	43.4

* Collective write-downs of loans are not distributed by industry.

Distribution by sector and industry - parent bank

	Gross loans		Guarantees		Potential exposure via overdraft facilities		Losses charged to income	
	2015	2014	2015	2014	2015	2014	2015	2014
Salaried employees	13,628.9	14,631.7	2.4	8.6	625.2	761.0	-0.3	0.7
Agriculture, forestry and fishing	128.8	135.7	0.6	0.6	18.1	20.9	0.0	0.0
Industry, mining, power and water	86.9	102.8	12.2	11.9	19.3	17.8	-4.1	-5.3
Building and construction	576.9	575.3	50.7	38.9	143.9	121.2	7.3	2.5
Wholesale and retail trade, hotels and restaurants	259.6	312.0	25.7	32.2	48.9	55.3	-0.1	0.3
Transport and communications	49.7	48.6	9.3	9.6	4.9	6.0	0.0	-0.8
Business financial services	78.6	79.2	2.0	17.7	9.8	19.6	0.3	0.6
Other service industries	521.7	436.4	5.8	12.5	19.4	21.2	-0.5	1.7
Real estate sales and operation	2,430.6	2,718.1	33.1	33.7	74.6	94.8	4.7	10.9
Abroad	16.0	17.8	0.0	0.0	1.4	1.7	0.0	0.0
Group write-downs, industry	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	17,777.7	19,057.6	141.8	165.7	965.5	1,119.5	7.3	10.6

[illegible]

Total	141.6	295.8	9.1	23.7	19.7	31.7	40.1	40.1
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* Collective write-downs of loans are not distributed by industry.

Geographical distribution

Group Loans		Group Guarantees			Parent bank Loans		Parent bank Guarantees	
2015	2014	2015	2014		2015	2014	2015	2014
4,168.1	4,398.4	25.6	41.7	Drammen	3,255.5	3,638.2	24.5	41.7
2,335.7	2,420.7	21.7	28.6	Nedre Eiker	1,718.4	1,744.7	21.7	28.6
1,894.4	1,878.2	17.4	24.1	Øvre Eiker	1,448.6	1,423.6	17.4	24.1
2,211.6	2,287.4	8.2	22.2	Other parts of Buskerud	1,645.9	1,767.9	8.2	22.2
5,543.4	5,528.1	23.6	26.7	Oslo	3,465.4	3,470.1	22.8	25.9
5,384.9	5,336.7	34.9	10.3	Akershus	3,179.6	3,300.2	34.9	10.3
2,358.8	2,324.6	12.2	12.8	Vestfold	1,641.5	1,638.2	12.2	12.8
1,317.9	1,228.2	0.1	0.1	Østfold	737.2	688.3	0.1	0.1
2,855.8	3,404.7	0.0	0.0	Rest of Norway	669.6	1,368.6	0.0	0.0
29.6	28.0	0.0	0.0	Abroad	16.0	17.8	0.0	0.0
28,100.2	28,835.0	143.7	166.5	Total	17,777.7	19,057.6	141.8	165.7

NOTE 12 LOANS TO AND RECEIVABLES FROM CUSTOMERS

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
24.7	22.3	Financial leases	0.0	0.0
2,249.8	2,699.5	Overdraft facilities and operating credits	1,352.1	2,088.7
297.9	255.9	Building loans	297.9	255.9
25,527.8	25,857.3	Repayment loans	16,127.7	16,713.0
28,100.2	28,835.0	Gross loans to and receivables from customers	17,777.7	19,057.6
81.0	93.8	Individual write-downs	19.7	31.2
43.4	43.4	Collective write-downs of loans	40.1	40.1
27,975.8	28,697.8	Net loans to and receivables from customers	17,717.9	18,986.3

NOTE 13 - LOSSES ON LOANS AND GUARANTEES, CUSTOMERS

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
		Individual write-downs		
94.3	98.0	Individual write-downs as at 01.01.	31.7	39.3
12.5	10.3	- Actual losses for the period, where there have previously been individual write-downs	8.6	6.8
9.7	9.6	+ Increased individual write-downs for the period	2.9	4.4
9.7	22.0	+ New individual write-downs for the period	3.2	9.4
20.2	25.0	- Reversed individual write-downs for the period	9.5	14.6
81.0	94.3	= Individual write-downs as at 31.12. *	19.7	31.7

Collective write-downs of loans				
43.4	43.4		Collective write-downs of loans as at 01.01.	40.1 40.1
0.0	0.0	+/-	Change in collective write-downs of loans for the period	0.0 0.0
43.4	43.4	=	Collective write-downs of loans as at 31.12.	40.1 40.1
Loss costs for the period				
-13.3	-3.7		Change in individual write-downs for the period	-12.0 -7.6
0.0	0.0	+/-	Change in collective write-downs of loans for the period	0.0 0.0
19.9	17.7	+	Actual losses for the period, where there have previously been individual write-downs	16.0 14.2
13.5	11.0	+	Actual losses for the period, where there have not previously been individual write-downs	0.5 0.9
9.5	11.9	-	Recovery of previously identified losses during the period	4.7 7.3
7.5	10.5	+/-	Amortisation cost of write-downs during the period	7.5 10.4
18.1	23.6	=	Losses on loans and guarantees	7.3 10.6
21.1	22.2		Income interest on loans written down	14.1 15.5

*Includes specified provisions for guarantee obligations of NOK 0.0 million for 2015 and NOK 0.5 million for 2014. Carried to the balance sheet as liabilities under 'Allocations for costs and commitments incurred'.

Losses on loans and guarantees by class as at 31.12.15

	RM	BM	AS Financiering	Total
Individual write-downs				
Individual write-downs as at 01.01.	0.5	31.2	62.6	94.3
- Actual losses for the period, where there have previously been individual write-downs	0.0	8.6	3.9	12.5
+ Increased individual write-downs for the period	0.0	2.9	6.8	9.7
+ New individual write-downs for the period	0.0	3.2	6.5	9.7
- Reversed individual write-downs for the period	0.1	9.4	10.7	20.2
= Individual write-downs as at 31.12.	0.4	19.3	61.3	81.0
Collective write-downs of loans				
Collective write-downs of loans as at 01.01.	1.6	38.5	3.3	43.4
+/- Change in collective write-downs of loans for the period	0.0	0.0	0.0	0.0
= Collective write-downs of loans as at 31.12.	1.6	38.5	3.3	43.4
Loss costs for the period				
Change in individual write-downs for the period	-0.1	-11.9	-1.3	-13.3
+/- Change in collective write-downs of loans for the period	0.0	0.0	0.0	0.0
+ Actual losses for the period, where there have previously been individual write-downs	0.0	16.0	3.9	19.9
+ Actual losses for the period, where there have not previously been individual write-downs	0.3	0.2	13.0	13.5
- Recovery of previously identified losses during the period	0.2	4.5	4.8	9.5
+/- Amortisation cost of write-downs during the period	-0.2	7.7	0.0	7.5
= Losses on loans and guarantees	-0.2	7.5	10.8	18.1

Losses on loans and guarantees by class as at 31.12.14

	RM	BM	AS Financiering	Total
Individual write-downs				
Individual write-downs as at 01.01.	2.2	37.1	58.7	98.0
- Actual losses for the period, where there have previously been individual write-downs	0.9	5.9	3.5	10.3
+ Increased individual write-downs for the period	0.0	4.4	5.2	9.6
+ New individual write-downs for the period	0.0	9.4	12.6	22.0
- Reversed individual write-downs for the period	0.8	13.8	10.4	25.0
= Individual write-downs as at 31.12. *	0.5	31.2	62.6	94.3

Collective write-downs of loans				
Collective write-downs of loans as at 01.01.	1.6	38.5	3.3	43.4
+/- Change in collective write-downs of loans for the period	0.0	0.0	0.0	0.0
= Collective write-downs of loans as at 31.12.	1.6	38.5	3.3	43.4
Loss costs for the period				
Change in individual write-downs for the period	-1.7	-5.9	3.9	-3.7
+/- Change in collective write-downs of loans for the period	0.0	0.0	0.0	0.0
+ Actual losses for the period, where there have previously been individual write-downs	1.1	13.1	3.5	17.7
+ Actual losses for the period, where there have not previously been individual write-downs	0.6	0.3	10.1	11.0
- Recovery of previously identified losses during the period	-1.8	9.1	4.6	11.9
+/- Amortisation cost of write-downs during the period	0.1	10.3	0.1	10.5
= Losses on loans and guarantees	1.9	8.7	13.0	23.6

*Includes specified provisions for guarantee obligations of NOK 0.5 million for 2014. Carried to the balance sheet as liabilities under 'Allocations for costs and commitments incurred'.

Change in non-performing and impaired commitments

Group	Group	Group	Group	Group		Parent bank	Parent bank	Parent bank	Parent bank	Parent bank
2015	2014	2013	2012	2011		2015	2014	2013	2012	2011
233.4	400.1	458.9	349.8	301.8	Gross non-performing commitments	141.6	295.8	365.1	265.9	229.4
80.0	85.4	82.9	83.8	78.1	– Individual write-downs	18.9	22.8	24.4	30.2	32.9
153.4	314.7	376.0	266.0	223.7	Net non-performing commitments	122.7	273.0	340.7	235.7	196.5
9.5	23.7	41.3	76.9	94.2	Gross impaired commitments	9.1	23.7	40.1	75.3	92.8
1.0	8.9	15.1	21.6	22.1	– Individual write-downs	0.8	8.9	14.9	21.1	21.7
8.5	14.8	26.2	55.3	72.1	Net impaired commitments	8.3	14.8	25.2	54.2	71.1

Non-performing and impaired commitments

Group	Group		Parent bank	Parent bank
2015	2014		2015	2014
Non-performing commitments over 90 days				
104.7	226.3	Business market	102.4	221.7
128.7	173.8	Retail market	39.2	74.1

233.4	400.1	Gross non-performing commitments	141.6	295.8
80.0	85.4	Individual write-downs	18.9	22.8
153.4	314.7	Net non-performing commitments	122.7	273.0
34%	21%	Provisions ratio	13%	8%
Impaired (not non-performing) commitments				
7.7	21.5	Business market	7.7	21.5
1.8	2.2	Retail market	1.4	2.2
9.5	23.7	Gross impaired commitments	9.1	23.7
1.0	8.9	Individual write-downs	0.8	8.9
8.5	14.8	Net impaired commitments	8.3	14.8
11%	38%	Provisions ratio	9%	38%
Gross non-performing and impaired commitments				
112.4	247.8	Business market	110.1	243.2
130.5	176.0	Retail market	40.6	76.3
242.9	423.8	Gross non-performing and impaired commitments	150.7	319.5
81.0	94.3	Individual write-downs	19.7	31.7
161.9	329.5	Net non-performing and impaired commitments	131.0	287.8
33%	22%	Provisions ratio	13%	10%

NOTE 14 - LOANS AND RECEIVABLES FROM CUSTOMERS RELATED TO FINANCIAL LEASES

The group has financial leases with customers. The leases are largely associated with the leasing of cars and other vehicles, industrial equipment and machinery. The group has not assumed the risk relating to residual values.

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
4.1	3.9	Within 1 year	0.0	0.0
17.4	15.3	Between 1 to 5 years	0.0	0.0
5.4	0.9	After 5 years	0.0	0.0
26.9	20.1	Gross receivables from financial leases	0.0	0.0
3.5	2.4	Non-accrued income from financial leases	0.0	0.0
23.4	17.7	Net receivables from financial leases	0.0	0.0
2.9	3.0	Within 1 year	0.0	0.0
15.8	14.0	Between 1 to 5 years	0.0	0.0
4.7	0.7	After 5 years	0.0	0.0
23.4	17.7	Net investments associated with financial leases	0.0	0.0
1.2	1.9	Accumulated loss provisions for outstanding minimum lease amounts	0.0	0.0

NOTE 15 LOANS TO AND RECEIVABLES FROM FINANCIAL INSTITUTIONS

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
8.1	7.5	Loans to and receivables from financial institutions without agreed maturities or deadline for termination	8.1	7.5
0.0	0.0	Loans to and receivables from financial institutions with agreed maturities or deadline for termination	2,093.2	2,329.7

8.1	7.5	Gross loans to and receivables from financial institutions	2,101.3	2,337.2
0.0	0.0	Individual write-downs	0.0	0.0
0.0	0.0	Collective write-downs of loans	0.0	0.0
8.1	7.5	Net loans to and receivables from financial institutions	2,101.3	2,337.2

NOTE 16 - LOSSES ON LOANS AND GUARANTEES, FINANCIAL INSTITUTIONS

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
		Individual write-downs		
0.0	0.0	Individual write-downs as at 01.01.	0.0	0.0
0.0	0.0	- Actual losses for the period, where there have previously been individual write-downs	0.0	0.0
0.0	0.0	+ Increased individual write-downs for the period	0.0	0.0
0.0	0.0	+ New individual write-downs for the period	0.0	0.0
0.0	0.0	- Reversed individual write-downs for the period	0.0	0.0
0.0	0.0	= Individual write-downs as at 31.12.	0.0	0.0
		Collective write-downs of loans		
0.0	0.0	Collective write-downs of loans as at 01.01.	0.0	0.0
0.0	0.0	+/- Change in collective write-downs of loans for the period	0.0	0.0
0.0	0.0	= Collective write-downs of loans as at 31.12.	0.0	0.0
		Loss costs for the period		
0.0	0.0	Change in individual write-downs for the period	0.0	0.0
0.0	0.0	+/- Change in collective write-downs of loans for the period	0.0	0.0
0.0	0.0	+ Actual losses for the period, where there have previously been individual write-downs	0.0	0.0
0.0	0.0	+ Actual losses for the period, where there have not previously been individual write-downs	0.0	0.0
0.0	0.0	- Recovery of previously identified losses during the period	0.0	0.0
0.0	0.0	+/- Amortisation cost of write-downs during the period	0.0	0.0
0.0	0.0	= Losses on loans and guarantees	0.0	0.0
0.0	0.0	Income interest on loans written down	0.0	0.0

Change in non-performing and impaired commitments

Group 2015	Group 2014	Group 2013	Group 2012	Group 2011		Parent bank 2015	Parent bank 2014	Parent bank 2013	Parent bank 2012	Parent bank 2011
0.0	0.0	0.0	0.0	0.0	Gross non-performing commitments	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	– Individual write-downs	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	Net non-performing commitments	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	Gross impaired commitments	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	– Individual write-downs	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	Net impaired commitments	0.0	0.0	0.0	0.0	0.0

Interest income from loans to and receivables from financial institutions

Group Gross loans	Group Individual write-downs	Group Collective write-downs of	Parent bank Gross loans	Parent bank Individual write-downs	Parent bank Collective write-downs of
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2015	2014	2015	2014	loans			2015	2014	2015	2014	loans	
				2015	2014						2015	2014
8.1	7.5	0.0	0.0	0.0	0.0	Norway	2,101.3	2,337.2	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	Other countries	0.0	0.0	0.0	0.0	0.0	0.0
8.1	7.5	0.0	0.0	0.0	0.0	Total	2,101.3	2,337.2	0.0	0.0	0.0	0.0

NOTE 17 - INTEREST RATE RISK

Interest risk related to deposits from and loans to financial institutions, deposits from and loans to customers, and debt and investments in certificates and bonds, is managed using interest rate swaps and fixed rate agreements (FRA). For borrowing or positions in other currencies interest rate and currency swap agreements are generally entered into such that relevant market interest rates are Norwegian money market rates. The distribution by currency in the tables refers to the division by currency on the balance sheet.

In reality, loans to retail customers at variable rates result in six weeks of fixed rates (section 50(3) of the Financial Contracts Act stipulates a minimum of six weeks' notice), while deposits from customers at variable rates result in two months of fixed rates (section 18(2) of the Financial Contracts Act stipulates a minimum of two months' notice).

The net interest rate sensitivity of a parallel shift in the yield curve of 1 percentage point is shown below. The effect is calculated on the basis that a permanent shift in the yield curve occurs on the measurement date, 31.12.15. The sensitivity of the results is the effect gained one year ahead. The table shows that an immediate increase in interest rates of 1 percentage point will lead to higher net interest the following year. Correspondingly, an immediate reduction in interest rates will give reduced net interest.

The 'Time until expected rate change' table shows the balance sheet distribution in terms of the time of the change in interest rates. Net exposure shows the net fixing of net interest rates for assets and liabilities. Positive amounts for net exposure show that the bank has fixed interest rates on the asset side to a greater extent than on the liabilities side.

Interest rate sensitivity - group as at 31.12.15

Currency	Increase in base points	Sensitivity - result	Sensitivity - equity	Reduction in base points	Sensitivity - result	Sensitivity - equity
NOK	+100	20.7	0.0	-100	-20.7	0.0
EUR	+100	0.3	0.0	-100	-0.3	0.0
Others	+100	1.1	0.0	-100	-1.1	0.0
Total		22.1	0.0		-22.1	0.0

Interest rate sensitivity - group as at 31.12.14

Currency	Increase in base points	Sensitivity - result	Sensitivity - equity	Reduction in base points	Sensitivity - result	Sensitivity - equity
NOK	+100	21.7	0.0	-100	-21.7	0.0
EUR	+100	0.9	0.0	-100	-0.9	0.0
Others	+100	-2.7	0.0	-100	2.7	0.0
Total		19.9	0.0		-19.9	0.0

Time until expected rate change as at 31.12.15 - group

		Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1-5 years	Over 5 years	With fixed rate	Total
Assets								
Cash and receivables from central banks	NOK		359.5				17.5	377.0
	FCY						1.0	1.0
Net lending to financial institutions	NOK						8.1	8.1
Net lending to customers	NOK	3,899.3	23,730.5	51.4	239.6	14.2		27,935.0
Certificates and bonds	NOK	1,082.6	2,825.7	125.7	490.2	50.3		4,574.5
	FCY	109.6				55.7		165.3
Financial derivatives	NOK						403.0	403.0
Accrued interest, not yet due	NOK						152.5	152.5
	FCY						0.4	0.4
Other asset items	NOK						465.0	465.0
	FCY						13.1	13.1
Total		5,091.5	26,915.7	177.1	729.8	120.2	1,060.6	34,094.9
Liabilities								
Liabilities to financial institutions	NOK			150.0			0.1	150.1
Customer deposits	NOK	4,131.2	8,807.5	215.7				13,154.4
Financial derivatives	NOK						34.7	34.7
	FCY						28.0	28.0
Securities issued	NOK	7,656.0	9,412.6					17,068.6
Subordinated loan capital	NOK	550.0	148.8					698.8
Accrued interest	NOK						151.6	151.6
Other liabilities	NOK							0.0
Total		12,337.2	18,368.9	365.7	0.0	0.0	214.4	31,286.2
Net interest rate exposure on balance sheet		-7,245.7	8,546.8	-188.6	729.8	120.2	846.2	
Contract sum for financial derivatives, without hedge accounting, that affect interest rate exposure	NOK	285.1	457.5	-125.0	-552.6	-65.0		
	FCY		38.5			-38.5		
Net exposure		-6,960.6	9,042.8	-313.6	177.2	16.7	846.2	

The table is based on book values. Securities issued where hedge accounting is used include the effect of hedging instruments.

Time until expected rate change as at 31.12.14 - group

		Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1-5 years	Over 5 years	With fixed rate	Total
Assets								
Cash and receivables from central banks	NOK		456.3				24.2	480.5
	FCY						1.0	1.0
Net lending to financial institutions	NOK						7.5	7.5
Net lending to customers	NOK	4,135.6	24,237.0		262.9			28,635.5
Certificates and bonds	NOK	654.0	2,725.5	150.1	434.6			3,964.2
	FCY					125.5		125.5
Financial derivatives	NOK						460.2	460.2
	FCY						35.8	35.8
Accrued interest, not yet due	NOK						190.2	190.2
	FCY						0.4	0.4
Other asset items	NOK						448.2	448.2
	FCY						9.3	9.3
Total		4,789.6	27,418.8	150.1	697.5	125.5	1,176.8	34,358.3
Liabilities								
Liabilities to financial institutions	NOK			210.0			0.1	210.1
Customer deposits	NOK	4,060.6	8,682.1	647.8				13,390.5
Financial derivatives	NOK						26.8	26.8
	FCY						23.5	23.5
Securities issued	NOK	7,112.6	9,841.0	140.6				17,094.2
	FCY	287.9						287.9
Subordinated loan capital	NOK	550.0	148.4					698.4
Accrued interest	NOK						184.7	184.7
	FCY						1.2	1.2
Other liabilities	NOK							0.0
Total		12,011.1	18,671.5	998.4	0.0	0.0	236.3	31,917.3
Net interest rate exposure on balance sheet		-7,221.5	8,747.3	-848.3	697.5	125.5	940.5	
Contract sum for financial derivatives, without hedge accounting, that affect interest rate exposure								
	NOK	175.5	337.5		-513.0			
	FCY	61.7	38.5			-100.2		
Net exposure		-6,984.3	9,123.3	-848.3	184.5	25.3	940.5	

The table is based on book values. Securities issued where hedge accounting is used include the effect of hedging instruments.

Interest rate sensitivity - parent bank as at 31.12.15

Currency	Increase in base points	Sensitivity - result	Sensitivity - equity	Reduction in base points	Sensitivity - result	Sensitivity - equity
NOK	+100	14.0	0.0	-100	-14.0	0.0
EUR	+100	0.3	0.0	-100	-0.3	0.0
Others	+100	1.1	0.0	-100	-1.1	0.0
Total		15.4	0.0		-15.4	0.0

Interest rate sensitivity - parent bank as at 31.12.14

Currency	Increase in base points	Sensitivity - result	Sensitivity - equity	Reduction in base points	Sensitivity - result	Sensitivity - equity
NOK	+100	14.2	0.0	-100	-14.2	0.0
EUR	+100	0.9	0.0	-100	-0.9	0.0
Others	+100	0.0	0.0	-100	0.0	0.0
Total		15.1	0.0		-15.1	0.0

Time until expected rate change as at 31.12.15 - parent bank

		Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1-5 years	Over 5 years	With fixed rate	Total
Assets								
Cash and receivables from central banks	NOK		359.5				17.5	377.0
	FCY						1.0	1.0
Net lending to financial institutions	NOK	2,047.9	45.0				8.1	2,101.0
Net lending to customers	NOK	4,061.4	13,328.3	51.4	239.6	14.2		17,694.9
Certificates and bonds	NOK	1,082.6	2,825.7	125.7	490.2	50.3		4,574.5
	FCY	109.6				55.7		165.3
Financial derivatives	NOK						215.0	215.0
Accrued interest, not yet due	NOK						110.8	110.8
	FCY						0.4	0.4
Other asset items	NOK						1,352.5	1,352.5
	FCY						13.1	13.1
Total		7,301.5	16,558.5	177.1	729.8	120.2	1,718.4	26,605.5
Liabilities								
Liabilities to financial institutions	NOK	266.9	0.8	150.0			6.9	424.6
Customer deposits	NOK	4,151.4	8,807.5	215.7				13,174.6
Financial derivatives	NOK						34.7	34.7
	FCY						28.0	28.0
Securities issued	NOK	3,893.1	5,570.8					9,463.9
Subordinated loan capital	NOK	550.0	148.8					698.8
Accrued interest	NOK						108.4	108.4
Other liabilities	NOK							0.0
Total		8,861.4	14,527.9	365.7	0.0	0.0	178.0	23,933.0
Net exposure on balance sheet		-1,559.9	2,030.6	-188.6	729.8	120.2	1,540.4	
Contract sum for financial derivatives, without hedge accounting, that affect interest rate exposure	NOK	285.1	457.5	-125.0	-552.6	-65.0		
	FCY		38.5			-38.5		
Net exposure		-1,274.8	2,526.6	-313.6	177.2	16.7	1,540.4	

The table is based on book values. Securities issued where hedge accounting is used include the effect of hedging instruments.

Time until expected rate change as at 31.12.14 - parent bank

		Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1-5 years	Over 5 years	With fixed rate	Total
Assets								
Cash and receivables from central banks	NOK		456.3				24.2	480.5
	FCY						1.0	1.0
Net lending to financial institutions	NOK	2,284.4	45.0				7.5	2,336.9
Net lending to customers	NOK	4,240.0	14,441.9		262.8			18,944.7
Certificates and bonds	NOK	654.0	2,725.5	150.1	434.6			3,964.2
	FCY					125.5		125.5
Financial derivatives	NOK						267.3	267.3
Accrued interest, not yet due	NOK						147.0	147.0
	FCY						0.4	0.4
Other asset items	NOK						1,335.5	1,335.5
	FCY						9.3	9.3
Total		7,178.4	17,668.7	150.1	697.4	125.5	1,792.2	27,612.3
Liabilities								
Liabilities to financial institutions	NOK	249.9	0.8	210.0			8.5	469.2
Customer deposits	NOK	4,103.8	8,661.8	647.9				13,413.5
Financial derivatives	NOK						26.8	26.8
	FCY						23.5	23.5
Securities issued	NOK	4,593.6	5,517.7	140.6				10,251.9
Subordinated loan capital	NOK	550.0	148.4					698.4
Accrued interest	NOK						141.9	141.9
Other liabilities	NOK							0.0
Total		9,497.3	14,328.7	998.5	0.0	0.0	200.7	25,025.2
Net exposure on balance sheet		-2,318.9	3,340.0	-848.4	697.4	125.5	1,591.5	
Contract sum for financial derivatives, without hedge accounting, that affect interest rate exposure	NOK	175.5	337.5		-513.0			
	FCY	61.7	38.5			-100.2		
Net exposure		-2,081.7	3,716.0	-848.4	184.4	25.3	1,591.5	

The table is based on book values. Securities issued where hedge accounting is used include the effect of hedging instruments.

NOTE 18 - LIQUIDITY RISK

As long as the bank's loan customers require long-term financing and the bank's deposit customers are able in practice to withdraw their deposits at very short notice, the bank will be exposed to some liquidity risk. In addition, Sparebanken Øst is permanently dependent on financing a gap between deposits from customers and loans to the general public. Sparebanken Øst has a conservative liquidity strategy, and the liquidity risk as at the end of 2015 was considered low.

The bank has deliberately sought to reduce the bank's liquidity risk by – among other things – distributing borrowing over the maximum possible number of sources/instruments and/or by balancing the maturity terms for capital acquisition and capital deployment. Uncertainty in the financial markets has resulted in the fall away of international funding sources the bank has previously used. The bank has thus become more dependent on the Norwegian bond market. The bank has a long-term funding strategy and therefore wishes to have a balanced relationship between long-term and short-term borrowing. The bank aims for a liquidity indicator 1 (Financial Supervisory Authority of Norway) target of 105 per cent or higher (funding > 1 year as a percentage of non-liquid assets).

The table below presents the scope of results for liquidity indicator 1 for the last two years.

	31.12.	Average	Highest	Lowest
2015	107.8	108.4	109.8	106.2
2014	107.1	108.4	110.3	105.7

A new liquidity requirement has been introduced by the authorities: liquidity coverage ratio (LCR). This is intended to ensure that the banks have sufficient liquidity of very high quality to tolerate a period of 30 days with serious market instability. The bank will satisfy the applicable LCR requirement set by the authorities at all times, both at a company and at a group level. The bank's liquidity portfolio primarily consists of cash, securities issued by the Norwegian state, state guaranteed bonds, securities issued by Norwegian municipalities and covered bonds.

The group's deposits measured as a percentage of net lending amounted to 47.0 per cent as at 31.12.15, compared with 46.7 per cent the year before. Other funding in the market takes place is raised through senior unsecured bonds and covered bonds. Limits have been adopted that are intended to ensure that the relationship between deposits and market funding is maintained at a satisfactory level. The coming years will see a relatively great demand for refinancing and the bank wishes to take account of uncertainty and will thus seek to refinance at an early stage.

Contractual maturity

The time at which the group's financial assets and liabilities mature is shown above. Future interest payments relating to the items have not been factored in and it is the contractual amount that is specified. The tables are based on the group's internal reporting format.

Remaining contractual term as at 31.12.15 - group

		Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1-5 years	Over 5 years	No term	Total
Assets								
Cash and receivables from central banks	NOK						377.0	377.0
	FCY						1.0	1.0
Net lending to financial institutions	NOK						8.1	8.1
Net lending to customers	NOK	32.0	85.3	1,193.5	4,717.3	21,908.0		27,936.1
Certificates and bonds	NOK	275.0	230.0	377.0	3,197.6	500.0		4,579.6
	FCY	109.6				48.1		157.7
Financial derivatives	NOK			47.3	151.5	204.2		403.0
Accrued interest, not yet due	NOK	56.0	25.3	71.2				152.5
	FCY	0.3		0.1				0.4
Other asset items	NOK			32.8			462.7	495.5
	FCY						13.1	13.1
Total receipts		472.9	340.6	1,721.9	8,066.4	22,660.3	861.9	34,124.0
Liabilities								
Liabilities to financial institutions	NOK			60.0	90.0		0.1	150.1
Customer deposits	NOK	102.2	908.6	437.2	16.4		11,690.0	13,154.4
Financial derivatives	NOK		2.3		19.0	13.3		34.6
	FCY	11.7		0.1		16.3		28.1
Securities issued	NOK	433.0	150.0	2,082.0	11,940.0	2,075.0		16,680.0
Subordinated loan capital	NOK				700.0			700.0
Accrued interest	NOK	45.5	38.5	67.6				151.6
Other liabilities	NOK			201.9				201.9
Total payments		592.4	1,099.4	2,848.8	12,765.4	2,104.6	11,690.1	31,100.7
Net exposure		-119.5	-758.8	-1,126.9	-4,699.0	20,555.7	-10,828.2	
Loan pledges		78.9						78.9
Unused credit				206.1	1,240.2		140.5	1,586.8
Guarantees						100.0	143.7	243.7

Remaining contractual term as at 31.12.14 - group

		Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1-5 years	Over 5 years	No term	Total
Assets								
Cash and receivables from central banks	NOK						480.5	480.5
	FCY						1.0	1.0
Net lending to financial institutions	NOK						7.5	7.5
Net lending to customers	NOK	64.1	21.7	1,241.7	4,916.1	22,393.6		28,637.2
Certificates and bonds	NOK	100.0	175.0	745.0	2,501.0	395.0		3,916.0
	FCY					113.0		113.0
Financial derivatives	NOK			44.4	132.9	282.9		460.2
	FCY				35.8			35.8
Accrued interest, not yet due	NOK	73.5	23.9	92.7				190.1
	FCY	0.4						0.4
Other asset items	NOK			117.6			452.2	569.8
	FCY						9.3	9.3
Total receipts		238.0	220.6	2,241.4	7,585.8	23,184.5	950.5	34,420.9
Liabilities								
Liabilities to financial institutions	NOK			60.0	150.0		0.1	210.1
Customer deposits	NOK	100.3	831.5	608.7	17.8		11,832.2	13,390.5
Financial derivatives	NOK		0.1		26.7			26.8
	FCY					23.5		23.5
Securities issued	NOK	336.5		2,159.0	11,150.0	3,000.0		16,645.5
	FCY				287.9			287.9
Subordinated loan capital	NOK				700.0			700.0
Accrued interest	NOK	52.5	41.2	91.0				184.7
	FCY	1.2						1.2
Other liabilities	NOK			216.0				216.0
Total payments		490.5	872.8	3,134.7	12,332.4	3,023.5	11,832.3	31,686.2
Net exposure		-252.5	-652.2	-893.3	-4,746.6	20,161.0	-10,881.8	
Loan pledges		82.9						82.9
Unused credit				171.4	1,254.7		174.3	1,600.4
Guarantees						100.0	166.5	266.5

Remaining contractual term as at 31.12.15 - parent bank

		Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1-5 years	Over 5 years	No term	Total
Assets								
Cash and receivables from central banks	NOK						377.0	377.0
	FCY						1.0	1.0
Net lending to financial institutions	NOK			667.4		45.0	1,388.6	2,101.0
Net lending to customers	NOK	31.9	85.1	853.9	2,209.0	14,516.3		17,696.2
Certificates and bonds	NOK	275.0	230.0	377.0	3,197.6	500.0		4,579.6
	FCY	109.6				48.1		157.7
Financial derivatives	NOK			46.8	151.5	16.7		215.0
Accrued interest, not yet due	NOK	33.8	5.9	71.1				110.8
	FCY	0.3		0.1				0.4
Other asset items	NOK			12.0			1,344.3	1,356.3
	FCY						13.1	13.1
Total receipts		450.6	321.0	2,028.3	5,558.1	15,126.1	3,124.0	26,608.1
Liabilities								
Liabilities to financial institutions	NOK			60.0	90.0		274.6	424.6
Customer deposits	NOK	102.2	908.6	435.4			11,728.4	13,174.6
Financial derivatives	NOK		2.3		19.0	13.3		34.6
	FCY	11.7		0.1		16.3		28.1
Securities issued	NOK	433.0		1,159.0	6,940.0	725.0		9,257.0
Subordinated loan capital	NOK				700.0			700.0
Accrued interest	NOK	26.8	13.9	67.7				108.4
Other liabilities	NOK			132.7				132.7
Total payments		573.7	924.8	1,854.9	7,749.0	754.6	12,003.0	23,860.0
Net exposure		-123.1	-603.8	173.4	-2,190.9	14,371.5	-8,879.0	
Loan pledges		40.9						40.9
Unused credit				1,538.7	603.8		275.1	2,417.6
Guarantees						100.0	141.8	241.8

Remaining contractual term as at 31.12.14 - parent bank

		Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1-5 years	Over 5 years	No term	Total
Assets								
Cash and receivables from central banks	NOK						480.5	480.5
	FCY						1.0	1.0
Net lending to financial institutions	NOK			923.9		45.0	1,367.9	2,336.8
Net lending to customers	NOK	64.1	21.6	900.4	2,539.1	15,421.2		18,946.4
Certificates and bonds	NOK	100.0	175.0	745.0	2,501.0	395.0		3,916.0
	FCY					113.0		113.0
Financial derivatives	NOK			44.4	129.8	93.1		267.3
Accrued interest, not yet due	NOK	49.4	5.0	92.6				147.0
	FCY	0.4						0.4
Other asset items	NOK			19.1			1,335.6	1,354.7
	FCY						9.3	9.3
Total receipts		213.9	201.6	2,725.4	5,169.9	16,067.3	3,194.3	27,572.4
Liabilities								
Liabilities to financial institutions	NOK			60.0	150.0		259.2	469.2
Customer deposits	NOK	100.3	831.5	606.8			11,875.0	13,413.6
Financial derivatives	NOK		0.1		26.7			26.8
	FCY					23.5		23.5
Securities issued	NOK	336.5		1,704.0	7,000.0	950.0		9,990.5
Subordinated loan capital	NOK				700.0			700.0
Accrued interest	NOK	36.4	14.5	91.0				141.9
Other liabilities	NOK			139.0				139.0
Total payments		473.2	846.1	2,600.8	7,876.7	973.5	12,134.2	24,904.5
Net exposure		-259.3	-644.5	124.6	-2,706.8	15,093.8	-8,939.9	
Loan pledges		41.2						41.2
Unused credit				1,247.5	757.6		330.0	2,335.1
Guarantees						100.0	165.7	265.7

Financial liabilities

The nominal value of the financial liabilities of the bank and the group is shown below. All liabilities are allocated to the category that covers the first possible payment in cases where the contractual payment date is not provided. The liabilities are inclusive of future interest payments and the principal of the liability that is stated. Interest rates and currency rates are as at 31.12.15. Liabilities associated with derivatives are shown on a separate line, and related inflows from derivatives are shown under each table.

Maturity analysis for financial liabilities as at 31.12.15 - group

	Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1-5 years	Over 5 years	No term	Total
Liabilities to financial institutions			62.1	91.4		0.1	153.6
Customer deposits	11,790.4	910.5	442.1	16.4			13,159.4
Securities issued	471.8	211.3	2,412.0	12,868.3	2,383.4		18,346.8
Other liabilities			201.9				201.9
Subordinated loan capital	5.2	1.5	20.2	736.3			763.2
Loan pledges	78.9						78.9
Unused credit	1,586.8						1,586.8
Guarantees					100.0	143.7	243.7
Financial liabilities excl. derivatives	13,933.1	1,123.3	3,138.3	13,712.4	2,483.4	143.8	34,534.3
Financial derivatives (outflows)	14.0	29.4	101.4	371.2	141.9		657.9
Financial liabilities	13,947.1	1,152.7	3,239.7	14,083.6	2,625.3	143.8	35,192.2
Financial derivatives (inflows)	1.6	34.3	219.2	646.0	226.5		1,127.6

Maturity analysis for financial liabilities as at 31.12.14 - group

	Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1-5 years	Over 5 years	No term	Total
Liabilities to financial institutions			66.0	156.9		0.1	223.0
Customer deposits	11,932.6	833.9	617.3	17.8			13,401.6
Securities issued	346.6	98.7	2,530.6	12,505.1	3,338.5		18,819.5
Other liabilities			216.0				216.0
Subordinated loan capital	3.6		11.2	741.9			756.7
Loan pledges	82.9						82.9
Unused credit	1,600.4						1,600.4
Guarantees					100.0	166.5	266.5
Financial liabilities excl. derivatives	13,966.1	932.6	3,441.1	13,421.7	3,438.5	166.6	35,366.6
Financial derivatives (outflows)	13.9	33.9	120.6	421.2	186.0		775.6
Financial liabilities	13,980.0	966.5	3,561.7	13,842.9	3,624.5	166.6	36,142.2
Financial derivatives (inflows)	11.4	14.2	229.1	629.5	346.3		1,230.5

Maturity analysis for financial liabilities as at 31.12.15 - parent bank

	Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1-5 years	Over 5 years	No term	Total
Liabilities to financial institutions			62.1	91.4		274.6	428.1
Customer deposits	11,830.8	910.5	440.2				13,181.5
Securities issued	460.3	25.3	1,394.9	7,502.2	810.3		10,193.0
Other liabilities			132.7				132.7
Subordinated loan capital	5.2	1.5	20.2	736.3			763.2
Loan pledges	40.9						40.9
Unused credit	2,417.6						2,417.6
Guarantees					100.0	141.8	241.8
Financial liabilities excl. derivatives	14,754.8	937.3	2,050.1	8,329.9	910.3	416.4	27,398.8
Financial derivatives (outflows)	10.4	26.5	83.7	276.5	53.0		450.1
Financial liabilities	14,765.2	963.8	2,133.8	8,606.4	963.3	416.4	27,848.9
Financial derivatives (inflows)	1.6	10.6	185.1	436.3	3.5		637.1

Maturity analysis for financial liabilities as at 31.12.14 - parent bank

	Up to 1 month	From 1-3 months	From 3 months to 1 year	From 1-5 years	Over 5 years	No term	Total
Liabilities to financial institutions			66.0	156.9		259.2	482.1
Customer deposits	11,975.5	833.9	615.4				13,424.8
Securities issued	336.5	56.4	1,977.8	7,671.5	1,005.3		11,047.5
Other liabilities			139.0				139.0
Subordinated loan capital	3.6		11.2	741.9			756.7
Loan pledges	41.2						41.2
Unused credit	2,335.1						2,335.1
Guarantees					100.0	165.7	265.7
Financial liabilities excl. derivatives	14,691.9	890.3	2,809.4	8,570.3	1,105.3	424.9	28,492.1
Financial derivatives (outflows)	10.8	30.0	99.5	299.7	43.0		483.0
Financial liabilities	14,702.7	920.3	2,908.9	8,870.0	1,148.3	424.9	28,975.1
Financial derivatives (inflows)	10.0	8.8	190.7	475.0	73.3		757.8

NOTE 19 - CURRENCY RISK

Market risk associated with currency risk as at 31.12.15

Currency	Increase in exchange rate %	Effect on profit before tax	Effect on equity	Reduction in exchange rate %	Effect on profit before tax	Effect on equity
EUR	+10	0.1	0.0	-10	-0.1	0.0
USD	+10	0.6	0.0	-10	-0.6	0.0
Total		0.7	0.0		-0.7	0.0

Market risk associated with currency risk as at 31.12.14

Currency	Increase in exchange rate %	Effect on profit before tax	Effect on equity	Reduction in exchange rate %	Effect on profit before tax	Effect on equity
EUR	+10	0.2	0.0	-10	-0.2	0.0
USD	+10	0.6	0.0	-10	-0.6	0.0
Total		0.8	0.0		-0.8	0.0

The bank's currency exposure is low. As at 31.12.15, the bank's open net position was NOK 6.9 million (NOK 8.2 million as at 31.12.14). These positions were in EUR and USD. Normally, positions and borrowing in foreign currency are covered by contra positions, most often using currency swap agreements and similar derivatives. See also Note 21 - Financial Derivatives.

NOTE 20 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Group as at 31.12.15

	Fair value through profit or loss			Held to maturity	Amortised cost*	Total
	Held for trading	Designated at fair value	Available for sale			
Cash and receivables from central banks	0.0	0.0	0.0	0.0	378.0	378.0
Net loans to and receivables from financial institutions	0.0	0.0	0.0	0.0	8.1	8.1
Net loans to and receivables from customers	0.0	0.0	0.0	0.0	27,975.8	27,975.8
Certificates, bonds, etc. at fair value	4,471.8	82.8	0.0	0.0	0.0	4,554.6
Stocks and units	32.9	0.0	445.2	0.0	0.0	478.1
Financial derivatives**	494.7	0.0	0.0	0.0	0.0	494.7
Certificates and bonds, held to maturity	0.0	0.0	0.0	205.6	0.0	205.6
Total financial assets	4,999.4	82.8	445.2	205.6	28,361.9	34,094.9
Liabilities to financial institutions	0.0	0.0	0.0	0.0	150.3	150.3
Deposits from and liabilities to customers	0.0	0.0	0.0	0.0	13,159.3	13,159.3
Securities issued	0.0	0.0	0.0	0.0	17,205.3	17,205.3
Financial derivatives**	68.4	0.0	0.0	0.0	0.0	68.4
Subordinated loan capital	0.0	0.0	0.0	0.0	702.9	702.9
Total financial liabilities	68.4	0.0	0.0	0.0	31,217.8	31,286.2

* Includes secured debt.

** Includes derivatives for which hedge accounting is used.

Group as at 31.12.14

	Fair value through profit or loss		Available for sale	Held to maturity	Amortised cost*	Total
	Held for trading	Designated at fair value				
Cash and receivables from central banks	0.0	0.0	0.0	0.0	481.5	481.5
Net loans to and receivables from financial institutions	0.0	0.0	0.0	0.0	7.5	7.5
Net loans to and receivables from customers	0.0	0.0	0.0	0.0	28,697.8	28,697.8
Certificates, bonds, etc. at fair value	3,470.0	434.0	0.0	0.0	0.0	3,904.0
Stocks and units	29.5	0.0	428.0	0.0	0.0	457.5
Financial derivatives**	604.1	0.0	0.0	0.0	0.0	604.1
Certificates and bonds, held to maturity	0.0	0.0	0.0	205.8	0.0	205.8
Total financial assets	4,103.6	434.0	428.0	205.8	29,186.8	34,358.2
Liabilities to financial institutions	0.0	0.0	0.0	0.0	210.5	210.5
Deposits from and liabilities to customers	0.0	0.0	0.0	0.0	13,397.0	13,397.0
Securities issued	0.0	0.0	0.0	0.0	17,549.9	17,549.9
Financial derivatives**	56.8	0.0	0.0	0.0	0.0	56.8
Subordinated loan capital	0.0	0.0	0.0	0.0	703.1	703.1
Total financial liabilities	56.8	0.0	0.0	0.0	31,860.5	31,917.3

* Includes secured debt.

** Includes derivatives for which hedge accounting is used.

Parent bank as at 31.12.15

	Fair value through profit or loss		Available for sale	Held to maturity	Amortised cost*	Total
	Held for trading	Designated at fair value				
Cash and receivables from central banks	0.0	0.0	0.0	0.0	378.0	378.0
Net loans to and receivables from financial institutions	0.0	0.0	0.0	0.0	2,101.3	2,101.3
Net loans to and receivables from customers	0.0	0.0	0.0	0.0	17,717.9	17,717.9
Certificates, bonds, etc. at fair value	4,471.8	82.8	0.0	0.0	0.0	4,554.6
Stocks and units	32.9	0.0	445.2	0.0	0.0	478.1
Financial derivatives**	282.5	0.0	0.0	0.0	0.0	282.5
Certificates and bonds, held to maturity	0.0	0.0	0.0	205.6	0.0	205.6
Total financial assets	4,787.2	82.8	445.2	205.6	20,197.2	25,718.0
Liabilities to financial institutions	0.0	0.0	0.0	0.0	424.8	424.8
Deposits from and liabilities to customers	0.0	0.0	0.0	0.0	13,179.5	13,179.5
Securities issued	0.0	0.0	0.0	0.0	9,557.4	9,557.4
Financial derivatives**	68.4	0.0	0.0	0.0	0.0	68.4
Subordinated loan capital	0.0	0.0	0.0	0.0	702.9	702.9
Total financial liabilities	68.4	0.0	0.0	0.0	23,864.6	23,933.0

* Includes secured debt.

** Includes derivatives for which hedge accounting is used.

Parent bank as at 31.12.14

	Fair value through profit or loss		Available for sale	Held to maturity	Amortised cost*	Total
	Held for trading	Designated at fair value				
Cash and receivables from central banks	0.0	0.0	0.0	0.0	481.5	481.5
Net loans to and receivables from financial institutions	0.0	0.0	0.0	0.0	2,337.2	2,337.2
Net loans to and receivables from customers	0.0	0.0	0.0	0.0	18,986.3	18,986.3
Certificates, bonds, etc. at fair value	3,470.0	434.0	0.0	0.0	0.0	3,904.0
Stocks and units	29.5	0.0	428.0	0.0	0.0	457.5
Financial derivatives**	352.7	0.0	0.0	0.0	0.0	352.7
Certificates and bonds, held to maturity	0.0	0.0	0.0	205.8	0.0	205.8
Total financial assets	3,852.2	434.0	428.0	205.8	21,805.0	26,725.0
Liabilities to financial institutions	0.0	0.0	0.0	0.0	469.6	469.6
Deposits from and liabilities to customers	0.0	0.0	0.0	0.0	13,420.0	13,420.0
Securities issued	0.0	0.0	0.0	0.0	10,375.7	10,375.7
Financial derivatives**	56.8	0.0	0.0	0.0	0.0	56.8
Subordinated loan capital	0.0	0.0	0.0	0.0	703.1	703.1
Total financial liabilities	56.8	0.0	0.0	0.0	24,968.4	25,025.2

* Includes secured debt.

** Includes derivatives for which hedge accounting is used.

NOTE 21 - FINANCIAL DERIVATIVES

Interest rate and exchange rate derivatives have been entered into for the group's fixed interest bond loans and foreign currency bond loans, in order to reduce interest rate and exchange rate risk. The hedging ratio is one-to-one and hedge accounting is used. Ineffectiveness of the hedges in 2015 and 2014 is not recognised in the accounts. The change in value of financial derivatives used for hedge accounting was NOK 88.4 million (NOK 310.3 million in 2014), with an equivalent change in value for hedged objects. For recognised changes in value, profit/loss, reference is made to note 29.

In addition, the group has entered into interest rate and exchange rate derivatives to reduce other interest rate and exchange rate risk without applying the rules for hedge accounting.

Guarantee to Eksportfinans ASA

The bank takes part in a portfolio hedge agreement (PHA guarantee) for Eksportfinans ASA. Equivalent to the bank's ownership interest in the company, the bank has provided a guarantee of NOK 242 million for a share of Eksportfinans ASA's securities portfolio as at 29.02.08. The guarantee is a derivative and the fair value is based on the value development in the guaranteed portfolio. The PHA agreement assumes an annual exchange statement of the value of the derivative.

In order to limit the risk in the PHA guarantee, a contract guarantee has been concluded with a major Nordic bank in order to reduce this guarantee liability to NOK 100 million. The contract guarantee assumes division of the positive value of the PHA guarantee.

Group 2014			Parent bank 2014		
Fair value			Fair value		
Contract sum	Assets	Liabilities	Contract sum	Assets	Liabilities
Financial derivatives at fair value through profit or loss					
3.1	0.1	0.0	3.1	0.1	0.0
100.2	0.0	23.5	100.2	0.0	23.5
103.3	0.1	23.5	103.3	0.1	23.5
Financial derivatives used for hedge accounting					
727.9	0.0	33.3	727.9	0.0	33.3
500.0	0.1	0.0	500.0	0.1	0.0
0.0	0.0	0.0	0.0	0.0	0.0
1,227.9	0.1	33.3	1,227.9	0.1	33.3
242.0	10.0	0.0	242.0	10.0	0.0
242.0	10.0	0.0	242.0	10.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
252.1	35.8	0.0	0.0	0.0	0.0
252.1	35.8	0.0	0.0	0.0	0.0
6,245.0	558.1	0.0	4,745.0	342.5	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
6,245.0	558.1	0.0	4,745.0	342.5	0.0
604.1	56.8	Total derivatives	352.7	56.8	

*) The amount NOK 10.0 million is the net positive development in guaranteed portfolio as at 31.12.14 after the annual exchange amount has been deducted. The underlying value of the derivative, exclusive of the swap settlement, was positive at NOK 41.4 million as at 31.12.14. As a consequence of the positive value of the PHA guarantee, NOK 18.8 million has been carried to the balance sheet under other obligations in accordance with the contra-guarantee concluded.

NOTE 22 - NETTING RIGHTS OF FINANCIAL INSTRUMENTS

The group's netting rights comply with the general rules in Norwegian legislation. Standardised and mainly bilateral ISDA agreements have been entered into with financial institutions, which give the parties netting rights in the event of any default. Additional agreements for the provision of collateral (CSA) have also been entered into. In accordance with the offsetting disclosure requirements, there has been no offsetting of amounts recognised on the balance sheet.

There are no agreements in the parent bank regarding offsetting rights in the event of defaults, nor have any CSA agreements been entered into.

Group As at 31.12.15, the exposure was as follows:	Gross amount	Offset	Book value amount	Amount subject to net settlement	Amount following any net
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					settlement
Financial derivatives, assets	212.2	0.0	212.2	0.0	212.2
Financial derivatives, liabilities	0.0	0.0	0.0	0.0	0.0

Group	Gross amount	Offset	Book value amount	Amount subject to net settlement	Amount following any net settlement
As at 31.12.14, the exposure was as follows:					
Financial derivatives, assets	251.4	0.0	251.4	0.0	251.4
Financial derivatives, liabilities	0.0	0.0	0.0	0.0	0.0

NOTE 23 - FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities on the balance sheet are measured at fair value, except for loans and receivables, deposits, bonds classified as hold to maturity, borrowing and issued securities.

Valuation of financial assets and liabilities at fair value

General information

The bank uses the following appreciation hierarchy to determine the fair value of financial instruments:

Level 1: Observable trading prices in active markets.

Level 2: Observable trading prices in less active markets or the use of inputs that are either directly or indirectly observable.

Level 3: Valuation techniques not based on observable market data.

Cash and receivables from central banks

Cash and receivables at central banks are placed in level 1. Fair value is based on listed prices in active markets.

Net loans

The fair value of fixed rate loans which are valued at amortised cost on the balance sheet have been valued at discounted cash flows based on current market rates for loans with the same remaining maturity. The fair value of the bank's remaining loan portfolio at floating interest rates is subject to the influence of changes in interest rates and credit margins, but can be repriced with a short deadline. The Financial Contracts Act provides access to repricing within a six-week period (unless there are major changes in the bank's borrowing rate). In the bank's opinion the best estimate for the remaining loan portfolio is that amortised cost is a good approximation of fair value. The fair value of net loans to and receivables from customers is classified in level 3.

The fair value of net loans to and receivables from financial institutions is classified as level 3. These are loans and receivables without terms of duration and fair value is assessed in accordance with the same method as used for the rest of the bank's lending portfolio at variable interest rates.

Certificates and bonds

The bank has valued the certificate portfolio on the basis of sales and observable credit spreads in the market. No certificates have a rating lower than investment grade. With few certificates in the portfolio and short remaining maturity, the valuations are assumed to be reasonably consistent with the valuations made by other parties.

In the valuation of the bank's bond portfolio, we have assessed possible imbalances in the market, and whether there are different motives behind the transactions that have taken place. Price estimates and credit spread assessments have been collected from different independent brokers, as well as assessment prices. The bank has considered and assessed known transaction prices where these have been available.

As a fundamental principle the bank's portfolio is valued based on observable transactions. Where this has not been possible, price estimates or credit spread assessments have been used based on other certificates and bonds with equivalent characteristics and maturities.

The bank believes that the valuation estimates used lie within reasonable intervals for fair value, and that the credit and liquidity risk development has been considered in the use of our judgement where this has been necessary. In the opinion of the bank the prices used represent the best estimate of the securities' fair value.

All of the bank's certificate and bond holdings are placed in the pricing hierarchy's level 2. This is due to the fact that there is insufficient trading in any of the listed instruments for a market price can be read at any given time.

Stocks and units

If there are no listed prices in an active market, alternative valuation techniques are used. Such techniques include the use of the arm's length price of recent market transactions, comparison with the market value of corresponding financial instruments, and the discounting of expected future cash flows. As calibration tests of the feasibility of the estimate of fair value, multiplier models such as the price/book model and the price/profit model are used to check that the valuation models correlate with market data.

If the same information is not available each time valuations are made, an examination is made of whether there have been significant changes in the factors which are important to valuation. Where the changes are small, the fair value is assumed to be unchanged from the previous measurement.

If the fair value of a financial instrument is regarded as clearly unreliable, the instrument is measured at cost price. The fair value of a financial instrument is regarded as clearly unreliable if the following two factors exist: The variability of reasonable value estimates is significant and there is the probability that the various value estimates cannot be assumed to be reliable.

As at 31.12.15, the bank values equity instruments at all levels in the hierarchy. Listed shares that are traded daily are classified as level 1. Other listed shares are classified as level 2. Level 3 consists of shares in local companies and other unlisted undertakings for which alternative valuation techniques are used to determine fair value.

Derivatives

Sparebanken Øst only has derivatives of which the fair value is based on observable yield curves and exchange rates and which are therefore placed at level 2 of the pricing hierarchy.

Liabilities to financial institutions

Liabilities to financial institutions are assessed at level 2. The short time remaining to maturity, together with the repayment profile of the debt, means that fair value is assessed as being equal to the nominal value.

Customer deposits

Customer deposits are classified as level 2. The bank's deposits are mainly with short or no time to maturity and fair value is assessed as being equal to the nominal value.

Securities issued

Securities issued and subordinated loan capital are classified as level 2. These follow the same measurement principles as certificates and bonds on the asset side.

31.12.15 - group	Level 1	Level 2	Level 3	Fair value	Book value
Amortised cost					
Cash and receivables from central banks	378.0	0.0	0.0	378.0	378.0
Net loans to and receivables from financial institutions	0.0	0.0	8.1	8.1	8.1
Net loans to and receivables from customers	0.0	0.0	27,978.2	27,978.2	27,975.8
Certificates, bonds and other interest-bearing securities	0.0	216.0	0.0	216.0	205.6
Total assets at amortised cost	378.0	216.0	27,986.3	28,580.3	28,567.5
Liabilities to financial institutions	0.0	150.3	0.0	150.3	150.3
Deposits from and liabilities to customers	0.0	13,159.3	0.0	13,159.3	13,159.3
Securities issued	0.0	17,092.2	0.0	17,092.2	17,205.3
Subordinated loan capital	0.0	691.9	0.0	691.9	702.9
Total liabilities at amortised cost	0.0	31,093.7	0.0	31,093.7	31,217.8
Fair value					
Certificates, bonds and other interest-bearing securities	0.0	4,554.6	0.0	4,554.6	4,554.6
Stocks, units and other securities					
- at fair value through profit or loss	13.1	19.8	0.0	32.9	32.9
- available for sale	0.0	0.0	445.2	445.2	445.2
Financial derivatives	0.0	494.7	0.0	494.7	494.7
Total assets at fair value	13.1	5,069.1	445.2	5,527.4	5,527.4
Financial derivatives	0.0	68.4	0.0	68.4	68.4
Total liabilities at fair value	0.0	68.4	0.0	68.4	68.4

Movement in level 3	Fair value
Balance sheet as at 01.01.15	428.0
Net gains	0.1
Purchase of shares	0.0
Disposals	1.1

Changes in value	18.2
Transferred from levels 1 and 2	0.0
Balance sheet as at 31.12.15	445.2

Stocks and units

Movement in level 3 in 2015 relates to items classified as available for sale. Disposals in level 3 in 2015 relate to liquidating dividends and the repayment of paid-up capital in connection with the liquidation of a company. The positive value change of NOK 18.2 million is in its entirety the value change recognised in other comprehensive income. The amount includes positive value changes of NOK 17.4 million for Visa Norge FLI and NOK 9.1 million for Frende Holding AS, and a negative value change of NOK 8.3 million for Eksportfinans ASA.

The shares in Frende Holding AS were valued at NOK 210.0 million at the end of 2015. The increase from 2014 reflects a proportion of the value creation in the company that falls to Sparebanken Øst. The holding of shares in Eksportfinans ASA was valued at NOK 200.0 million at the end of 2015. The reduction from 2014 reflects the company's result as at the end of the third quarter of 2015.

In November last year, Via Inc. (USA) announced an agreement to purchase all of the shares in Visa Europe Ltd. Sparebanken Øst has an indirect ownership interest in Visa Europe Ltd through its membership of Visa Norway. The bank's estimate is based on the updated valuation of the ownership interests in Visa Europe Ltd. at the end of the year. The value of the stake in Visa Norway has been set at NOK 17.4 million. The agreement depends on the approval of a number of competition authorities and the increase in value in other comprehensive income at the time of realisation will be recognised as a gain in the ordinary statement of income.

31.12.14 - group	Level 1	Level 2	Level 3	Fair value	Book value
Amortised cost					
Cash and receivables from central banks	481.5	0.0	0.0	481.5	481.5
Net loans to and receivables from financial institutions	0.0	0.0	7.5	7.5	7.5
Net loans to and receivables from customers	0.0	0.0	28,703.4	28,703.4	28,697.8
Certificates, bonds and other interest-bearing securities	0.0	221.4	0.0	221.4	205.8
Total assets at amortised cost	481.5	221.4	28,710.9	29,413.8	29,392.6
Liabilities to financial institutions	0.0	210.5	0.0	210.5	210.5
Deposits from and liabilities to customers	0.0	13,397.0	0.0	13,397.0	13,397.0
Securities issued	0.0	17,746.2	0.0	17,746.2	17,549.9
Subordinated loan capital	0.0	709.2	0.0	709.2	703.1
Total liabilities at amortised cost	0.0	32,062.9	0.0	32,062.9	31,860.5
Fair value					
Certificates, bonds and other interest-bearing securities	0.0	3,904.0	0.0	3,904.0	3,904.0
Stocks, units and other securities					
- at fair value through profit or loss	10.0	19.5	0.0	29.5	29.5
- available for sale	0.0	0.0	428.0	428.0	428.0
Financial derivatives	0.0	604.1	0.0	604.1	604.1
Total assets at fair value	10.0	4,527.6	428.0	4,965.6	4,965.6
Financial derivatives	0.0	56.8	0.0	56.8	56.8
Total liabilities at fair value	0.0	56.8	0.0	56.8	56.8

Movement in level 3	Fair value
Balance sheet as at 01.01.14	627.4
Net gains	147.0
Purchase of shares	0.7
Disposals	256.8
Changes in value	-90.2
Transferred from levels 1 and 2	0.0
Balance sheet as at 31.12.14	428.0

31.12.15 - parent bank	Level 1	Level 2	Level 3	Fair value	Book value
Amortised cost					
Cash and receivables from central banks	378.0	0.0	0.0	378.0	378.0
Net loans to and receivables from financial institutions	0.0	0.0	2,101.3	2,101.3	2,101.3
Net loans to and receivables from customers	0.0	0.0	17,720.4	17,720.4	17,717.9
Certificates, bonds and other interest-bearing securities	0.0	216.0	0.0	216.0	205.6
Total assets at amortised cost	378.0	216.0	19,821.7	20,415.7	20,402.8
Liabilities to financial institutions	0.0	424.8	0.0	424.8	424.8
Deposits from and liabilities to customers	0.0	13,179.5	0.0	13,179.5	13,179.5
Securities issued	0.0	9,490.7	0.0	9,490.7	9,557.4
Subordinated loan capital	0.0	691.8	0.0	691.8	702.9
Total liabilities at amortised cost	0.0	23,786.9	0.0	23,786.9	23,864.6
Fair value					
Certificates, bonds and other interest-bearing securities	0.0	4,554.6	0.0	4,554.6	4,554.6
Stocks, units and other securities					
- at fair value through profit or loss	13.1	19.8	0.0	32.9	32.9
- available for sale	0.0	0.0	445.2	445.2	445.2
Financial derivatives	0.0	282.5	0.0	282.5	282.5
Total assets at fair value	13.1	4,856.9	445.2	5,315.2	5,315.2
Financial derivatives	0.0	68.4	0.0	68.4	68.4
Total liabilities at fair value	0.0	68.4	0.0	68.4	68.4

31.12.14 - parent bank	Level 1	Level 2	Level 3	Fair value	Book value
Amortised cost					
Cash and receivables from central banks	481.5	0.0	0.0	481.5	481.5
Net loans to and receivables from financial institutions	0.0	0.0	2,337.2	2,337.2	2,337.2
Net loans to and receivables from customers	0.0	0.0	18,991.9	18,991.9	18,986.3
Certificates, bonds and other interest-bearing securities	0.0	221.4	0.0	221.4	205.8
Total assets at amortised cost	481.5	221.4	21,329.1	22,032.0	22,010.8
Liabilities to financial institutions	0.0	469.6	0.0	469.6	469.6
Deposits from and liabilities to customers	0.0	13,420.0	0.0	13,420.0	13,420.0
Securities issued	0.0	10,488.3	0.0	10,488.3	10,375.7
Subordinated loan capital	0.0	709.2	0.0	709.2	703.1
Total liabilities at amortised cost	0.0	25,087.1	0.0	25,087.1	24,968.4
Fair value					
Certificates, bonds and other interest-bearing securities	0.0	3,904.0	0.0	3,904.0	3,904.0
Stocks, units and other securities					
- at fair value through profit or loss	10.0	19.5	0.0	29.5	29.5
- available for sale	0.0	0.0	428.0	428.0	428.0

Financial derivatives	0.0	352.7	0.0	352.7	352.7
Total assets at fair value	10.0	4,276.2	428.0	4,714.2	4,714.2
Financial derivatives	0.0	56.8	0.0	56.8	56.8
Total liabilities at fair value	0.0	56.8	0.0	56.8	56.8

NOTE 24 - MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Group as at 31.12.15

	Up to 12 months	Over 12 months	Total
Assets			
Cash and receivables from central banks	378.0	0.0	378.0
Net loans to and receivables from financial institutions	8.1	0.0	8.1
Net loans to and receivables from customers	1,351.7	26,624.1	27,975.8
Securities - held for trading	982.0	3,492.2	4,474.2
Securities - designated at fair value through profit or loss	58.6	54.7	113.3
Financial derivatives	138.9	355.8	494.7
Securities - available for sale	0.0	445.2	445.2
Securities - hold to maturity	0.0	205.6	205.6
Deferred tax asset	0.0	0.0	0.0
Property, plant and equipment	0.0	381.4	381.4
Other assets	32.8	0.0	32.8
Total assets	2,950.1	31,559.0	34,509.1
Liabilities			
Liabilities to financial institutions	60.3	90.0	150.3
Deposits from and liabilities to customers	13,142.9	16.4	13,159.3
Financial derivatives	19.8	48.6	68.4
Securities issued	2,866.1	14,339.2	17,205.3
Deferred tax liability	0.0	10.2	10.2
Other liabilities	201.9	59.7	261.6
Subordinated loan capital	0.0	702.9	702.9
Total liabilities	16,291.0	15,267.0	31,558.0

Call/put loans are distributed by call/put date.

Group as at 31.12.14

	Up to 12 months	Over 12 months	Total
Assets			
Cash and receivables from central banks	481.5	0.0	481.5
Net loans to and receivables from financial institutions	7.5	0.0	7.5
Net loans to and receivables from customers	1,389.7	27,08.1	28,697.8
Securities - held for trading	933.7	2,536.7	3,470.4
Securities - designated at fair value through profit or loss	120.4	342.7	463.1
Financial derivatives	152.4	451.7	604.1
Securities - available for sale	0.0	428.0	428.0
Securities - hold to maturity	0.0	205.8	205.8
Deferred tax asset	0.0	0.0	0.0
Property, plant and equipment	0.0	530.3	530.3
Other assets	117.6	0.0	117.6
Total assets	3,202.8	31,803.3	35,006.1
Liabilities			
Liabilities to financial institutions	60.5	150.0	210.5
Deposits from and liabilities to customers	13,379.2	17.8	13,397.0
Financial derivatives	6.7	50.1	56.8
Securities issued	2,731.8	14,818.1	17,549.9

Deferred tax liability	0.0	20.5	20.5
Other liabilities	220.6	82.0	302.6
Subordinated loan capital	0.0	703.1	703.1
Total liabilities	16,398.8	15,841.6	32,240.4

Call/put loans are distributed by call/put date.

Parent bank as at 31.12.15

	Up to 12 months	Over 12 months	Total
Assets			
Cash and receivables from central banks	378.0	0.0	378.0
Net loans to and receivables from financial institutions	2,101.3	0.0	2,101.3
Net loans to and receivables from customers	993.9	16,724.0	17,717.9
Securities - held for trading	982.0	3,492.2	4,474.2
Securities - designated at fair value through profit or loss	58.6	54.7	113.3
Financial derivatives	114.3	168.2	282.5
Securities - available for sale	0.0	445.2	445.2
Securities - hold to maturity	0.0	205.6	205.6
Investment in subsidiaries	0.0	887.5	887.5
Deferred tax asset	0.0	15.0	15.0
Property, plant and equipment	0.0	77.8	77.8
Other assets	12.0	0.0	12.0
Total assets	4,640.1	22,070.2	26,710.3
Liabilities			
Liabilities to financial institutions	334.8	90.0	424.8
Deposits from and liabilities to customers	13,179.5	0.0	13,179.5
Financial derivatives	19.8	48.6	68.4
Securities issued	1,722.8	7,834.6	9,557.4
Other liabilities	132.7	57.6	190.3
Subordinated loan capital	0.0	702.9	702.9
Total liabilities	15,389.6	8,733.7	24,123.3

Call/put loans are distributed by call/put date.

Parent bank as at 31.12.14

	Up to 12 months	Over 12 months	Total
Assets			
Cash and receivables from central banks	481.5	0.0	481.5
Net loans to and receivables from financial institutions	2,337.2	0.0	2,337.2
Net loans to and receivables from customers	1,027.7	17,958.6	18,986.3
Securities - held for trading	933.7	2,536.7	3,470.4
Securities - designated at fair value through profit or loss	120.4	342.7	463.1
Financial derivatives	129.7	223.0	352.7
Securities - available for sale	0.0	428.0	428.0
Securities - hold to maturity	0.0	205.8	205.8
Investment in subsidiaries	0.0	887.3	887.3
Deferred tax asset	0.0	11.1	11.1
Property, plant and equipment	0.0	80.5	80.5
Other assets	19.1	0.0	19.1
Total assets	5,049.3	22,673.7	27,723.0
Liabilities			
Liabilities to financial institutions	319.6	150.0	469.6
Deposits from and liabilities to customers	13,420.0	0.0	13,420.0
Financial derivatives	6.7	50.1	56.8
Securities issued	2,220.2	8,155.5	10,375.7
Other liabilities	138.5	82.0	220.5
Subordinated loan capital	0.0	703.1	703.1
Total liabilities	16,105.0	9,140.7	25,245.7

Call/put loans are distributed by call/put date.

NOTE 25 - ACCOUNT WITH GROUP COMPANIES

The posts below show transactions and balances that the parent company has with subsidiaries.

	31.12.15	31.12.14
Profit/loss		
Interest income and similar income		
Interest income from subsidiaries	47.9	68.4
Interest certificates and covered bonds from subsidiaries	2.0	10.2
Interest costs and similar costs		
Interest and commission to subsidiaries	3.0	4.1
Dividend/group contribution receipts		
Dividends from subsidiaries	90.0	60.0
Commission income and income from banking services		
Other operating income from subsidiaries	14.9	14.8
Other operating costs		
Rent to subsidiaries	8.2	7.8
Other costs to subsidiaries	0.2	0.2
Balance sheet		
Loans to and receivables from financial institutions		
Loans to subsidiaries	2,093.1	2,329.7
Loans to and receivables from customers		
Loans to subsidiaries	186.2	378.8
Certificates, bonds and other interest-bearing securities		
Investment in covered bonds in subsidiaries	0.0	0.0
Prepaid non-accrued costs and earned but not received income		
Other receivables	1.1	1.1
Liabilities to financial institutions		
Deposits from subsidiaries	274.5	259.1
Customer deposits		
Deposits from subsidiaries	38.8	43.6
Other liabilities		
Other liabilities to subsidiaries	5.9	4.0

NOTE 26 - NET INTEREST AND CREDIT COMMISSION INCOME

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
3.9	8.5	Interest income and similar income from loans to and receivables from financial institutions	46.0	63.8
1.6	1.8	Interest income and similar income from financial leases	0.0	0.0
1,056.4	1,223.7	Interest income and similar income from loans to and receivables from customers	645.2	767.8
8.3	8.3	Interest income and similar income from bonds held to maturity	8.3	8.3
		Interest income and similar income from financial assets that are written down		
0.0	0.0	Loans to and receivables from financial institutions	0.0	0.0
21.1	22.2	Loans to and receivables from customers	14.1	15.5
0.5	0.0	Other interest income and similar income	0.1	0.0
1,091.8	1,264.5	Total interest income and similar income for instruments at amortised cost	713.7	855.4
70.9	71.2	Interest income and similar income from certificates, bonds, etc. held for trading	72.9	81.4
4.3	14.7	Interest income and similar income from certificates, bonds, etc. designated at fair value	4.3	14.7
75.2	85.9	Total interest income and similar income for instruments at fair value through profit or loss	77.2	96.1
1,167.0	1,350.4	Interest income and similar income	790.9	951.5
8.0	15.4	Interest costs and similar costs for liabilities to financial institutions	10.9	19.0
194.9	269.1	Interest costs and similar costs for deposits from and liabilities to customers	194.6	268.9
337.6	416.8	Interest costs and similar costs for securities issued	202.0	258.1
28.5	31.8	Interest costs and similar costs for subordinated loan capital	28.5	31.8
11.3	10.4	Other interest costs and similar costs	11.3	10.4
580.3	743.5	Interest costs and similar costs for instruments at amortised cost	447.3	588.2
586.7	606.9	Net interest and credit commission income	343.6	363.3

Average interest rates and average interest-bearing assets and liabilities in the period

Group 2015		Group 2014		Parent bank 2015		Parent bank 2014	
Avg. int. bearing balance	Avg. interest rate, %	Avg. int. bearing balance	Avg. interest rate, %	Avg. int. bearing balance	Avg. interest rate, %	vg. int. bearing balance	Avg. interest rate, %
Assets							
429.6	0.91	584.7	1.45	2,441.7	1.88	2,849.6	2.24
27,832.1	3.88	27,387.8	4.56	17,972.9	3.67	17,769.0	4.41
4,274.3	1.95	3,977.6	2.37	4,383.7	1.95	4,289.3	2.43
Liabilities							
186.6	4.31	465.4	3.30	440.9	2.47	677.5	2.81
13,242.8	1.47	12,818.2	2.10	13,259.6	1.47	12,837.5	2.09
17,250.9	2.12	17,130.5	2.62	9,988.3	2.31	10,300.0	2.81

*Incl. receivables from central banks.

Average interest rate is calculated by dividing interest income recognised in year by average balance.

NOTE 27 - DIVIDENDS AND OTHER INCOME FROM SECURITIES WITH VARIABLE YIELDS

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
0.9	0.6	Dividends from equity instruments valued at fair value through profit or loss	0.9	0.6
0.4	6.7	Dividends from equity instruments classified as available for sale	0.4	6.7
0.0	0.0	Dividends and group contributions from subsidiaries.	90.0	60.0
1.3	7.3	Dividends and other operating income from securities with variable yields	91.3	67.3

NOTE 28 - NET COMMISSION INCOME

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
3.5	6.1	Fees, guarantees and letters of credit	3.5	6.1
0.0	0.0	Fees, credit extension	12.7	12.8
49.8	49.3	Fees, money-transfer services	49.8	49.3
1.5	1.6	Interbank charges	1.5	1.6
2.8	2.5	Securities trading and management charges	2.8	2.5
13.7	14.0	Insurance charges	13.7	14.0
8.5	8.1	Other fees and commission income	5.7	5.8
79.8	81.6	Total commission income, etc.	89.7	92.1
28.5	32.1	Brokerage commission	6.4	6.2
6.5	7.2	Payment and electronic services	7.0	7.7
2.9	3.0	Interbank costs	2.9	3.0
1.3	1.4	Other commission costs	1.3	1.4
39.2	43.7	Total commission costs, etc.	17.6	18.3
40.6	37.9	Net commission income, etc.	72.1	73.8

NOTE 29 - NET VALUE CHANGE AND GAINS/LOSSES FROM FINANCIAL INSTRUMENTS**Recognised in the statement of income**

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
		Value change and gains/losses on financial instruments at fair value through profit or loss		
-3.5	0.8	Value change of certificates and bonds - designated at fair value	-3.6	0.8
6.2	1.8	Realised gains/losses on certificates and bonds - designated at fair value	0.9	-0.2
2.7	2.6	Net value change and gains/losses on financial instruments designated at fair value	-2.7	0.6
0.2	5.5	Value change in equity instruments - held for trading	0.2	5.5
0.0	0.0	Realised gains/losses on equity instruments - held for trading	0.0	0.0
-51.7	12.3	Value change in certificates and bonds - held for trading	-51.7	12.4
-2.1	2.3	Realised gains/losses on certificates and bonds - held for trading	-2.1	2.3
-5.0	-11.5	Change in value of derivatives - hedge accounting not used	-5.0	-11.5

-0.6	0.5	Realised gains/losses on derivatives - hedge accounting not used	-0.8	0.5
-59.2	9.1	Net value change and gains/losses on financial instruments held for trading	-59.4	9.2
-56.5	11.7	Net value change and gains/losses on financial instruments at fair value	-62.1	9.8
-88.4	310.3	Financial derivatives - hedge accounting	-47.7	141.9
88.4	-310.3	Financial liabilities - hedged	47.7	-141.9
0.0	0.0	Total net hedged items*	0.0	0.0
		Net value change and gains/losses on financial instruments available for sale		
0.0	0.0	Write-downs of equity instruments - available for sale	0.0	0.0
0.1	147.0	Realised gains/losses on equity instruments - available for sale	0.1	147.0
0.1	147.0	Net value change and gains/losses on financial instruments available for sale	0.1	147.0
		Net value change and gains/losses on financial instruments held to maturity		
0.0	0.0	Realised gains/losses on certificates and bonds	0.0	0.0
0.0	0.0	Net value change and gains/losses on financial instruments held to maturity	0.0	0.0
		Value change and gains/losses on financial instruments at amortised cost		
-4.2	-9.9	Realised gains/losses on securities issued - amortised cost	-2.2	-8.0
-4.2	-9.9	Net realised gains/losses on securities issued - amortised cost	-2.2	-8.0
		Currency trading		
14.9	9.3	- Net conversion gain	14.9	9.3
3.0	2.1	- Net transaction gain	3.0	2.1
17.9	11.4	Total net income from currency trading	17.9	11.4
-42.7	160.2	Net value changes and gains/losses on financial instruments	-46.3	160.2

* For hedged financial liabilities, the hedged risk is measured at fair value, while the rest of the instrument is measured at amortised cost. Hedging derivatives are measured at fair value. The group uses hedge accounting on fixed rate bond loans and bond loans in foreign currency. The loans are hedged on a one-to-one basis.

See also note 27 for dividends and other operating income from securities with variable yields.

Recognised in other comprehensive income

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
		Value change in financial instruments available for sale		
18.2	-90.2	Value change in equity instruments through other comprehensive income - available for sale*	18.2	-90.2
18.2	-90.2	Net value change in financial instruments available for sale	18.2	-90.2

* See also note 23 for a more detailed description regarding value changes in equity instruments through other comprehensive income, available for sale category.

NOTE 30 - OTHER OPERATING INCOME

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
14.3	27.2	Rental income investment properties	0.0	0.0
6.2	6.6	Operating income, real estate	1.2	1.5
35.6	1.2	Profit from sale of real estate	0.0	0.0
4.9	5.5	Other operating income	3.5	4.3
61.0	40.5	Other operating income	4.7	5.8

NOTE 31 - SALARIES AND OTHER REMUNERATION

Group 2015	Group 2014	Amounts in NOK 1,000s	Parent bank 2015	Parent bank 2014
123,695	120,419	Salaries	103,444	101,176
19,250	19,156	National insurance contributions	16,016	16,020
		Pensions		
11,552	9,149	- defined-benefit	9,991	7,869
4,083	3,907	- defined-contribution	3,657	3,500
8,229	9,316	Social security costs	6,733	7,536
166,809	161,947	Total salaries, etc.	139,841	136,101
226	225	No. of full-time equivalents as at 31.12.	196	195
237	234	No. of employees as at 31.12.	206	202
224	225	Average no. of full time equivalents	194	194
231	233	Average no. of employees	200	202

Remuneration 2015 - parent bank

The CEO's remuneration totalled NOK 2,659,867. The retirement age of the CEO is 67. The CEO is a member of the bank's defined-benefit pension scheme and earns pension rights in the same way as other employees. If the CEO decides to leave the bank, no severance pay will be due in excess of the salary agreed for the notice period of 6 months. If the bank terminates the CEO's employment, the CEO has the right to claim severance pay for 3 years from the termination date. The salary basis is the annual salary at the time of termination. Apart from this no employee or employee representative has severance pay or subscription rights, options, or bonus agreements. No additional remuneration for special services in addition to the normal functions of a manager has been paid.

Remuneration of executive management team and executive personnel in 2015

Amounts in NOK 1,000s		Remuneration	Salaries	Pension	Paid, one-off supplement	Payment in kind	Total	Earned, not paid one-off supplement	Loans
Pål Strand	CEO		2,328	194		137	2,660		1,089
Kjell Engen	Deputy CEO		1,841	263		175	2,279		1,644
Lars-Runar Groven	Director - Credit		1,009	182		124	1,314		2,453
Per Øyvind Mørk	Director - Communications and Marketing		1,409	100		121	1,630		
Kristian Thowsen	Director - Business Market until 28.04.15		1,107	107		129	1,344		3,099
Jan-Roger Vrabøl	Director - Retail and Business Markets		1,178	104		134	1,416		3,729
Arnljot Lien	Director - IT and Business Support from 14.09.15		790	162		152	1,104		1,595
Total executive management team		0	9,663	1,112	0	972	11,747	0	13,609
Halvor Kirkebøen	Head of Management and Control Department		1,092	80		175	1,347		2,564
Total executive personnel		0	1,092	80	0	175	1,347	0	2,564

The executive management team and executive personnel are covered by the bank's general interest rate subsidised loans scheme for employees. The interest rates are lower than the rates that give rise to taxable benefits for the employees. The loan limit for interest rate subsidised loans was NOK 3.5 million in 2015. The limits for the CEO and Deputy CEO were NOK 5.5 million and NOK 4.5 million respectively. Members of the board and other control bodies have loans on ordinary terms. The subsidy costs linked to the interest rate subsidy scheme for loans to employees are not recognised as operating costs and affect the bank's net interest income.

Remuneration, board of directors 2015

Amounts in NOK 1,000s		Remuneration	Salaries	Pension	Paid profit sharing	Payment in kind	Total	Loans
Jorund Rønning Indrelid	Chair	216						
Knut Smedsrud	Deputy Chair	150						
Morten André Yttreide	Board member	100						
Sverre Nedberg	Board member	141						
Elly Therese Thoresen	Board member	125						
Hanne M. Lenes Solem	Board member	126						

Øivind Andersson	Board member	65						
Inger Helen Pettersen	Employee representative	101	563	125		29	819	2,322
Sissel Album Fjeld	Deputy employee representative	50	503	63		30	646	4,180
Total board of directors		1,074	1,066	189	0	59	1,464	6,502

Remuneration, other elected representatives 2015

Amounts in NOK 1,000s		Remuneration	Salaries	Pension	Paid profit sharing	Payments in kind	Total	Loans
Eli Kristin Nordsiden	Chair of the control committee	45					45	
Randi H. Sandli	Member of the control committee	40					40	
Sjur Kortgaard	Member of the control committee	40					40	1,542
Oddmar Nilsen	Member of the control committee							805
Total control committee		125	0	0	0	0	125	2,347
Frank Borgen	Chair of the board of trustees	50					50	781
May-Britt Andersen	Member of the board of trustees	6					6	
Bent Inge Bye	Member of the board of trustees	9					9	
Rolf Arne Fjelltoft	Employee representative	4	863	118		34	1,019	3,466
Øivind Granlund	Member of the board of trustees	4					4	
Kåre J. Grøtta	Member of the board of trustees	19					19	6,376
Thomas F. Halvorsen	Member of the board of trustees	7					7	2,744
Ole B. Hoen	Member of the board of trustees	2					2	
Helle Elisabeth Hofgaard	Member of the board of trustees	2					2	
Anne Enberg Jensen	Employee representative	2	306	28		25	361	2,201
Anne Siri Rhoden Jensen	Employee representative	9	875	154		100	1,138	1,572
Iver A. Juel	Member of the board of trustees	4					4	
Steinar Karlsen	Member of the board of trustees	4					4	
Brynulf Kopperud	Employee representative	2	528	71		18	618	900
Vegard Kvamme	Employee representative	4	897	122		145	1,167	3,281
Jørn Larsen	Member of the board of trustees	4					4	
Thor-Kristian Lien	Member of the board of trustees	2					2	
Frode Lindbeck	Employee representative	4	894	105		149	1,152	987
Lars M. Lunde	Member of the board of trustees	2					2	
Anne Irene Lunden	Employee representative	4	647	51		10	711	81
Frode Lund Nielsen	Member of the board of trustees							2,435
Borghild Nordlid	Member of the board of trustees	2					2	
Kristin Nystrom	Member of the board of trustees	4					4	
Geir Opdahl	Employee representative	4	469	25		38	537	4,702
Nina Paulsen	Member of the board of trustees	7					7	
Petter Qvam	Member of the board of trustees	4					4	
Morten Ranvik	Member of the board of trustees	4					4	843
Camilla Schenk	Employee representative	4	336	21		25	385	1,766
Jan Christian Skau	Employee representative	9	692	80		25	806	1,668
Ole-Martin Solberg	Employee representative	12	534	28		27	601	1,750
Nils Kr. Steenberg	Member of the board of trustees	4					4	
Tom R. Svendsen	Member of the board of trustees	7					7	
Svein L. Syversen	Member of the board of trustees	4					4	
Turid Solberg								
Thomassen	Member of the board of trustees	4					4	
Øyvind Thorsby	Member of the board of trustees	4					4	
Morten Wang	Employee representative	2	652	38		10	701	74
Jon Aas	Member of the board of trustees	9					9	2,703
Total board of trustees		226	7,691	841	0	605	9,363	38,330

Remuneration of executive management team and executive personnel in 2014

Amounts in NOK 1,000s		Remuneration*	Salaries	Pension	Paid, one-off supplement	Payment in kind	Total	Earned, not paid one-off supplement	Loans
Pål Strand	CEO		2,216	223	100	138	2,678		1,171
Kjell Engen	Deputy CEO		1,757	304	68	135	2,264		1,956
Lars-Runar Groven	Director - Credit		951	203	27	125	1,306		2,499

Anne Siri Rhoden Jensen	Director HR	10	859	173	18	125	1,185	1,699
Per Øyvind Mørk	Director - Communications and Marketing		1,364	102	36	143	1,644	
Kristian Thowsen	Director - Business Market		1,038	112	10	117	1,278	3,235
Jan-Roger Vrabøl	Director - Retail Market		1,135	107	31	157	1,430	3,565
Total executive management team		10	9,320	1,224	290	940	11,785	14,126
Halvor Kirkebøen	Head of Management and Control Department		1,097	80		197	1,374	2,680
Total executive personnel		0	1,097	80	0	197	1,374	2,680

* Remuneration paid to members of the executive management team relates to nomination committee posts. The executive management team and executive personnel are covered by the bank's general interest rate subsidised loans scheme for employees. The interest rates are lower than the rates that give rise to taxable benefits for the employees. The loan limit for interest rate subsidised loans was NOK 2 million in 2014. The limits for the CEO and Deputy CEO were NOK 4 million and NOK 3 million respectively. Members of the board and other control bodies have loans on ordinary terms. The subsidy costs linked to the interest rate subsidy scheme for loans to employees are not recognised as operating costs and affect the bank's net interest income.

Remuneration, board of directors 2014

Amounts in NOK 1,000s		Remuneration	Salaries	Pension	Paid profit sharing	Payment in kind	Total	Loans
Jorund Rønning Indrelid	Chair	200				9	209	
Knut Smedsrud	Deputy Chair	175				8	183	2,187
Morten André Yttreide	Board member	100				7	107	
Sverre Nedberg	Board member	141				9	150	
Roar Norheim Larsen	Board member	100				9	109	
Elly Therese Thoresen	Board member	100					100	
Hanne M. Lenes Solem	Board member	126				8	134	
Inger Helen Pettersen	Employee representative	100	546	62	12	34	754	2,370
Sissel Album Fjeld	Deputy employee representative	105	501	58	12	23	699	
Total board of directors		1,147	1,047	120	25	107	2,445	4,557

Remuneration, other elected representatives 2014

Amounts in NOK 1,000s		Remuneration	Salaries	Pension	Paid profit sharing	Payments in kind	Total	Loans
Øivind Andersson	Chair of the control committee	65					65	
Randi H. Sandli	Member of the control committee	40					40	

Eli Kristin Nordsiden	Member of the control committee	45					45	
Sjur Kortgaard	Member of the control committee	40					40	819
Total control committee		190					190	819
Frank Borgen	Chair of the board of trustees	50					50	821
May-Britt Andersen	Member of the board of trustees	6					6	
Bent Inge Bye	Member of the board of trustees	8					8	
Siren Coward	Employee representative	4	765	126	12	25	932	2,587
Dag Fjeld Edvardsen	Member of the board of trustees	4					4	
Inger Haug Fjerdingsstad	Member of the board of trustees	4					4	
Øivind Granlund	Member of the board of trustees	4					4	
Kåre J. Grøtta	Member of the board of trustees	15					15	10,842
Arne Gundersen	Member of the board of trustees	4					4	
Thomas F. Halvorsen	Member of the board of trustees	8					8	2,455
Asbjørn R. Hansen	Member of the board of trustees	4					4	
Helle Elisabeth Hofgaard	Member of the board of trustees	4					4	
Jack A. Humlebekk	Member of the board of trustees	4					4	
Iver A. Juel	Member of the board of trustees	4					4	
Steinar Karlsen	Member of the board of trustees	4					4	
Bernt K. Krabberød	Member of the board of trustees	4					4	
Vegard Kvamme	Employee representative	4	872	119	12	135	1,143	3,325
Jørn Larsen	Member of the board of trustees	4					4	
Thor-Kristian Lien	Member of the board of trustees	10					10	
Frode Lindbeck	Employee representative	4	885	128	12	147	1,176	981
Lars M. Lunde	Member of the board of trustees	2					2	
Anne Irene Lunden	Employee representative	4	652	81	12	10	759	86
Frode Lund Nielsen	Member of the board of trustees	4					4	2,508
Kristin Nystrøm	Member of the board of trustees	2					2	
Borghild M. Dahler Nordlid	Member of the board of trustees	6					6	
Geir Opdahl	Employee representative	4	464	25	12	26	531	3,735
Rune Paule	Employee representative	4	503	54	12	24	597	1,893
Petter Qvam	Member of the board of trustees	4					4	
Gunnvor Ramnefjell	Member of the board of trustees	4					4	
Morten Ranvik	Member of the board of trustees	4					4	559
Nils Johan Rønniksen	Member of the board of trustees	2					2	
Gunnar Sanden	Employee representative	4	647	75	12	26	764	981
Marianne Seip	Member of the board of trustees	4					4	197
Jan Christian Skau	Employee representative	10	687	108	12	24	842	1,722
Ole-Martin Solberg	Employee representative	8	532	26	12	25	604	1,997
Nils Kr. Steenberg	Member of the board of trustees	4					4	256
Tom R. Svendsen	Member of the board of trustees	6					6	
Svein L. Syversen	Member of the board of trustees	4					4	
Turid Solberg Thomassen	Member of the board of trustees	4					4	
Øyvind Thorsby	Member of the board of trustees	4					4	
Kari Solberg Økland	Member of the board of trustees	4					4	
Andreas E. Øvrum	Member of the board of trustees	4					4	
Jon Aas	Member of the board of trustees	4					4	2,779
Total board of trustees		253	6,008	741	111	442	7,554	37,723

NOTE 32 - CLOSE ASSOCIATES

Executive management
team and executive
personnel

Board of directors
and control
committee

Other close
associates

Amounts in NOK 1,000s	2015	2014	2015	2014	2015	2014
Loans						
Outstanding loans as at 01.01.	16,806	11,637	5,376	3,059	37,723	28,799
Net change in loans in the period	-3,731	5,169	3,473	2,317	607	8,924
Outstanding loans as at 31.12.	13,075	16,806	8,849	5,376	38,330	37,723
Interest income	281	331	176	116	932	986
Loan losses	0	0	0	0	0	0
Deposits						
Deposits as at 01.01.	2,946	3,556	7,025	6,541	13,859	14,068
Net change in deposits in the period	-72	-610	5,437	484	-306	-209
Deposits as at 31.12.	2,874	2,946	12,462	7,025	13,553	13,859
Interest costs	35	48	185	210	250	389
Other operating income	0	0	0	0	0	0
Guarantees issued	0	0	0	5,250	0	0

NOTE 33 - OTHER OPERATING COSTS

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
5.4	2.9	Operating costs - investment properties	0.0	0.0
1.7	2.2	Operating costs - real estate	1.5	1.8
45.6	53.7	Other operating costs	41.9	48.4
52.7	58.8	Other operating costs	43.4	50.2

NOTE 34 - AUDITOR'S REMUNERATION

Group 2015	Group 2014	Amounts in NOK 1,000s	Parent bank 2015	Parent bank 2014
2,272	2,248	Audit	1,375	1,350
109	139	Other certification services	0	0
198	210	Tax and levies advice	103	130
867	661	Other services	365	277
3,446	3,258	Total	1,843	1,757

The amounts are inclusive of VAT.

NOTE 35 - TAXES

Group 2015	Group 2014	Parent bank 2015	Parent bank 2014
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Tax costs for the year in the statement of income

95.2	100.0	Tax payable on profit for the year	48.2	51.6
-11.0	3.3	Recognised deferred tax	-12.7	4.2
-0.2	0.0	Recognised deferred tax due to change in tax rate	1.8	0.0
-0.3	0.1	Excess/deficit tax, previous year	0.0	0.1
0.0	1.0	Tax deducted at source	0.0	1.0
83.7	104.4	Total tax for the year	37.3	56.9
Tax on other operating income and costs recognised in other comprehensive income				
Change in net deferred tax				
8.0	-12.3	- Actuarial gains and losses on defined-benefit plans	7.4	-11.3
0.1	0.0	- Change in investments available for sale	0.1	0.0
-0.6	0.0	- Change in deferred tax, effect of changed tax rate	-0.6	0.0
7.5	-12.3	Tax on other operating income and costs	6.9	-11.3
Change in net deferred tax				
-11.2	3.3	Recognised deferred tax in statement of income	-10.9	4.2
7.5	-12.3	Recognised deferred tax in other comprehensive income	7.0	-11.3
-6.6	0.0	Changes in net deferred tax entered directly on the balance sheet	0.0	0.0
-10.3	-9.0	Total changes in net deferred tax	-3.9	-7.1
Reconciliation of tax costs for the year				
339.7	533.1	Profit before tax	219.4	417.5
91.7	143.9	Tax at the nominal rate of 27%	59.2	112.7
-7.5	-40.6	Tax effect of permanent differences	-23.7	-56.9
-0.2	0.0	Tax effect of changed tax rate from 27% to 25% for deferred tax on the balance sheet	1.8	0.0
-0.3	0.1	Excess/deficit tax, previous year	0.0	0.1
0.0	1.0	Tax deducted at source	0.0	1.0
83.7	104.4	Tax costs	37.3	56.9
Tax payable on the balance sheet				
95.2	100.0	Tax payable on profit for the year	48.2	51.6
3.2	5.5	Year's property tax	3.2	5.5
98.4	105.5	Total tax payable	51.4	57.1

Group		Group		Deferred tax liability/deferred tax asset	Parent bank		Parent bank	
2015	2014	Change	Change		2015	2014	Change	Change
		2015	2014				2015	2014
Positive temporary differences								
64.8	85.7	20.9	7.5	Property, plant and equipment	3.0	2.5	-0.5	-2.7
37.7	41.4	3.7	-4.7	Gains and losses account	1.3	1.6	0.3	0.4
19.3	59.4	40.1	-34.7	Securities	19.3	59.4	40.1	-33.0
346.6	420.6	74.0	-284.5	Financial derivatives	157.2	226.5	69.3	-120.8
0.0	0.1	0.1	-0.1	Other positive temporary differences	0.0	0.0	0.0	0.0
468.4	607.2	138.8	-316.5	Total positive temporary differences	180.8	290.0	109.2	-156.1
117.1	163.9	37.5	-85.5	Deferred tax liability	45.2	78.3	29.5	-42.1
Negative temporary differences and loss to carry forward								
0.2	0.0	-0.2	0.1	Receivables	0.0	0.0	0.0	0.0
361.6	436.4	74.8	-295.5	Securities issued	177.9	242.3	64.4	-131.8
6.2	7.6	1.4	-4.9	Other liabilities	5.1	6.7	1.6	-4.3
59.7	87.1	27.4	-49.5	Pension liabilities	57.6	82.0	24.4	-46.1
0.0	0.2	0.2	0.0	Losses carried forward	0.0	0.0	0.0	0.0
427.7	531.3	103.6	-349.8	Total negative temporary differences and loss to carry forward	240.6	331.0	90.4	-182.2
106.9	143.5	28.0	-94.4	Deferred tax asset	60.2	89.4	24.4	-49.2
-10.2	-20.5	-9.5	-9.0	Net deferred tax liability (-) / net deferred tax asset (+)	15.0	11.1	-5.1	-7.1

The deferred tax liability/deferred tax assets as at 31.12.15 was recognised based on the future tax rate of 25 per cent versus 27 per cent in previous years.

Deferred tax assets are in their entirety recognised on the balance sheet when the group expects to be able to utilise this in the future.

NOTE 36 - CERTIFICATES AND BONDS

Certificates and bonds by issuing sector and category as at 31.12.15 - group

	Fair value through profit or loss		Available for sale		Hold to maturity	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Book value
State and state guaranteed	638.0	648.0	0.0	0.0	200.0	205.6
Other public issuers	799.6	810.5	0.0	0.0	0.0	0.0
Covered bonds	2,397.7	2,396.2	0.0	0.0	0.0	0.0
Financial enterprises	677.0	674.5	0.0	0.0	0.0	0.0
Non-financial enterprises	25.0	25.4	0.0	0.0	0.0	0.0
Total certificates and bonds	4,537.3	4,554.6	0.0	0.0	200.0	205.6

Certificates and bonds by issuing sector and category as at 31.12.15 - parent bank

	Fair value through profit or loss		Available for sale		Hold to maturity	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Book value
State and state guaranteed	638.0	648.0	0.0	0.0	200.0	205.6
Other public issuers	799.6	810.5	0.0	0.0	0.0	0.0
Covered bonds	2,397.7	2,396.2	0.0	0.0	0.0	0.0
Financial enterprises	677.0	674.5	0.0	0.0	0.0	0.0
Non-financial enterprises	25.0	25.4	0.0	0.0	0.0	0.0
Total certificates and bonds	4,537.3	4,554.6	0.0	0.0	200.0	205.6

Certificates and bonds by issuing sector and category as at 31.12.14 - group

	Fair value through profit or loss		Available for sale		Hold to maturity	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Book value
State and state guaranteed	488.0	506.1	0.0	0.0	200.0	205.8
Other public issuers	560.0	572.8	0.0	0.0	0.0	0.0
Covered bonds	2,368.5	2,412.1	0.0	0.0	0.0	0.0
Financial enterprises	299.7	312.7	0.0	0.0	0.0	0.0
Non-financial enterprises	100.0	100.3	0.0	0.0	0.0	0.0
Total certificates and bonds	3,816.2	3,904.0	0.0	0.0	200.0	205.8

Certificates and bonds by issuing sector and category as at 31.12.14 - parent bank

	Fair value through profit or loss		Available for sale		Hold to maturity	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Book value
State and state guaranteed	488.0	506.1	0.0	0.0	200.0	205.8
Other public issuers	560.0	572.8	0.0	0.0	0.0	0.0
Covered bonds	2,368.5	2,412.1	0.0	0.0	0.0	0.0
Financial enterprises	299.7	312.7	0.0	0.0	0.0	0.0
Non-financial enterprises	100.0	100.3	0.0	0.0	0.0	0.0
Total certificates and bonds	3,816.2	3,904.0	0.0	0.0	200.0	205.8

Certificates and bonds by maturity as at 31.12.15 - group

	Accrued interest	Up to 6 months	6-12 months	1-5 years	5-10 years	Total
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State and state guaranteed	8.3	0.0	40.0	676.0	129.3	853.6
Other public issuers	5.9	480.0	135.7	188.9	0.0	810.5
Covered bonds	3.7	119.6	80.1	1,776.4	416.4	2,396.2
Financial enterprises	2.1	41.9	70.3	560.2	0.0	674.5
Non-financial enterprises	0.4	25.0	0.0	0.0	0.0	25.4
Total certificates and bonds	20.4	666.5	326.1	3,201.5	545.7	4,760.2

Certificates and bonds by maturity as at 31.12.15 - parent bank

	Accrued interest	Up to 6 months	6-12 months	1-5 years	5-10 years	Total
State and state guaranteed	8.3	0.0	40.0	676.0	129.3	853.6
Other public issuers	5.9	480.0	135.7	188.9	0.0	810.5
Covered bonds	3.7	119.6	80.1	1,776.4	416.4	2,396.2
Financial enterprises	2.1	41.9	70.3	560.2	0.0	674.5
Non-financial enterprises	0.4	25.0	0.0	0.0	0.0	25.4
Total certificates and bonds	20.4	666.5	326.1	3,201.5	545.7	4,760.2

Certificates and bonds by maturity as at 31.12.14 - group

	Accrued interest	Up to 6 months	6-12 months	1-5 years	5-10 years	Total
State and state guaranteed	9.2	0.0	50.0	652.7	0.0	711.9
Other public issuers	4.4	325.2	100.2	143.0	0.0	572.8
Covered bonds	4.8	195.4	225.8	1,532.8	453.3	2,412.1
Financial enterprises	1.4	0.0	25.2	214.1	72.0	312.7
Non-financial enterprises	0.3	100.0	0.0	0.0	0.0	100.3
Total certificates and bonds	20.1	620.6	401.2	2,542.6	525.3	4,109.8

Certificates and bonds by maturity as at 31.12.14 - parent bank

	Accrued interest	Up to 6 months	6-12 months	1-5 years	5-10 years	Total
State and state guaranteed	9.2	0.0	50.0	652.7	0.0	711.9
Other public issuers	4.4	325.2	100.2	143.0	0.0	572.8
Covered bonds	4.8	195.4	225.8	1,532.8	453.3	2,412.1
Financial enterprises	1.4	0.0	25.2	214.1	72.0	312.7
Non-financial enterprises	0.3	100.0	0.0	0.0	0.0	100.3
Total certificates and bonds	20.1	620.6	401.2	2,542.6	525.3	4,109.8

Modified duration

	Group	Parent bank
State and state guaranteed	0.96	0.96
Other public issuers	0.30	0.30
Covered bonds	0.16	0.16
Financial enterprises	0.09	0.09
Non-financial enterprises	0.02	0.02
Total duration	0.32	0.32

Modified duration is used as a measure of interest rate sensitivity for issuer sectors and categories.

NOTE 37 - SHARES AND EQUITY CERTIFICATES

Specification of shares and equity certificates as at 31.12.15

	No. of shares	Stake in %	Book cost	Fair value
Fair value through profit or loss				
Ringerike Sparebank	6,650	0.05	0.9	1.2
Visa Inc.	18,956	0.00	2.0	13.1
Voss Veksel- og Landmandsbank ASA	155,020	8.16	18.2	18.6
Total at fair value through profit or loss			21.1	32.9
Available for sale				
BankAxept AS	560	0.56	0.3	0.3
Bankenes ID-tjeneste AS	6,700	6.70	0.0	0.0
BankID Norge AS	260	0.52	0.4	0.4
Eiendomskreditt AS	126,594	4.12	12.7	12.7
Eksportfinans ASA	12,787	4.84	139.4	200.0
Frende Holding AS	891,491	13.19	107.3	210.0
Kredittforeningen for Sparebanker	2,760	5.52	2.8	2.8
Norne Eierselskap	4,553,571	2.55	1.3	1.3
Sparebankmaterieil AS	302	0.96	0.0	0.0
Visa Norge (FLI)			17.4	17.4
Total available for sale			281.6	444.8
Cost				
Other shares			0.4	0.4
Total cost			0.4	0.4
Total shares and equity certificates			303.1	478.1

NOTE 38 - OWNERSHIP INTERESTS IN GROUP COMPANIES

Subsidiaries	Acquisition date	Business office	Stake	Number of votes
Sparebanken Øst Eiendom AS	29.12.88	Drammen	100%	100%
AS Finansiering	01.10.91	Oslo	100%	100%
Øst Prosjekt AS	22.12.97	Drammen	100%	100%
Sparebanken Øst Boligkreditt AS	14.04.09	Drammen	100%	100%
Havø Eiendom AS*	01.07.11	Drammen	100%	100%
Arbeidergata 28 AS*	29.08.12	Drammen	100%	100%
Krokstad Terrasse AS*	29.08.12	Drammen	100%	100%
Stasjonsgata 14 AS*	29.08.12	Drammen	100%	100%
Tollbugt 49-51 AS*	29.08.12	Drammen	100%	100%
Ingeniør Rybergsgate 101 AS*	15.07.14	Drammen	100%	100%
Borreveien 44 AS**	28.10.14	Drammen	100%	100%

* 100% owned subsidiary of Sparebanken Øst Eiendom AS.

** 100% owned subsidiary of Øst Prosjekt AS.

None of the subsidiaries are listed on the stock exchange.

NOTE 39 - FIXED ASSETS AND INVESTMENT PROPERTIES

Property, plant and equipment as at 31.12.15

Group Machinery/inventor y/vehicles, etc.	Group Properties	Group Investment properties		Parent bank Machinery/inventor y/vehicles, etc.	Parent bank Properties	Parent bank Investment properties
130.3	116.4	428.9	Acquisition cost as at 01.01.	105.7	58.0	0.0
10.6	2.3	75.4	Additions	8.0	0.5	0.0
6.6	0.9	235.6	Disposals	5.8	0.0	0.0
134.3	117.8	268.7	Acquisition cost as at 31.12.	107.9	58.5	0.0
100.4	20.1	18.9	Total ordinary depreciation and write-downs	78.3	10.3	0.0
33.9	97.7	249.8	Book value as at 31.12.	29.6	48.2	0.0
12.1	2.0	3.8	Year's ordinary depreciation	10.0	0.9	
0.0	0.0	0.0	Year's write-downs	0.0	0.0	
0-8 years	10-100 years	20-100 years	Economic life	2-5 years	10-100 years	
Straight line	Straight line	Straight line	Depreciation plan	Straight line	Straight line	
0.0	13.8		Annual hire of assets not on balance sheet	0.0	20.0	

Property, plant and equipment as at 31.12.14

Group Machinery/inventor y/vehicles, etc.	Group Properties	Group Investment properties		Parent bank Machinery/inventor y/vehicles, etc.	Parent bank Properties	Parent bank Investment properties
121.7	110.6	429.1	Acquisition cost as at 01.01.	98.3	54.7	0.0
15.0	5.8	1.2	Additions	13.2	3.3	0.0
6.4	0.0	1.4	Disposals	5.8	0.0	0.0
130.3	116.4	428.9	Acquisition cost as at 31.12.	105.7	58.0	0.0
94.1	18.1	33.1	Total ordinary depreciation and write-downs	73.8	9.4	0.0
36.2	98.3	395.8	Book value as at 31.12.	31.9	48.6	0.0
10.5	1.9	7.5	Year's ordinary depreciation	7.9	0.9	
0.0	0.0	0.0	Year's write-downs	0.0	0.0	
0-8 years	10-100 years	20-100 years	Economic life	2-5 years	10-100 years	
Straight line	Straight line	Straight line	Depreciation plan	Straight line	Straight line	
0.0	14.0		Annual hire of assets not on balance sheet	0.0	19.5	

Valuation of investment properties

The group uses the following valuation hierarchy:

Level 1: Observable market value in active market.

Level 2: Valuation techniques based on observable market data, external valuations.

Level 3: Valuation techniques not based on observable market data.

All the group's investment properties are categorised in level 3.

Group	Fair value	Book value
Investment properties at fair value as at 31.12.15	288.6	249.8
Investment properties at fair value as at 31.12.14	464.0	395.8

The fair value of the investment properties is based on assessments by external parties. The valuation method used is discounted estimated cash flows. The average required rate of return is 7.2 per cent. All of the properties are situated in Drammen and the surrounding areas. Most of the properties are office buildings. No changes have been made to the valuation techniques compared with the previous year.

The group's assessment is that the best possible use of the investment properties does not differ significantly from the current use.

For leasing income and operating costs on investment properties see also Note 30 - Other Operating Income and Note 33 - Other Operating Costs.

Real estate for own activities 2015

Group Area - m ²		Group Book value		Parent bank Area - m ²		Parent bank Book value
Own use	Leasing	2015*	Commercial building	Own use	Leasing	2015*
2,363	14,492	224.3	Drammen	2,087	0	33.5
4,533	5,111	66.7	Øvre Eiker	0	0	0.0
1,255	3,708	35.7	Nedre Eiker	0	0	0.0
8,151	23,311	326.7	Total commercial buildings	2,087	0	33.5

* Total book value on the balance sheet also includes properties that are not commercial buildings.

Liabilities

There are no liabilities relating to projects or purchases of property, plant and equipment.

Real estate for own activities 2014

Group Area - m ²		Group Book value		Parent bank Area - m ²		Parent bank Book value
Own use	Leasing	2014*	Commercial building	Own use	Leasing	2014*
2,326	17,438	321.9	Drammen	2,087	0	33.6
4,622	4,948	67.1	Øvre Eiker	0	0	0.0
1,255	3,382	36.2	Nedre Eiker	0	0	0.0
180	555	16.7	Asker	0	0	0.0
8,383	26,323	441.9	Total commercial buildings	2,087	0	33.6

* Total book value on the balance sheet also includes properties that are not commercial buildings.

NOTE 40 - OPERATING LEASES

The parent bank and group have entered into operating leases for premises, office equipment and vehicles.

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
13.8	14.0	Year's rental costs	20.0	19.5
		Year's rental costs corresponds to minimum rental payments		
		Minimum future rental payments		
9.3	10.8	Within 1 year	13.2	14.9
6.2	11.1	Between 1-5 years	12.5	24.7
0.3	0.7	After 5 years	0.3	0.7
15.8	22.6	Total	26.0	40.3

NOTE 41 - OTHER ASSETS

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
0.0	6.3	Membership contribution for Kredittforeningen for Sparebanker (credit association for savings banks)	0.0	6.3
25.3	102.6	Other receivables	4.0	3.7
25.3	108.9	Other assets	4.0	10.0

NOTE 42 - PREPAID NON-ACCRUED COSTS AND EARNED BUT NOT RECEIVED INCOME

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
0.0	0.3	Income accrued but not received	1.1	1.4
7.5	8.4	Other prepaid non-accrued costs	6.9	7.7
7.5	8.7	Prepaid non-accrued costs and earned but not received income	8.0	9.1

NOTE 43 - LIABILITIES TO FINANCIAL INSTITUTIONS

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
0.1	0.1	Loans and receivables from financial institutions without agreed maturities or deadline	6.9	8.5
150.2	210.4	Loans and receivables from financial institutions with agreed maturities or deadline	417.9	461.1
150.3	210.5	Liabilities to financial institutions	424.8	469.6

NOTE 44 - DEPOSITS FROM AND LIABILITIES TO CUSTOMERS

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
10,665.7	11,201.5	Deposits from and liabilities to customers without agreed maturity	10,685.7	11,224.3
2,493.6	2,195.5	Deposits from and liabilities to customers with agreed maturity	2,493.8	2,195.7
13,159.3	13,397.0	Deposits from and liabilities to customers	13,179.5	13,420.0

Geographical distribution of deposits

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
2,716.1	2,603.5	Drammen	2,754.6	2,646.3
1,808.2	1,726.6	Nedre Eiker	1,806.2	1,724.6
1,741.9	1,678.8	Øvre Eiker	1,741.8	1,678.7
739.3	822.4	Other parts of Buskerud	738.7	821.4
2,662.0	2,729.4	Oslo	2,655.7	2,722.5
1,105.2	1,119.3	Akershus	1,100.3	1,113.8
592.2	577.6	Vestfold	590.9	576.4
194.3	206.0	Østfold	192.1	203.7
1,495.4	1,827.1	Rest of Norway	1,494.5	1,826.3
104.7	106.3	Abroad	104.7	106.3
13,159.3	13,397.0	Total	13,179.5	13,420.0

Distribution of deposits by sector and industry

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
8,517.5	8,570.3	Salaried employees	8,506.7	8,558.5
339.4	270.9	Public administration	339.4	270.9
136.9	128.7	Agriculture, forestry and fishing	136.9	128.7
446.9	493.0	Industry and mining, power and water supply	446.9	493.0
361.6	361.7	Building and construction	359.7	359.7
455.1	400.7	Wholesale and retail trade, hotels and restaurants	455.0	400.6
167.0	143.3	Transport and communications	166.9	143.2
1,175.5	1,355.7	Financial services	1,171.9	1,352.1
693.5	688.0	Other service industries	692.6	686.6
761.2	878.4	Real estate sales and operation	798.8	920.4
104.7	106.3	Abroad	104.7	106.3
13,159.3	13,397.0	Total	13,179.5	13,420.0

NOTE 45 - SECURITIES ISSUED

Group	Outstanding volume 2015*	Avg. balance 2015	Weighted interest rate 2015	Outstanding volume 2014*	Avg. balance 2014	Weighted interest rate 2014
Bond loans	17,068.6	15,973.2	2.13%	17,382.1	16,305.2	2.56%
Own holdings - bond loans	0.0	-1.8	2.43%	0.0	-11.0	3.59%
Securities issued	17,068.6	15,971.4	2.13%	17,382.1	16,294.2	2.56%

* Measured at amortised cost excl. accrued interest on the balance sheet date.

Parent bank	Outstanding volume 2015*	Avg. balance 2015	Weighted interest rate 2015	Outstanding volume 2014*	Avg. balance 2014	Weighted interest rate 2014
Bond loans	9,463.9	8,896.4	2.27%	10,251.9	9,468.1	2.73%
Own holdings - bond loans	0.0	-1.8	2.43%	0.0	-11.0	3.59%
Securities issued	9,463.9	8,894.6	2.27%	10,251.9	9,457.1	2.73%

* Measured at amortised cost excl. accrued interest on the balance sheet date.

NOTE 46 - SUBORDINATED LOAN CAPITAL

	Outstanding volume 2015*	Avg. balance 2015	Weighted interest rate 2015	Outstanding volume 2014*	Avg. balance 2014	Weighted interest rate 2014
Perpetual subordinated loan capital	349.3	350.0	4.59%	349.1	369.7	4.87%
Subordinated bond loan	349.5	350.0	3.44%	349.3	350.0	3.81%
Subordinated loan capital	698.8	700.0	4.02%	698.4	719.7	4.36%

* Measured at amortised cost excl. accrued interest on the balance sheet date.

NOTE 47 - LONG-TERM BORROWING BY MATURITY

Long-term borrowing as at 31.12.15 - group

	Loans from financial institutions	Bond loans	Covered bonds	Subordinated loans	Total
2016	60.1	1,592.0	1,073.0	0.0	2,725.1
2017	60.0	2,150.0	1,000.0	0.0	3,210.0
2018	30.0	1,750.0	1,000.0	550.0	3,330.0
2019	0.0	1,800.0	1,000.0	150.0	2,950.0
2020	0.0	1,240.0	2,000.0	0.0	3,240.0
2021	0.0	200.0	600.0	0.0	800.0
2022	0.0	0.0	0.0	0.0	0.0
2023	0.0	0.0	0.0	0.0	0.0
2024 and later	0.0	525.0	750.0	0.0	1,275.0
Gross borrowing	150.1	9,257.0	7,423.0	700.0	17,530.1
Accrued interest	0.2	93.5	43.2	4.1	141.0
Direct costs and premium/discount	0.0	-2.5	-6.3	-1.2	-10.0
Value adjustments	0.0	209.4	188.0	0.0	397.4
Net borrowing	150.3	9,557.4	7,647.9	702.9	18,058.5

Call/put loans by call/put date.

Long-term borrowing as at 31.12.14 - group

	Loans from financial institutions	Bond loans	Covered bonds	Subordinated loans	Total
2015	60.1	2,040.5	455.0	0.0	2,555.6
2016	60.0	1,800.0	1,437.9	0.0	3,297.9
2017	60.0	2,150.0	1,000.0	0.0	3,210.0
2018	30.0	1,750.0	1,000.0	550.0	3,330.0
2019	0.0	1,300.0	1,000.0	150.0	2,450.0
2020	0.0	750.0	700.0	0.0	1,450.0
2021	0.0	0.0	600.0	0.0	600.0
2022	0.0	0.0	0.0	0.0	0.0
2023 and later	0.0	200.0	750.0	0.0	950.0
Gross borrowing	210.1	9,990.5	6,942.9	700.0	17,843.5
Accrued interest	0.4	123.8	44.0	4.7	172.9
Direct costs and premium/discount	0.0	4.3	-5.5	-1.6	-2.8
Value adjustments	0.0	257.1	192.8	0.0	449.9
Net borrowing	210.5	10,375.7	7,174.2	703.1	18,463.5

Call/put loans by call/put date.

Long-term borrowing as at 31.12.15 - parent bank

	Loans from financial institutions	Bond loans	Subordinated loans	Total
2016	334.6	1,592.0	0.0	1,926.6
2017	60.0	2,150.0	0.0	2,210.0
2018	30.0	1,750.0	550.0	2,330.0
2019	0.0	1,800.0	150.0	1,950.0
2020	0.0	1,240.0	0.0	1,240.0
2021	0.0	200.0	0.0	200.0
2022	0.0	0.0	0.0	0.0
2023	0.0	0.0	0.0	0.0
2024 and later	0.0	525.0	0.0	525.0
Gross borrowing	424.6	9,257.0	700.0	10,381.6
Accrued interest	0.2	93.5	4.1	97.8
Direct costs and premium/discount	0.0	-2.5	-1.2	-3.7
Value adjustments	0.0	209.4	0.0	209.4
Net borrowing	424.8	9,557.4	702.9	10,685.1

Call/put loans by call/put date.

Long-term borrowing as at 31.12.14 - parent bank

	Loans from financial institutions	Bond loans	Subordinated loans	Total
2015	319.2	2,040.5	0.0	2,359.7
2016	60.0	1,800.0	0.0	1,860.0
2017	60.0	2,150.0	0.0	2,210.0
2018	30.0	1,750.0	550.0	2,330.0
2019	0.0	1,300.0	150.0	1,450.0
2020	0.0	750.0	0.0	750.0
2021	0.0	0.0	0.0	0.0
2022	0.0	0.0	0.0	0.0
2023 and later	0.0	200.0	0.0	200.0
Gross borrowing	469.2	9,990.5	700.0	11,159.7
Accrued interest	0.4	123.8	4.7	128.9
Direct costs and premium/discount	0.0	4.3	-1.6	2.7
Value adjustments	0.0	257.1	0.0	257.1
Net borrowing	469.6	10,375.7	703.1	11,548.4

Call/put loans by call/put date.

NOTE 48 - OTHER LIABILITIES

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
3.2	2.3	Liabilities linked to money-transfer services	3.2	2.3
7.6	9.5	Accounts payable	0.5	2.1
57.8	63.0	Other liabilities	48.7	47.0
68.6	74.8	Other liabilities	52.4	51.4

NOTE 49 - ALLOCATIONS FOR COSTS AND COMMITMENTS INCURRED

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
59.7	87.1	Pension liabilities (see note 50)	57.6	82.0
0.0	0.5	Specified allocations for guarantee liabilities	0.0	0.5
59.7	87.6	Provisions for accrued costs and liabilities	57.6	82.5

NOTE 50 - PENSION LIABILITIES

Mandatory Occupational Pensions (OTP) are mandatory, and the group has schemes that satisfy these requirements. Sparebanken Øst has both defined-contribution and defined-benefit plans.

The defined-benefit plans in the group are closed schemes. New employees receive a pension based on a defined-contribution plan.

Defined-benefit pension scheme

Sparebanken Øst has a collective pension scheme in Storebrand Livsforsikring AS. This is a defined-benefit scheme and covers retirement and disability pensions to scheme members, and spouse and child pensions to members' surviving families. The defined-benefit scheme currently covers 225 persons, 114 active and 111 retired, of whom 19 are completely or partly disabled. The scheme has been closed. Pension liabilities are entered to accounts in accordance with IAS 19, which requires that the present value of pension liabilities minus the market value of pension funds should be included on the balance sheet. Actuarial calculations are carried out each year on the basis of the information provided by the bank.

Defined-contribution pension scheme

As from 01.01.07, Sparebanken Øst introduced a defined-contribution pension scheme for all new employees in the bank. The scheme is managed by Storebrand Livsforsikring AS. 5 per cent of salaries between 1 and 6 G (G = the National Insurance basic amount) plus 8 per cent of salaries between 6 and 12 G, are paid. The paid contributions are managed in various Storebrand funds. The defined-contribution scheme now includes 93 employees, of whom 2 receive disability pensions. The premiums for these are paid and expensed in salaries, etc. in the accounts on an ongoing basis.

Subsidiaries

AS Finansiering has a collective pension scheme which comprises 19 persons, of whom 12 are active and 7 disabled/retired. The scheme has been closed. 12 employees have defined-contribution schemes. Sparebanken Øst Eiendom AS has a defined-benefit scheme for 3 persons, all of whom are active. The scheme has been closed. 3 employees have defined-contribution schemes.

Operating pensions

The bank has separate pension agreements in place for 5 persons on salaries above 12 G, of whom 4 persons are no longer employed by the bank. Sparebanken Øst Eiendom AS has a pension scheme for salaries above 12 G that is covered via operations. These operating pensions are taken into account in the calculations from the actuary.

Contractual early retirement pension (AFP)

The parent bank is a member of the AFP scheme, which is a collective pension scheme for the sector regulated by tariff agreements in Norway. The AFP scheme is based on a tripartite collaboration between employer organisations, employee organisations and the state. The state covers 1/3 of the AFP pension costs, while companies that are members of the scheme covers 2/3. Companies that participate in the AFP scheme are joint and severally liable for that which shall be paid to the employees who fulfil the terms of the scheme at any given time. All the parent bank's employees (202 persons) are members of the scheme.

For accounting purposes, the scheme is regarded as a defined-benefit multi-company scheme. The bank is unable to identify its share of the scheme's underlying financial position and result with any sufficient degree of reliability, and for this reason the scheme is entered in the accounts as a defined-contribution scheme. This means that liabilities from the AFP scheme are not recognised on the balance sheet. Premiums for the scheme are expensed as they are incurred.

Contributions to the AFP scheme are included in the accounts under salaries, etc., and comprised NOK 1.6 million in 2015 and NOK 1.6 million in 2014. Next year's premium is estimated at approximately NOK 1.7 million.

In order to be entitled to a contractual early retirement pension (AFP), the employee (member) must fulfil several conditions. These include that the member must be an employed and actual employee of an organisation that is affiliated with the scheme at the time of drawing his/her pension, and the member must have been continuously employed for the past three years, and have been employed in an organisation affiliated with the scheme for 7 of the past 9 years. The new AFP provides employees with a lifelong premium to the retirement pension from the National Insurance Scheme.

The scheme is administrated by the 'Fellesordningen for AFP, which also determines and collects the scheme's premium. The premium shall be determined so that it is sufficient to cover current costs and furthermore provide a basis for the arrangement of a pension fund.

In 2015, the premium constituted 2.4 per cent of salary between 1G and 7.1G. For 2016, the premium will constitute 2.5 per cent.

There is a shortfall in the scheme. In the event of any discontinuation of the scheme, the organisations participating in the scheme are obligated to continue premium payments for the coverage of pension payments to employees who have joined or who fulfil the requirements for the contractual early retirement pension (AFP) at the time of discontinuation.

Further information about defined-benefit schemes

Remaining qualification period

For secured schemes Sparebanken Øst's calculations are based on a remaining qualification period for active members of 9 years, whilst Sparebanken Øst Eiendom AS and AS Financiering's calculations are based on 6 and 11 years, respectively. The average remaining qualification period for operational pensions lies in intervals of 3-4 years.

Actuarial assumptions

Calculations are based on death table K2013 and disability tariff KU. The calculations are based on standardised assumptions concerning death and disability trends. A retirement rate is expected that slowly decreases from 8 per cent for the age group 20-24 years, and down to 0 per cent for 51-year-olds and older.

Qualification

The qualification period for individual pension rights is calculated from employment by the company until the established retirement age. The actuarial calculation methods are based on the principle of linear earning and allow for future salary and G (the National Insurance basic amount) growth.

Financial assumptions	2015	2014
Expected return on pension funds	2.70%	2.30%
Discount rate	2.70%	2.30%
Annual salary growth	2.00%	2.25%
Annual G adjustment	2.25%	2.50%
Annual pension regulation	0.00%	0.00%

When calculating the pension costs and net pension liabilities, a number of assumptions are used. According to IAS 19, the discount interest rate on each balance sheet date must be determined with reference to the interest rate for corporate bonds of high quality or to government bonds in the absence of a deep market for corporate bonds of high quality, in accordance with the standard's description. The Norwegian market for covered bonds is assessed to have the characteristics that make them suitable to be the basis for the calculation of the discount interest rate.

Sparebanken Øst sets the discount rate on the basis of covered bonds.

Risk assessment

Via defined-benefit pension schemes, the group is affected by individual risks as a result of uncertainty in conditions and future development. The most central risks are:

Life expectancy: The group has undertaken to pay the pension for the entirety of the employee's life. Therefore an increase in life expectancy among the members will result in an increased liability for the group.

Return risk: The group will be affected by a reduction in actual return on the pension funds, which will result in increased liabilities for the company, since the return on the funds will not be sufficient to settle the liability.

Inflation and salary growth risk: The group's pension liability has risk relating to both inflation and salary development, even though salary development is closely related to inflation. Higher inflation and salary developments than those used in the pension calculations will result in increased liabilities for the group.

Pension costs in ordinary result

Group 2015	Group 2014	Parent bank 2015	Parent bank 2014
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Net pension costs, defined-benefit scheme				
9.6	7.7	Present value of annual pension savings	8.1	6.5
2.0	1.5	Interest costs for pension liabilities	1.9	1.4
11.6	9.1	Net pension costs including employers' National Insurance contribution	10.0	7.9
2.4	2.2	Premium paid, defined-contribution scheme	2.0	1.9
1.6	1.6	Premium paid, AFP scheme	1.6	1.6
15.6	12.9	Total pension costs in ordinary result	13.6	11.4

Specification of pension liabilities and pension funds - group

2015			2014		
Funded	Unfunded	Total	Funded	Unfunded	Total
Change in gross pension liabilities					
290.6	30.8	321.4	229.3	28.4	257.7
0.0	0.0	0.0	0.0	0.0	0.0
9.1	0.3	9.4	7.5	0.2	7.7
6.6	0.7	7.3	9.2	1.0	10.2
-31.0	-1.0	-32.0	52.2	4.2	56.4
-8.3	-1.9	-10.2	-7.6	-3.0	-10.6
267.0	28.9	295.9	290.6	30.8	321.4
Change in gross pension liabilities					
234.4	0.0	234.4	220.1	0.0	220.1
5.1	0.0	5.1	8.7	0.0	8.7
-2.2	0.0	-2.2	10.5	0.0	10.5
6.4	0.0	6.4	2.3	0.0	2.3
-7.5	0.0	-7.5	-7.3	0.0	-7.3
236.2	0.0	236.2	234.3	0.0	234.3
30.8	28.9	59.7	56.3	30.8	87.1

2015		2014	
87.1	Net pension liabilities as at 01.01.	37.6	
11.6	Recognised pension costs	9.1	
-29.8	Actuarial gains and losses	45.9	
-6.4	Paid-in pension premiums	-2.3	
-2.8	Pension payments	-3.2	
59.7	Net pension liabilities on balance sheet as at 31.12.	87.1	
15.3	Expected premium payment next year, defined-benefit scheme	10.2	
2.7	Expected premium payment next year, defined-contribution scheme	2.4	
1.7	Expected premium payment next year, new AFP scheme	1.7	
Placement of pension funds in %			
31.9%	Money market/bonds	33.7%	
45.2%	Term bonds	45.9%	
1.0%	Equities, Norwegian	1.5%	
4.7%	Equities, global	5.2%	
2.9%	Private Equity	2.6%	
12.1%	Property	8.7%	
2.2%	Other	2.4%	
5.4%	Booked returns totalled	5.4%	

Sensitivity analysis, defined-benefit schemes

The sensitivity analysis is conducted by changing an actuarial assumption while simultaneously keeping the other assumptions unchanged. Actual results may differ significantly from these estimates.

Discount rate	Annual salary growth/ basic amount	Annual adjustment
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Change in percentage points	of pensions					
	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%	+ 0.5%	- 0.0%
Percentage change in pension						
- Pension liabilities (PBO)	-8.4%	9.7%	2.2%	-2.7%	6.8%	0.0%
- Net pension costs for the period	-9.9%	11.3%	3.5%	-4.4%	7.0%	0.0%

Pension liabilities are particularly sensitive to changes in the discount rate. A reduction in the discount rate will in isolation result in an increase in pension liabilities. A reduction in the discount rate of 0.5 percentage points will give an increase in pension liabilities of around 10 per cent. An increase in salary adjustments and the adjustment of pensions will result in an increase in pension liabilities.

The group's net pension liabilities as at 31.12.15 have the following maturity structure over the next 10 years.

	Amount	As % of gross pension liabilities
Under 1 year	8.9	3.0%
Year 2	9.2	3.1%
Year 3	9.4	3.2%
Year 4	9.8	3.3%
Year 5	10.4	3.5%
Years 6-10	63.3	21.4%
Total	111.1	37.5%

Specification of pension liabilities and pension funds - parent bank

2015				2014		
Funded	Unfunde d	Total		Funded	Unfunde d	Total
			Change in gross pension liabilities			
265.1	29.9	295.0	Pension liabilities as at 01.01.	209.0	28.0	237.0
0.0	0.0	0.0	Additions/retirement	0.0	0.0	0.0
7.9	0.2	8.1	Costs of current period's pension earnings	6.3	0.2	6.5
5.9	0.7	6.6	Interest costs	8.2	1.1	9.3
-28.5	-1.0	-29.5	Actuarial gains and losses	48.5	3.6	52.0
-7.6	-1.9	-9.5	Payment pension/paid-up policies	-6.9	-3.0	-9.9
242.8	27.9	270.7	Gross pension liabilities as at 31.12.	265.1	29.9	295.0
			Change in gross pension liabilities			
213.0	0.0	213.0	Fair value of pension funds as at 01.01.	201.1	0.0	201.1
4.7	0.0	4.7	Return on pension funds	7.9	0.0	7.9
-2.1	0.0	-2.1	Actuarial gains and losses	10.0	0.0	10.0
4.4	0.0	4.4	Premium payments	0.8	0.0	0.8
-7.0	0.0	-7.0	Payment of pension/paid-up policies	-6.8	0.0	-6.8
213.0	0.0	213.0	Fair value of pension funds as at 31.12.	213.0	0.0	213.0
29.7	27.9	57.6	Net pension liabilities (+)/- pension funds (-)	52.1	29.9	82.0

2015		2014	
82.0	Net pension liabilities as at 01.01.	35.9	
10.0	Recognised pension costs	7.9	
-27.4	Actuarial gains and losses	42.0	
-4.4	Paid-in pension premiums	-0.9	
-2.6	Pension payments	-3.0	
57.6	Net pension liabilities on balance sheet as at 31.12.	82.0	
13.6	Expected premium payment next year, defined-benefit scheme	8.3	
2.2	Expected premium payment next year, defined-contribution scheme	2.3	
1.7	Expected premium payment next year, new AFP scheme	1.7	
Placement of pension funds in %			
31.9%	Money market/bonds	33.7%	
45.2%	Term bonds	45.9%	
1.0%	Equities, Norwegian	1.5%	

4.7%	Equities, global	5.2%
2.9%	Private Equity	2.6%
12.1%	Property	8.7%
2.2%	Other	2.4%
5.4%	Booked returns totalled	5.4%

Sensitivity analysis, defined-benefit schemes

The sensitivity analysis is conducted by changing an actuarial assumption while simultaneously keeping the other assumptions unchanged. Actual results may differ significantly from these estimates.

Change in percentage points	Discount rate		Annual salary growth/ basic amount		Annual adjustment of pensions	
	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%	+ 0.5%	- 0.0%
Percentage change in pension						
- Pension liabilities (PBO)	-8.5%	9.7%	2.2%	-2.7%	6.9%	0.0%
- Net pension costs for the period	-10.3%	11.9%	3.7%	-4.6%	7.4%	0.0%

Pension liabilities are particularly sensitive to changes in the discount rate. A reduction in the discount rate will in isolation result in an increase in pension liabilities. A reduction in the discount rate of 0.5 percentage points will give an increase in pension liabilities of around 10 per cent. An increase in salary adjustments and the adjustment of pensions will result in an increase in pension liabilities.

The parent bank's net pension liabilities as at 31.12.15 have the following maturity structure over the next 10 years.

	Amount	As % of gross pension liabilities
Under 1 year	8.5	3.1%
Year 2	8.7	3.2%
Year 3	8.9	3.3%
Year 4	9.2	3.4%
Year 5	9.7	3.6%
Years 6-10	56.9	21.0%
Total	101.9	37.6%

Development in pensions - group

	2015	2014	2013	2012	2011
Gross pension liabilities (hedged and non-hedged schemes)	295.9	321.4	257.7	246.8	279.2
Gross fair value of pension funds	236.2	234.3	220.1	221.8	227.4
Net pension liabilities	59.7	87.1	37.6	25.0	51.8

Development in pensions - parent bank

	2015	2014	2013	2012	2011
Gross pension liabilities (hedged and non-hedged schemes)	270.6	295.0	237.0	225.5	251.4
Gross fair value of pension funds	213.0	213.0	201.1	203.9	209.9
Net pension liabilities	57.6	82.0	35.9	21.6	41.5

NOTE 51 - GUARANTEE LIABILITIES

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
60.5	78.7	Payment guarantees	59.7	77.9

53.0	64.8	Contract guarantees	51.9	64.8
4.5	5.8	Loan guarantees	4.5	5.8
25.7	17.2	Other guarantee liabilities	25.7	17.2
143.7	166.5	Total guarantee liabilities to customers	141.8	165.7
100.0	100.0	Guarantee to Eksportfinans ASA*	100.0	100.0
243.7	266.5	Total guarantee liabilities	241.8	265.7

Net guarantee liability is NOK 100 million. The guarantee is a derivative. The value of the derivative excluding the swap settlement was positive at NOK 31.7 million as at 31.12.15 compared with NOK 41.4 million as at 31.12.14. See also Note 21 - Financial Derivatives.

The parent bank has issued a guarantee for all covered bond commitments in the mortgage credit company in connection the rating process for Sparebanken Øst Boligkreditt AS. Covered bonds amount to a nominal value of NOK 7,423.0 as at 31.12.15 and nominal value of NOK 6,942.9 as at 31.12.14.

NOTE 52 - PLEDGES AND RIGHTS

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
645.0	1,195.0	Bonds, nominal value, pledged as security for borrowing facilities at Norges Bank	645.0	1,195.0
645.0	1,195.0	Pledges	645.0	1,195.0
7,423.0	6,942.9	Preferential rights in accordance with section 11-15 of the Financial Institutions Act (nominal value)	0.0	0.0

NOTE 53 - COSTS RELATED TO THE NORWEGIAN BANKS GUARANTEE FUND

The Act on Guarantee Schemes for Banks, Insurance Companies and Public Administration etc., of Financial Institutions (Guarantee Schemes Act) obligates all Norwegian banks to be members of the Norwegian Banks Guarantee Fund. The scheme guarantees to cover all losses up to NOK 2 million that a deposit customer has on deposit in a Norwegian bank. The term deposit means all credit balances in the bank with regard to accounts under the name of, as well as liabilities according to deposit certificates of the named person, with the exception of deposits from other financial institutions.

Parent bank

	2015	2014
Norwegian Banks Guarantee Fund levy	11.3	10.4

NOTE 54 - ADDITIONAL INFORMATION CASH FLOW STATEMENT

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
378.0	481.5	Cash and cash equivalents	378.0	481.5
		Cash and receivables from central banks		
8.1	7.5	Loans to and receivables from financial institutions that are pure investments	8.1	7.5
386.1	489.0	Total	386.1	489.0
		Change in other assets in connection with operations		
-3.4	-6.0	Net change in financial assets held for trading	-3.4	-6.0
17.0	33.4	Net change in financial derivatives (net assets and liabilities)	17.0	33.5
84.8	-68.6	Net change in other assets	7.1	3.7
98.4	-41.2	Total	20.7	31.2
		Non-cash items included in profit before tax		
17.9	19.8	Depreciation of fixed assets	10.9	8.8
0.2	0.2	Amortisation of financial investments held to maturity	0.2	0.2
-12.8	-3.2	Impairment of financial assets	-11.5	-7.1
-0.8	1.6	Amortisation of financing activities measured at amortised cost	-1.9	-0.1

4.5	18.4	Total	-2.3	1.8
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NOTE 55 - EQUITY CERTIFICATES

Earnings per equity certificate

Earnings per equity certificate are calculated by dividing that part of the earnings after tax that accrues to equity certificate holders with a weighted average number of outstanding equity certificates during the year.

Sparebanken Øst has issued no options or other instruments that may lead to the dilution of earnings per equity certificate. Diluted earnings per equity certificate will therefore be the same as earnings per equity certificate.

Group 2015	Group 2014		Parent bank 2015	Parent bank 2014
256.0	428.7	Profit after tax (NOK millions)	182.1	360.6
99.3	177.7	Profit after tax allocated to equity certificate holders (NOK millions)	70.6	149.4
20.7	20.7	Weighted average number of outstanding equity certificates (NOK millions)	20.7	20.7
4.79	8.57	Earnings per equity certificate (NOK)	3.41	7.21

Weighted number of equity certificates

2015

No. of certificates in 2015	20,731,183
Total no. of certificates in 2015	20,731,183

2014

No. of certificates in 2014	20,731,183
Total no. of certificates in 2014	20,731,183

Nominal value per equity certificate NOK 10.

Equity certificates registered in the CSD give voting rights in accordance with the articles of association. There are no other limitations to voting rights in the articles of association.

Ownership fraction, parent bank

	01.01.16	01.01.15
Equity certificate capital	207.3	207.3
Premium reserve	387.8	387.8
Equalisation fund (excl. dividend)	272.8	262.6
Available for sale reserve	68.0	63.0
Total numerator (A)	935.9	920.7
Total equity (dividend provisions for the year excluded)	2,484.4	2,373.6
Total denominator (B)	2,484.4	2,373.6

Ownership fraction (A/B) in %	37.67	38.79
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Dividends

The board's proposal for dividends is NOK 68,412,903.90, which amounts to NOK 3.30 per equity certificate.

In NOK	2015	2014
Total dividends paid out	68,412,903.90	103,655,915
Paid out per equity certificate	3.30	5.00

The twenty largest equity certificate holders as at 31.12.15

Name	Number	%	Name	Number	%
1 MP Pensjon	2,012,218	9.71%	11 Wenaasgruppen AS	273,000	1.32%
2 Directmarketing Invest AS	999,500	4.82%	12 Profond AS	267,723	1.29%
3 Pareto AS	677,070	3.27%	13 Hustadlitt AS	265,729	1.28%
4 Citibank NA New York (NOM.)	643,822	3.11%	14 Sparebankstiftelsen DNB	212,517	1.03%
5 Storetind AS	606,000	2.92%	15 Bergen Kommunale Pensjonskasse	200,000	0.96%
6 Verdipapirfondet Eika Utbytte	496,159	2.39%	16 Jal Holding AS	198,104	0.96%
7 Hansen, Asbjørn Rudolf	466,443	2.25%	17 Danske Bank AS (NOM.)	162,571	0.78%
8 Jag Holding AS	400,000	1.93%	18 Nordenfjelske Bykreditts Stiftelse	156,318	0.75%
9 Foretakskonsulenter AS	385,100	1.86%	19 RWA Invest AS	150,875	0.73%
10 AS Andersen Eiendomselskap	354,500	1.71%	20 Løkke, Helge Arnfinn	148,433	0.72%

Development in equity certificate capital

Year	Issue type	Paid-up equity certificate capital		Total equity certificate capital	
1988	Public issue	NOK	25,000,000	NOK	25,000,000
1989	Issue 1:1	NOK	25,000,000	NOK	50,000,000
1991	Issue 1:2	NOK	25,000,000	NOK	75,000,000
1991	Private placement	NOK	20,000,000	NOK	95,000,000
1993	Converted subordinated loan	NOK	15,531,000	NOK	110,531,000
1993	Issue 1:3	NOK	36,843,700	NOK	147,374,700
1993	Converted subordinated loan	NOK	245,000	NOK	147,619,700
1994	Converted subordinated loan	NOK	5,128,000	NOK	152,747,700
1994	Issue 1:3	NOK	50,915,900	NOK	203,663,600
1995	Converted subordinated loan	NOK	395,000	NOK	204,058,600
1996	Converted subordinated loan	NOK	808,000	NOK	204,866,600
1997	Converted subordinated loan	NOK	7,893,000	NOK	212,759,600
1997	Public issue	NOK	60,000,000	NOK	272,759,600
1999	Issue 1:3	NOK	90,919,900	NOK	363,679,500
2008	Dividend issue	NOK	24,252,400	NOK	387,931,900
2009	Write-down of nominal value from NOK 100 to NOK 20	NOK	310,345,520	NOK	77,586,380
2009	Write-down of nominal value from NOK 20 to NOK 10	NOK	38,793,190	NOK	38,793,190
2009	Preferential rights issue	NOK	168,518,640	NOK	207,311,830

Owner statistics - geographical distribution

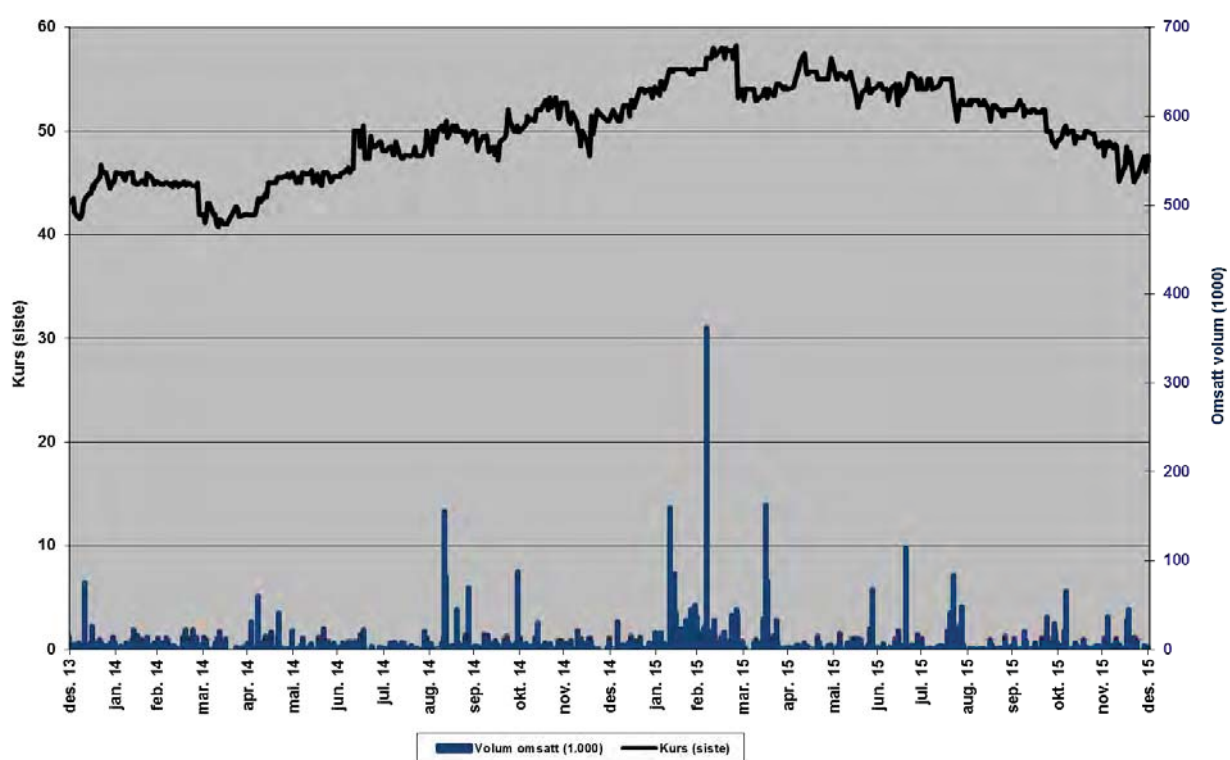
	No. of owners	%	No. of equity certificates	%
Abroad	89	3.0%	1,627,266	7.8%
Øvre Eiker	274	9.1%	724,234	3.5%
Nedre Eiker	162	5.4%	515,181	2.5%
Drammen	212	7.0%	3,052,774	14.7%
Other parts of Buskerud	248	8.2%	635,316	3.1%
Asker/Bærum	149	4.9%	1,645,689	7.9%
Oslo	424	14.1%	6,541,610	31.6%
Trondheim	532	17.6%	459,538	2.2%
Bergen	96	3.2%	938,250	4.5%
Rest of Norway	828	27.5%	4,591,325	22.2%

Total	3,014	100.0%	20,731,183	100.0%
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Equity certificates distribution

No. of equity certificates per owner	No. of owners	%	No. of equity certificates	%
1-100	424	14.1%	20,922	0.1%
101-1,000	1,420	47.1%	589,474	2.8%
1,001-10,000	916	30.4%	3,271,407	15.8%
10,001- 100,000	223	7.4%	6,459,934	31.2%
100,001-	31	1.0%	10,389,446	50.1%
Total	3,014	100.0%	20,731,183	100.0%

Sales and price trend in last 2 years



NOTE 56 - ELECTED REPRESENTATIVES

Kristin Nystrøm

38,303

The board of trustees	No. of equity certificates
Jon Aas	0
Thor-Kristian Lien	0
May-Britt Andersen	0
Nils Kr. Steenberg	0
Kari Solberg Økland	0
Morten Ranvik	0
Thomas F. Halvorsen	0
Nina Paulsen	0
Øyvind Thorsby	0
Øivind Granlund	0
Arne Gundersen	0
Steinar Karlsen	333
Bent Inge Bye	0
Turid Solberg Thomassen	10,714
Jack A. Humlebeek	0
Dag Fjeld Edvardsen	0
Nils Johan Rønniksen	0
Frode Lund Nielsen	0
Geir Opdahl	0
Jan Christian Skau	0
Anne Irene Lunden	1,000
Frode Lindbeck	3,428
Vegard Kvamme	3,000
Rolf Arne Fjelltoft	15
Brynulf Kopperud	0
Ole-Martin Solberg	0
Anne Siri Rhoden Jensen	416
Anne Enberg Jensen	0
Morten Wang	0
Camilla Schenk	0
Gunnvor Ramnefjell	34,187
Ole B. Hoen (representing Hoen Invest AS)	4,606
Lars M. Lunde (representing MP Pensjon)	2,012,218
Tom R. Svendsen	3,003
Frank Borgen	33,123
Helle Elisabeth Hofgaard	7,000
Iver A. Juel	131,306
Asbjørn R. Hansen	466,443
Svein L. Syversen	20,000
Petter Thoresen (representing Sparebankstiftelsen DNB)	212,517
Borghild M. Dahler Nordlid	6,000
Marianne Seip	1,000
Bernt K. Krabberød	5,900
Petter Qvam (representing Skagenfondene)	0
Kåre J. Grøtta (representing Storetind AS)	606,000
Jørn Larsen (representing Bondeungdomslaget in Drammen)	17,500
Andreas E. Øvrum (representing Øvrum Invest AS)	127,868

The board of directors and personal close associates	No. of equity certificates
Jorund Rønning Indrelid	34,485
Øivind Andersson	10,000
Elly Therese Thoresen	18
Morten André Yttreide	30,000
Sverre Nedberg	166,375
Hanne Margrete Lenes Solem	0
Knut Smedsrud	0
Inger Helen Pettersen	20

Executive personnel and personal close associates	No. of equity certificates
Pål Strand	20,000
Kjell Engen	0
Per Øyvind Mørk	20,000
Jan-Roger Vrabel	0
Lars-Runar Groven	0
Arnlot Lien	0
Halvor Kirkebøen	2,591

Control committee	No. of equity certificates
Randi H. Sandli	0
Sjur Kortgaard	0
Eli Kristin Nordsiden	897
Oddmar Nilsen	0

2014 DONATIONS DISTRIBUTED IN 2015

The board of trustees' donation committee made the following donations to worthwhile public causes:

Konnerud IL - ski	NOK	500,000
Hokksund Idrettslag	NOK	325,000
Drammen Røde Kors	NOK	300,000
Mjøndalen Bandy	NOK	275,000
Krokstadelva Jeger og Fiskerforening	NOK	275,000
Røde Kors Øvre Eiker	NOK	218,000
Eiker Bordtennisklubb	NOK	200,000
Varlo Grendehus	NOK	200,000
Stiftelsen Guts	NOK	170,000
Steinberg Idrettsforening	NOK	152,000
Bollerud Vel	NOK	150,000
Nedre Eiker Røde Kors Hjelpekorps	NOK	130,000
Skoger IL	NOK	125,000
Eiker Historielag	NOK	110,000
Fiskum skytterlags ungdomsgruppe	NOK	100,000
Horne Vel	NOK	100,000
Frelsesarmeen, Hokksund	NOK	100,000
Norsk Revmatikerforbund Buskerud Fylkeslag	NOK	100,000
Stiftelsen Grytjernhytta	NOK	95,000
Pinsemenigheten Betania	NOK	80,000
Skotselv grendeutvalg	NOK	80,000
Vestfossen Mannskor	NOK	75,000
Solberg speidergruppe	NOK	53,000
Mental Helse Nedre Eiker	NOK	50,000
Mjøndalen IF Turngruppa	NOK	50,000
Krokstad Bedehus	NOK	50,000
Celebration Gospel	NOK	50,000
Eiker Janitsjar	NOK	50,000
Krokstad og Solberg Skolekorps	NOK	50,000
Mjøndalen og Steinberg skolekorps	NOK	50,000
Solberg Musikkorps	NOK	50,000
Røren Barne- og Ungdomsteater	NOK	50,000
1.Hokksund speidergruppe	NOK	50,000
Øvre Eiker Musikkorps	NOK	50,000
Øvre Eiker skolekorps	NOK	50,000
Skotselv Musikkorps	NOK	50,000
Drammen Roklubb	NOK	50,000
Drammen Klatreklubb	NOK	50,000
Drammens Jerns Musikkorps	NOK	50,000
Skoger Skolekorps	NOK	50,000
Åskollen skolekorps	NOK	50,000
Danvik skolekorps	NOK	50,000
Eiker Padleklubb	NOK	45,000
Drammens Ballklubb	NOK	40,000
Hauk 4H	NOK	40,000
Åssiden KFUK-KFUM Speidergruppe	NOK	35,000
Drammen KFUK-KFUM	NOK	32,000
Nedre Eiker FA speidergruppe	NOK	30,000
Lassebakken Grendehus	NOK	30,000
Senterkirken Eiker	NOK	27,000
Kongla 4H	NOK	25,000
Vedgjengen Drammen	NOK	25,000
Sangkoret i Metodistkirken i Drammen	NOK	25,000
Frisko Band	NOK	20,000
Fiskum barne og ungdomsteater	NOK	20,000
Strømsgodset mini- og barnegospel	NOK	20,000
Mjøndalen MSK Speidergruppe	NOK	15,000
Konnerud Musikkorps	NOK	15,000
Norsk Forbund for utviklingshemmede	NOK	7,000
Total	NOK	5,314,000

The board of directors also made donations in 2015 of which the most significant were:

Idrettsforeningen Birkebeineren	NOK	700,000
Stiftelsen Portåsen	NOK	400,000
Drammen Scener AS	NOK	250,000
Idretts- og kulturstipend	NOK	150,000
Gave til barnehagebarn	NOK	100,000
Drammens Ballklubb - Sommercamp	NOK	60,000
Poesipris T. Vindtorn, Municipality of Drammen	NOK	30,000

To the Board of Trustees at
Sparebanken Øst

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Sparebanken Øst, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2015, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion

In our opinion, the financial statements of Sparebanken Øst have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statement on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statement on corporate governance concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Drammen, March 10, 2016

ERNST & YOUNG AS



Atle Terum

State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

ANNUAL REPORT FROM THE CONTROL COMMITTEE FOR 2015

Sparebanken Øst's control committee has inspected and supervised the bank's activities and ensured that the activities are run in compliance with the provisions of the Financial Activities Act, Savings Banks Act, the bank's articles of association, the board of trustees' decisions and other decisions with which the bank has a duty to comply.

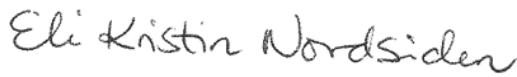
The control committee has reviewed the board of directors' minutes and otherwise conducted the investigations required by the law and the committee's instructions. The control committee has reviewed the board of directors' report, statement of income and balance sheet without this giving rise to any remarks, and has therefore found the board of directors' assessment of the group's financial position to be satisfactory.

All of the documents and information that the committee believes have been necessary to perform its work have been submitted to the control committee.


The cooperation with the bank's board of directors, executive management team and audit has been very good.


With reference to the auditor's report, the control committee recommends that the statement of income and balance sheet, as well as the consolidated financial statements, be adopted as the bank and group's annual financial statements for 2015.

Drammen, 10 March 2016


Eli Kristin Nordsiden


Randi H. Sandli


Oddmar Nilsen


Sjur Kortgaard